



## Mayor and Cabinet

### **Response to Public Accounts Select Committee on Budget Reductions**

**Date:** 2 February 2022

**Key decision:** No

**Class:** Part 1

**Ward(s) affected:** All

**Contributors:** Executive Management Team

### **Outline and recommendations**

Mayor and Cabinet have been asked to consider the comments of the Public Accounts Select Committee of the 27 January 2022, which incorporates the views of the respective select committees. This paper sets out the views of the Public Accounts Select Committee and officers' responses advising as to what has been undertaken, or will be undertaken, to take account of each Committee's comments.

It is recommended that Mayor and Cabinet:

- Notes the response that follows in relation to the Public Accounts Select Committee referral to Mayor and Cabinet on 27 January 2022.

### **Timeline of engagement and decision-making**

9 December 2020 – Budget Cuts Report to M&C (“M&C”)

3 February 2021 – Budget Cuts Report to M&C

3 March 2021 – Budget report to Council

14 July 2021 – Medium Term Financial Strategy to M&C

12 January 2022 - budget reduction proposals to Healthier Communities Select Committee

13 January 2022 - budget reduction proposals to Safer Stronger Communities Select Committee

18 January 2022 - budget reduction proposals to Sustainable Development Select Committee

26 January 2022 - budget reduction proposals to Children and Young People Select Committee

27 January 2022 – budget reduction proposals to Public Accounts Select Committee

## 1. Summary

- 1.1. On Thursday 27 January 2022, the Public Accounts Select Committee considered a report from officers outlining proposed budget reduction measures needed to address new pressures arising from the service-specific, long-term scarring from the COVID-19 pandemic and the wider macroeconomic pressures arising. The new proposals presented in this report equate to £1.994m (of which £1.425m is for 2022/23) and build upon the £10.4m of initiatives identified and approved in 2020/21 for delivery in 2022/23 ([Public Accounts Select Committee agenda 27 January 2022](#)).
- 1.2. The provisional Local Government Finance (LGFS) settlement has been announced and considered in setting the required cuts target for 2022/23. If all the available measures are agreed as part of the budget, including applying the maximum council tax increases, this would close the gap, subject to the budget decisions for next year and timely delivery of the agreed budget reduction proposals in full, for 2022/23 and enable the Council to set a balanced budget.
- 1.3. The Committee heard from the Mayor and the Chief Executive before receiving a summary of the budget reductions report from the Executive Director for Corporate Resources. It also received written comments from the Sustainable Development Select Committee - following that committee's consideration of the same report. The Chair of the Sustainable Development Select Committee was also in attendance at the meeting. No comments on the report were referred from other select committees.

## 2. Recommendations

- 2.1. Mayor and Cabinet have been asked to consider the comments of the Public Accounts Select Committee meeting of the 27 January 2022, which incorporates the views of the respective select committees. This paper sets out the views of the Public Accounts Select Committee and officers' responses advising as to what has been undertaken, or will be undertaken, to take account of each Committee's comments.
- 2.2. It is recommended that the Mayor and Cabinet:
  - Notes the response that follows in relation to the Public Accounts Select Committee referral to Mayor and Cabinet on 27 January 2022.

## 3. Policy Context

- 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 new Corporate Strategy in 2019, with seven corporate priorities as stated below:

### 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.

### Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

- **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.

### Values

- 3.2. 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 taking forward the Council's Budget Strategy, we are guided by the Council's four core values:
- We put service to the public first.
  - We respect all people and all communities.
  - We invest in employees.
  - We are open, honest, and fair in all we do.

### Future Lewisham

- 3.3. As the Council seeks to support the borough and its businesses and residents through the COVID-19 pandemic and beyond, this recovery is based on the four key themes of Future Lewisham, these are:
- A Greener Lewisham;
  - A healthy and well future;
  - An economically sound future; and
  - A future we all have a part in.
- 3.4. The consideration of budget reduction measures as part of setting a balanced budget for 2022/23 directly supports the theme of an economically sound future for the borough and its residents.

## **4. Background**

- 4.1. Over the past twenty-one months, the day to day lives of Lewisham's residents and the Council's business, , 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.
- 4.2. The pace, scope and scale of change has been immense: the pandemic has demanded agility, creativity, pace, leadership, organisational and personal resilience, strong 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 we are 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.

### **Is this report easy to understand?**

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

- 4.3. 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 than in previous years and that food insecurity has increased in the borough.
- 4.4. The Council's finances have also been severely affected by the ongoing pandemic. The cost of coronavirus for Lewisham is currently estimated to be £25m this year, which will most likely exhaust the current government funds provided. Furthermore, there is forecast to be long-term demand increases, also termed 'Covid scarring' for which government has not provided funding for 2022/23. The impact of diverting resources into the continued efforts against the impact of the pandemic has meant that there have been delays in the delivery of the previously agreed budget reduction measures of £28m for 2021/22 and hence an in year overspend of £8.5m is forecast. Officers have taken management action to make in-year savings to reduce the business as usual overspend or else this will need to be funded from reserves at year end, reducing our ability to manage further budget shocks in 2022/23.
- 4.5. Alongside managing the impact of the pandemic on services, and re-focusing resources to best support the health and government initiatives for residents and businesses, the Council had started implementing its recovery plan of Future Lewisham (see further detail below). However, with the rise of new variants such as Delta and now Omicron, coupled with winter pressures, the Council is once again facing significantly increased demand and reassessing non critical service delivery to ensure that those most critical services continue to be delivered to our most vulnerable residents.

## **5. Response to Public Accounts Select Committee comments to Mayor and Cabinet on 27 January 2022**

- 5.1. At its meeting on Thursday 27 January 2022, the Public Accounts Select Committee received the report on proposed budget reductions and asked questions of officers. It also received the views of the Sustainable Development Select Committee before agreeing to refer its views to Mayor and Cabinet as follows:
- 5.2. The Committee recognises the difficult task facing officers in bringing forward cuts proposals, especially in the context of ongoing economic uncertainty and a prolonged period of austerity.
- 5.3. Members welcome the comments of the Sustainable Development Select Committee – particularly in relation to the 'theme D' *asset optimisation proposals*. Members would welcome further careful, strategic consideration of the approach to the use of Council assets - in order to maximise both the social and economic benefits for the people of Lewisham.
- 5.4. The Committee recommends that – in relation to proposal E-15 (seek corporate sponsorship for festive lights) the initial approach should be to the providers of the Council's current street lighting private finance initiative.
- 5.5. In response to the Committee's comment with regards to proposals in theme D 'asset optimisation' the Executive Director for Housing, Regeneration and Public Realm notes the comment and that work is ongoing to review options to optimise the benefits from Council owned assets, exploring opportunities which seek to secure economic or social

### **Is this report easy to understand?**

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

outcomes for residents, enable land supply for housing or to enable service transformation. A key priority is to ensure a strategic approach to the Council's utilisation of assets, which ensures the best use of council resources. Officers are happy to bring back further detail of the asset optimisation work to Sustainable Development Select Committee in line with the agreed workplan.

- 5.6. In response to the Committee's comment with regards to proposal E-15 (corporate sponsorship for festive lighting) the Executive Director for Housing, Regeneration and Public Realm notes the comments and responds that officers will explore all opportunities available to achieve the level of sponsorship required, including speaking to the PFI service provider and the primary contractor Milestone as suggested.
- 5.7. The following paragraphs set out the comments and clarifications from Sustainable Development Select Committee. Officers have provided responses to each of the referrals below. The Mayor and Cabinet are recommended to consider the comments of Select Committees and officers' responses.

## Sustainable Development Select Committee views

- 5.8. At its meeting on Tuesday 18 January 2022, the Sustainable Development Select Committee received a report on proposed budget reduction measures.
- 5.9. The Committee notes the scale of the challenge facing the Council and it recognises the difficulties facing officers in proposing these cuts. It also recognises and commends the work of officers as they deliver day to day services as well as responding to the ongoing effects of the pandemic and giving consideration to sustainable options for making significant reductions in Council expenditure.
- 5.10. Members recommend that the Public Accounts Select Committee should give further consideration to proposal D10 (Commercial estate review) - with further information provided by officers on the assumptions made about the potential return on investment. The Committee is concerned that – in the absence of detailed figures – it is unable to determine whether the implications of the proposal have been adequately assessed.
- 5.11. The Committee recommends that consideration should be given to the level of subsidy that is provided for organisations through rental agreements in the commercial estate. In the interests of transparency, the Committee would welcome assurance that consideration has been given to making the best return on all properties – with reasons given (in line with Council's strategy for asset optimisation) for any subsidies or reductions.
- 5.12. In reference to making the best use of the Council's assets – and taking a strategic approach to regeneration, the Committee notes the motion on 'unlocking the potential of local high streets' agreed by the full Council in July 2021 ([link to the motion on the Council's website](#)).
- 5.13. The Committee recommends that every endeavour should be made to ensure that the implementation of proposal F25 (Road safety – new yellow boxes) is carried out carefully and sensitively. Furthermore, the Committee asks that – as part of the implementation of this proposal - every consideration be given to options for improving the pedestrian and cycling environment.
- 5.14. In response to the Committee's comment on proposal D-10, the Executive Director for Housing, Regeneration and Public Realm has noted the Committee's comment and clarifies that this refers specifically to a target to increase income within our commercial estate and is premised on bringing unlet units to a condition where they can be viably let. Work to identify specific units has commenced and further work will explore additional opportunities for income generation. The income projection given is that which officers believe, with confidence, can be achieved.

### Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

- 5.15. In response to the Committee's comment on the levels of subsidy's provided to organisations in the commercial portfolio, the Executive Director for Housing, Regeneration and Public Realm has noted the Committee's comment and clarified that properties within the Council's commercial estate portfolio are leased on commercial terms. Market valuations of assets are undertaken at lease renewal, rent review and for new lettings, in order to ensure that the income achieved from the commercial estate is maximised. This process gives due regard to the condition of the asset and any likely opportunities for future redevelopment, which may have a bearing on the duration on any lease and therefore the commercial terms offered.
- 5.16. In response to the Committee's comment noting the full Council motion in support of 'unlocking the potential of local high streets' the Executive Director for Housing, Regeneration and Public Realm has noted the Committee's comment and responds that our high streets and town centres are vital in supporting local jobs and providing a sense of place and community. This is why the Council commissioned the country's first headcount and survey of independent and Black, Asian and Minority Ethnic owned businesses in our town centres and main high streets. The Council has also recently begun to establish a new partnership for Lewisham town centre to bring together public services, businesses, land owners, education providers, cultural organisations and community representatives to agree a vision for the future of the town centre.
- 5.17. In response to the Committee's comment on proposal F-25, the Executive Director for Housing, Regeneration and Public Realm has noted the Committee's comment and responded that the proposals are to identify borough junctions that are regularly congested by traffic and could benefit from enforced yellow box junctions measures. These measures aim to improve traffic flow by keeping junctions clear for through traffic and avoid traffic jams. Less congestion can lead to better air quality.
- 5.18. Clearer junctions may also assist cyclists with improved sightlines and visibility. Where pedestrian crossing points exist at junctions in the form of signals crossings, the measures will help keep these areas clearer and improve sight lines for pedestrians.
- 5.19. Traffic surveys will be undertaken to identify where these measures may be placed in (up to three for this specific work stream) and clear notification at the junction erected, ahead of planned enforcement. All Council communication channels will be used through a communications engagement plan. Ward members will be kept abreast of progress.

## **6. Financial implications**

- 6.1. This report responds to the comments to Mayor and Cabinet on the Budget Reductions report for 2022/23. The report is concerned with the budget reduction proposals to enable the Council to address the future financial challenges it faces. There are no direct financial implications arising from the report other than those stated in the report and appendices itself.

## **7. Legal implications**

### **Statutory duties**

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

### **Reasonableness and proper process**

## **Is this report easy to understand?**

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

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

### **Staffing reductions**

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

### **Equalities Legislation**

- 7.4. The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.
- 7.5. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed in the paragraph above. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances. The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet

## **Is this report easy to understand?**

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

- <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>
- <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

7.6. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- The essential guide to the public sector equality duty.
- Meeting the equality duty in policy and decision-making.
- Engagement and the equality duty: A guide for public authorities.
- Objectives and the equality duty. A guide for public authorities.

7.7. Equality Information and the Equality Duty: A Guide for Public Authorities. The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:

- <https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance#h1> The EHRC has also issued Guidance entitled “Making Fair Financial Decisions”.
- <https://www.equalityhumanrights.com/en/advice-and-guidance/making-fair-financial-decisions>. It appears at Appendix 4 and attention is drawn to its contents. The equalities implications pertaining to the specific service reductions are particular to the specific reduction.

### **The Human Rights Act**

7.8. Since the introduction of the Human Rights Act 1998 (HRA) the rights set out in the European Convention on Human Rights (ECHR) have been incorporated into UK law and can be enforced in the UK courts without recourse to the European courts. Those articles which are particularly relevant in to public services are as follows:

- Article 2 - the right to life
- Article 3 - the right not to be subject to inhuman or degrading treatment
- Article 5 - the right to security of the person
- Article 6 - the right to a fair trial
- Article 8 - the right to a private and family life, home and correspondence
- Article 9 - the right to freedom of thought, conscience and religion
- Article 10 - the right to freedom of expression
- Article 11 - the right to peaceful assembly
- Article 14 - the right not to be discriminated against on any ground The first protocol to the ECHR added
- Article 1 - the right to peaceful enjoyment of property

### **Is this report easy to understand?**

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>



- Article 2 - the right to education
- 7.9. Some of these rights are unconditional, such as the right not to be tortured or subject to degrading treatment. Others may be limited in finite and well defined circumstances (such as the right to liberty). Others are qualified and must be balanced against the need of the wider community – such as the right to a private and family life. Where there are human rights implications associated with the proposals in this report regard must be had to them before making any decision.

#### **Best value**

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

#### **Specific legal implications**

- 7.11. Members' attention is drawn to the specific legal implications arising in relation to particular proposals set out in the relevant proforma in Appendices 2 to 5 and 7 of the Budget Reductions report.

### **8. Equalities implications**

- 8.1. A detailed policy and equality implications have been appended to the report to Mayor and Cabinet as Appendix 8.

### **9. Climate change and environmental implications**

- 9.1. Section 40 Natural Environment and Rural Communities Act 2006 states that “every public authority must, in exercising its functions, have regard, so far as is consistent with the proper exercise of those functions to the purpose of conserving biodiversity”
- 9.2. The specific climate change and environmental implications identified as arising from the current cuts proposals will require further consideration, however, none of the new proposals are likely to impact negatively on our ability to conserve biodiversity Crime and disorder implications

### **10. Crime and disorder implications**

- 10.1. Section 17 of the Crime and Disorder Act 1998 requires the Council to have regard to the likely effect on crime and disorder when it exercises its functions, and the need to do all that it reasonably can to prevent crime and disorder in its area.
- 10.2. Whilst there are no specific crime and disorder implications as yet identified as arising from the current cuts proposals, C-44 will require further consideration as to whether this will impact either positively or negatively on our ability to reasonably prevent crime and disorder, or the perception of crime and disorder.

### **11. Health and wellbeing implications**

- 11.1. The specific health and wellbeing implications identified as arising from the current cuts proposals will require further consideration, however, those flagged as likely to impact either positively or negatively on the health and wellbeing of residents or service users is E14.

### **12. Glossary**

Term	Definition
------	------------

## **Is this report easy to understand?**

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

CPZ	Controlled Parking Zone
CSR	Comprehensive Spending Review
DSG	Dedicated Schools Grant
ECHR	European Convention of Human Rights
EMT	Executive Management Team
FFR	Fair Funding Review
GF	General Fund
GLA	Greater London Authority
HR	Human Resources
HRA	Housing Revenue Account
LGA	Local Government Association
LGFS	Local Government Finance Settlement
M&C	Mayor & Cabinet
MHCLG	Ministry for Housing, Local Government and Communities
MTFS	Medium Term Financial Strategy
PASC	Public Accounts Select Committee
PMO	Programme Management Office
SLT	Senior Leadership Team (EMT plus Directors)
VFM	Value for Money

### 13. Report author and contact

- 13.1. Katharine Nidd, Head of Strategic Finance, Planning and Commercial
- 13.2. 020 8314 6651, [katharine.nidd@lewisham.gov.uk](mailto:katharine.nidd@lewisham.gov.uk)

### Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>