

APPENDICES W1 to Z4 2022/23 BUDGET REPORT

APPENDIX W1 – CAPITAL STRATEGY REPORT AND APPENDICES



Mayor and Cabinet

Capital Strategy Report

Date: 2 February 2022

Key decision: Yes

Class: Part 1

Ward(s) affected: None Specific

Contributors: Executive Director for Corporate Resources

Outline and recommendations

This report sets out details of the Council's current capital programme for the three years 2022/23 to 2024/25 which informs the Council's Budget for 2022/23. Mayor and Cabinet are asked to note the current programme projects, budgets and financing and approve the programme for 2022/23 and ask Council to approve the same as part of the setting the 2022/23 Budget.

Timeline of engagement and decision-making

December 2021 – Capital Programme Review to Public Accounts Select Committee
January 2022 – Housing Revenue Budget report to Mayor & Cabinet
January 2022 – Capital Strategy Report to Public Accounts Select Committee

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1. Executive Summary

- 1.1 This report sets out details of the Council's current capital programme in the context of the wider Capital Strategy approach and detailed plans for 2022/23 which inform the Treasury Management Strategy and Budget plans.
- 1.2 The capital programme is a three year rolling programme and this report provides a summary and supporting detail for the programmes and projects to which capital resources have been committed and shows the budget for each and how they are financed.
- 1.3 The report includes an analysis showing the breakdown of the three year budget across Council wards.
- 1.4 In addition the report sets out the prior year outturn and also the current year spend and budget for the programmes and projects. A reconciliation showing in year changes to the programme for the current financial year is also provided.

2. Policy Context

- 2.1 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:
- 2.2 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 an 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.
- 2.3 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

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- We are open, honest, and fair in all we do.

3. Recommendations

- 3.1 Mayor and Cabinet:
- 3.2 notes the 2021/22 Capital Programme monitoring position in this report and any Public Accounts Select Committee comments from their meeting of the 27 January;
- 3.3 recommends that Council approves the 2022/23 to 2024/25 Capital Programme of £600.4m, as set out in this report and supporting Appendices.

4. Background

Capital Programme

- 4.1 Capital expenditure is distinct from revenue expenditure in that it covers expenditure on items such as land and buildings that results in a tangible asset that can be classified as such on the Council's balance sheet.
- 4.2 The capital programme encompasses the range of physical assets the Council holds. The investment assets the Council holds are addressed separately in the Treasury Management Strategy. The capital programme therefore reflects budgets and expenditure on the Council's many physical assets such as housing, schools, roads, major infrastructure projects as well as cultural buildings such as the Broadway Theatre, libraries and leisure centres. These assets are held within one of two funds – the General Fund for the majority of asset types and the Housing Revenue Account (HRA) for social housing stock.
- 4.3 The Council sets its detailed Capital Programme over a three year period based on secured (e.g. grant) and affordable (e.g. level of borrowing) funding. This is because the nature of the projects and programmes mean that the associated expenditure is incurred over a number of years rather than in a single financial year.
- 4.4 Financial monitoring of the programme is carried out in a similar way to the revenue budget monitoring and reported to Mayor & Cabinet (M&C) as part of the periodic Financial Forecasts Report and at year end through the Outturn Report. Financial monitoring together with programme / project delivery is managed through a number of boards as set out in section 8.

Capital Strategy

- 4.5 The CIPFA 2017 Prudential Borrowing and Treasury Management Code required all local authorities to produce a capital strategy to provide an overview of how capital spend will support services, the associated risks are being managed, and the impact for future financial sustainability.
- 4.6 The current capital strategy is underpinned with the prudent approach of only committing to schemes once the financial resources are confirmed and robust due diligence has been undertaken on the delivery plans through effective project management disciplines. This underpins the three year rolling plan presented here to support the 2022/23 budget.
- 4.7 The general fund projects in the programme mean it is fully committed at present with a focus on meeting statutory safety obligations and improving the place through investment in the provision of housing for temporary accommodation, public spaces, schools, and the Council's community buildings. This capacity constraint will remain until new grants are identified, non-strategic assets are sold to generate receipts, or additional revenue funds can be committed to support investment or fund borrowing.

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Work is underway to develop these plans and create headroom to invest in new priorities through the Asset Optimisation budget theme.

- 4.8 The larger focus of the capital programme at present is on the HRA with significant medium and long term plans for safety and stock condition works on current housing stock and the (re)-development on land owned or acquired by the Council to provide new social housing and homes – the Building for Lewisham programme.
- 4.9 Lewisham Homes, the Council's wholly owned subsidiary, 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 works. This work includes the recent focus on needing to incorporate fire safety works and address damp issues highlighted in some buildings. The prioritisation of works is informed by the recent stock condition survey of the whole estate which is currently estimated to require investment of £967.5m (before inflation and fees) over the next 30 years, with a significant proportion (around a third of this total) in the next five years.
- 4.10 In January 2020, the Mayor and Cabinet approved plans to advance and expand the Council's housebuilding programme to deliver on the corporate objectives set for the 2018 to 2022 period. This is the Building for Lewisham programme. This includes developing a number of infill sites as well as major strategic projects for Ladywell, the Achilles Street Estate, and Catford. In addition, with the support of Greater London Authority (GLA) grant secured, the Council is also undertaking an acquisitions programme to deliver more social homes in the Borough. Within the HRA to date, 199 social homes have been completed since 2018 with a further 779 forecast to be complete or under construction by the end of the financial year. In addition, plans for a further 344 new homes across a mix of tenures as the programme continues and a number of acquisitions are in train.
- 4.11 The capital strategy will ensure existing assets are maintained in an effective manner to enable Council services to be provided from appropriate locations in a safe and economical manner. In respect of the HRA it will provide much needed security through affordable housing to a significant number of families resident in the Borough. In addition, these new homes will provide additional council tax revenues to support the cost of providing services to residents and the community.
- 4.12 The key risks to the capital strategy are: 1) slippage in the face of rising costs adds to the financial pressure on the available resources, 2) future rents or running costs of the assets within their useful life do not match the business case assumptions leading to a funding gap, and 3) the ability to create the investment capacity to help deliver the Council strategic priorities, such as the commitment to zero-carbon by 2030.
- 4.13 These risks are mitigated with a significant governance and project management approach to overseeing delivery of the capital programme reporting regularly to senior management and Members on progress. Extensive lobbying and bidding for additional resources to partners and government and engagement with the Borough's residents to support the ambition to live and work in a sustainable manner. Detailed financial modelling, consulted on and reviewed with third party experts, with regular updates of the assumptions and progress on the schemes through the monitoring arrangements to assess the continued financial sustainability of the programme. These financial considerations are supported by appropriate and prudent accounting policies in respect of financing, valuation, and depreciation of these assets which are externally audited annually as part of the Councils financial statements.

5. Capital Programme 2022/23 to 2024/25

- 5.1 The three year programme for 2022/23 to 2024/25 builds on the existing programme and its delivery for 2021/22. The following table sets out a summarised version of the

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current three year programme. A more detailed breakdown of projects and programmes is included as Appendix 1.

Programme Area	Budget					3 Year Total
	2021/22	2022/23	2023/24	2024/25		
	£m	£m	£m	£m	£m	
Leisure, CCTV & Other Community Misc	4.7	0.2	0.0	0.0	0.2	
Corporate - ICT	0.6	0.5	0.0	0.0	0.5	
Schools & Other CYP	11.8	11.5	0.9	0.0	12.4	
Asset Management & Major Schemes	17.8	17.0	13.1	0.0	30.1	
Housing - Land Assembly & Temporary Accommodation (General Fund)	29.6	5.4	9.3	0.0	14.7	
Housing Grants - Disabled & Other Grants (General Fund)	1.9	0.6	0.6	0.0	1.2	
Sub Total General Fund	66.4	35.2	23.9	0.0	59.1	
Building For Lewisham Programme (BfL)	50.2	121.2	129.3	67.5	318.0	
Decent Homes Programme	57.8	83.4	62.9	64.1	210.4	
Housing Management System	1.3	1.2	0.0	0.0	1.2	
Other Schemes	6.5	3.8	3.9	4.0	11.7	
Sub Total HRA Programme	115.8	209.6	196.1	135.6	541.3	
TOTAL PROGRAMME	182.2	244.8	220.0	135.6	600.4	

- 5.2 The capital programme is periodically updated throughout the year for changes to the budget and these are split over the three year period. These changes can include the addition of prior year underspends arising during the closing of accounts process, new projects being added to the programme, and the removal of residual redundant budgets on completed projects. In addition, project slippage and the receipt of updated information feeding into the budget forecast may mean that budgets are slipped from the current year to a future year or in some cases brought forward where a project is ahead of schedule.
- 5.3 An exercise to review the budget profile for a number of general fund projects was completed in December 2021 which led to a number of changes on the budget split over the three year programme period. A detailed list of the changes made is shown in Appendix 3. A similar exercise is underway for the HRA programme with the 2021/22 slippage rolled into the 2022/23 budget pending this work being completed.
- 5.4 With the growth in scale and complexity of the programme since 2019, principally through the HRA to reflect the extended stock condition and safety works and new housing supply in Building for Lewisham, it is clear from the recent review that more regular and dynamic reprofiling will need to be undertaken. This is to ensure effective delivery and financial monitoring to respond to the scale and complexity of the programme and deal with current and ongoing challenges it faces. A key challenge behind delays in 2020 and 2021 to projects has been the Covid-19 pandemic, which in some cases has led to increased costs placing significant pressure on already constrained resources. This is causing the need to continually re-appraise the allocation of limited capital resources to meet corporate priorities.

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5.5 The three year capital programme reflects projects and programmes across the borough. An analysis of the programme by ward has been carried out and is shown in the following table. Some budgets cannot readily be identified against a single ward as they may be being held at a high programme level and not yet specifically allocated to a particular project. For example amounts have been set aside for HRA condition works but not allocated to specific sites.

LBL 3-Year Capital Programme 2021-2024 By Ward

	HRA	GF	Schools	Total
	£m	£m	£m	
Bellingham	-	4.4	3.8	8.2
Blackheath	-	0.3	0.1	0.4
Brockley	-	1.2	2.3	3.5
Catford South	-	0.8	0.7	1.4
Crofton Park	-	0.7	0.2	0.9
Downham	-	1.9	0.4	2.3
Evelyn	-	12.8	1.4	14.2
Forest Hill	-	2.7	0.3	3.0
Grove Park	-	-	0.2	0.2
Ladywell	-	-	-	-
Lee Green	-	-	0.0	0.0
Lewisham Central	72.6	13.7	0.5	86.8
New Cross	38.8	7.1	-	45.9
Perry Vale	-	8.2	9.4	17.6
Rushey Green	-	19.5	0.5	20.0
Sydenham	-	0.1	0.0	0.1
Telegraph Hill	-	-	0.4	0.4
Whitefoot	-	1.1	0.3	1.4
<i>Borough wide</i>	<i>349.0</i>	<i>23.6</i>	<i>3.5</i>	<i>376.1</i>
Total	460.4	97.9	24.0	582.3

6. Financing The Capital Programme

6.1 The following table sets out a summarised version of how the programme is financed broken down by year. A more detailed breakdown is contained in Appendix 2.

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RESOURCES	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	3 year Total £m
GENERAL FUND					
RTB Receipts	3.3	1.7	1.2	0.0	2.9
Capital Receipts & reserves, Corporate Provisions & Reserves	18.0	9.6	6.5	0.0	16.1
Grants / Contributions	7.4	3.9	2.6	0.0	6.5
S106 (Grant)	8.6	4.6	3.1	0.0	7.7
Schools PfS Grant	9.8	5.2	3.5	0.0	8.7
Prudential Borrowing	19.3	10.2	7.0	0.0	17.2
Total GF Resources	66.4	35.2	23.9	0.0	59.1
HOUSING REVENUE ACCOUNT					
Prudential Borrowing	26.1	109.4	140.0	69.7	319.1
Grants	3.0	40.2	15.8	19.2	75.2
RTB Receipts	0.7	9.1	13.5	4.4	27.0
Sale Receipts	0.0	3.5	1.1	16.9	21.5
Other Receipts	0.0	20.0	0.0	0.0	20.0
Reserves / Revenue / MRR	86.0	27.4	25.7	25.4	462.8
Total HRA Resources	115.8	209.6	196.1	135.6	541.3
TOTAL RESOURCES	182.2	244.8	220.0	135.6	600.4

6.2 As can be seen from the table above the Capital Programme is financed through the following funding sources.

- HRA Reserves
- Right to buy capital receipts
- Capital receipts, capital reserves and funding from corporate provisions and reserves
- Specific Grants
- Section 106 / Community Infrastructure Levy (CIL)
- Prudential Borrowing

6.3 HRA Reserves are the balances ring fenced to the HRA generated from it is operations since inception. They are held to fund 1) existing stock maintenance and improvement works and 2) redevelopment and investment in new homes.

6.4 Right to buy capital receipts are received from the sale of council housing. The calculation and application of the receipts are subject to relatively complex rules set by government. An element of the receipts are held unconditionally and can be used to fund HRA and general fund capital expenditure, an element of the receipt is paid to government and an element of the receipt can be held by the Council to replace housing stock on a one for one basis – these are known as “one for one receipts”. One for one receipts must be spent within five years and can only fund 40% of the cost of a new home. These rules have only recently changed and previously the percentage was 30%.

6.5 Capital receipts and capital reserves can be used to fund general fund projects and are distinct from HRA ring-fenced receipts and reserves. Such receipts come from the disposal of general fund assets. In addition there is funding from corporate provisions and reserves where corporate funding has been specifically earmarked for certain

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projects such as highways and footways. The allocation of corporate funds to capital from revenue reduces the available annual revenue budget for services. The larger the capital programme the more savings needed and the smaller service budgets will be. Currently the total available from existing reserves, earmarked funding, and known future disposals is fully allocated to the programme.

- 6.6 Specific grants e.g. Department of Education schools condition funding and funding from the Greater London Authority.
- 6.7 S106 funding refers to funding received from developers towards the costs of providing community and social infrastructure and which makes the planning application acceptable. Currently £16.7m of the total S106 funding received has been allocated to capital projects.
- 6.8 Some projects and programmes require funding from prudential borrowing. Such projects are usually required to demonstrate a positive payback of the required borrowing and interest costs over a certain period. In the case of housing schemes this is usually from rents over a 40 year period.

7. Current and Prior Year Capital Programme Budget And Spend

- 7.1 Progress in delivering the Capital Programme is regularly reported to Mayor & Cabinet and the Public Accounts Select Committee throughout the financial year.

Financial Year 2020/21

- 7.2 For financial year 2020/21 there was overall expenditure of £120.1m representing 70% of the revised budget of £171.6m. These amounts can be split between general fund and HRA. For general fund there was expenditure of £58m representing 82% of the revised budget of £70.4m. For the HRA there was £62.1m expenditure representing 61% of the revised budget of £101.2m. These amounts are shown in the following table and a more detailed breakdown of the spend across the programme is detailed in Appendix 5.

2020/21 Capital Programme	Revised Budget (M&C Feb 20)	Revised Budget Mar 2021	Spend to 31 Mar 2021	% Spent to Date (Revised Budget)
General Fund	63.2	70.4	58.0	82%
Housing Revenue Account	100.4	101.2	62.1	61%
Total Capital Programme	163.6	171.6	120.1	70%

Financial Year 2021/22

- 7.3 For the current financial year 2021/22 as at the end of October 2021 there had been overall expenditure of £56.7m representing 31% of the revised budget of £182.2m. These amounts can be split between general fund and HRA. For general fund there was expenditure of £18.6m representing 28% of the revised budget of £66.4m. For HRA there was £38.1m expenditure representing 33% of the current revised budget of £115.8m. These amounts are shown in the following table and a more detailed breakdown of the spend across the programme is detailed in Appendix 4.

2021/22 Capital Programme	Revised Budget (M&C Feb 21)	Revised Budget Proposed Oct 2021	Spend to P7 31 Oct' 2021	Spent to Date (Revised Budget)

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General Fund	70.3	66.4	18.6	28%
Housing Revenue Account	114.0	115.8	38.1	33%
Total Capital Programme	184.3	182.2	56.7	31%

- 7.4 As stated earlier in this report, unspent budgets for ongoing capital programmes and projects are rolled forward at year end and a re-profiling exercise has been undertaken to provide budgets that will more accurately reflect expenditure for the three year period. A number of general fund budgets have been re-profiled as a result of this work but the exercise is not yet completed for the HRA. Once completed this is likely to result in some budgets being re-profiled from 2022/23 to future years and this should in turn provide a more accurate percentage of spend to date in future monitoring reports.
- 7.5 The most significant impact on spend that impacted on the amount carried forward for 2020/21, together with the need to re-profile budgets for 2021/22, has been in relation to the Covid-19 pandemic which was in turn compounded the impacts of Brexit. Construction works were paused at stages through the lockdowns of 2020 and 2021. Construction activity re-started but at a reduced capacity due to social distancing requirements. There have also been widespread labour and material shortages which have continued to impact on the pace of delivery and driven up costs, as evidenced by rising inflation and more recently interest rates as well.
- 7.6 The capital programme will be rolled forward to future years to recover the delivery ambition and has been re-profiled to account for the challenges over the last 18 months as well as considering the current market challenges in relation to labour and materials.
- 7.7 Importantly substantial external funding has been secured to support the delivery of the Council's Capital Programme including Brownfield Land Release Fund, GLA (various funding streams) and NHS contributions. Schools capital funding for Special Education Needs places is also increasing for 2022/23 following the announcements in the provision local government settlement. Plans for committing these are being prepared.

8. Capital Programme Delivery

- 8.1 The Capital Programme is managed through a number of boards as follows:
- The Regeneration Board has overall oversight of the Capital Programme strategy
 - The Regeneration & Capital Programme Delivery Board (RCPDB) reviews and agrees project initiation documents (PIDs) and delivery of existing projects picking up on any project/programme slippage. This board primarily focusses on general fund projects which includes those housing schemes within the general fund such as those relating to temporary accommodation and land assembly.
 - The Officer New Homes Programme Board (ONHPB) focuses on housing projects and has overall oversight of the Building for Lewisham programme.
 - The Children and Young People Capital Strategy Board has oversight of schools and other CYP programmes and projects together with their related funding.
- 8.2 Programmes and projects follow a number of standard processes and documentation.
- 8.3 For General Fund projects a Project Initiation Document (PID) must be completed that

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sets out the details of the project and this needs to be approved at the RCPDB before a budget or expenditure code is allocated.

- 8.4 Where necessary a report must be prepared for M&C to agree the project, the budgets and financing.
- 8.5 ONHPB provide oversight for housing projects that are delivered by Lewisham Homes as the Council's delivery agent. Where necessary reports are prepared for M&C to agree projects, budgets and financing.
- 8.6 Once the project is agreed a regular highlight report is required to update the RCPDB or ONHPB on progress. At the completion of a project a closure report is completed for consideration by RCPDB or ONHPB.
- 8.7 A review of the governance structure is currently underway with a view to strengthening the links between the boards so that the Regeneration Capital Board has a clearer oversight of the other boards feeding into it. Revisions to the governance structure will further ensure:
 - Comprehensive oversight over the capital programme
 - Alignment of capital resources with corporate priorities
 - A robust approach to programme management
 - Formal oversight of regular re-profiling change requests.

9. Financial Implications

- 9.1 This report concerns the Council's three year capital programme for 2022/23 to 2024/25 financial years. Therefore, any financial implications are contained within the body of the report.

10. Legal Implications

Balanced Budget

- 10.1 In accordance with the Local Government Act 1992 the Council must set its Council Tax for 2022/2023 before 11 March 2022. By law it may not set the Council Tax before receipt of confirmation of the precept from the precepting authority, the GLA which is anticipated on 24 February. A report will be prepared for the Council meeting on 2 March 2022 on the basis of indications from the GLA but the report will be despatched before their final decision. The Executive Director for Corporate Resources will update the Council accordingly before it makes its decision.
- 10.2 Following the introduction of the Local Authorities (Standing Orders)(Amendment) Regulations 2014 the Council's Constitution was amended to require that when the Council votes on key budget and Council Tax decisions, the vote must be recorded. This requirement will apply when the Council meets to set the Council Tax.
- 10.3 Members have a duty to ensure that the Council acts lawfully. It must set and maintain a balanced budget each year. The Council must take steps to deal with any projected overspends and identify cuts or other measures to bring the budget under control. If the Capital Programme is overspending, this may be brought back into line through cuts, slippage, or contributions from revenue. The proposals in this report are designed to produce a balanced budget in 2021/22.
- 10.4 In this context, Members are reminded of their fiduciary duty to the Council Tax payer, effectively to act as trustee of the Council's resources and to ensure proper custodianship of Council funds.

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Capital Programme

- 10.5 Generally, only expenditure relating to tangible assets (e.g. roads, buildings or other structures, plant, machinery, apparatus and vehicles) can be regarded as capital expenditure. (Section 16 Local Government Act 2003 and regulations made under it).
- 10.6 The Local Government Act 2003 introduced a prudential system of financial control, replacing a system of credit approvals with a system whereby local authorities are free to borrow or invest so long as their capital spending plans are affordable, prudent, and sustainable. Authorities are required to determine and keep under review how much they can afford to borrow having regard to CIPFA's Prudential Code of Capital Finance in Local Authorities. The Code requires that in making borrowing and investment decisions, the Council is to take account of affordability, prudence, and sustainability, value for money, stewardship of assets, service objectives, and practicality.
- 10.7 Section 11 Local Government Act 2003 allows for regulations to be made requiring an amount equal to the whole or any part of a capital receipt to be paid to the Secretary of State. Since April 2013, there has been no requirement to set aside capital receipts on housing land (SI2013/476). For right to buy receipts, the Council can retain 25% of the net receipt (after taking off transaction costs) and is then entitled to enter an agreement with the Secretary of State to fund replacement homes with the balance. Conditions on the use of the balance of the receipts are that spending has to happen within three years and that 70% of the funding needs to come from Council revenue or borrowing. If the funding is not used within three years, it has to be paid to the Ministry of Housing, Communities and Local Government, with interest. In London, the monies are then transferred to the GLA. However, the Council has entered into an agreement with the GLA where the GLA has agreed in principle that all monies received from central government arising from right to buy disposals in Lewisham will be ring fenced and made available to the Council as social housing grant.

11. Crime and Disorder, Climate and Environment Implications

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

12. Equalities Implications

- 12.1 The Equality Act 2010 (the Act) introduced the public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 12.2 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.
- 12.3 The duty continues to be a "have regard duty", and the weight to be attached to it is a matter for the Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the

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key ways in which the Council can demonstrate that they have had 'due regard'.

- 12.4 The Equality and Human Rights Commission 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 services and public functions. The Technical Guidance also covers what public authorities should do to meet 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: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>
- 12.5 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
 1. The essential guide to the public sector equality duty
 2. Meeting the equality duty in policy and decision-making
 3. Engagement and the equality duty
 4. Equality objectives and the equality duty
 5. Equality information and the equality duty
- 12.6 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: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>
- 12.7 The EHRC has also issued Guidance entitled "Making Fair Financial Decisions". It appears at Appendix Y9 and attention is drawn to its contents.
- 12.8 Assessing impact on equality is not an end to itself and it should be tailored to, and be proportionate to, the decision being made. Whether it is proportionate for the Council to conduct an Equalities Analysis Assessment of the impact on equality of a financial decision or not depends on its relevance to the Authority's particular function and its likely impact on people from protected groups, including staff.
- 12.9 Where proposals are anticipated to have an impact on staffing levels, it will be subject to consultation as stipulated within the Council's Employment/Change Management policies, and services will be required to undertake an Equalities Analysis Assessment (EAA) as part of their restructuring process.
- 12.10 It is also important to note that the Council is subject to the Human Rights Act, and should therefore, also consider the potential impact their particular decisions could have on human rights. Where particular cuts have such implications, they must be dealt with and considered in relation to those particular proposals before any final decision is made.

13. Background Papers

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Short Title of Report	Date	Location	Contact
2021/22 Budget	3 March 2021	Council	David Austin
Financial Monitoring	8 December 2021	M&C	David Austin
Capital Programme	1 December 2021	PASC	David Austin
HRA Budget	12 January 2021	M&C	David Austin

14. Report Author and Contact

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APPENDIX 1 – Capital Programme Major Projects Budget 2021/22 and three Year Programme Budget 2022/23 to 2024/25

Major Programmes & Projects	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	3 year Total £m
GENERAL FUND					
CCTV Modernisation	1.1	0.0	0.0	0.0	0.0
Leisure Schemes	3.6	0.2	0.0	0.0	0.2
Schools - School Places Programme	7.2	6.0	0.9	0.0	6.9
Schools – Other (Inc. Minor) Capital Works	4.6	4.0	0.0	0.0	4.0
Schools - Unallocated	0.0	1.5	0.0	0.0	1.5
Highways & Bridges – TfL	1.5	0.0	0.0	0.0	0.0
Highways & Bridges – LBL	4.1	3.1	0.0	0.0	3.1
Asset Management Programme	1.3	1.7	2.0	0.0	3.7
Other AMP Schemes	1.7	1.4	0.0	0.0	1.4
Unallocated AMP	0.0	0.8	0.6	0.0	1.4
Broadway Theatre	2.0	4.8	0.2	0.0	5.0
Catford Phase 1 – Thomas Lane Yard/ CCC	0.6	1.3	1.3	0.0	2.6
Catford Station Improvements	0.1	0.5	0.9	0.0	1.4
Travellers Site Relocation	0.1	1.0	2.7	0.0	3.7
Lewisham Gateway (Phase 2)	3.5	0.0	4.8	0.0	4.8
Beckenham Place Park (Inc. Eastern Part)	0.4	0.9	0.6	0.0	1.5
Catford Town Centre	0.2	0.8	0.0	0.0	0.8
Milford Towers Decant	0.3	0.3	3.4	0.0	3.7
Deptford Southern Sites Regeneration	0.3	0.0	2.2	0.0	2.2
Edward St. Development	12.0	0.0	0.0	0.0	0.0
Lewisham Homes – Property Acquisition	3.0	0.0	0.0	0.0	0.0
Achilles St Development	1.0	0.0	3.6	0.0	3.6
Place Ladywell	0.8	0.8	0.0	0.0	0.8
Temporary Accomodation - Mayow Rd	7.0	1.1	0.1	0.0	1.2
Temporary Accomodation - Canonbie Rd	1.8	0.3	0.0	0.0	0.3
Temporary Accomodation - Sydney Arms	1.0	0.0	0.0	0.0	0.0
Temporary Accomodation - Morton House	0.6	1.0	0.0	0.0	1.0
Temporary Accomodation - Manor Avenue	0.3	0.9	0.0	0.0	0.9
Disabled Facilities Grant	1.3	0.0	0.0	0.0	0.0
Private Sector Grants and Loans	0.6	0.6	0.6	0.0	1.2
Other General Fund Housing Schemes	1.5	1.0	0.0	0.0	1.0
Other Miscellaneous Schemes	2.9	1.2	0.0	0.0	1.2
TOTAL GENERAL FUND	66.4	35.2	23.9	0.0	59.1
HOUSING REVENUE ACCOUNT					
Building For Lewisham Programme (BfL)	50.2	121.2	129.3	67.5	318.0
Decent Homes Programme	57.8	83.4	62.9	64.1	210.4
Housing Management System	1.3	1.2	0.0	0.0	1.2
Other Schemes	6.5	3.8	3.9	4.0	11.7
TOTAL HRA PROGRAMME	115.8	209.6	196.1	135.6	541.3
TOTAL PROGRAMME	182.2	244.8	220.0	135.6	600.4

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APPENDIX 2 – Capital Programme Major Projects Financing 2021/22 and three Year Programme Financing 2022/23 to 2024/25

Major Programmes & Projects	HRA Revenue Contribution	Sale & Other Receipts	RTB Receipts	Capital Receipts & reserves, Corporate Provisions & Reserves	Grants / Contributions	S106 (Grant)	Schools PFS Grant	Prudential Borrowing	FINANCING TOTAL 21/22 TO 24/25 (4 YEARS)
	£m	£m	£m	£m	£m	£m	£m	£m	£m
GENERAL FUND									
CCTV Modernisation	0	0	0	0	1.1	0	0	0	1.1
Leisure Schemes	0	0	0	0	3.1	0.4	0	0.3	3.8
Schools - School Places Programme	0	0	0	0	0	0.7	13.5	0	14.2
Schools – Other (Inc. Minor) Capital Works	0	0	0	0.7	1.9	0.2	5.0	0.9	8.7
Schools - Unallocated	0	0	0	1.5	0	0	0	0	1.5
Highways & Bridges – TfL	0	0	0	0	1.5	0	0	0	1.5
Highways & Bridges – LBL	0	0	0.1	6.2	0.1	0.7	0	0	7.1
Asset Management Programme	0	0	0	4.5	0	0	0	0.5	5.0
Other AMP Schemes	0	0	0	1.5	0.2	0	0	1.5	3.2
Unallocated AMP	0	0	0	1.4	0	0	0	0	1.4
Broadway Theatre	0	0	0	6.7	0	0	0	0.3	7.0
Catford Phase 1 – Thomas Lane Yard/ CCC	0	0	0	1.6	1.6	0	0	0	3.2
Catford Station Improvements	0	0	0	0	0	1.5	0	0	1.5
Travellers Site Relocation	0	0	0	0.7	0.4	2.7	0	0	3.8
Lewisham Gateway (Phase 2)	0	0	0	0	0.6	7.6	0	0	8.2
Beckenham Place Park (Inc. Eastern Part)	0	0	0	1.9	0	0	0	0	1.9
Catford Town Centre	0	0	0	0	0	0	0	1.0	1.0
Milford Towers Decant	0	0	0	0.5	0	0	0	3.5	4.0
Deptford Southern Sites Regeneration	0	0	2.5	0	0	0	0	0	2.5
Edward St. Development	0	0	0	0	0	0	0	12.0	12.0
Lewisham Homes – Property Acquisition	0	0	0	0	0	0	0	3.0	3.0
Achilles St Development	0	0	0	0.5	0	0.9	0	3.1	4.5
Place Ladywell	0	0	0	0	0	0	0	1.6	1.6
Temporary Accommodation - Mayow Rd	0	0	1.5	0	0.6	0.5	0	5.5	8.1
Temporary Accommodation - Canonbie Rd	0	0	0	0.8	0	0	0	1.2	2.0
Temporary Accommodation - Sydney Arms	0	0	0	0	0	0	0	1.0	1.0
Temporary Accommodation - Morton House	0	0	1.6	0	0	0	0	0	1.6
Temporary Accommodation - Manor Avenue	0	0	0.5	0	0	0	0	0.7	1.2
Disabled Facilities Grant	0	0	0	0	1.3	0	0	0	1.3
Private Sector Grants and Loans	0	0	0	1.7	0.1	0	0	0	1.8
Other General Fund Housing Schemes	0	0	0	2.2	0	0.2	0	0	2.4
Other Miscellaneous Schemes	0	0	0	1.5	1.4	0.9	0	0.4	4.2
TOTAL GENERAL FUND	0.0	0.0	6.2	33.9	13.9	16.3	18.5	36.5	125.3
HOUSING REVENUE ACCOUNT									0
Building For Lewisham Programme (BfL)	0	0	0	0	0	0	0	0	0
Decent Homes Programme	0	0	0	0	0	0	0	0	0
Housing Management System	0	0	0	0	0	0	0	0	0
Other Schemes	0	0	0	0	0	0	0	0	0
TOTAL HRA PROGRAMME	0.0	41.5	27.7	164.5	78.2	0.0	0.0	345.2	657.1
TOTAL PROGRAMME	0.0	41.5	33.9	198.4	92.1	16.3	18.5	381.7	782.4

APPENDICES W1 to Z4 2022/23 BUDGET REPORT

APPENDIX 3 – Capital Programme Revised 2021/22 Budget

Adjustments Made to the 2021/22 Capital Budget since Budget Report to M&C in Feb 21

	£`m
APPROVED CAPITAL PROGRAMME BUDGET- 21/22	
M&C – February, 2021 as per Budget Report	184.30
Underspends carried-forward from 20/21	<u>6.10</u>
	190.40
New Schemes Post Budget Report	
Schools Minor Works Programme 2021	4.20
TfL Programme 21-22	0.40
Riverside Youth Club Development Project	1.30
Temporary Accommodation - Manor Conversion	1.20
Asset Review - development and site appraisals	0.10
Asset Review - miscellaneous assets	0.10
Amersham and Northover Residential Conversion	0.90
Leisure strategy- The Wavelengths & Bellingham Leisure centres	0.60
Commercial Estate Investment	0.10
120 Rushey Green- Meliot Centre Relocation	0.10
Wavelengths Leisure Pool	0.80
Evelyn Green MUGA and Park Improvements	0.40
Folkestone Gardens Play Improvements	0.20
Public Sector Decarbonisation Scheme(PSDS)- Corporate Sites Project	2.76
Buy Back Lewisham`s ex- council homes	<u>4.72</u>
	17.88
Increase in HRA- Schemes Post Budget Report	
General Capital & Decent Homes Programme	38.80
Reduction in HRA Programme	-47.50
Re-profiled Schemes	
Re-profiled HRA Schemes	9.60
Holbeach Road Improvement Works	-0.60
Achilles Street - Development (Design Work)	2.40
Aids & Adaptations	-0.10
Old Town Hall - Repairs & Refurb.	0.83
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	0.20
2016 & 2017 PPP Ashmead School	-0.28
2016 Programme Costs	-0.11
Watergate School	-1.77
Private Sector Grants - Discretionary Grants	-1.33
MOVE - PLACE/Ladywell (1000 Homes Programme)	-1.34
Excalibur Phases 3	0.28

APPENDICES W1 to Z4 2022/23 BUDGET REPORT

Greenvale school	-2.45	
Fleet Vehicle Replacement 2019/20 & Future Programme	-1.58	
Glass Mill Soft Play	-0.27	
Riverside Youth Club Development Project	-1.20	
Brockley Rise Adult Learning Centre frontage works	-0.11	
Wearside Depot - Changing facility	-0.10	
Civic Suite - Refurbishment and Improvement Project	-0.60	
Lewisham Library - Repairs & Refurb.	-0.54	
Refurbishment of 43-45 Bromley Road	-0.03	
Amersham and Northover Residential Conversion	-0.85	
Developing 2 Year Old Childcare Provision	-0.17	
Education Catering Investment (UFSM)	0.02	
CYP - Schools CERA	-1.87	
2021 Schools Minor Works	-0.60	
2020 Schools Minor Works	-0.31	
2018 Schools Minor Works	-0.18	
Asset Management Programme	-2.63	
Leisure strategy- The Wavelengths & Bellingham Leisure centres	-0.60	
Catford Town Centre	-0.77	
Improvements to Calabash Centre	-0.05	
Asset Review - development and site appraisals	-0.05	
Asset Review - miscellaneous assets	-0.10	
Commercial Estate Investment	-0.15	
Travellers Site Relocation	-3.70	
Beckenham Place Park - Eastern Part	-1.50	
Cash Incentive Scheme	-0.11	
Broadway Theatre - Works	-3.30	
Thomas Lane Yard and the Catford Constitution Club'(CCC)	0.02	
Temporary Accommodation Conversions-Morton House	-0.90	
Catford Station Improvement	-0.32	
TFL Programme	1.07	
SMWP 2020	0.30	
PLACE Refurbishment	-0.55	
Temporary Accommodation - Manor Conversion	-0.91	
Creekside	-0.50	
		-16.11
Completed Projects		
Chiddingstone Improvement Works	-0.13	
Heathside & Lethbridge - Partnership Works (Phase 6)	-0.26	
9 - 19 Rushey Green (1000 Homes Prog.)	-0.25	
Acquisition of homes in inner LHA Area (Phoenix Acquisitions)	-0.27	
New Homes , Better Places - Greystead Estate and Fairlawn school	-0.01	
Acquisition - Hostels Programme - Ladywell Pop-Up Village	-0.01	
Acquisition & conversion of 118 Canonbie Road and Hamilton Lodge and 354 Stanstead Rd	-0.57	
Roundings	0.23	

APPENDICES W1 to Z4 2022/23 BUDGET REPORT

	-1.27
Revised Capital Programme Budget 21/22	<u>182.20</u>

APPENDICES W1 to Z4 2022/23 BUDGET REPORT

APPENDIX 4 – Capital Programme Spend 2021/22 as at October 2021

2021/22 Capital Programme Major Programmes & Projects	Revised Budget (M&C Feb 21)	Revised Budget Proposed Dec 2021	Spend to 31 Oct 2021	Spent to Date (Revised Budget)
GENERAL FUND	£`m	£`m	£`m	%
CCTV Modernisation	0.5	1.1	0.5	45%
Leisure Schemes	0	3.6	0	0%
Schools - School Places Programme	8.8	7.2	3.8	53%
Schools – Other (Inc. Minor) Capital Works	1.7	4.6	1.0	22%
Schools - Unallocated	1.6	0	0	0%
Highways & Bridges – TfL	0.8	1.5	0.3	20%
Highways & Bridges – LBL	2.5	4.1	0.1	2%
Asset Management Programme	1.3	1.3	0.2	15%
Other AMP Schemes	0.9	1.7	0.5	29%
Unallocated AMP	1.5	0	0	0%
Broadway Theatre	4.8	2.0	0.4	20%
Catford Phase 1 – Thomas Lane Yard/ CCC	0.6	0.6	0.3	50%
Catford Station Improvements	0.3	0.1	0	0%
Travellers Site Relocation	3.6	0.1	0	0%
Lewisham Gateway (Phase 2)	3.5	3.5	0.6	17%
Beckenham Place Park (Inc. Eastern Part)	1.7	0.4	0.1	25%
Catford Town Centre	0	0.2	0.2	100%
Milford Towers Decant	0.3	0.3	0.2	67%
Deptford Southern Sites Regeneration	0.3	0.3	0	0%
Edward St. Development	8.4	12.0	3.6	30%
Lewisham Homes – Property Acquisition	3.0	3.0	3.0	100%
Achilles St Development	1.0	1.0	0	0%
Place Ladywell	2.7	0.8	0	0%
Temporary Accommodation - Mayow Rd	6.6	7.0	1.9	27%
Temporary Accommodation - Canonbie Rd	1.4	1.8	0.6	33%
Temporary Accommodation - Sydney Arms	3.8	1.0	0	0%
Temporary Accommodation - Morton House	0.1	0.6	0	0%
Temporary Accommodation - Manor Avenue	0	0.3	0	0%
Disabled Facilities Grant	2.1	1.3	0.7	54%
Private Sector Grants and Loans	2.1	0.6	0.3	50%
Other General Fund Housing Schemes	1.5	1.5	0.2	13%
Other Miscellaneous Schemes	2.9	2.9	0.1	3%
TOTAL GENERAL FUND	70.3	66.4	18.6	28%
HOUSING REVENUE ACCOUNT				
Building For Lewisham Programme (BfL)	50.2	50.2	17.3	34%
Decent Homes Programme	56.0	57.8	20.3	35%
Housing Management System	1.3	1.3	0	0%
Other Schemes	6.5	6.5	0.5	8%
TOTAL HRA PROGRAMME	114.0	115.8	38.1	33%
TOTAL PROGRAMME	184.3	182.2	56.7	31%

APPENDICES W1 to Z4 2022/23 BUDGET REPORT

APPENDIX 5 – Prior Year Capital Programme Outturn 2020/21

2020/21 Capital Programme	Revised Budget (M&C 11/11/20)	Revised Budget Jan' 2021	Spend to 31 Mar' 2021	Spent to Date (Revised Budget)
			£m	%
GENERAL FUND				
Schools - School Places Programme	4.7	3.4	1.9	56%
Schools - Other (Inc. Minor) Capital Works	5.7	5.7	4.2	74%
Highways & Bridges - LBL	3.0	3.0	2.8	93%
Highways & Bridges – TfL	1.2	2.8	2.7	96%
Highways & Bridges - Others	1.5	1.5	0.3	20%
Catford town centre	1.0	1.0	0.9	90%
Asset Management Programme	1.3	1.5	0.9	60%
Other AMP Schemes	0.7	1.1	0.3	27%
Broadway Theatre – Works	0.4	0.4	0.2	50%
Lewisham Gateway (Phase 2)	14.8	14.8	14.8	100%
Private Sector Grants and Loans (Inc. DFG)	0.6	0.6	1.5	100%
Achilles St. Development	0.8	0.8	0.8	100%
Edward St. Development	9.0	9.0	5.7	63%
Deptford Southern Sites Regeneration	0.4	2.6	2.6	100%
Residential Portfolio Acquisition – Hyde Housing Association	2.9	2.9	2.1	72%
Fleet Replacement Programme	7.8	7.0	6.3	90%
Temporary Accommodation Conversions-Morton House	0.0	5.2	4.2	81%
Other General Fund schemes	7.4	7.1	5.8	82%
TOTAL GENERAL FUND	63.2	70.4	58.0	82%
HOUSING REVENUE ACCOUNT				
Building for Lewisham Programme	36.5	37.3	15.8	42%
HRA Capital Programme (Decent Works)	47.7	47.7	38.1	80%
Creekside Acquisition	5.7	5.7	6.7	100%
Ladywell Leisure Centre Development Site	4.5	4.5	0.8	18%
Achilles St. Development	4.3	4.3	0.3	7%
Mayow Rd Development	1.1	1.1	0.0	0%
Other HRA schemes	0.6	0.6	0.3	50%
TOTAL HOUSING REVENUE ACCOUNT	100.4	101.2	62.1	61%
TOTAL CAPITAL PROGRAMME	163.6	171.6	120.1	70%

APPENDICES W1 to Z4 2022/23 BUDGET REPORT

APPENDIX X1: Proposed Housing Revenue Account Savings 2022/23

- 1.1 The HRA strategy and self-financing assessments are continually updated and developed with the view to ensuring resources are available to meet costs and investment needs and are funded for 2022/23 and future years.
- 1.2 Savings and efficiencies delivered in the 2022/23 budget can be re-invested to off-set constrained rent rises or to help bridge any investment gap identified. As a prudent measure the original financial model was developed with no savings identified. Subsequently, discussions have taken place regarding appropriate savings and 'target' management and maintenance costs per unit. For example, there is already an assumed reduction in the Lewisham Homes fee in 2022/23 to reflect stock losses through Right to Buy Sales. Although no direct efficiencies/savings are currently being considered for 2022/23, work continues to identify opportunities for cost reductions and efficiencies relating to the HRA business model. Where identified, these savings would be available to off-set future rental losses due to a constrained uplift to protect investment in stock or services.
- 1.3 An update of the HRA Strategy, Savings Proposals, proposed rent & service charge increases and comments from consultation with tenant representatives will be reported to Mayor and Cabinet as part of the HRA Rents and budget strategy report. Mayor and Cabinet will make the final budget decisions in the New Year.

APPENDICES W1 to Z4 2022/23 BUDGET REPORT

APPENDIX X2: Tenants' rent consultation 2022/23

The Tenants' rent consultation meetings took place on 10th November 2021 with Regenter B3 (Brockley) managed tenants and 24th November 2021 with Lewisham Homes managed tenants.

Views of representatives on rent and service charge changes & savings proposals.

	Lewisham Homes	Brockley PFI
No of representatives (excl Cllrs)	13	6
Rent Increase @ 4.1%	See Below	See Below
Savings Proposals:-		
No Savings proposed	n/a	n/a
Service Charges inc:		
Heating & Hot Water Charges	See Below	See below
Garage Rents	See Below	See Below
Tenants Fund	n/a – no increase proposed	n/a – no increase proposed

Summary of comments made by representatives;

Brockley PFI

A transcript of the meeting, meeting minutes and comments received are contained at the end of this section.

There was further feedback received from residents, sent directly to council representatives, this is also included at the end of this section together with the letter of response from the Council.

Lewisham Homes

A transcript of the meeting and comments received are contained below.

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<p>Lewisham Homes Panel</p>	<p>Rent increase:</p> <p>Representatives at the meeting queried why there is an increase at this time as there are issues of affordability in the current economic climate, with many people having lost their jobs, pay freezes are being implemented and businesses are down.</p> <p>Concern was also expressed that a wider audience should have the opportunity to consider the overall proposals and provide any comments that they may have on the proposed increases in all charges.</p> <p>Officers responded that it is a legal requirement that a balanced budget has to be set and that costs are increasing. It was confirmed that Housing Benefit would also increase in line with the proposed rent increase.</p> <p>In terms of invitees, there are a number of communications sent-out to inform tenants and tenant representatives that a meeting is being held, inviting them to attend.</p> <p>A question was asked whether the 4.1% rent increase also applies to Temporary Accommodation (TA).</p> <p>Officers confirmed that TA stock within the HRA would see an increase based on the same formula as the dwellings rents and would increase by 4.1% In April 2022.</p> <p>Tenants Service Charges & Heating & Hot water Charge:</p> <p>A presentation was given on the proposals.</p> <p>A discussion was held on the issue of service standards and costs.</p> <p>There were questions of value for money as charges are increasing but service delivery is not improving. In addition, service provision were affected by Covid and how can you justify a full charge?</p> <p>Lewisham Homes officers responded by stating that services were only affected for the period April – May and all services were undertaken during this time, although some may have been at reduced hours to focus priorities to other areas.</p> <p>There was concern expressed that costs are increasing but that there was no justification or evidence for this, so why is there a proposal for any increase?</p> <p>Officers responded that the proposed charges are based on the 2020/21 actuals which have been audited and signed off. Inflation is then added for contracted service supply as well as salary inflation which was 2.75%.</p>
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	<p>The proposals are estimated charges and will be followed up by an audit of actual charges and any necessary adjustment made. This will include looking at Leases to ensure that the charges are in accordance with the lease agreement.</p> <p>A discussion followed regarding service standards and issues on particular estates.</p> <p>Lewisham Homes officers responded by requesting panel members to contact them with specific service queries, that they will note and respond to specific issues outside of the meeting.</p> <p>Garage Charges:</p> <p>There was a discussion on affordability issues, as per the rent increase proposals, with questions raised during the meeting. These questions were recorded and were forwarded to LBL's estates team to respond to. The questions and responses are below.</p> <p>Residents enquired what the market rate is for renting a garage and do LBL have any proposals to increase rents to this level.</p> <p>Response: LBL currently have no plans to raise garage rents to market rate. The current rent charged together with the inflationary rise planned for April, is considered to be an appropriate and fair rental value for LBL garages.</p> <p>In addition residents enquired if there is to be any additional investment in the garage stock to bring them up to standard considering the rent increase proposals?</p> <p>Response: No, only the rent and inflationary rise as planned. There are no further investment works planned. Day to day repairs will continue to be carried out to garages if required. Residents can continue to report repairs to their garages through the normal repair service offered by their housing provider.</p> <p>Tenants Fund:</p> <p>n/a – no increase proposed</p> <p>Savings Proposals:</p> <p>n/a</p>
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APPENDICES W1 to Z4 2022/23 BUDGET REPORT

Lewisham Homes rent setting and service charge meeting feedback

GARAGES

Lewisham Homes resident questions	LBL responses
<p>I have a garage I'm amazed at the cost of a garage I pay £15 and I can't fit my car in there, so use it as storage, you're using RPI, you're not offering any facilities, or repairing. Why did you use RPI? I appreciate you have to maximise income, you haven't looked at it from the services perspective. I think it's expensive, it's not value for money</p>	<p>LBL are required to use an inflationary indicator and in the case of garage rent increases LBL have chosen to use RPI as it is considered to be a standard inflationary measure.</p> <p>Garage rents charged by LBL are considered to offer good value for money when compared to garage rental prices in the private sector.</p> <p>Lewisham Homes offer a repairs service including repairs to garages. Residents who rent garages can report repairs using the normal repairs reporting methods offered by Lewisham Homes.</p>
<p>The intention seems to be to get garages to commercial rent in the future</p> <p>There will be a need for more garages as more CPZs come in</p> <p>Could regeneration team do something better with garages to generate more income?</p>	<p>LBL provide garages for the benefit of their housing residents and therefore would not consider alternative options for their use in order to generate additional income.</p> <p>LBL have identified a number of garage sites that are currently under used which are being considered for potential future use including the provision of new-build housing.</p>

RENT and SERVICE CHARGES

Lewisham Homes resident questions	LBL responses
<p>Inevitable there will be a social Rent or service charge increase. But could the welfare act be considered as well as people's affordability. People can't always get more work and services aren't always received that we pay for.</p>	<p>The Welfare Act which introduced Universal Credit was and is a Government policy as well as the rent formula for rent increase. Local Authorities must use the Government's formula when setting its annual rents.</p> <p>Lewisham Homes are dedicated to helping and supporting residents who find themselves in financial hardship. The Welfare Benefits Team provide a support</p>

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	<p>service to residents in both secure and temporary accommodation properties. The main aim of the team is to provide assistance to those with financial difficulties and those needing advice and support to claim benefits. They can help residents check they are claiming all the benefits they are entitled to and assist with applying for grants and support funds. The team support residents with budgeting and income maximisation assistance and work in partnership with the Money Advice Service who provide residents with free debt advice. Residents are able to contact the team via phone, email or web chat and book appointments via phone. The team visit some vulnerable residents at home where required.</p> <p>From April 2020 to March 2021 the Welfare Benefits Team helped residents to obtain £875K in unclaimed benefits. The team received 1,771 direct referrals from staff, support workers and residents. Lewisham Homes' community relations team have supported the set up of three community stores that continue to support Lewisham Homes' residents with access to low cost food. They continue to support a charity in Sydenham who provide cooked meals to residents. Lewisham Homes' staff can make referrals to the community relations team for residents in need of furniture/ white goods, this project is funded by one of our contractors. The team continue to support and identify projects that can support residents in financial difficulty, they also continue to deliver their training and employment support (Lewisham Homes Academy) to young people and adults.</p>
<p>I would like them to consider a different model to fill in the gap, I appreciate there has been a long time period of reductions, but there is the opportunity for parliament to understand the freeze.</p>	<p>All Social Housing landlords are required to use the Government formula of CPI+1% to determine rent increases.</p>
<p>I'm urging them (M&C) to consider the conditions that everyone is facing and look at the data to consider how this could be introduced in a more appropriate way, and also to consider how things are</p>	<p>For clarity and transparency, all service charges are broken down and shown as separate charges. The cost of delivering the different elements of the service would not alter by grouping them together.</p>

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<p>categorised (e.g. sweeping could be considered as caretaking in the service charges).</p>	
<p>I don't understand where the justification is coming from when you talked about CPI, it's quite a jump.</p>	<p>This is part of the rent formula Government has laid down as a maximum that Housing Providers can increase social rent by. This is CPI +1%. Local Authorities are obliged to use the Government formula to set social rents.</p>
<p>Leaseholders are covering a lot of the costs for service charges, some are only carried by a few properties that are leaseholders.</p>	<p>Leaseholders and tenants both pay service charges to cover the cost of the services they receive. Residents will be charged in accordance with the services their particular block or property benefits from. The individual's charge is calculated, depending on what services are received and apportioned according to the number of properties in a block.</p>
<p>Why have costs increased if there are no services due to COVID-19</p>	<p>Housing providers continued to provide robust services throughout Covid. Some service areas were reduced for periods to allow staff recovery time. If residents have particular concerns about the actual delivery of a service, they should raise these issues directly with their housing provider.</p>
<p>Services aren't good, no reduction in costs for bin collections for example. I know during Covid. Grounds Maintenance went down and now it's nowhere near where we had it before Covid and I'm having difficulty getting things done. I can understand increases but can't understand why we're not getting the services, it is concerning</p>	<p>Services were provided during Covid and continue to be delivered. Lewisham Homes' grounds maintenance service stopped for a period of five weeks (April 2020) to enable resources to be redirected to the Caretaking service, whose workloads increased due to additional and more stringent cleaning regime of communal areas in order to keep residents safe.</p>

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<p>I'm concerned for the leaseholders. Will leaseholder be expected to pick up the slack for example major works?</p>	<p>Leaseholders and tenants are both equally liable for the costs of service provision and service charges apply to all residents. With regards to major works, leaseholders will only have to pay the proportion of costs for works as detailed in their lease. Leaseholders will only pay for major works if such works are required. All major works are subject to Section 20 consultation which enables leaseholders to comment on any proposed works. Major works charges are proportionate in relation to the works undertaken and the number of residents benefiting from the works undertaken.</p>
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Other comments from Lewisham Homes' residents:

- Potentially £2K and £2.5K, seems expensive for a local authority (Service charges)
- My council tax went up by 19%. It's all too much too soon, everything is going up
- **Brockley PFI**

Brockley PFI

A transcript of the meeting, meeting minutes and comments received is below.

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Brockley PFI Area	<p>Rent increase:</p> <p>There were no direct comments relating to the proposed rent increase, but there was concern expressed that a wider audience have not had the opportunity to consider the overall proposals, as not all members of the Brockley Resident Panel had been invited to the meeting.</p> <p>It was agreed the reports would be sent to all panel members and that any further comments received by RB3 by the week beginning 22nd November 2021 would be forwarded to LBL for incorporation into the report which will be considered by M&C on 12th January 2022.</p> <p>There were no additional comments received by either RB3 or LBL regarding the proposals for increases in rents or service charges. The minutes of the meeting are attached below.</p> <p>Tenants and Leaseholders Service Charges:</p> <p>A presentation was given on the proposals.</p> <p>A discussion was held on the issue of service standards and costs.</p> <p>There was a query as to why Service Charges will increase by RPI.</p> <p>It was explained that this was a contractual obligation under the terms of the PFI contract and to ensure full cost recovery of the services provided.</p> <p>Garage Charges:</p> <p>No Comments</p> <p>Tenants Fund:</p> <p>n/a – no increase proposed</p> <p>Savings Proposals:</p> <p>n/a</p>
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Minutes of Regenter Brockley Resident Panel Meeting

Wednesday 10th November 2021

Meeting: 6.00pm - 8.00pm

Present were

1	KG Kenneth Gill - Area Housing Manager Pinnacle
2	SS Sandra Simpson – Project Manager Leasehold Pinnacle
3	SM Sam Mason – Community Development Manager Pinnacle
4	LJ Lorna Jones – Leasehold Officer Pinnacle
5	Michael Moncrief - Data & Housing Policy Analyst
6	Dawn Ecklersley - Head of Partnership
7	Tony Riordan
8	Fenella Beckman - Director of Housing Services

9	SO Stephen Owen – (Greatfield Close) Chair Regenter Brockley Residents panel
10	SR Sarah Robinson (Nuding Close) Vice-chair Regenter Brockley Residents panel
11	Michelle
12	Lisa Catlin (Shell Rd)
13	MS Martin Soong (Yew House)
14	Elisabetta Fumagalli (St Peters Court)

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1	<p>Welcome & Introductions</p> <p>Pinnacle staff and Lewisham staff introduced themselves and their roles</p> <p>Residents introduced themselves</p>
2	<p>Purpose of this meeting</p> <p>To discuss the documents which were sent out for the proposals of rent and service charge for the tenants' rents, the tenant fund, the garage rents, the service charges for both tenants and leaseholders.</p>
3	<p>Lewisham Council Rent Proposal</p> <p>The Council rent proposal impacts tenants in the Brockley area. The rent increase is based on CPI rather than RPI, and the document explains what the charges are.</p> <p>If anyone would like further explanation, after having read it, then SS is happy to provide this at this meeting.</p> <p>In summary, CPI is 3.1% and the contract allows for an additional 1% increase, effective 1 April 2022.</p> <p>SO has concerns about the meeting. He wondered whether it was a presentation or consultation process and whether the issues have already been decided on. He considers that the meeting was called at short notice and the documents arrived late. He would have liked to have a chance to have a look at them. He considers that the Chair and Vice-Chair should have been the people who selected the invitees. SO would like an opportunity to speak to other residents who are more up to date with these things, than he is. He wants to go away and discuss it with them.</p> <p>SR echoed what SO said. She would like to make it clear that the papers are addressed to the residents' panel, but it has not been advertised to the residents' panel. The invitees have been selected by Pinnacle. However it should have been open to the residents' panel. This meeting does not appear to be for the residents' panel – this appears to be a sub-group that Pinnacle have selected to attend this meeting. There is a lot of information to digest.</p>
4	<p>Lewisham Council Garage Rent Proposal</p> <p>The garages around the Brockley area are subject to a rent increase of 4.9%, effective from April 2022. The documents lays out how many garages there are and how they are looked after. SS asked if anyone had any comments or observations.</p> <p>Garages are subject to an increase based on RPI Rents are subject to an increase based on CP1.</p>

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Question: Why are they both 4.9% if they are different indexes?

TR explained that they used to use RPI and then government changed the formulas just for rent. CPI tends to be slightly lower. All long-term contracts are based on RPI until they expire, that's why there are different rates.

Rent is 4.1%

Garage is 4.9%

5 **Lewisham Council Tenants Fund Proposal**

This is set at 15p each week for tenants only. The Tenant's Fund is used to fund TRA's and for improvements across the estate. This year, the decision has been made not to increase it.

6 **Pinnacle Service Charge Proposal**

The amount proposed is the September 2021 RPI 4.9% plus 1%, which totals 5.9%. This will be calculated using the actuals which have been audited and were sent to leaseholders at the end of September 2021. The change will take effect from 1st April 2022 on the estimated service charges.

SO explained that this was a good example where he does not have the understanding to question this. He considers that it would have been great to have had people on this meeting who may well understand these figures better than him who could have responded.

TR gave an explanation in the chat function of the Zoom meeting:

"The difference between CPI & RPI is that CPI uses a WEIGHTED average of the cost of a basket of goods, whereas RPI using just the movement in prices for a basket of goods. This method usually means that CPI as a measure of inflation is generally lower than RPI"

SR asked if it was contractual to add 1% on each financial year. Is this a profit that is paid to Pinnacle? SS explained that all the money collected for service charge or rent is paid to Lewisham Council not Pinnacle or Rydon or Regenter. Yes, the additional inclusion of 1% is allowed within the contract between LB Lewisham and Regenter.

SR asked if the cost of providing the leasehold services will go up by 5.9%. SS explained that the costs will increase, and it's important to keep the estimates on an even keel so the actuals do not change too much.

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7	<p>SR stated that there is no evidence in the paper that substantiates the increase. It appears to be a 'fait accompli'. It appears to be going up because it's in the contract.</p> <p>SR asked if the customer services charge is an individual extra charge?</p> <p>SS explained that it is part of the management fee, in this proposal it is separated out for clarity, but it has been included within the management fee for the past few years on the service charge breakdown sent to leaseholders.</p> <p>SR stated that she does not understand the rationale behind the increase and there is no evidence.</p> <p>MS stated that he always has to pay extra when he gets his 'actual' invoice but using RPI across the board, makes it a reasonable way to increase service charges.</p> <p>SS stated that if it is written in the contract, then it will not change the way the increase is calculated.</p> <p>SR asked for details of the next steps so that she can share it with others and collect feedback.</p> <p>MM stated that the papers will be put before the Councils Housing Select Committee on 9th December 2021. Before this his team will put together any comments. Any other comments from the Panel need to be with them before the end of the month including details of who is providing it. After the Housing Select Committee have reviewed the comments and proposals they will be put in front of the Mayor and Cabinet where to be signed off in January 2022.</p> <p>SR said she will forward other comments and will get that to Pinnacle w/c last week in November.</p> <p>KG has asked for comments to be received by 19th November 2021.</p> <p>They will then be sent over to Lewisham Council, and then onto the Housing Select Committee. SS or KG to do presentation of the proposed increase and comments at this meeting.</p> <p>SO is happy that he has 2 weeks to collate comments. KG will schedule a date to meet.</p> <p>Any Other Business</p> <p>Nothing tabled.</p>
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Brockley PFI rent setting and service charge meeting feedback

The attached written correspondence was received by the Council on 24th November 2021. It was sent on behalf of the Brockley Regenter Resident's Panel in response to the recent rent and service charge consultation process which took place on 10th November 2021.

As well as providing feedback, the panel have asked a number of questions which the Council has now responded to. The letter of response from the Council is included in this appendix below.

Feedback Summary

This feedback is submitted on behalf of the Regenter Brockley Resident Panel whose purpose is to represent the interests and views of Regenter Brockley residents to Pinnacle and its partners.

We would like to thank the Council and its officers for providing us with the opportunity to feedback on these proposals. In summary, we are concerned that the proposed increases will place considerable pressure on residents. Furthermore, the permanent link between rent and service charge increases and inflation +1% is going to place sustained pressure on household finances going forward. We are seeking reassurance from the Council as to how residents will be protected from rising costs should they become unaffordable. We are also concerned about the consultation process and would like a commitment from the Council that this process will be better conducted in future by Pinnacle.

The consultation process:

- We would like to bring the following concerns about the consultation process to the Council's attention.
- The Chair and Vice Chair of the Panel asked Pinnacle that the meeting and presentation on annual rent, garage and service charge increases be advertised to all panel members, thereby allowing anyone interested to attend. Pinnacle disregarded our request, and instead shared the meeting details only with a very small, handpicked group of residents selected by Pinnacle. The details of the selected attendees were also withheld from the Panel Chair and Vice Chair preventing any communications between residents in advance of the meeting.
- This appears to be directly at odds with Pinnacle's supposed commitment to resident engagement and can only be seen as an attempt to limit resident engagement on a matter that affects all residents in the area.
- We ask that the Council requires Pinnacle to conduct a more transparent and extensive consultation exercise in the future, and one that is better advertised and promoted to **all** residents, given that the Panel is only a small sub-group. We would be grateful if you would write to us to set out how you will provide

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some assurance that this will happen.

Rent, service charge and garage increases

- On the content of the proposals, the Panel is concerned that the proposed increases in rent and service charges are significant and will place strain on household incomes. Feedback received on behalf of some TRA members following the meeting reflected that many people have not had a real pay increase for some time, and the proposed charges may hit some hard, potentially causing hardship in some cases.
- The Brockley area is within the top 22.5% of areas in England for income deprivation and sits within the second most deprived areas in the Borough.
- The Council will be aware that the proposed increases come at a time of rising energy bills, a predicted Bank of England interest rate rise, and when peoples' real wages are not keeping pace with inflation.
- Regenter's own annual service report for 2020-21 noted that due to Covid-19 it had already seen a significant increase in residents struggling to pay their rents. At the April Panel meeting Pinnacle noted that leaseholders had also been impacted financially during lockdown.
- Furthermore, many leaseholders in the area will be facing bills of as yet unknown quantities as part of the fire door replacement programme. These rises will increase that pressure.
- The variation effective date of 4 weeks does not match tenancy agreement termination dates. Does the Council and Regenter recognise that this is a contradiction so will ensure that residents are informed of variations at least 3 months before they come into effect? How much notice will tenants get before decisions are made in order to find any alternative accommodation and provide notice, if it is deemed too expensive?
- About service charge increases specifically, we heard no evidence in the paper or the presentation as to why service charges increase at the higher rate of RPI + 1%, whereas rents are linked to the lower rate of CPI +1%. There is also no evidence presented as to why the increase in service charges is at RPI "+1%", other than we were told "it's in the contract". Why is this additional 1% required under the contract? Whilst the paper states that the charges are required to ensure full cost recovery, we see no evidence presented within the paper that evidences this statement. Where is the evidence to indicate that the costs of providing services will increase by 5.9%?
- We are concerned that, if an annual increase of RPI + 1% is indeed "baked into" Pinnacle's contract, with rising inflation, an annual increase at this rate is going to place continued and sustained pressure on leaseholders' bills. We

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would like the Council to write to us on this point to confirm if this is the case, and if so, what mechanisms there are for it to depart from this should rising inflation make this unaffordable for many residents.

- We note that in previous years increases have departed from the “+1%” formula and would therefore like to understand what leeway the Council has to depart from this formula now and in future.
- It should also be noted that leaseholders are also unprotected from further year on year increases that may come as part of the actual service charge costs, which can fluctuate year on year at a much higher rate than inflation +1% based on the nature and volume of works carried out in each block. Therefore 5.9% does not present the true picture of year on year rises.
- In addition, we note that there are no direct or efficiency savings mentioned in the report. Why is this?
- Residents also ask that if they are paying an extra 5.9% in charges, may we expect to see respective increases in the quantity and quality of services provided? Feedback shared with us on behalf of some residents was of the view that the quality of customer service and complaint management has certainly not improved or indeed has deteriorated.
- Another resident’s view is that the Council should challenge if the costs will directly contribute to one of the Council's strategic objectives and if the mitigations are sufficient in the short to long term. More could be done to protect the most vulnerable who may be disproportionately affected by these increases. Some residents may face a triple whammy of rental, service charge and garage price hikes and the cost drivers of each do not match CPI or RPI, salary increases or benefit increases to living in a Regenter managed block so it becomes unaffordable. The Council needs to test these proposed universal hikes against real costs that may actually be incurred by the contractor. The garage hikes and links to Council policies conflict.

Lewisham Tenants Fund Budget for the Financial Year 2022-23

We have received the following feedback and queries:

- Have residents been surveyed on the Tenants Fund?
- How many residents have benefited from specific fund projects?
When and where are details of the Tenants Fund advertised to residents?
- 4.3 – Is that the only value for money indicator this fund has? How does Council / Regenter measure the effectiveness of this fund? How does the Council / Regenter ensure that the 15% is used efficiently? If the Council/Regenter cannot demonstrate that the 15% is being used well then it may not be value for money so this is a poor indicator. What indicators and targets have been set? Have they been met? How are needs prioritised?
- 4.4 – Section 3.1 clearly states that the fund is to promote the harmonious functioning of a multi-racial community. How can section 4.4 on Equality and Diversity state there are no specific implications to this report?
- 4.5 – Why are there no consultation implications?

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We look forwards to receiving your written response.

On behalf of the Regenter Brockley Resident Panel

LBL's letter of response to the questions raised by Regenter Brockley Residents Panel:

Chair & Vice Chair
Regenter Brockley Resident's Panel
Via email

Fenella Beckman
Director of Housing Services
4th Floor, Laurence House
Catford Road, SE6 4RU
Direct line: 020 8314 8632
Fenella.Beckman@lewisham.gov.uk

17th December 2021

Dear Regenter Brockley Resident's Panel Chair & Vice Chair,

Re: Resident Panel feedback from Rent & Service Charge Consultation 2022/23

Thank you for your email dated 24th November 2021 which contained feedback on behalf of the Regenter Brockley Residents Panel, in response to the rent and service charge consultation meeting held on 10th November 2021.

We appreciate you taking the time to provide us with this valuable and very comprehensive feedback. Your feedback in its entirety was included in the Rent and Service Charge Committee Report, considered by Housing Select Committee on 9th December 2021. Your feedback and a copy of the letter with responses to the points you raised will also be included in the Mayor and Cabinet report in January.

For ease of reference I have included your feedback below with my responses provide in the table below:

Brockley Resident Board Questions	LBL Responses
<p>Q1 - We would like to bring the following concerns about the consultation process to the Council's attention.</p> <p>The Chair and Vice Chair of the Panel asked Pinnacle that the meeting and presentation on annual rent, garage and service charge increases be advertised to all panel members, thereby allowing anyone interested to attend. Pinnacle</p>	<p>We would like to assure you that the Council values resident participation. We have spoken to Pinnacle about the process and we accept that it should have been done better. We will ensure that next year a more robust and effective process is followed and LBL officers will assist Pinnacle to deliver on this commitment.</p>

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<p>disregarded our request, and instead shared the meeting details only with a very small, handpicked group of residents selected by Pinnacle. The details of the selected attendees were also withheld from the Panel Chair and Vice Chair preventing any communications between residents in advance of the meeting.</p> <p>This appears to be directly at odds with Pinnacle's supposed commitment to resident engagement and can only be seen as an attempt to limit resident engagement on a matter that affects all residents in the area.</p> <p>Response: As stated above there is no statutory obligation to consult with residents on the rent and service charge proposals.</p> <p>We ask that the Council requires Pinnacle to conduct a more transparent and extensive consultation exercise in the future, and one that is better advertised and promoted to all residents, given that the Panel is only a small sub-group. We would be grateful if you would write to us to set out how you will provide some assurance that this will happen.</p>	<p>We are reviewing our timetabling of the rent and service consultation process and resident meetings, together with the schedule for Housing Select Committee (HSC) so that we are better able to engage more effectively with resident next year.</p> <p>As Chair and Vice Chair of the resident's panel we will expect officers at Pinnacle to work closely with you in putting in place any new and improved residents' involvement measures.</p> <p>We appreciate the tight timelines this year meant we could not consult as widely as we would like to have done. We will endeavour to address this issue in time for next year's rent and service charge consultations and have a process in place that will allow all residents the opportunity to participate in the consultation process.</p> <p>I can assure you both the Council and Pinnacle are committed to resident engagement and LBL client officers will continue to work with Pinnacle to promote and deliver effective resident engagement.</p> <p>I would also welcome the opportunity to meet with you and Pinnacle early in the New Year so we can agree the process that Pinnacle will use to consult with all residents for next years' rent and service charge consultation.</p>
<p>Q2 -On the content of the proposals, the Panel is concerned that the proposed increases in rent and service charges are significant and will place strain on household incomes. Feedback</p>	<p>We take on board your concerns and we do recognise that in the current economic environment, the proposed rent and service charge increase may present an increased financial strain for</p>

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<p>received on behalf of some TRA members following the meeting reflected that many people have not had a real pay increase for some time, and the proposed charges may hit some hard, potentially causing hardship in some cases.</p> <p>The Brockley area is within the top 22.5% of areas in England for income deprivation and sits within the second most deprived areas in the Borough.</p> <p>The Council will be aware that the proposed increases come at a time of rising energy bills, a predicted Bank of England interest rate rise, and when peoples' real wages are not keeping pace with inflation.</p> <p>Regenter's own annual service report for 2020-21 noted that due to Covid-19 it had already seen a significant increase in residents struggling to pay their rents. At the April Panel meeting Pinnacle noted that leaseholders had also been impacted financially during lockdown.</p>	<p>some residents.</p> <p>The Council has asked Pinnacle to continue to work closely with all residents who may find themselves in financial difficulty. They have a dedicated income team who can provide help and assistance with paying rent. They also work closely with our Housing Benefit Section to ensure those eligible for this benefit are receiving it. Most of the service charges applicable to tenants are covered by Housing Benefit. For those residents already in receipt of full Housing Benefit, any increase in rent and most service charge increases will automatically be covered by an increase in their Housing Benefit entitlement.</p> <p>Pinnacle also employ dedicated welfare advice officers who are readily available to offer financial advice and assist residents in applying for benefits and other welfare payments.</p>
<p>Q3 - Furthermore, many leaseholders in the area will be facing bills of as yet unknown quantities as part of the fire door replacement programme. These rises will increase that pressure.</p>	<p>The Fire door programme is a legal requirement to ensure that all properties are compliant with the current fire regulations. Higgins Partnership will survey all affected properties and all leaseholders will be offered an opportunity to have a new compliant door installed with flexible repayment options, if it is deemed following a survey that their current front entrance door (FED) does not meet the required standard. Due to the large number of doors being purchased by Higgins Partnership as part of the programme, it should mean that the costs to leaseholders should they wish to buy into the programme will be significantly</p>

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	<p>less than if they were to purchase and arrange their own installation on the open market. Having said that, it is entirely up to the individual leaseholder and there is absolutely no obligation on them to purchase through the Higgin's programme. There is however an obligation on all leaseholders' whose FED's are found to be non-compliant to arrange for new doors to be fitted and certified.</p>
<p>Q4 - The variation effective date of 4 weeks does not match tenancy agreement termination dates. Does the Council and Regenter recognise that this is a contradiction so will ensure that residents are informed of variations at least 3 months before they come into effect? How much notice will tenants get before decisions are made in order to find any alternative accommodation and provide notice, if it is deemed too expensive?</p>	<p>Under Section 103 of the Housing Act 1985 the Council is required to give four weeks' notice of variation of rent. Secure tenants wishing to terminate their tenancies must also give the Council four weeks' notice of their intention to vacate their property.</p>
<p>Q5 - About service charge increases specifically, we heard no evidence in the paper or the presentation as to why service charges increase at the higher rate of RPI + 1%, whereas rents are linked to the lower rate of CPI +1%. There is also no evidence presented as to why the increase in service charges is at RPI "+1%", other than we were told "it's in the contract". Why is this additional 1% required under the contract? Whilst the paper states that the charges are required to ensure full cost recovery, we see no evidence presented within the paper that evidences this statement. Where is the evidence to indicate that the costs of providing services will increase by 5.9%?</p>	<p>Rent increases are based on Consumer Price Index (CPI) and Service Charges are based on Retail Price Index (RPI). CPI + 1% for rent increases is a set Government formula and is a maximum that Housing Providers can increase rent by each year. RPI + 1% increase applied to service charges is in line with the contractual obligations in the Private Finance Initiative (PFI) management agreement. The figures are based on the last year's audited charges. This means that residents in some blocks will receive credit whilst others may see a small increase in service charges. As a result of all elements of the service charge increasing by RPI, when the budgets are set for the coming year, it follows that the overall service charge must also be</p>

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	<p>increased by this amount. It is important to note that at the end of each service charge year, all service elements are audited by an independent auditor to ensure they reflect the actual costs of the service provided. Where estimated service charges are found not to be in line with the findings of the audit they are then adjusted accordingly and leaseholders receive notification of the revised actual costs. The audit can either result in the estimated charges remaining unchanged or leaseholders receiving an increase or a credit adjustment on the amounts charged at their estimated bills.</p>
<p>Q6 - We are concerned that, if an annual increase of RPI + 1% is indeed "baked into" Pinnacle's contract, with rising inflation, an annual increase at this rate is going to place continued and sustained pressure on leaseholders' bills. We would like the Council to write to us on this point to confirm if this is the case, and if so, what mechanisms there are for it to depart from this should rising inflation make this unaffordable for many residents.</p>	<p>The PFI contract allows for an increase in service charges each year of RPI+1%. This uplift is applied to the actual audited service charges amounts from the previous financial year. These audited accounts determine the charges applied to the estimated bills for leaseholders for the coming financial year. Leaseholders are required to pay their annual service charges on receipt of their estimated bills each year, however, they will then be issued with an 'actual bill' at the end of the year following the annual service charge audit. Leaseholder bills will be adjusted accordingly and will reflect the actual cost of the service provided for that year.</p> <p>Regardless of the RPI+1% increase, leaseholders are only ever charged for the true cost of the service they benefit from.</p>
<p>Q7 - We note that in previous years increases have departed from the "+1%"</p>	<p>All previous increases have been subjected to RPI +1% and this is in</p>

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<p>formula and would therefore like to understand what leeway the Council has to depart from this formula now and in future. It should also be noted that leaseholders are also unprotected from further year on year increases that may come as part of the actual service charge costs, which can fluctuate year on year at a much higher rate than inflation +1% based on the nature and volume of works carried out in each block. Therefore 5.9% does not present the true picture of year on year rises.</p>	<p>keeping with the terms of the PFI contract. Pinnacle will continue to apply this uplift each year. However, as a result of the audit of accounts undertaken each financial year, explained in the response to Q6 above, leaseholders will never be charged more than the true cost of the service delivered in any particular year. Bills are always adjusted to reflect the true service delivery cost following the audit each year.</p> <p>Any planned repairs and maintenance works valued at £250 or above to properties are classed as major works and leaseholders will always be issued Section20 notices in advance of such work and given an opportunity to comment on works proposed.</p>
<p>Q8 - In addition, we note that there are no direct or efficiency savings mentioned in the report. Why is this?</p>	<p>The Council have not requested that the PFI contractor make any direct efficiency saving.</p>
<p>Q9 - Residents also ask that if they are paying an extra 5.9% in charges, may we expect to see respective increases in the quantity and quality of services provided? Feedback shared with us on behalf of some residents was of the view that the quality of customer service and complaint management has certainly not improved or indeed has deteriorated.</p>	<p>The services that are provided are charged and shown when the actual costs are produced at the end of the service charge year. The charging process is explained in more detail in response to Q6 above.</p> <p>Any additional work or enhancements to the current services by Pinnacle would result in further increases in service delivery costs which in turn would be passed on to residents through increased service charge costs.</p> <p>The PFI contract does provide a suite of key performance indicators by which RegenterB3 and their sub-contractors Pinnacle and Rydon are measured against. Lewisham client officers will</p>

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	<p>take on board your concerns raised in relation to quality of customer service and complaints handling and will put in place new measures to ensure more enhanced monitoring of these services takes place.</p> <p>We can have a further discussion regarding these concerns when we meet with you early in the New Year.</p>
<p>Q10 - Another resident's view is that the Council should challenge if the costs will directly contribute to one of the Council's strategic objectives and if the mitigations are sufficient in the short to long term. More could be done to protect the most vulnerable who may be disproportionately affected by these increases. Some residents may face a triple whammy of rental, service charge and garage price hikes and the cost drivers of each do not match CPI or RPI, salary increases or benefit increases to living in a Regenter managed block so it becomes unaffordable. The Council needs to test these proposed universal hikes against real costs that may actually be incurred by the contractor. The garage hikes and links to Council policies conflict.</p>	<p>We do appreciate that the proposed increases may cause financial hardship for some residents.</p> <p>As stated in our response to Q2 above, we will ensure Pinnacle are providing the necessary help and advice that residents need to support them.</p> <p>The rent increase of CPI+1% is a Government formula for social rents that all Social landlords must adhere to. RPI is a standard inflationary index that is used by LBL in determining rent increases for garages and service charges.</p> <p>In relation to service charge costs, residents will only every pay the actual cost delivery of the service by their provider, irrespective of the inflationary index formula applied.</p> <p>Residents who are experiencing financial worries should contact Pinnacle for advice and support. They should also contact other service providers if necessary to find out if they can provide help and assistance.</p>

Lewisham Tenants Fund Budget (LTF) for the Financial Year 2022-23

Brockley Resident Panel Questions	LBL Responses
Q 1 -Have residents been surveyed on the Tenants Fund?	All Lewisham Council tenants have been balloted. Each year as part of the rent and

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	<p>service charge consultation process, residents are permitted the opportunity to feedback on the proposed tenant fund charge.</p>
<p>Q2 - How many residents have benefited from specific fund projects?</p>	<p>LTF only fund accredited tenants groups, not individuals. In 2019/20 32 tenant groups were funded £74,231.00. In 2020/21 26 tenants groups were funded £39,061.00.</p>
<p>Q3 - When and where are details of the Tenants Fund advertised to residents?</p>	<p>LTF officers attend all tenant and resident set up and Annual General Meetings (AGM's) to provide information and details on grants available from the fund. New resident involvement officers are also made aware of the fund and LTF's website provides full details. LTF also run regular publicity campaigns to publicise the fund with LTF directors visiting TRA meetings to speak about the fund. Articles have also been published in the Lewisham Life magazine.</p> <p>LTF employ a support and training officer who works closely with the housing providers and tenants to support existing resident groups and provide guidance and help to encourage the formation of new resident groups.</p>
<p>Q4 - 4.3 – Is that the only value for money indicator this fund has? How does Council / Regenter measure the effectiveness of this fund? How does the Council / Regenter ensure that the 15% is used efficiently? If the Council/Regenter cannot demonstrate that the 15% is being used well then it may not be value for money so this is a poor indicator. What indicators and targets have been set? Have they been met? How are needs prioritised?</p>	<p>The tenant charge is 15p per week. Directors set an annual budget based on tenant consultation which is submitted to Mayor and Cabinet for approval together with the funds audited accounts. LTF Directors and LBL officers receive quarterly monitoring reports showing details of grant funding and overheads.</p> <p>LTF is governed by a Board of Directors consisting of Lewisham Homes and Brockley PFI tenants who are duly elected to their positions. It is the role of the Directors to oversee the management and administration of the fund to ensure it is used efficiently and effective for the benefit</p>

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	<p>of tenants and that it offers value for money.</p> <p>There are stringent regulations and financial controls in place to ensure that funds and grants provided to accredited resident associations are correctly administered and accounted for.</p> <p>LTF funds are independently audited and recorded each financial year.</p>
<p>Q5 - 4.4 – Section 3.1 clearly states that the fund is to promote the harmonious functioning of a multi-racial community. How can section 4.4 on Equality and Diversity state there are no specific implications to this report?</p>	<p>LTF do not have access to data specifying the equality and diversity of individual members of Tenant and Resident's Associations (TRAs) therefore the report is unable to report on this</p>
<p>Q6 - 4.5 – Why are there no consultation implications?</p>	<p>The entire report itself is a consultation document for the purpose of obtaining feedback.</p>

I hope the responses provided to the issues and queries raised in your feedback are to your satisfaction.

I would like to take this opportunity to thank you, in your role as Chair and Vice Chair, for the work and service you provide to the Brockley Resident's Panel. The Council values your input and the efforts your group is making to work with Pinnacle to ensure that all residents in the Brockley PFI area continue to receive efficient and effective housing management services.

Yours sincerely



Fenella Beckman
Director of Housing Services

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APPENDIX X3: Leasehold and Tenants Charges 2022/23 Brockley

Committee	Brockley Residents Panel	Item No	
Report Title	Leasehold and Tenant Charges Consultation		
Contributor	Regenter Brockley Operations Manager		
Class	Proposal	Date	10th November 2021

1 Summary

- 1.1 The report sets out proposals to increase service charges to ensure full cost recovery in line with Lewisham Council's budget strategy.
- 1.2 The report requests Brockley Residents Panel members to consider the proposals to increase the service charges for Leasehold and tenanted properties who are receiving the same service in the same block. The service charges will be increased in line with the September 2021 RPI (Retail Price Index) of 4.9% plus 1% (uplift under RegenterB3 contract) making a total increase of 5.9%. This percentage will be applied to the actual cost of each service element of the 2020/2021 figures. These costs have been audited and the actual cost of each service arrived at.

2 Policy Context

- 2.1 The contents of this report are consistent with the Council's policy framework. It supports the achievements of the Corporate Strategy objectives;
 - 2.1.1 Tackling the housing crises – Everyone has a decent home that is secure and affordable.
- 2.2 The contents of this report support the achievement of the following Housing Strategy 2020-26 objectives;
 - 2.2.1 Preventing Homelessness and meeting housing need.
- 2.3 The Council's Housing Revenue Account is a ring-fenced revenue account. The account is required to contain only those charges directly related to the management of the Council's Housing stock. This requires that leaseholder charges reflect the true cost of maintaining their properties where the provision of their lease allows. This prevents the situation occurring where tenants are

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subsidising the cost of leaseholders who have purchased their properties or leaseholders subsidising tenants in the same block.

3. Recommendations

3.1 The Brockley Residents Panel is requested to consider and comment on the proposals contained in this report and the feedback will be presented to Mayor and Cabinet as part of the wider rent setting report.

4. Purpose

4.1 The purpose of the report is to:

- outline the proposals for increases in service charges in line with the contract arrangements for leaseholders and tenants to recover costs incurred for providing these services

5. Housing Revenue Account Charges

5.1 There are several charges made to residents which are not covered through rents. These charges are principally:

- Leasehold Service Charges
- Tenant Service Charges

5.2 A service charge levy is applied to Tenants for caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning. Tenants also pay a Tenants Fund Levy which is passed onto the Tenants Fund as a grant.

5.3 The key principles that should be considered when setting service charges are that:

- The charge should be fair and be no more or less than the cost of providing the service
- The charge can be easily explained
- The charge represents value for money
- The charging basis allocates costs fairly amongst those receiving the service
- The charge to all residents living in a block will be the same

5.4 The principle of full cost recovery ensures that residents pay for services consumed and minimises any pressures in the Housing Revenue Account in providing these services. This is in line with the current budget strategy.

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In the current economic environment, it must however be recognised that for some residents this may represent a significant financial strain. Those in receipt of housing benefit will receive housing benefit on increased service charges. Within Brockley PFI managed stock, there are approximately 384 tenants in receipt of Housing Benefits and 354 tenants in receipt of Universal Credit. Those not eligible to claim benefits are offered private consultation with income collection team and welfare advice officers to discuss any financial difficulties they may have. These facilities are also offered to all residents.

6. Analysis of full cost recovery

6.1 The following section provides analysis on the impact on individuals of increasing charges to the level required to ensure full cost recovery. The tables indicate the overall level of increases.

6.2 Leasehold service charges

The basis of the leasehold management charge has been reviewed and externally audited this summer to reflect the actual cost of the service. The management charge now incorporates Resident Engagement and Customer Service charges which makes this combination £86.22 for street properties and £183.05 for blocks.

6.2.1 The following table sets out the current average weekly charge and the proposed increase for the current services provided by Regenter B3:

6.3 Leasehold service charges

Service	Leasehold No.	Current Weekly Charge	Weekly Increase	New Weekly Amount	Increase (5.9%)
Caretaking	419	£4.84	£0.29	£5.13	5.90%
Grounds Maintenance	425	£2.16	£0.13	£2.29	5.90%
Communal Lighting	397	£1.32	£0.08	£1.40	5.90%
Bulk Waste	419	£1.53	£0.09	£1.62	5.90%
Window Cleaning	222	£0.12	£0.01	£0.13	5.90%
Resident Involvement	568	£0.24	£0.01	£0.25	5.90%
Customer Services	568	£0.39	£0.02	£0.41	5.90%
General Repairs	568	£3.56	£0.21	£3.77	5.90%
Technical Repairs	401	£0.00	£0.00	£0.00	5.90%

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Entry Phone	140	£0.05	£0.00	£0.05	5.90%
Lift	237	£0.94	£0.05	£0.99	5.90%
Management Fee	568	£3.05	£0.18	£3.23	5.90%
Total		£18.20	£1.07	£19.27	5.90%

* One leasehold property is also required to pay a £10 ground rent charge per annum

6.3.1 Tenant service charges were separated out from rent (unpooled) in 2003/04 and have been increased by inflation since then. RB3 took over the provision of the caretaking and grounds maintenance services in 2007/08. Both tenants and leaseholders pay caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning service charges.

6.3.2 In addition, tenants pay a contribution of £0.15pw to the Lewisham Tenants Fund. At present there are no plans to increase the Tenants Fund charges.

6.3.3 As outlined in this report, the principle to be applied to service charges is that full cost recovery should be maintained wherever possible. The service charge increase applied for 2022/23 will be set in November 2021 to be applied from 1st April 2022. Pinnacle review service charges on a regular basis to ensure they are appropriately set and will continue to do so.

6.3.4 The data in the table for tenants have been calculated to reflect the charge applied for inflation as allowed for within the contract at a rate of 5.9% (September 2021 RPI of 4.9% + 1.0%) Overall, charges are suggested to be increased by an average of 59pence per week which would move the current average weekly charge from £10.12 to £10.71.

6.3.5 The increases have also been applied to the tenant service charges and are shown in the table below

Service	Current Weekly Charge	Weekly Increase	New Weekly Amount	Increase (5.9%)
Caretaking	£4.84	£0.29	£5.13	5.90%
Grounds Maintenance	£2.16	£0.13	£2.29	5.90%
Communal Lighting	£1.32	£0.08	£1.40	5.90%
Bulk Waste	£1.53	£0.09	£1.62	5.90%
Window Cleaning	£0.12	£0.01	£0.13	5.90%
Tenants fund	£0.15	no increase	0.15	

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Total	£10.12	£0.59	£10.71	

6.3.6 The RB3 Resident Panel is asked for their views on these charges from April 2022 to March 2023. Results of the consultation will be presented to Mayor and Cabinet for approval in December 2021.

7. Financial implications

The main financial implications are set out in the body of the report.

8. Legal implications

- 8.1. Section 24 of the Housing Act 1985 provides that a local housing authority may make such reasonable charges as they determine for the tenancy or occupation of their houses. The Authority must review rents from time to time and make such changes as circumstances require. Within this discretion there is no one lawful option and any reasonable option may be looked at. The consequences of each option must be explained fully so that Members understand the implications of their decisions.
- 8.2 Section 76 of the Local Government and Housing Act 1989 provides that local housing authorities are under a duty to prevent a debit balance in the HRA. Rents must therefore be set to avoid such a debit.
- 8.3 Section 103 of the Housing Act 1985 sets out the terms under which secure tenancies may be varied. This requires: -
- the Council to serve a Notice of Variation at least 4 weeks before the effective date.
 - the provision of enough information to explain the variation.
 - an opportunity for the tenant to serve a Notice to Quit terminating their tenancy.
- 8.4 The timetable for the consideration of the 2022/23 rent levels provides an adequate period to ensure that legislative requirements are met.
- 8.5 Part III of Schedule 4 of the Local Government and Housing Act 1989 provides that where benefits or amenities arising out of the exercise of a Housing Authority's functions, are provided for persons housed by the authority, but are shared by the community as a whole, the authority shall make such contribution to their HRA from their other revenue accounts to properly reflect the community's share of the benefits or amenities.
- 8.6 Whereas an outcome of the rent setting process, there are to be significant changes in housing management practice or policy, further consultation may

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be required with the tenants affected in accordance with section 105 of the Housing Act 1985.

9. Crime and disorder implications

There are no specific crime and disorder implications in respect of this report paragraph.

10. Equalities implications

The general principle of ensuring that residents pay the same charge for the same service is promoting the principle that services are provided to residents in a fair and equal manner.

11. Environmental implications

There are no specific environmental implications in respect of this report.

12. Conclusion

- 12.1 Revising the level of charges ensures that the charges are fair, and residents are paying for the services they use.
- 12.2 The additional resources generated will relieve some of the current pressures within Housing Revenue Account and will contribute to the funding of the PFI contract which is contained within the authorities Housing Revenue Account.

If you require any further information on this report, please contact

Kenneth Gill
Area Manager

or

Sandra Simpson
Project Manager

Brockley.customerservice@pinnaclegroup.co.uk

Or

on 0204 518 1447

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APPENDIX X4: Leasehold and Tenants Charges 2022/23 Lewisham Homes

Meeting	Resident Engagement Panel	Item No.	x
Report Title	Service Charges 2022/23		
Report Of	Director of Finance and Technology - Rowann Limond		
Class	Information	Date	24 November 2021

1. Purpose of the Report

- 1.1 This report sets out proposals for residents service charges in 2022/23. Residents are invited to comment on the proposals which will be fed back to the Mayor as part of the Council's budget setting process.

2. Recommendations

- 2.1 To consult residents on the service charge proposals and provide feedback to the Mayor.

3. Background of the Report

- 3.1 The Council's Housing Revenue Account is a ring-fenced account. The account can only contain those charges directly related to the management of the Council's housing stock. By implication leaseholders must be charged the true cost of maintaining their properties, where the provision of their lease allows. This prevents tenants subsidising the cost to leaseholders, who have purchased their properties.
- 3.2 Each year a review of the actual costs is undertaken as part of the budget setting process and recommendations made to the council in respect of proposed charges.
- 3.3 Where possible we aim to keep these charges within the inflation rates. It should be noted that the inflation rates as at September 2021 were CPI 3.1% and RPI 4.9%. The overall increase to the weekly service charge is 4.09%.

4. Tenant and Leasehold service charges 2022/23

- 4.1 The proposed 2022/23 charges as compared with 2021/22 are shown in Appendix 1
- 4.2 The proposed charges for 2022/23 have been aligned, as much as possible, to the 2020/21 actual service charges. Adjustments have been made where the actual costs include exceptional items and have caused a spike in the rolling average for these costs. This is particularly the case for building repairs and maintenance costs.
- 4.3 If you were to receive all of the services in appendix 1 the total proposed service charge increase is from £35.72 per week to £37.18, an increase of 4.09%. This increase has been driven by inflationary increases to costs. In particular there has been a 2.75% cost of living increase to staff costs, which has directly affected the costs of caretaking, grounds maintenance and sweeping,

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- 4.4 There have been increases in transport costs due to increases in fuel. This has also contributed to cost increases across a number of service charge headings.
- 4.5 There has been a decrease in service charges for lifts and entry phones due to actual costs for 2020/21 being lower than estimated.
- 4.6 A proposed increase in communal heating and communal lighting of £1.05 and £0.21 per week respectively is due to an increase in energy costs.

If you require further information on this report please contact Rowann Limond on 020 3889 0650 or email rowann.limond@lewishamhomes.org.uk

Appendix 1

Existing Service	Tenant (T)/Leaseholders (LH)	Estimate (per week charge)	Estimate (per week charge)	Amount	Change in weekly charge	
		2021/22	2022/23		£	%
		£	£		£	%
Caretaking	T & LH	6.49	6.76	4,560,283.05	0.27	4%
Ground Maintenance	T & LH	2.11	2.20	1,870,031.07	0.09	4%
Repairs and Maintenance - Building	LH	2.98	3.28	854,174.95	0.30	10%
Repairs and Maintenance Technical	LH	1.05	1.13	273,415.53	0.08	8%
Lifts	LH	2.69	1.66	90,033.51	-1.03	-38%
Entry Phone	LH	0.75	0.51	34,452.63	-0.24	-32%
Block Pest Control	T & LH	1.83	2.10	197,112.86	0.27	15%
Ground Rent	LH	0.19	0.19	50,550.00	0.00	0%
Sweeping	LH	1.04	1.08	220,016.84	0.04	4%
Management	LH	2.52	2.70	706,522.92	0.18	7%
Window Cleaning	T & LH	0.12	0.13	46,593.20	0.01	8%
Bulky House Hold Waste Collection Service	T & LH	0.58	0.58	363,058.00	0.00	0%
Bulk Waste Disposal	T & LH	0.85	0.88	566,915.10	0.03	4%
Insurance	LH	0.96	1.14	300,237.58	0.18	19%
Total excluding energy charges		24.17	24.36	10,133,397.25	0.20	1%
Communal Lighting	T & LH	1.10	1.31	690,306.47	0.21	20%
Communal Heating and Hot Water	T & LH	10.46	11.50	880,462.96	1.05	10%
Total energy charges		11.55	12.81	1,570,769.43	1.26	11%
Grand Total		35.72	37.18	11,704,166.68	1.46	4.09%

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APPENDIX X5: Garage Rent Increase Report 2022/23

INCLUSIVE REGENERATION Estates Team Report		
Report Title	Rental Increases for Garages from April 2022 – Lewisham Homes and Regenter RB3	
Key Decision	Yes	Item No.
Contributors	Directorate of Housing, Regeneration and Public Realm	
Class		Date: November 2021

1. Purpose and Summary of the report

The purpose of this report is to advise the resident panel of the proposed increase in the rent paid by tenants for domestic garages owned by the Council for the next financial year. As is our usual practice, the rents for next year will be increased in line with the Retail Price Index.

2. Recommendation

It is recommended that the Council approves, in principle, an increase in rent for the garage portfolio of 4.9%, to be effective from April 2022. This increase is in line with the increase in the Retail Price Index for the current year.

Blue Badge holders will continue to receive a 50% deduction on the weekly rent.

3. Policy Context

The contents of this report are consistent with the Council's policy framework. It supports the achievements of the following corporate strategy objectives:

- Building an inclusive local economy – Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
- Making Lewisham greener – Everyone enjoys our green spaces and benefits from a healthy environment as we work to protect and improve our local environment.

4. Background

For the forthcoming financial year from April 2022 it is intended that the increase applied is an inflationary one only, in line with the Retail Prices Index, as is our usual practice.

There are approximately 134 Council garage sites in the borough, comprising 182 garage blocks. There are approximately 2,379 individual garages. Approximately 1,801 of the garages are let to Lewisham Homes and Brockley social tenants and 578 are let to non-Lewisham Homes or Brockley social tenants.

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The current waiting list for garages is over 2,500 applicants.

A housing tenant with LB Lewisham pays the basic price for a garage (subject to any specific discounts agreed) and a non-housing tenant pays the basic price with the addition of 20% VAT. Blue Badge holders receive a 50% deduction on the weekly rent.

The application of a discount is entirely a discretionary decision on behalf of the Council; garages are not a core social dwelling provision and all could be charged at a higher level, although there is some logic in offering some abatement to housing customers to help mitigate parking issues and neighbourhood management problems.

The highest rent charged is £23.74 per week and the lowest is £5.86 per week. However, some garages are charged at less than the lowest rate per week. These are discounted rates (50% of the full charge) for tenants with blue badges. A comprehensive review of garages and garage rents is proposed in 2022. This will consider issues such as condition, location and the current discount scheme. It will also consider any investment needed to improve conditions across the estate. The outcome will help inform future garage rent setting for 2023 onwards.

5. Financial Implications

The current annual rent roll for the garage portfolio is £1.961M, based on a basic average standard charge of £15.85 per week per garage (i.e. before discounts are applied).

If the rents are increased by RPI as proposed in April 2022, the revised annual rent roll will increase to approximately £2.057M, or £16.62 per week per garage, an uplift of 4.9%, or £0.77 per week on average, and a total increase of approximately £96,000 on the annual rent roll, or £69,000 after blue badge holder discounts have been applied.

6. Legal Implications

The Council's duties in relation to the consultation of tenants on matters of housing management, as set-out in Section 105 of the Housing Act 1985, do not apply to rent levels, nor to charges for services or facilities provided by the authority. There is therefore no requirement to consult with secure tenants regarding the proposed increase in charges. The Council still needs to act reasonably and the decision maker should therefore be satisfied that the increase is reasonable and justified. The general principle is that the Council should be seeking best value.

The Equality Act 2012 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine 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.

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The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.

The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “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 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: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-actcodes-of-practice-and-technical-guidance/>

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
- Equality objectives and the equality duty
- Equality information and the equality duty

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 <http://www.equalityhumanrights.com/advice-and-guidance/public-sectorequality-duty/guidance-on-the-equality-duty/>

7. Crime and Disorder Implications

There are no specific crime and disorder implications in this report. However, levels of voids could increase in the future if there is a lack of investment. Poorly maintained garages with high vacancy rates can in turn lead to increased levels of crime and anti-social behaviour.

8. Equalities Implications

The proposed 4.9% increase will be applied across the portfolio to residents and non-residents. Blue badge holders will continue to receive a 50% discount on the weekly rent as existing.

9. Environmental Implications

There are no specific environmental implications in this report.

10. Conclusion

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The proposed rental increase is considered to reflect market rent and be sustainable, and will raise additional revenue from the portfolio of approximately £96k, or £69k net after blue badge discounts have been applied.

11. Further Information

If there are any queries on this report, please contact David Lee on mobile 07392 862107, david.lee@lewisham.gov.uk

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APPENDIX X6: Other Associated Housing Charges for 2022/23

Garage Rents

1. The detail of these charges and the changes are as set out in appendix 5. The proposals is for a 4.9% increase in charges which equates to an average increase of £0.77 per week.

Tenants Levy

2. As part of the budget and rent setting proposals for 2005/6, a sum of £0.13 per week was 'unpooled' from rent as a tenant's service charge in respect of the Lewisham Tenants Fund. The current charge is £0.15pw.
3. No proposals have been put forward by Lewisham Tenants Fund (LTF) to vary this levy for 2022/23. Therefore the charge will remain at £0.15pw for 2022/23.

Hostel charges

4. Hostel accommodation charges are set based on current Government requirements and will increase by 4.1% (£3.27 per week).
5. Hostel service charges are set to achieve full cost recovery, following the implementation of self-financing. For 2022/23, the charge for Caretaking/management and Grounds Maintenance will remain at current levels. This will leave the average charge at £72.96 per unit per week.
6. In addition, the charge for Heat, Light & Power will also be held at current levels and will remain at £5.98pw. Water charges will not be increased and will remain at £0.20pw. The charge for Council Tax will be based on the total recharged received from Council Tax section. All charges will be based on the total number of hostel units and is forecast to remain unchanged for 2022/23.
7. Hostel residents were consulted on these proposals via individual letters. Officers also invited hostel residents to meet them to discuss the changes and how these may affect them. However, no comments or representations were received.

Linkline Charges

8. The delivery of the service to a 'full visiting service' to better reflect service need was implemented in 2018/19. The resulting annual charge to the HRA for 2020/21 was increased to £420k. Current indications are that an inflationary increase of 2.0% will be applied for 2022/23, increasing the HRA charge by £9k

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(to £440k for 2021/22). The current Linkline charge to HRA residents is £6.10 per week, and does not fully recover the full charge applied to the HRA.

9. Consultation with HRA residents/current users of the service is due to be undertaken sometime in the New Year. The results of any consultation will be reported to Mayor and Cabinet. Consultation would need to be completed by mid-February 2022 to comply with the 28 day statutory notice of charge increases and allow increased charges to be applied from April 2022. However, if consultation is delayed, the charge increase can only be applied from April 2023. There are no proposals to increase the maintenance charge, which will remain at £0.94 per week.

Private Sector Leasing (PSL & PMA)

10. Rent income for properties used in the Private Sector Leasing (PSL) and Privately Managed Accommodation (PMA) scheme are General Fund resources. From April 2021, rents for homes let under these schemes will be charged at the applicable Local Housing Allowance (LHA) for private rented sector (PRA) properties. This will support the schemes to remain viable in the longer-term and reduce the General Fund subsidy that is presently required to keep them in operation.

Heating & Hot Water Charges

11. As part of last year's rent setting process the Mayor agreed to continue with the current formula methodology for calculating increases in Heating & Hot Water charges to tenants and leaseholders. This formula was originally approved by Mayor & Cabinet in December 2004.
12. The current charging methodology allows a limited inflationary price increase plus a maximum of £2 per week per property increase on the previous year's charge. Consumption levels are also updated and included in the formula calculation.
13. The existing corporate contract for the supply of electricity is let by the property services team with Crown Commercial Services; an Executive Agency of the Cabinet Office. The contract frameworks have been designed to comply with the findings of the Pan Government Energy Project, which recommends that all public sector organisations adopt aggregated, flexible and risk-managed energy procurement with public sector buying organisations.
14. The proposal for 2022/23 is for an increase of £1.04pw or 10.0%. This will move the current charge from £10.46pw to £11.50pw. This is based on the latest available unit rates and consumption data.

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15. The proposal for communal lighting is for an increase of 21.0% or £0.21 per week. This will move the current average charge from £1.10pw to £1.31pw. The increase is due to updated unit rates and consumption rates.

16. Officers will review the costs, actual energy usage and new contact prices in both 2021/22 and 2022/23 as part of the monitoring regime. Once the new long-term energy supply contracts are in place, recommendations for changes to charges will be brought forward as part of the 2023/24 budget process.

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APPENDIX Y1 2022/23 Budget Reductions – approved December 2020 and February 2021

Ref	Proposal	2022/23 £'000	2023/24 £'000	2024/25 £'000	TOTAL
Theme A - Productivity					
A-01	Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment	3,000	0	0	3,000
A-02	Hybrid roles - enforcement	50	50	0	100
A-03	Corporate Transport arrangements	150	50	0	200
A-04	Process automation in Revs and Bens	100	0	0	100
A-06	Revs and Bens - Generic roles	400	0	0	400
Total for Theme A - Productivity		3,700	100	100	3,800
Theme B – Joint working					
B-02	Strategic recharging	600	0	0	600
B-06	Cuts to the main grants programme	800	0	0	800
B-07	Review of Council run events	30	0	0	30
B-10	Reduction in local assemblies service	178	0	0	178
Total for Theme B – Joint working		1,608	0	0	1,608
Theme C – Service Reconfiguration					
C-02	Adult Learning and Day Opportunities	100	0	0	100
C-03	Reduction in the use of agency social workers.	215	0	0	215
C-07	Review Short breaks provision.	50	50	0	100
C-08	IT - mobile telephony review	10	10	0	20
C-10	Housing Services Review	300	0	0	300
C-17	Re-configuration of MH Supported Housing pay – Social Interest Group	150	0	0	150
C-28	Supported Housing Services	84	0	0	84
Total for Theme C – Service Reconfiguration		909	60	0	969
Theme D – Asset Realisation					
D-02	Business Rates Revaluation for the estate	40	20	0	60
D-05	Savings on mothballed assets. A review is in progress - savings on the cost of running the operational estate	50	0	0	50
D-06	Catford Campus - Estate Consolidation	11	12	0	23
D-07	Meanwhile use - Temporary Accommodation	25	25	0	50
D-08	Miscellaneous - income generation	25	0	0	25
Total for Theme D – Asset Realisation		151	57	0	208
Theme E – Commercial Approach					
E-01	Improved Debt collection	250	0	0	250
E-02	Income from building control	15	20	0	35
E-05	Traded services with schools	50	0	0	50
E-06	Reduce care leaver costs	100	0	0	100
E-07	Housing – Increased rent for Private Sector Lease (PSL) and Private Managed Accommodation (PMA)	375	0	0	375

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E-09	Realising further benefits from the Oracle Cloud Solution and exploiting its functionality as a fully integrated enterprise resource planning solution.	100	0	0	100
Total for Theme E – Commercial Approach		890	20	0	910
Theme F – Demand Management					
F-02	Children Social Care Demand management	500	1,000	0	1,500
F-03	Children Service reconfiguration - fostering	250	250	0	500
F-05	VfM commissioning and contract management - CSC	250	0	0	250
F-15	Environment - environmental operations review	330	0	0	330
F-15a	Environment - environmental operations review	567	0	0	567
F-17	Road safety enforcement	250	0	0	250
F-20	Emission based charging for Short Stay Parking	120	0	0	120
F-21	Road Safety Enforcement	375	0	0	375
F-22	Motorcycle parking charges	80	0	0	80
F-24	Adult Social Care cost reduction and service improvement programme	430	0	0	430
Total for Theme F – Demand Management		3,152	1,250	0	4,402
GRAND TOTAL		10,410	1,487	0	11,897

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APPENDIX Y2 2022/23 Budget Reductions – 2 February 2022

Ref	Proposal	2022/23£ £'000	2023/24 £'000	2024/25 £'000	Total £'000
Theme C – Service Design					
C-35	Specialist social care support review	177	0	0	177
C-36	Reduction of commissioned care leaver housing costs	600	0	0	600
C-38	Strategic development team cost capitalisation	100	0	0	100
C-39	Aligning the Kickstart scheme with Government plans	25	25	0	50
C-40	Substance misuse – contract review and staffing	92	0	0	92
C-44	Removal of graffiti from private property	5	0	0	5
Total for Theme C – Service Design		999	25	0	1,024
Theme D – Asset Optimisation					
D-10	Commercial Estate Review	0	50	100	150
D-11	Business Rates revaluation of Council owned properties	100	50	0	150
D-12	Asset Use Review and Regularisation	0	15	85	100
D-13	Review of commercial opportunities for nurseries within children's centres	11	9	0	20
D-14	Facilities Management	0	100	10	110
Total for Theme D – Asset Optimisation		111	224	195	530
Theme E – Commercial Approach					
E-12	Building Control Service Efficiency	20	30	0	50
E-14	Changes to leisure concessions for older people	95	95	0	190
E-15	Seek corporate sponsorship for Festive Lighting	30	0	0	30
Total for Theme E – Commercial Approach		145	125	0	270
Theme F – Demand Management					
F-25	Road Safety – new yellow boxes	150	0	0	150
F-26	Subscriptions	20	0	0	20
Total for Theme F – Demand Management		170	0	0	170
GRAND TOTAL		1,425	374	195	1,994

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APPENDIX Y3: Allocation of Budget Reductions to Base Budget and Overspend

Ref	Previously Agreed Proposals	2022/23 £'000	O/spend	Base budget
Theme A - Productivity				
A-01	Staff productivity - arising from new ways of working (including learning from the Covid 19 pandemic), better collaboration and a return on IT investment	3,000	0	3,000
A-02	Hybrid roles - enforcement	50	0	50
A-03	Corporate Transport arrangements	150	0	150
A-04	Process automation in Revs and Bens	100	0	100
A-06	Revs and Bens - Generic roles	400	0	400
Total for Theme A - Productivity		3,700	0	3,700
Theme B – Joint working				
B-02	Strategic recharging	600	600	0
B-06	Cuts to the main grants programme	800	0	800
B-07	Review of Council run events	30	0	30
B-10	Reduction in local assemblies service	178	0	178
Total for Theme B – Joint working		1,608	600	1,008
Theme C – Service Reconfiguration				
C-02	Adult Learning and Day Opportunities	100	0	100
C-03	Reduction in the use of agency social workers.	215	215	0
C-07	Review Short breaks provision.	50	50	0
C-08	IT - mobile telephony review	10	10	10
C-10	Housing Services Review	300	0	300
C-17	Re-configuration of MH Supported Housing pay – Social Interest Group	150	0	150
C-28	Supported Housing Services	84	0	84
Total for Theme C – Service Reconfiguration		909	275	634
Theme D – Asset Realisation				
D-02	Business Rates Revaluation for the estate	40	0	40
D-05	Savings on mothballed assets. A review is in progresses - savings on the cost of running the operational estate	50	0	50
D-06	Catford Campus - Estate Consolidation	11	0	11
D-07	Meanwhile use - Temporary Accommodation	25	0	25
D-08	Miscellaneous - income generation	25	0	25
Total for Theme D – Asset Realisation		151	0	151
Theme E – Commercial Approach				
E-01	Improved Debt collection	250	0	250
E-02	Income from building control	15	0	15
E-05	Traded services with schools	50	0	50
E-06	Reduce care leaver costs	100	100	0
E-07	Housing – Increased rent for Private Sector Lease (PSL) and Private Managed Accommodation (PMA)	375	0	375

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E-09	Realising further benefits from the Oracle Cloud Solution and exploiting its functionality as a fully integrated enterprise resource planning solution.	100	100	0
Total for Theme E – Commercial Approach		890	200	690
Theme F – Demand Management				
F-02	Children Social Care Demand management	500	500	0
F-03	Children Service reconfiguration - fostering	250	250	0
F-05	VfM commissioning and contract management - CSC	250	250	0
F-15	Environment - environmental operations review	330	0	330
F-15a	Environment - environmental operations review	567	0	567
F-17	Road safety enforcement	250	0	250
F-20	Emission based charging for Short Stay Parking	120	0	120
F-21	Road Safety Enforcement	375	0	375
F-22	Motorcycle parking charges	80	0	80
F-24	Adult Social Care cost reduction and service improvement programme	430	0	430
Total for Theme F – Demand Management		3,152	1,000	2,152
GRAND TOTAL		10,410	2,075	8,335

Ref	New 2022/23 Proposals	2022/23 £'000	O/spend	Base budget
Theme C – Service Design				
C-35	Specialist social care support review	177	0	177
C-36	Reduction of commissioned care leaver housing costs	600	600	0
C-38	Strategic development team cost capitalisation	100	0	100
C-39	Aligning the Kickstart scheme with Government plans	25	0	25
C-40	Substance misuse – contract review and staffing	92	0	92
C-44	Removal of graffiti from private property	5	0	5
Total for Theme C – Service Design		999	600	399
Theme D – Assets Optimisation				
D-10	Commercial Estate Review	0	0	0
D-11	Business Rates revaluation of Council owned properties	100	0	100
D-12	Asset Use Review and Regularisation	0	0	0
D-13	Review of commercial opportunities for nurseries within children's centres	11	0	11
D-14	Facilities Management	0	0	0
Total for Theme D – Assets Optimisation		111	0	111
Theme E – Commercial Approach				
E-12	Building Control Service Efficiency	20	0	20
E-14	Changes to leisure concessions for older people	95	0	95
E-15	Seek corporate sponsorship for Festive Lighting	30	0	30
Total for Theme E – Commercial Approach		145	0	145
Theme F – Demand Management				
F-25	Road Safety – new yellow boxes	150	0	150
F-26	Subscriptions	20	0	20

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Total for Theme F – Demand Management	170	0	170
GRAND TOTAL	1,425	600	825

TOTALS	2022/23 £'000	O/spend	Base budget
Theme A - Productivity			
Previously Agreed	3,700	0	3,700
Theme B – Joint working			
Previously Agreed	1,821	600	1,221
Theme C – Service Reconfiguration			
Previously Agreed	909	275	634
New Proposals	999	600	399
Theme D – Assets Realisation			
Previously Agreed	151	0	151
New Proposals	111	0	111
Theme E – Commercial Approach			
Previously Agreed	890	200	690
New Proposals	145	0	145
Theme F – Demand Management			
Previously Agreed	3,152	1,000	2,152
New Proposals	170	0	170
GRAND TOTAL			
Previously Agreed	10,410	2,075	8,335
New Proposals	1,425	600	825
TOTAL	11,835	2,675	9,160

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APPENDIX Y4: Ready Reckoner for Council Tax 2022/23

	Budget	Council	Increase /	GLA	Total	Total
	Requirement	Tax	(Decrease)	Precept	Council	Increase /
	Lewisham		Lewisham		Tax	(Decrease)
		(Band D)		(Band D)	(Band D)	
	£m	£	%	£	£	%
2021/22	243.100	1,379.96	4.99%	363.66	1,743.62	5.90%
2022/23	248.610	1,421.22	2.99%	395.59	1,816.81	4.20%
	248.006	1,414.46	2.50%	395.59	1,810.05	3.81%
	247.393	1,407.56	2.00%	395.59	1,803.15	3.41%
	246.779	1,400.66	1.50%	395.59	1,796.25	3.02%
	246.166	1,393.76	1.00%	395.59	1,789.35	2.62%
	245.553	1,386.86	0.50%	395.59	1,782.45	2.23%
	244.939	1,379.96	0.00%	395.59	1,775.55	1.83%

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APPENDIX Y5 – Chief Financial Officer’s Section 25 Statement

This statement makes reference to the 2022/23 Budget Report to Mayor & Cabinet circulated to all Members.

Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) to report to an authority when it is making the statutory calculations required to determine its Council Tax. The Authority is required to take the report into account when making the calculations. The report must deal with the robustness of the estimates, included in the budget and the adequacy of the reserves, for which the budget provides. This Statement also reflects the requirements of CIPFA’s current Local Authority Accounting Panel (LAAP) Bulletin 99 on ‘Local Authority Reserves and Balances’.

Section 114 of the Local Government Act 1988, requires the CFO to issue a report to all the Local Authority members to be made by that officer, in consultation with the Monitoring officer and Head of Paid Service, if there is or is likely to be unlawful expenditure or an unbalanced budget.

1 Structure of the Statement

- 1.1 This Statement sets out the robustness of the Council’s budget in respect of external and internal risks for 2022/23, addressing the adequacy of the Council’s ability to respond to the challenges ahead, whilst simultaneously supporting the Borough’s renewal in an uncertain, post pandemic world.
- 1.2 The statement contains the following sections:
 - Economic factors posing risk to the budget
 - Future uncertainty of Local Government Finance and potential impact of legislative reforms
 - Future Lewisham: our ability to invest in our organisation and borough post pandemic
 - Ongoing cost of COVID and long term loss of income
 - Budget setting process and considerations
 - Financial Management, budget delivery risks and adequacy of our reserves
 - Capital programme affordability and HRA financing
 - Organisational resilience, culture and how we prioritise
 - Conclusion and opinion

2 Economic factors posing risk to the Budget

- 2.1 *Inflation* – as I draft this S25 Statement, inflation as measured by the Consumer Price Index (CPI) is at its highest since September 2008, increasing from 0.6% in December 2020 to 5.4% in December 2021. The pace of change is rapid – with an increase of 2.3% over a 3 month period and there is considerable uncertainty over how quickly these increases will unwind before the rate of inflation returns to the Bank of England’s long term forecast of 2%. Inflationary increases will impact on some but not all of the contracts/goods we commission. In order to set a robust budget, an inflationary increase of 1.5% has been applied across net service budgets. Services will be expected negotiate contract efficiencies to drive through better value. Corporately a

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further 1.5% will be held back to respond to exceptional contract inflation pressures which will be considered by the Investment and Resources board.

Figure 1: Annual CPIH inflation rate highest since September 2008

CPIH, OOH component and CPI 12-month inflation rates for the last 10 years, UK, December 2011 to December 2021



Source: Office for National Statistics – Consumer price inflation

- 2.2 *Lewisham economy* – our Borough is ranked 63rd nationally for relative deprivation for income out of 317 local authorities (with 1 being the most deprived). 14,600 of our working age residents claim Universal Credit and Job seekers allowance. The average annual salary of a Lewisham Resident is £35.4k compared to the London average of £37.5k. There are currently 22,093 residents claiming Council Tax Support and £20.6m has been set aside in the budget to ensure adequate funding is made available. £250k has been invested in the Economy, Jobs and Partnerships team on a permanent basis to provide advice to Lewisham’s businesses on financial resilience and how they can recover, grow and innovate to benefit as the economy recovers.
- 2.3 *Increase in cost of UK utility prices, rising costs of living* – the budget for 2022/23 includes a once off increase of £1m (a 20% increase) to be met from the once off Services Grant to address the temporary turbulence of energy supply issues faced by the UK. Through the Household Fund we provided financial support of £2.66m to over 30,000 families who receive housing benefit, council tax support or who have children in receipt of free school meals. We will ensure any funding provided from central government is allocated promptly to those who need it the most.
- 3 Future uncertainty of Local Government Finance, potential impact of legislative reforms**
- 3.1 *Fair funding review, levelling up agenda, business rates reform* – the long anticipated Fair Funding Review of Local Government Finance review is expected to commence in spring 2022 with the consultation taking place in summer. Instead of receiving much needed permanent government funding, the Council was allocated a once-off Services Grant of £6.6m providing welcome but temporary resource. The government has made it clear that the Services Grant will be directed to deliver the “levelling up agenda” from 2023/24 and no transitional protection will be made available in respect of this grant. Levelling up is unknown and undefined, but with an expected rebalancing of funding away from councils with a strong council tax and business rates base. Work must commence early in 2022/23 to transform how and what we deliver within an anticipated reducing financial envelope over the medium term.
- 3.2 *Adult social care reforms* – the full extent of the reforms from recent policy have not been fully quantified to date. Lewisham has received £0.9m market sustainability fund

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with burdensome grant conditions attached. This funding will be ring-fenced to Adult Social Care enabling the service to deliver the new legislative requirements. Further financial modelling will be carried out to assess the cost of the new burdens against the funding available as more operational details of the changes are known.

- 3.3 *Funding reforms for schools and rising cost of children with special educational needs* – the number of children with Education Health and Social Care plans in Lewisham has increased from 2,179 to 3,239 (48.6%) over the last 5 years. The overspend forecast for 2021/22 is £6m, rising to £11m due to a deficit of £5m brought forward, despite an additional £0.7m transfer in year from the Schools Block. A further £5.5m will be allocated to fund high cost placements in 2022/23, the Department for Education is allocating capital funding to create in-borough provision for high cost placements. It will however take time to create the provision and will require commitment from our family of schools to adopt this approach. Early engagement has started with the Schools' Forum about this.

4 Future Lewisham: our ability to invest in our organisation and across the Borough

- 4.1 *Development of next corporate strategy* – the drafting of the 2022 to 2026 Corporate Strategy is currently underway, setting out outcomes and deliverables over the next four years. Underpinning the success and our ability to deliver will be how we align the funding against the priorities, within the current financial constraints of the Council. Once-off investment of £0.5m has been allocated to the Transformation Fund to kick-start new initiatives.
- 4.2 *Investment in Digital and ICT* – the onset of the pandemic in March 2020 changed how we work overnight. As an organisation, we are almost completely dependent on technology. We must continually invest in our servers, infrastructure, systems, technology and equipment to ensure we can function effectively. It is critical we horizon scan against continual emerging threats of cyber-attacks and ensure the organisation is able to mitigate and respond those threats. The ICT investment roadmaps sets out a high level requirement of £12m over a five year period – this excludes the investment required in Digital Solutions to improve how we support, communicate and engage with our residents, businesses and community which we must also identify over the medium term.

5 Ongoing cost of COVID and long term loss of income

- 5.1 *Funding from central government* - The Council received a once of £10m COVID grant in 2021/22 and carried forward £15m of unspent COVID grant from 2020/21 into the current financial year. The latest monitoring report forecast suggest we will be spending at least £22m of the COVID monies. At the time of writing this report, the Council is also reporting an overspend of £2.9m on its service expenditure. Combined we are spending an extra £25m (10%) against our net budget requirement of £243m. This level of additional spend is unsustainable beyond the current financial year as it is highly unlikely that there will further government COVID funding made available beyond 2021/22.
- 5.2 *Increased demand for Council services, increased complexity of need* – this has been particularly acute in Adult Social Care with service users discharged from hospitals earlier and with increased needs. For 2021/22, this has resulted in a pressure of at least £5m and the service is working closely with the Clinical Commissioning Group to evidence the need which has resulted in once-off funding. There has also been a significant rise in Children Social Care referrals following the removal of COVID related restrictions. It is likely these pressures will continue well into 2022/23.

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- 5.3 *Expected COVID spend and loss of income into 2022/23* – as mentioned above, the council is forecast to spend an additional £22m in 2021/22, either through inability to deliver savings, additional costs of delivering services or due to loss of income. It is estimated that over £9m of COVID related costs/loss of income will continue into 2022/23 of which circa £4.5m has been incorporated into the budget for next year, with the balance of these pressures being managed by the services through cost reduction measures and efficiencies within their budgets.
- 5.4 *Risks to the Collection Fund* – Lewisham has one of the lowest collection rates in London for Council Tax but did have one of the highest pre-pandemic collection rates for Business Rates. Since the start of the pandemic, demands on the business rates team has been significant. To date, the team has made business grant payments of £76.5m across 12 schemes. Since late December, there are now three further schemes to devise, set up, administer and award just as we commence our annual billing cycle, whilst simultaneously chasing up arrears. This is causing significant capacity issues within the team and as such our collection rates for the second year in a row has are below our usual 99% target, currently £7.5m behind the cash profile to date. With the efforts of the team diverted towards administrating the new schemes, the Business Rates deficit is likely to worsen and will need to be addressed in the 2023/24 budget setting process, alongside the Council Tax deficit.

6 Budget setting process, pressures, risks and savings

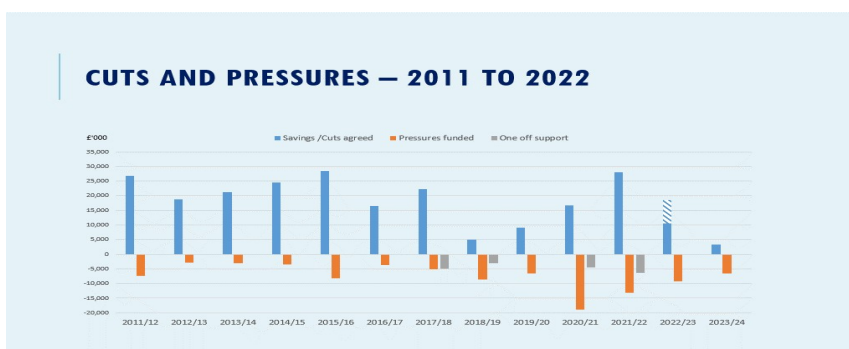
- 6.1 *Budget setting process* – throughout the year, the Finance team has worked closely with services to identify unavoidable pressures, additional demand and exceptional expenditure. Services were asked to provide mitigating actions through reducing costs, increasing income or managing down demand. Where services were unable to mitigate the pressures, these pressures were submitted to Council's Executive Management Team (EMT) for consideration and corporate funding. It was accepted and understood by EMT that increasing the pressures to be funded directly increased the resultant budget gap and the savings target for next year's budget. As such, EMT proposed a lower savings target and that a number of risks would be managed by services directly.
- 6.2 *Inflation and other allowances* – in addition to funding numerous pressures, contract inflation of 1.5% has been built in, alongside a 2% pay award and 1.25% for the national insurance increase. The remaining 1.5% of the inflation allowance will be held centrally to deal with significant pressures linked specifically to contractual clauses that are unavoidable.
- 6.3 *Savings* – The slippage of in-year and prior year savings of c£15m was discussed at EMT. The decision of EMT was that officers would commit to delivering the pre-agreed savings instead of putting forward additional savings to mitigate non-delivery, within the delegated authority arrangements of officers. It was made explicit that the Council had to deliver £26.4m of savings by April 2022, made up of:
- Undelivered savings of £14.6m from 2020/21 and 2021/22
 - £10.4m of proposals for 2022/23 agreed by Mayor & Cabinet in February 2021
 - The additional £1.4m of savings currently going through the Scrutiny process.
- 6.4 *Risks and pressures to be managed* – following extensive discussions, EMT agreed to propose that £9m of pressures be built into the budget and that services would manage the remaining £11m which include the risks and pressures noted in this statement.

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- 6.5 The robustness of the budget is in part dependent on the Council's ability to deliver the £26.4m of savings AND effectively manage the risks that have not been incorporated into the budget. I have regularly engaged with EMT and the Senior Leadership Team about the level of financial risk across the Council. I have stressed the importance of everyone being accountable to deliver effective services within the financial envelope available. Two All Member briefing sessions were held on the 15th November and 15th December 2021 to inform Members of the financial risks and challenges faced by the Council.
- 6.6 Through the newly established Investment and Resources board, there is the early assessment on the implementation of savings. Any slippage is known in advance of the financial year with a clear expectation that directors will mitigate the cash shortfall to an equivalent value. Ongoing attention is required to change the financial management culture throughout the Council, with extensive engagement required from heads of service, team leaders and managers.

7 Financial Management, budget delivery risks and adequacy of our reserves

- 7.1 *Financial management process, reporting cycle, monitoring of financial risks* – the Finance team continues to improve and simplify the financial management information presented to services. Monitoring of all budgets is carried out on a monthly basis, requiring significant input from the finance team to support budget holders deliver timely, accurate and complete forecasts. Going forward, we will seek to improve our financial systems so budget managers are able to access finance information more readily via dashboards, complete their own forecasts, thereby enabling the Finance team to focus on the budgets that present the biggest risks. It will take both time and investment to reach this position and we will aim to start this process during 2022/23.
- 7.2 *Cumulative impact of budget reductions to date* – since 2010, the Council has made cuts of c£217m, and reinvested £81m back into service delivery. With the longstanding commitment to protect front line services, Adult and Children's social care and public health now account for over 70% of our net expenditure. It is becoming increasingly difficult to identify new proposals from the remaining 30% of universal and non-statutory services. Corporate capacity has been stripped back significantly which also hampers the Council's ability to respond quickly, to innovate, to be agile and to deliver change at pace.



- 7.3 *Managing overspends and in-year pressures* – in year, where there has been significant overspends reported, a focussed recovery group was set up to closely monitor mitigating actions. Corporate spending controls were applied with directors signing off on expenditure up to £5,000 and Executive Directors signing off expenditure over £5,000 and all recruitment activity must be signed off by an Executive Director. These measures will continue well into 2022/23 until I am confident that the organisation is able to deliver the savings and manage their budgets within the financial envelope available. It is recognised that spend controls impact on staff morale

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and maintaining such restrictive measures for prolonged periods may become ineffectual over time.

- 7.4 *Debt levels and provisions* – the Council has significant levels of debt on its balance sheet that has not been effectively managed for a number of years. Although there are provisions available to offset much of this debt, improvement must be made to increase ownership of collecting income, by making it everyone’s job to do so. During 2022, officers will improve the transparency of non-collection of income by charging bad debt provisions to those service budgets that generate the income, focus on writing off historical debt that we have no chance of recovering, improve in-year collection rates through understanding why and what prevents people from paying what they owe. The Council will also work on preventing debt from occurring in the first instance. Maximising the income due and owed to the Council will improve the robustness of the Council’s revenue budget.
- 7.5 *Adequacy of reserves* – the Council currently has £20m of un-earmarked general fund reserves and £70m of earmarked reserves, set aside to fund initiatives, projects and to manage risks to the organisation. It has been clearly communicated to Members, the Council’s Senior Leadership Team and all managers the importance of effective financial management and the level of financial risk we carry through any inaction to reduce overspends and non-delivery of savings. Work continues to instil a culture of ownership and accountability so the financial impact is at the heart of each decision we make.

8 Capital programme affordability, TMS and prudential indicators and HRA risks

- 8.1 *Capital programme* – the Council’s capital programme is £600.4m for the period 2022/23 to 2024/25 and is fully funded through use of reserves, right to buy receipts, grants, S106/CIL and prudential borrowing. There is little or no capacity to invest on other general fund schemes and the organisation must address the recurring overspends on its revenue budget to enable sufficient borrowing headroom to be created to fund other capital initiatives.
- 8.2 *Treasury management strategy* – no changes are proposed to the Council’s Treasury Management Strategy and the Council will be operating within its operational borrowing limit of £607m for next year. The borrowing requirements for the capital programme are fully affordable as indicated by the Prudential Indicators as set out in the report.
- 8.3 *HRA funding vs requirements* – based on the expenditure requirements submitted from Lewisham Homes for building safety, fire safety, stock condition and repairs and maintenance, the HRA 40 year business plan is fully funded. There may be additional funding requirements that are yet to be identified by Lewisham Homes.

9 Organisational resilience, culture and how we prioritise

- 9.1 *Organisational fatigue, staff and organisational resilience* – staff within the Council are juggling several competing demands. Since March 2020, officers have worked tirelessly to provide support to the most vulnerable of residents in our community. There has been an expectation that councils would deliver the numerous government initiatives within short timeframes, with little or no notice whilst being scrutinised on a weekly basis to provide data and compliance checks. With the focus on protecting front line services through the cuts process, this created significant pressure on teams that were already thinly spread pre-pandemic.
- 9.2 *Competing demands* – as the government eases the COVID restrictions, there are still administrative burdens on the Council to support various government initiatives such

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as the Test and Trace system, administer COVID relief funding, support Hardship grants and more. This is likely to impact on our ability to concentrate our efforts on our business as usual activities. It's not just pressures imposed on us by COVID, it's the number of things we have to fix and deliver improvements on. We need to improve our responsiveness on complaints, we need to improve how we communicate and support our residents, we need to modernise our systems and processes. There will be an expectation for us to respond to the results of the residents' survey, support and enable the Corporate Strategy, deliver the various Corporate programmes (e.g. Change Network, Together Lewisham, Future work programme) and support the recovery and renewal of the Borough post pandemic. Most importantly, we must ensure we deliver the savings and manage the overspend so we are able to move forward on a stable financial footing.

- 9.3 *How we prioritise what we do, when we do it and how we do it* – at the risk of doing everything at once and none of it well, or at all, we must focus on how we prioritise what we do, how we deliver and when. This will enable us to do some things well based on what we've deemed to be the biggest of priorities.
- 9.4 *Financial management culture of ownership and accountability* – this cannot be emphasised enough and it's a culture that has to be instilled across and throughout the organisation. A sound financial base is critical and underpins the delivery of everything in the Council.

10 Conclusion and my opinion

- 10.1 We have taken a number of factors into consideration in order to set a robust and balanced budget for the Council. There are a number of key risks that I have outlined above and support of the organisation is required to manage down the level of risk. It is essential that we are able to deliver the £26.4m of savings and effectively manage down the risks of potential overspends next year.
- 10.2 Through improvements made to the financial reporting, and as the culture change is embedded across the Council, risks and pressures will be raised and dealt with promptly. We will continue with the specific boards to monitor progress on delivery of savings and review areas that are reporting overspends to focus on specific actions being taken to reduce expenditure or to increase income.
- 10.3 The Council benefits from consistent and prudent financial planning and this risk based approach has put our financial standing in good stead. As such, despite the funding uncertainties, delivery challenges and an extended capital programme, there are sufficient provisions and healthy reserves to manage potential risks and external shocks to our financial position.
- 10.4 In summary, I am satisfied that the Council's budget for 2022/23 as proposed is robust.

Kathy Freeman

Chief Finance Officer

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APPENDIX Y6: Council Tax and Draft Statutory Calculations

Council Tax Calculation

As part of the Localism Act 2011, core Council Tax may not be increased by 2% or more (inclusive of levies) without triggering an automatic referendum of all registered electors in the borough. In addition, there is also the opportunity to increase Council Tax by up to a further 1% under the social care precept for 2022/23. This means, for 2022/23, an automatic referendum will be triggered if the Council Tax increase is 3% or above. The recommended social care precept for 2022/23 is 1%, therefore the recommended total increase is 2.99%. The statutory calculation for whether the Council is required to hold a referendum is based upon the 'relevant basic' amount of Council Tax, which under accounting regulations, includes levies. Any final recommendations on Council Tax levels will need to meet statutory requirements.

To date, Lewisham has so far received no formal notification from the three levy bodies for 2022/23. A zero percent increase has been assumed for these.

Council Tax and Levies

'Relevant Basic' Amount of Council Tax	2021/22	2022/23
Council Tax Base	88,614.3	88,904.9
Council Tax Requirement with Levy (£)	122,284.176	126,353.422
Basic Amount of Council Tax (£)	1,379.96	1,421.22
Increase in basic amount of Council Tax (%)	4.99%	2.99%

Levy bodies for Lewisham	2022/22 £	2022/23 £	Change £
LPFA	1,280,059	1,262,746	(17,313)
Lee Valley Regional Park	213,307	210,335	(2,972)
Environment Agency	208,145	209,476	1,331
Total Levies	1,701,511	1,682,557	(18,954)

The term "relevant basic amount of council tax" is defined in section 52ZX of the 1992 Act (inserted as above and amended by section 41(1) and (9) to (13) of the Local Audit and Accountability Act 2014).

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Statutory Calculations

1) It be noted that at its meeting on 19 January 2022, the Council calculated the number of **88,904.9** as its Council Tax base for 2022/23 in accordance with the Local Authorities (Calculation of Tax base) Regulations;

2) The following amounts be now calculated by the Council for the year 2022/23 in accordance with the Local Government Finance Act 1992:

a. **£1,507,086,726** being the aggregate of the amounts which the Council estimates for gross expenditure, calculated in accordance with Section 32(2)A of the Act;

b. **£1,258,476,406** being the aggregate of the amounts which the Council estimates for income, calculated in accordance with Section 32(3)A of the Act;

c. **£248,610,320** being the amount by which the aggregate of 2(a) above exceeds the aggregate of 2(b) above, calculated by the Council, in accordance with Section 32A(4) of the Act, as its General Fund budget requirement for the year;

d. **£124,170,641** being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of the Settlement Funding Assessment.

e. **£490,735** being the aggregate of the sums which the Council estimates will be transferred into its general fund from reserves, in relation to part of the 2021/22 Business Rates Growth, S31 NNDR grant, and its share of NNDR deficit.

f. **£123,946,102** being the residual amount required to be collected from Council Tax payers. This includes a deficit on the Council's Collection Fund of £2,407,320.

g. **£1,421.22** being the residual sum at (f) above (adding the deficit on the Collection Fund), divided by the Council Tax base of **88,904.9** which is Lewisham's precept on the Collection Fund for 2022/23 at the level of Band D;

Band	Council Tax (LBL)
	£
A	947.48
B	1,105.39
C	1,263.30
D	1,421.22
E	1,737.04
F	2,052.87
G	2,368.70
H	2,842.44

Being the amounts given by multiplying the amount at (g) above by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is

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applicable to dwellings listed in valuation Band D, calculated by the Council in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

3) It be noted that for the year 2022/23, the Greater London Authority is currently consulting on the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 (as amended), for each of the categories of dwellings shown below:-

Band	GLA Precept
	£
A	263.73
B	307.68
C	351.63
D	395.59
E	483.50
F	571.41
G	659.32
H	791.18

4) Having calculated the estimated aggregate amount in each case of the amounts at 2) (g) and 3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, assumed the following amounts as the amounts of Council Tax for the year 2022/23 for each of the categories of dwellings shown below:-

Band	Total Council Tax (LBL & GLA)
	£
A	1,211.21
B	1,413.07
C	1,614.93
D	1,816.81
E	2,220.54
F	2,624.28
G	3,028.02
H	3,633.62

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APPENDIX Y7

Summary of proposed budget pressures to be funded in 2022/23

Description	£'000 Base Budget	£'000 Once off	£'000 Total
Corporate Strategy priorities			
Open Lewisham			630
Street Lighting contract	200		
Parking	400		
Council Events		30	
Tackling the Housing Crisis			1,000
Strategic housing	1,000		
Giving Children the best start			2,100
Children Social Care	1,000		
Adoption Services	100		
SEN Transport	500		
Corporate provision for Schools DSG	500		
Building an inclusive economy			550
Economy and Partnerships	250		
Street markets	300		
Defencing health & social care			2,623
Changes in care need and demand	1,700		
Market Sustainability and Fair Cost of Care	923		
Making Lewisham greener			1,400
Environment Services - waste	300		
Energy		1,014	
Street Management	100		
Building a safer community			150
Traffic management	150		
Total Corporate Strategy priorities			8,467
Organisational value for money			2,150
Corporate Services	450	700	
Technology and Audit	250		
Corporate Estate	250		

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Exempt Housing	500		
Transformation investment		500	
IT and Digital Roadmap		2,500	
Implementation of the findings from the Adults Social Care Review		5,835	
Additional service investment, transformation and contingency for budget reduction non-delivery	1,877		
Grand Total Funded Pressures	10,600	10,729	21,329

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APPENDIX Y8

Making Fair Financial Decisions



**Making fair financial decisions
Guidance for decision-makers**

3rd edition, January 2015

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Introduction

With major reductions in public spending, public authorities in Britain are being required to make difficult financial decisions. This guide sets out what is expected of you as a decision-maker or leader of a public authority responsible for delivering key services at a national, regional and/or local level, in order to make such decisions as fair as possible.

The public sector equality duty (the equality duty) does not prevent you from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions, nor does it stop you from making decisions which may affect one group more than another group. The equality duty enables you to demonstrate that you are making financial decisions in a fair, transparent and accountable way, considering the needs and the rights of different members of your community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on people with different protected characteristics.

Assessing the impact on equality of proposed changes to policies, procedures and practices is not just something that the law requires, it is a positive opportunity for you as a public authority leader to ensure you make better decisions based on robust evidence.

What the law requires

Under the equality duty (set out in the Equality Act 2010), public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

The protected characteristics covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.

The law requires that public authorities demonstrate that they have had 'due regard' to the aims of the equality duty in their decision-making. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had 'due regard'.

It is also important to note that public authorities subject to the equality duty are also likely to be subject to the Human Rights Act 1998. We would therefore recommend that public authorities consider the potential impact their decisions could have on human rights.

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Aim of this guide

This guide aims to assist decision-makers in ensuring that:

- The process they follow to assess the impact on equality of financial proposals is robust, and
- The impact that financial proposals could have on people with protected characteristics is thoroughly considered before any decisions are arrived at.

We have also produced detailed guidance for those responsible for assessing the impact on equality of their policies, which is available on our website at www.equalityhumanrights.com

The benefits of assessing the impact on equality

By law, your assessments of impact on equality must:

- Contain enough information to enable a public authority to demonstrate it has had 'due regard' to the aims of the equality duty in its decision-making
- Consider ways of mitigating or avoiding any adverse impacts.

Such assessments do not have to take the form of a document called an equality impact assessment. If you choose not to develop a document of this type, then some alternative approach which systematically assesses any adverse impacts of a change in policy, procedure or practice will be required.

Assessing impact on equality is not an end in itself and it should be tailored to, and be proportionate to, the decision that is being made.

Whether it is proportionate for an authority to conduct an assessment of the impact on equality of a financial decision or not depends on its relevance to the authority's particular function and its likely impact on people with protected characteristics.

We recommend that you document your assessment of the impact on equality when developing financial proposals. This will help you to:

- **Ensure you have a written record of the equality considerations** you have taken into account.
- **Ensure that your decision includes a consideration of the actions that would help to avoid or mitigate any impacts on particular protected characteristics.** Individual decisions should also be informed by the wider context of decisions in your own and other relevant public authorities, so that people with particular protected characteristics are not unduly affected by the cumulative effects of different decisions.
- **Make your decisions based on evidence:** a decision which is informed by relevant local and national information about equality is a better quality decision. Assessments of impact on equality provide a clear and systematic way to collect, assess and put forward relevant evidence.

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- **Make the decision-making process more transparent:** a process which involves those likely to be affected by the policy, and which is based on evidence, is much more open and transparent. This should also help you secure better public understanding of the difficult decisions you will be making in the coming months.
- **Comply with the law:** a written record can be used to demonstrate that due regard has been had. Failure to meet the equality duty may result in authorities being exposed to costly, time-consuming and reputation-damaging legal challenges.

When should your assessments be carried out?

Assessments of the impact on equality must be carried out at a **formative stage** so that the assessment is an integral part of the development of a proposed policy, not a later justification of a policy that has already been adopted. Financial proposals which are relevant to equality, such as those likely to impact on equality in your workforce and/or for your community, should always be subject to a thorough assessment. This includes proposals to outsource or procure any of the functions of your organisation. The assessment should form part of the proposal, and you should consider it carefully **before** making your decision.

If you are presented with a proposal that has not been assessed for its impact on equality, you should question whether this enables you to consider fully the proposed changes and its likely impact. Decisions not to assess the impact on equality should be fully documented, along with the reasons and the evidence used to come to this conclusion. This is important as authorities may need to rely on this documentation if the decision is challenged.

It is also important to remember that the potential impact is not just about numbers. Evidence of a serious impact on a small number of individuals is just as important as something that will impact on many people.

What should I be looking for in my assessments?

Assessments of impact on equality need to be based on relevant information and enable the decision-maker to understand the equality implications of a decision and any alternative options or proposals.

As with everything, proportionality is a key principle. Assessing the impact on equality of a major financial proposal is likely to need significantly more effort and resources dedicated to ensuring effective engagement, than a simple assessment of a proposal to save money by changing staff travel arrangements.

There is no prescribed format for assessing the impact on equality, but the following questions and answers provide guidance to assist you in determining whether you consider that an assessment is robust enough to rely on:

- **Is the purpose of the financial proposal clearly set out?**

A robust assessment will set out the reasons for the change; how this change can impact on protected groups, as well as whom it is intended to benefit; and the

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intended outcome. You should also think about how individual financial proposals might relate to one another. This is because a series of changes to different policies or services could have a severe impact on particular protected characteristics.

Joint working with your public authority partners will also help you to consider thoroughly the impact of your joint decisions on the people you collectively serve.

Example: A local authority takes separate decisions to limit the eligibility criteria for community care services; increase charges for respite services; scale back its accessible housing programme; and cut concessionary travel. Each separate decision may have a significant effect on the lives of disabled residents, and the cumulative impact of these decisions may be considerable. This combined impact would not be apparent if the decisions were considered in isolation.

• **Has the assessment considered available evidence?**

Public authorities should consider the information and research already available locally and nationally. The assessment of impact on equality should be underpinned by up-to-date and reliable information about the different protected groups that the proposal is likely to have an impact on. A lack of information is not a sufficient reason to conclude that there is no impact.

• **Have those likely to be affected by the proposal been engaged?**

Engagement is crucial to assessing the impact on equality. There is no explicit requirement to engage people under the equality duty, but it will help you to improve the equality information that you use to understand the possible impact on your policy on different protected characteristics. No-one can give you a better insight into how proposed changes will have an impact on, for example, disabled people, than disabled people themselves.

• **Have potential positive and negative impacts been identified?**

It is not enough to state simply that a policy will impact on everyone equally; there should be a more in-depth consideration of available evidence to see if particular protected characteristics are more likely to be affected than others. Equal treatment does not always produce equal outcomes; sometimes authorities will have to take particular steps for certain groups to address an existing disadvantage or to meet differing needs.

• **What course of action does the assessment suggest that I take? Is it justifiable?**

The assessment should clearly identify the option(s) chosen, and their potential impacts, and document the reasons for this decision. There are four possible outcomes of an assessment of the impact on equality, and more than one may apply to a single proposal:

Outcome 1: No major change required when the assessment has not identified any potential for discrimination or adverse impact and all opportunities to advance equality have been taken.

Outcome 2: Adjustments to remove barriers identified by the assessment or to better advance equality. Are you satisfied that the proposed adjustments will remove the barriers identified?

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Outcome 3: Continue despite having identified some potential for adverse impacts or missed opportunities to advance equality. In this case, the justification should be included in the assessment and should be in line with the duty to have 'due regard'. For the most important relevant policies, compelling reasons will be needed. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact, as discussed below.

Outcome 4: Stop and rethink when an assessment shows actual or potential unlawful discrimination.

• Are there plans to alleviate any negative impacts?

Where the assessment indicates a potential negative impact, consideration should be given to means of reducing or mitigating this impact. This will in practice be supported by the development of an action plan to reduce impacts. This should identify the responsibility for delivering each action and the associated timescales for implementation. Considering what action you could take to avoid any negative impact is crucial, to reduce the likelihood that the difficult decisions you will have to take in the near future do not create or perpetuate inequality.

Example: A University decides to close down its childcare facility to save money, particularly given that it is currently being under-used. It identifies that doing so will have a negative impact on women and individuals from different racial groups, both staff and students.

In order to mitigate such impacts, the University designs an action plan to ensure relevant information on childcare facilities in the area is disseminated to staff and students in a timely manner. This will help to improve partnership working with the local authority and to ensure that sufficient and affordable childcare remains accessible to its students and staff.

• Are there plans to monitor the actual impact of the proposal?

Although assessments of impact on equality will help to anticipate a proposal's likely effect on different communities and groups, in reality the full impact of a decision will only be known once it is introduced. It is therefore important to set out arrangements for reviewing the actual impact of the proposals once they have been implemented.

What happens if you don't properly assess the impact on equality of relevant decisions?

If you have not carried out an assessment of impact on equality of the proposal, or have not done so thoroughly, you risk leaving yourself open to legal challenges, which are both costly and time-consuming. Legal cases have shown what can happen when authorities do not consider their equality duties when making decisions.

Example: A court overturned a decision by Haringey Council to consent to a large-scale building redevelopment in Wards Corner in Tottenham, on the basis that the council had not considered the impact of the proposal on different racial groups before granting planning permission.

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However, the result can often be far more fundamental than a legal challenge. If people feel that an authority is acting high-handedly or without properly involving its service users or employees, or listening to their concerns, they are likely to be become disillusioned with you.

Above all, authorities which fail to carry out robust assessments of the impact on equality risk making poor and unfair decisions that could discriminate against people with particular protected characteristics and perpetuate or worsen inequality.

As part of its regulatory role to ensure compliance with the equality duty, the Commission monitors financial decisions with a view to ensuring that these are taken in compliance with the equality duty and have taken into account the need to mitigate negative impacts, where possible.

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APPENDIX Z1: Interest Rate Forecasts 2021 - 2025

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table provides Link's latest central view.

Period	Bank Rate	PWLB Borrowing Rates % (including certainty rate adjustment of 20 basis points)			
		5 year	10 year	25 year	50 year
	%				
Dec 2021	0.25	1.40	1.60	1.80	1.50
Mar 2022	0.25	1.50	1.70	1.90	1.70
Jun 2022	0.50	1.50	1.80	2.00	1.80
Sep 2022	0.50	1.60	1.80	2.10	1.90
Dec 2022	0.50	1.60	1.90	2.10	1.90
Mar 2023	0.75	1.70	1.90	2.20	2.00
Jun 2023	0.75	1.80	2.00	2.20	2.00
Sep 2023	0.75	1.80	2.00	2.20	2.00
Dec 2023	0.75	1.80	2.00	2.30	2.10
Mar 2024	1.00	1.90	2.10	2.30	2.10
Jun 2024	1.00	1.90	2.10	2.40	2.20
Sep 2024	1.00	1.90	2.10	2.40	2.20
Dec 2024	1.00	2.00	2.20	2.50	2.30
Mar 2025	1.25	2.00	2.30	2.50	2.30

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APPENDIX Z2: Credit Worthiness Policy - (Linked to Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management)

Annual Investment Strategy:

The key requirements of both the CIPFA Code of Practice on Treasury Management in the Public Services and Department for Levelling Up, Housing and Communities (DLUHC's) Investment Guidance are to set an annual investment strategy, as part of its annual Treasury Management Strategy for the following year, covering the identification and approval of the following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments;
- The principles to be used to determine the maximum periods for which funds can be committed;
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year; and
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments: These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months, once the remaining period to maturity falls to under twelve months. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government, such as the Debt Management Account Deposit Facility (DMADF), UK Treasury bills or a gilt with less than one year to maturity;
2. Supranational bonds of less than one year's duration;
3. A local authority, housing association, parish council or community council;
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating (AAA) by a credit rating agency; and

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5. A body that is considered of a high credit quality (such as a bank or building society).

Within these bodies, and in accordance with the Code, the Council has set additional criteria to define the time and amount of monies which will be invested in these bodies, as shown in the table further below.

Non-Specified Investments: These are any investments which do not meet the specified investment criteria, and include certificates of deposit issued by banks or building societies, fixed deposits with building societies that do not meet the basic security requirements of specified investments, corporate bonds, and property funds. Provision has been made in the Strategy to invest in a limited number of lower rated building societies within the restrictions set out, certificates of deposit with both banks and building societies, and pooled asset funds (should the relevant opportunity arise). The Council will seek guidance on the status of any pooled fund or collective investment scheme it may consider using, and appropriate due diligence will also be undertaken before investment of this type is undertaken.

The Council applies the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

These factors are weighted and combined with an overlay of CDS spreads. The end product is a series of ratings (colour coded) to indicate the relative creditworthiness of counterparties. These ratings are used by the Council to determine the suggested duration for investments.

The Link Group creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue precedence to just one agency's ratings.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	100%	6 months
UK Government gilts	UK sovereign rating	£20m	1 year
UK Government Treasury bills	UK sovereign rating	£60m	6 months

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Money Market Funds - CNAV	AAA	£30m	Liquid
Money Market Funds - LVNAV	AAA	£30m	Liquid
Money Market Funds - VNAV	AAA	£30m	Liquid
Local authorities	N/A	£10m	1 year
Term deposits with banks and building societies	Yellow* Purple Blue Orange Red Green No Colour	£30m £25m £40m £25m £20m £15m Not for use**	Up to 5 years Up to 2 years Up to 1 year Up to 1 year Up to 6 Months Up to 100 days Not for use**
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£40m £25m £20m £15m Not for use**	Up to 1 year Up to 1 year Up to 6 Months Up to 100 days Not for use**
Term deposits or CDs with building societies on Link's counterparty list rated 'No colour'	BBB-	£10m	Up to 3 months
Call accounts and notice accounts	Yellow* Purple Blue Orange Red Green No Colour	£30m £25m £40m £25m £20m £15m Not for use	Liquid
Pooled asset funds		£50m	At least 5 years

*for UK Government debt, or its equivalent, Constant Net Asset Value (CNAV) money market funds and collateralised deposits where the collateral is UK Government debt.
**except for those building societies rated BBB- or higher as set out elsewhere in the table.

The monitoring of investment counterparties: The credit rating of counterparties will be monitored regularly, on at least a weekly basis. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Group as and when ratings change, and the impact of those changes are assessed promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest upon maturity. Any counterparty failing to meet the criteria will be removed from the lending list immediately, and if required new

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counterparties which meet the criteria will be added to the list. Any fixed term investment held at the time of the downgrade will be left to mature as such investments cannot be broken mid-term.

Sole reliance will not be placed on the use of this external service. In addition, the Council will make use of market data and information on any external support for banks to help support its decision-making process.

Accounting treatment of investments: The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

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APPENDIX Z3: Approved Countries for Investment

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- USA

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- U.K.

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APPENDIX Z4: Requirement of the CIPFA Treasury Management Code of Practice

Treasury Management Scheme of Delegation

(i) Full Council

- budget consideration and approval;
- approval of annual Treasury Management Strategy;
- approval of/amendments to the organisation's adopted clauses and treasury management policy statement.

(ii) Public Accounts Committee

- receiving and reviewing reports on treasury management policies, practices and activities.

The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer has responsibility for:

- recommending treasury management policies for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- approval of the division of responsibilities;
- approving the organisation's treasury management practices;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensuring that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;

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- provision to Members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that Members are adequately informed and understand the risk exposures taken on by an authority; and
- ensuring that the authority has adequate expertise, either in-house or externally, to carry out the above.