



Corporate Budget Book

2016/17

1. INTRODUCTION

The corporate budget book outlines Lewisham Council's plan for revenue and capital expenditure on its services and infrastructure for 2016/17. The budget was developed in the context of a three to five year medium term financial strategy in accordance with the Council's priorities and will allow us to build on the achievements of previous years.

For 2016/17, the Council's net revenue general fund budget totals £236.2m. The budget has been developed within the context of a framework of financial controls

The Capital Programme totals £461.4m for 2015/16 to 2019/20 (General Fund £170.8m and HRA £290.6m) and includes all the capital projects across the Council.

Budget monitoring and control throughout the financial year will ensure that the Council maintains control over the delivery and expenditure of the services it provides for the people of Lewisham.

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2. THE BUDGET BUILD UP

2.1. General Fund Services

The General Fund includes services such as Children’s Services, Social Services, Leisure Services, Transport, Environment & Regulatory Services, and the corporate activities required to coordinate and manage the work of the Council.

General Fund services (i.e. those other than associated with the provision of council housing and schools) are financed by:

- Nationally – Settlement Funding Assessment (SFA) which is made up of Revenue Support Grant (RSG) and Business Rates Baseline;
- Local taxpayers – through the Council Tax;
- Local service users – through fees and charges.

Lewisham’s planned General Fund net expenditure for 2016/17 is £236.2m (2015/16 was £246.2m). This is referred to as the “Budget Requirement” and is funded from a combination of Council Tax, certain specific grants and any funding from reserves. Funding for schools is financed separately through the Dedicated Schools Grant. Table 1 shows how the Budget Requirement for 2016/17 is built up. Table 2 shows the net expenditure by Directorate.

Table 1 – Budget Requirement 2016/17

Detail	Income £m	% of Budget
<i>RSG for 2016/17</i>	59.6	25%
<i>Business rates baseline</i>	87.1	37%
Sub Total - SFA for 2016/17	146.7	62%
Council Tax 2016/17	84.9	36%
Social Care Precept 2016/17	1.7	1%
Surplus on Collection Fund	2.9	1%
Assumed Budget Requirement	236.2	

Table 2 – Net Expenditure 2016/17

Directorate	2016/17 £m	2015/16 £m	Change £m	Change %
CYP	48.9	51.4	-2.5	-5%
COM	93.1	95.0	-1.9	-2%
CUS	44.5	43.9	0.6	1%
R&R	25.7	29.6	-3.9	-13%
Corporate	24.0	26.3	-2.3	-9%
Budget	236.2	246.2	-10.0	-4%

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2.2. Paying for General Fund Services

For 2016/17, the Directorate gross revenue expenditure is £953.0m, correct as at the 1st April 2016. This is reduced by income from fees & charges and specific grants of £716.8m. The amount allocated to each directorate is summarised in Table 3 and Section 3, and detailed in Sections 4 to 9.

Table 3 – Directorate Cash Limits Summary 2016/17

Directorate	Gross Exp. £m	Income £m	Net Exp. £m
CYP	374.5	-325.6	48.9
COM	171.8	-78.7	93.1
CUS	322.7	-278.2	44.5
R&R	41.1	-15.4	25.7
Corporate	42.9	-18.9	24.0
Totals	953.0	-716.8	236.2

2.3. Breakdown of Income 2016/17

Description	£m
<i>Dedicated Schools Grant (DSG)</i>	255.8
<i>Pupil Premium</i>	17.3
<i>Education Services Grant</i>	3.6
<i>Public Health Grant</i>	25.6
<i>Rent Allowances</i>	162.3
<i>Rent Rebates</i>	52.7
<i>Other Govt Grants</i>	50.4
Government Grant Income	567.7
Fees and Charges	38.7
Interest and Investment	5.6
Rent	22.2
Recharges	35.6
Other Income	47.0
2016/17 Working Budget	716.8

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2.4. Reconciliation between the 2015/16 and 2016/17 Budgets.

Tables 4 & 5 below show the budget changes from the prior year to arrive at the 2016/17 budget:

- At the Council level, and
- By Directorate.

The key to both tables is provided after Table 4.

Table 4 – Reconciliation at the Council level

Description	£m
2015/16 Total Budget (year-end position)	246.2
Changes to arrive at the 2016/17 budget:	
• Reversal of 15/16 once off reserves	6.9
• Savings agreed (1)	-18.2
• Inflation - increase in prices	3.3
• Pressures & other risks (2)	7.5
• Once-off use of reserves	-10.9
• Other technical adjustments	1.4
2016/17 Working Budget	236.2

- (1) A breakdown of the savings agreed as part of the budget setting process for 2016/17 can be found in the Budget Report to Full Council on 24 February 2016 at Section 8.64 in appendix Y1 which details the previously agreed savings (£6.5m), in appendix Y2 which details the additional savings (£10.7m) and section 10 of the main report (£1.0m).
- (2) A full list of pressures and risks for 2016/16 are detailed in section 8.32-8.63 of the Budget Report 2016/17 to Full Council on 24 February 2016.

Table 5 – Reconciliation by Directorate

Description	CYP £m	COM £m	CUS £m	R&R £m	Corporate Items £m	Total £m
2015/16 Revised Budget (year-end position)	51.4	95.0	43.9	29.6	26.3	246.2
Allocation of addition 15/16 pressures	1.2		2.0		-3.2	0.0
Changes to arrive at the 2016/17 budget:						
• Reversal of 15/16 once-off reserves					6.9	6.9
• Savings agreed (1)	-2.8	-5.3	-3.2	-3.0	-3.9	-18.2
• Inflation - increase in prices	0.3	0.4	0.4	0.2	2.0	3.3
• Pressures & other risks (2)	0.5	0.6	1.1	0.4	4.9	7.5
• Once-off use of reserves					-10.9	-10.9
• Other technical adjustments	-0.5	1.4	0.7	-0.3	0.1	1.4
• One off funding not carried forward (3)	-0.3	-0.3		-1.2	1.8	0.0
• Public Health Grant Allocation	-0.9	1.3	-0.4			0.0
2016/17 Working Budget	48.9	93.1	44.5	25.7	24.0	236.2

3. DIRECTORATE SUMMARIES

This section outlines the gross expenditure and income of each of the General Fund Directorates (objectively) and the gross expenditure and income budgets broken down by the type of spend (subjectively).

The tables also provide a comparison to the prior year's end of year budget position. Between 15/16 and 16/17 there have been some reclassifications of expenditure from running costs to internal recharges.

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3.1. Overall Subjective Summary by Directorate

2016/17 Budget - £m	CYP	COM	CUS	R&R	Corporate Items	Total
Expenditure:						
Employee Costs	160.8	32.4	39.0	22.2	5.4	259.8
Running Costs	209.0	137.3	278.0	18.6	18.3	661.2
Internal Recharges	4.7	2.1	5.7	0.3	0.0	12.8
Capital Charges					19.2	19.2
Total Expenditure:	374.5	171.8	322.7	41.1	42.9	953.0
Income						
External sources	-309.9	-77.1	-264.3	-11.0	-13.4	-675.7
Internal Recharges ¹	-15.7	-1.6	-13.9	-4.4		-35.6
Capital / Investment Income					-5.5	-5.5
Total Income	-325.6	-78.7	-278.2	-15.4	-18.9	-716.8
Net Budget 2016/17	48.9	93.1	44.5	25.7	24.0	236.2
Prior Year Comparison						
Net Budget 2015/16	51.1	96.3	43.6	29.0	26.2	246.2
Variance (£m)	-2.2	-3.2	0.9	-3.3	-2.2	-10.0
Variance (%)	-4%	-3%	2%	-11%	-8%	-4%

¹ Internal recharge income is made up of children and young people services, day care centres, youth targeting, transport services, capital and insurance premiums.

4. DIRECTORATE FOR CHILDREN & YOUNG PEOPLE

4.1. Service description

Schools

The Directorate is responsible for the services provided by::

- 2 Nursery Schools for 265 pupils,
- 1 Pupil Referral Unit (PRU) for 130 pupils,
- 64 Primary schools for 25,085 pupils,
- 5 Special Schools for 538 pupils,
- 8 Secondary Schools for 8,133 pupils, and
- 3 All through Schools for 2,534 pupils.

Children's Social Care

The service covers all Children's Social Care functions including early intervention services such as Children's Centres and Targeted Family Support. The service works with children who need to be looked after and safeguarded from harm. The service provides support to families to promote children's upbringing in their own families, provided that this is consistent with the child's welfare.

Partnerships and Targeted Services for Children and Young People

The service provides all the functions related to individual children with complex and/or special educational needs; the Educational Psychology service; the Youth Service; support for schools re crime and liaison with the Youth Offending Service (YOS); securing integrated workforce strategy and practice across the partnership. The Service also has responsibility for health commissioning for children and young people on behalf of the Clinical Commissioning Group (CCG), integrated commissioning; all partnership functions including the Children and Young People's Strategic Partnership Board and associated groups; liaison with the Voluntary and Community Sector (VCS); and Early Years.

Standards and Achievement

The Service includes all functions related to raising standards of achievement in schools; governors; elective home education; the Attendance and Welfare service; improving schools' and settings' capacity to meet the needs and raise standards for all children; and the music service. The Service also includes Looked After Children education, Not in Education or Employment Training (NEET) reduction, A traded HR service for schools and places planning and delivery of those places across early years, mainstream school places and Special Education Needs (SEN) places.

4.2. Overall subjective summary by Service Area for CYP

2016/17 Budget - £m	Schools	Children Social Care	Head of Education Standards & Inclusion	Head of Targeted services & Joint Commissioning	Total
Expenditure:					
Employee Costs	142.7	10.2	2.9	5.0	160.8
Running Costs	159.0	33.1	0.5	16.4	209.0
Internal Recharges	6.8 ²	0.1	0.2	2.3	9.4
Capital Charges					
Total Expenditure:	308.5	43.4	3.6	23.7	379.2
Income					
External sources	-301.8	-1.1	-0.6	-6.4	-309.9
Internal Recharges	-6.7	-0.3	-1.7	-11.7 ²	-20.4
Total Income	-308.5	-1.4	-2.3	-18.1	-330.3
Net Budget 2016/17	0.0	42.0	1.3	5.6	48.9
Prior Year Comparison					
Net Budget 2015/16	-1.3	42.4	0.9	11.9	51.1
Variance (£m)	1.3	-0.4	0.4	-6.3	-2.7
Variance (%)		-1%	31%	-113%	-5%

² A £4.7m management accounting adjustment has been included here. Please refer to the monthly budget monitoring reports for more detail.

5. DIRECTORATE FOR COMMUNITY SERVICES

5.1. Service description

The Directorate works with a wide range of public, private and voluntary sector partners including the NHS, the Lewisham Clinical Commissioning Group, the Metropolitan Police, local voluntary and community organisations and local business.

Together with these partners, the Directorate is committed to the vision of 'Building Stronger Communities across Lewisham' by creating:

- healthy and caring communities,
- vibrant, active and inclusive communities, and
- safer and secure communities.

To achieve this, the Directorate seeks to build independence and inter-dependence in local communities, strengthen the social fabric of the borough, promote the voice and role of the voluntary and community sector and secure improved services that support independence, health and well being in Lewisham.

The Directorate operates across five main Divisional areas:

- Adult Social Care,
- Crime Reduction and Supporting People,
- Culture and Community Development,
- Public Health
- Strategy & Performance

A range of services are provided across these main Divisional areas including:

Social Care service, which offers a range of care and support services to help frail, disabled and other vulnerable adults to remain independent, active and safe. Support is provided in their own homes, in a community setting or in a care home.

Crime reduction, safer neighbourhood initiatives and CCTV. Supporting children and young people who are involved in or are the victims of crime.

Enforcement and Regulation activities including Trading Standards, Environmental Health and Licensing activities.

Libraries, arts and entertainment, adult education, community/neighbourhood development and leisure, sports and recreation activities.

Shaping local health services and support for the health of the local population.

Strategic Management and performance management support.

5.2. Overall subjective summary by Service Area for Community Services

2016/17 Budget - £m	Adult Services Division	Crime Reduction & Supporting People	Culture and Community Development	Public Health	Strategy & Performance	Total
Expenditure:						
Employee Costs	17.5	5.0	7.4	1.3	1.2	32.4
Running Costs	84.0	13.8	11.5	16.3	11.7	137.3
Internal Recharges	1.8	0.1	0.1		0.1	2.1
Capital Charges						
Total Expenditure:	103.3	18.9	19.0	17.6	13.0	171.8
Income						
External sources	-31.9	-8.6	-7.5	-17.9	-11.2	-77.1
Internal Recharges	-0.9	-0.5	-0.1		-0.1	-1.6
Total Income	-32.8	-9.1	-7.6	-17.9	-11.3	-78.7
Net Budget 2016/17	70.5	9.8	11.4	-0.3	1.7	93.1
Prior Year Comparison						
Net Budget 2015/16	73.2	11.0	12.9	-2.6	1.8	96.3
Variance (£m)	-2.7	-1.2	-1.5	2.3	-0.1	-3.2
Variance (%)	-4%	-11%	-12%		-6%	-3%

6. DIRECTORATE FOR CUSTOMER SERVICES

6.1. Service Description

The Directorate's strategic aims are:

- Working collaboratively, drive forward the vision for excellent customer services across the borough.
- Work together across service boundaries to provide excellent support to the organisation through a range of specialist services.
- Develop, value and motivate staff, equipping them to deliver excellent services.
- Creating a safe, attractive, healthy and sustainable environment for the benefit of local people.

Environment Division:

The division includes the following service areas - Waste Management (refuse & recycling); Cleansing; Green Scene (parks and open spaces); Fleet and Passenger Services; Bereavement Services and Markets.

Public Services Division:

The division provides the 'front door' to a wide range of services across the Council. This division includes

Customer Contact Centre; Registration; Revenues; Benefits; Business Support; Emergency Planning; and Parking Management.

Strategic Housing Division:

This division includes the following service areas - Housing strategy and programmes; Housing Needs (including Housing Options and Homesearch); and Private Sector Housing Agency.

Information Technology Division:

This division co-ordinates and manages the provision and maintenance of ICT tools; identifying, supporting and leading transformation and continuous improvement that can be enabled or assisted by ICT.

6.2. Overall Subjective Summary by Service Area for Customer Services

2016/17 Budget - £m	Environment	Public Services	Strategic Housing	Information Technology	Total
Expenditure:					
Employee Costs	18.7	13.9	4.4	2.0	39.0
Running Costs	15.1	239.2	18.2	5.5	278.0
Internal Recharges	2.4	0.1	3.1	0.1	5.7
Capital Charges					
Total Expenditure:	36.2	253.2	25.7	7.6	322.7
Income					
External sources	-7.7	-236.0	-20.1	-0.5	-264.3
Internal Recharges	-9.6	-3.7	-0.1	-0.5	-13.9
Total Income	-17.3	-239.7	-20.2	-1.0	-278.2
Net Budget 2016/17	18.9	13.5	5.5	6.6	44.5
Prior Year Comparison					
Net Budget 2015/16	18.8	13.9	3.8	7.1	43.6
Variance (£m)	0.1	-0.4	1.7	-0.5	0.9
Variance (%)	1%	-3%	45%	-7%	2%

7. DIRECTORATE FOR RESOURCES & REGENERATION

7.1. Service description

The Directorate has a key enabling role for the Authority, facilitating service delivery through a structured framework of support, advice and guidance. It is committed to regenerating the borough, working in partnership to create sustainable communities.

Planning and Economic Development

Provide employment and business support for the local economy; maintenance of the local economic assessment; strategic leadership on business employment and the European Union (EU). Development and use of land in the long term public interest are achieved through a positive and proactive approach to shaping, considering, determining and delivering development proposals.

Regeneration and Asset Management

Work to renew the physical fabric of the borough, sustainably and enhance the overall economic well-being of Lewisham through programme management capital delivery; school place expansion programme; town centre regeneration; asset strategy; contract management; maintenance of the corporate estate

(including investment assets); and Transport (including highways improvement and lighting).

Corporate Support Services

Human Resources

Facilitate the development of a flexible and responsive workforce to ensure modern, high quality services; and support delivery of the Council's people management strategy objectives.

Legal and Electoral Services

Ensure legal compliance, facilitate the fulfilment of Council objectives in a way that is resistant to legal challenge, and ensure robust decision making processes. Electoral Services facilitate maximum participation in electoral registration and the democratic electoral process.

Corporate Resources

Facilitate the Council's Strategic Finance activities (managing the savings and budget setting process, providing corporate finance advice (including for procurement), performing treasury management functions and managing the pension fund) to support delivery of Council objectives.

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Oversee the Council's governance, risk and controls processes; coordinate and provide assurance on the framework of internal control, undertake investigations, and deliver professional guidance and support in respect of insurances, risk management and health & safety.

Finance

Provide financial guidance, advice and support for managers to ensure sound financial management in all areas of business activity; provide administrative support for back office business processes; administer the pension fund, provide a payroll service whilst ensuring compliance and probity throughout.

Policy and Governance

Oversees generic policy development, performance management and service redesign. Undertakes research and evaluates emerging themes and issues of strategic importance. Ensures that intelligence is effectively co-ordinated and utilised. Provides support for elected Members in fulfilment of their duties as ward representatives, decision makers and scrutiny councillors, helping them achieve greater democracy and public engagement in the local decision making. Secretariat support provided to the Chief Executive and Council directorates.

Strategy

Provide corporate leadership, bringing local public agencies together to deliver the Sustainable Community Strategy priorities; leads on the Council's community governance agenda; supports the work of Mayor and Cabinet in their leadership roles; promotes the reputation of the Council, working to enhance service delivery through information campaigns, building sustainable relationships and dialogue with residents and other stakeholders.

7.2. Overall Subjective Summary by Service Area for Resources & Regeneration

2016/17 Budget - £m	Planning	Regen. & Asset Mgt	Exec Office	HR	Law	Corporate Resources	Finance	Policy & Governance	Strategy	Total
Expenditure:										
Employee Costs	2.5	4.3	0.2	2.6	2.5	0.8	4.0	3.4	1.9	22.2
Running Costs	0.6	11.3		0.4	0.4	4.2	0.9	0.4	0.4	18.6
Internal Recharges		0.2					0.1			0.3
Capital Charges										
Total Expenditure:	3.1	15.8	0.2	3.0	2.9	5.0	5.0	3.8	2.3	41.1
Income										
External sources	-1.7	-6.5		-0.2	-0.2	-1.6	-0.4		-0.4	-11.0
Internal Recharges		-1.7		-0.2	-0.2	-1.0	-1.3			-4.4
Total Income	-1.7	-8.2	0.0	-0.4	-0.4	-2.6	-1.7	0.0	-0.4	-15.4
Net Budget 2016/17	1.4	7.6	0.2	2.6	2.5	2.4	3.3	3.8	1.9	25.7
Prior Year Comparison										
Net Budget 2015/16	1.6	9.5	0.2	2.7	2.3	3.0	3.8	3.8	2.1	29.0
Variance (£m)	-0.2	-1.9	0	-0.1	0.2	-0.6	-0.5	0	-0.2	-3.3
Variance (%)	-13%	-20%	0%	-4%	9%	-20%	-13%	0%	-10%	-11%

8. HOUSING REVENUE ACCOUNT

The HRA is a separate statutory account which shows the expenditure and income on the provision of the Council's housing stock of approximately 14,600 dwellings.

8.1. Service description

The Local Government and Housing Act 1989 prescribes that the HRA must not operate at a net cost to the General Fund. The cost of providing and maintaining the Council's Housing stock must be met primarily from rents and charges to tenants.

The HRA is funded from the following sources:

Revenue Services	%
Tenants Rents	82
Fees and charges	8
Government Grant	10

8.2. Tenants' Rents

The average rent for a Council dwelling in 2016/17 is £97.43 per week. This is an average decrease of £0.99 from the 15/16 average, a reduction of 1.0%.

8.3 HRA Budget Subjective Summary

2016/17 Budget - £m	Total
Expenditure:	
Employee Costs	1.8
Running Costs	60.9
Internal Recharges	4.4
Capital Charges	34.7
Total Expenditure:	101.8
Income	
External sources	-101.2
Internal Recharges	-0.6
Total Income	-101.8
Net Budget 2016/17	0.0
Prior Year Comparison	
Net Budget 2015/16	0
Variance (£m)	0
Variance (%)	0%

9. Capital Programme

9.1 The Authority's Capital Programme

The Capital Programme for 2015/16 to 2019/20 (as at April 2016) is shown in the table below:

Major Projects over £2m	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m	£m
GENERAL FUND						
BSF - Sydenham (D&B)	3.7	2.6				6.3
Other BSF Schemes	3.9					3.9
Schools - Primary Places Programme	35.5					35.5
Schools - Other Capital Works	4.5	6.0	1.2	1.2	1.2	14.1
Highways & Bridges - TfL	4.1	3.1				7.2
Highways & Bridges - LBL	3.5	4.0	3.5	3.5	3.5	18.0
Catford TC (inc Broadway & Milford Towers) Regeneration	0.4	8.5				8.9
Asset Management Programme - Non Schools	1.1	3.1	3.0	3.0		10.2
Kender and Excalibur Regeneration	0.6	2.6	1.1		1.5	5.8
Heathside & Lethbridge Regeneration	0.9	2.3	5.0			8.2
Lewisham Homes – Property Acquisition	8.0	3.0			9.0	20.0
Ladywell Pop-Up Village	2.8	1.5			.8	5.1
Disabled Facilities Grant	0.7	1.0	0.7	0.7		3.1
Private Sector Grants and Loans	0.6	0.6	0.6	0.6		2.4
Other Schemes	10.5	8.8	1.7	1.1		22.1
	80.8	47.1	16.8	10.1	16.0	170.8
HOUSING REVENUE ACCOUNT						
Customer Services	6.8	51.3	53.2	.4	.5	112.2
Lewisham Homes	32.0	34.8	36.4	37.2	38.0	178.4
	38.8	86.1	89.6	37.6	38.5	290.6
TOTAL PROGRAMME	119.6	133.2	106.4	47.7	54.5	461.4