



Corporate Budget Book

2018/19

1. INTRODUCTION

The corporate budget book outlines Lewisham Council's plan for revenue and capital expenditure on its services and infrastructure for 2018/19. The budget was developed in the context of a four 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 2018/19, the Council's net revenue general fund budget totals £241.3m. The budget has been developed within the context of a framework of financial controls.

The Capital Programme totals to £271.5m for 2018/19 to 2020/21 (General Fund £97.8m and HRA £173.7m) 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.

NB: Throughout the report, figures have been rounded to the nearest £0.1m.

Corporate Budget Book 2018/19

Contents		Page
1.	Introduction	1
2.	The Budget Build-up	
2.1	General Fund Services	3
2.2	Paying for General Fund services	4
2.3	Breakdown of Income 2018/19	4
2.4	Reconciliation between 2017/18 and 2018/19 Budgets	5
3.	Directorate Summaries	
3.1	Overall Summary by Directorate	7
4.	Directorate for Children & Young People (CYP)	
4.1	Service description	9
4.2	Overall Summary by Service Area	10
5.	Directorate for Community Services (COM)	
5.1	Service description	11
5.2	Overall Summary by Service Area	12
6.	Directorate for Customer Services (CUS)	
6.1	Service description	13
6.2	Overall Summary by Service Area	14
7.	Directorate for Resources and Regeneration (R&R)	
7.1	Service description	15
7.2	Overall Summary by Service Area	17
8.	Housing Revenue Account (HRA)	
8.1	Service description	18
8.2	Tenants rent	18
8.3	HRA Budget Summary by Service Area	18
9.	Capital programme	
9.1	The Authority's Capital Programme	19

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;
- Specific Grants, such as, Public health Grant (PHG), Improved Better Care Fund (IBCF).

Lewisham’s planned General Fund net expenditure for 2018/19 is £241.3m (2017/18 was £232.7m). This is referred to as the “Budget Requirement” and is funded from a combination of the above sources. Funding for schools is financed separately through the Dedicated Schools Grant. Table 1 shows how the Budget Requirement for 2018/19 is financed.

Table 1 – Budget Requirement 2018/19

Detail	Income £m	% of Budget
<i>RSG for 2018/19</i>	36.9	15.3%
<i>Business rates baseline</i>	91.6	37.9%
Sub Total - SFA for 2018/19*	128.5	52.3%
Council Tax 2018/19	103.1	42.7%
Social Care Precept 2018/19	1.0	0.4%
Surplus on Collection Fund	8.7	3.6%
Assumed Budget Requirement	241.3	

The above table does not reflect fees, charges and specific grants as they are net nil budget.

The Council operates under 4 directorates namely: -

- Children and Young People (CYP)
- Community Services (COM)
- Customer Services (CUS)
- Resources and Regeneration (R&R)

*

Corporate Budget Book 2018/19

Table 2 shows the net expenditure by Directorate.

Table 2 – Net Expenditure 2018/19

Directorate	2018/19 £m	2017/18 £m	Change £m	Change %
CYP	54.0	48.7	5.2	10.8
COM	90.0	87.0	2.9	3.4
CUS	42.0	42.5	-0.5	-1.2
R&R	25.2	25.1	0.1	0.4
Corporate	30.2	29.3	0.8	2.8
Budget	241.3	232.7	8.6	3.7

2.2. Paying for General Fund Services

For 2018/19, the Directorate gross revenue expenditure is £1,077.7m, correct as at the 1st April 2018. This is reduced by income from fees & charges and specific grants of £836.3m. The amount allocated to each directorate is summarised in Tables 3 and 7, and detailed in Sections 4 to 9.

Table 3 – Directorate Budget Summary 2018/19

Directorate	Gross Exp. £m	Income £m	Net Exp. £m
CYP	473.4	-419.5	54.0
COM	172.8	-82.8	90.0
CUS	312.3	-270.4	42.0
R&R	76.3	-51.1	25.2
Corporate	42.7	-12.5	30.2
Totals	1,077.7	-836.3	241.3

2.3. Table 4 - Breakdown of Income 2018/19

Description	£m
<i>Dedicated Schools Grant (DSG)</i>	292.3
<i>Pupil Premium</i>	15.1
<i>Public Health Grant</i>	23.7
<i>Rent Allowances</i>	157.7
<i>Rent Rebates</i>	48.9
<i>Other Govt Grants (Inc ASC & iBCF)</i>	69.2
Government Grant Income	606.9
Fees and Charges	17.4
Better Care Fund (BCF)	9.0
Interest and Item 8 HRA	5.7
Rent	26.0
Recharges	117.2
Other Income	54.1
2018/19 Working Budget	836.3

Corporate Budget Book 2018/19

2.4. Reconciliation between the 2017/18 and 2018/19 Budgets.

Tables 5 and 6 below show the budget changes from the prior year to arrive at the 2018/19 budget:

- At the Council level, and
- By Directorate.

Table 5 – Reconciliation at the Council level

Description	£m
2017/18 Total Budget (year-end position)	232.7
Changes to arrive at the 2018/19 budget:	
• Savings *	-4.9
• Pressures & other risks **	6.5
• Non-Salary Inflation	2.3
• Salary Inflation	2.2
• Other Movements	6.0
• Use of reserve to balance 18/19 budget ***	-3.5
2018/19 Working Budget	241.3

Notes to tables 5 & 6

* Breakdown of savings can be found in appendix Y1 and Y2 of the Council's 2018/19 Budget report. This was submitted to the full Council on 7 February 2018. This includes £1m savings from Non-Salary Inflation.

** A full list of pressures and risk for 2018/19 are detailed in section 8 of the Council's Budget Report 2018/19.

*** Reserves have been used to balance the 2018/19 budget. This figure shows the net adjustment over the two years.

Corporate Budget Book 2018/19

Table 6 – Reconciliation by Directorate

Description	CYP £m	COM £m	CUS £m	R&R £m	Corporate £m	Total £m
2017/18 Revised Budget (year-end position)	48.8	87.0	41.7	25.1	30.1	232.7
Adjustments made:						
• Savings*	-0.5	-0.5	-0.3	-1.0	-2.5	-4.9
• Pressures & other risks**	3.6	0.3	1.9	0.8	-0.1	6.5
• Non-Salary Inflation	0.4	0.8	0.1	0.0	1.0	2.3
• Salary Inflation	0.4	0.6	0.7	0.4	0.0	2.2
• Other Movements	1.2	1.8	-2.1	-0.1	5.2	6.0
• Use of reserves to balance the 18/19 Budget***	0.0	0.0	0.0	0.0	-3.5	-3.5
2018/19 Working Budget	54.0	90.0	42.0	25.2	30.2	241.3

3. DIRECTORATE SUMMARIES

This section outlines the gross expenditure and income of each of the General Fund Directorates' budget broken down by the type of spend and receipt.

The table 7 below provides a comparison to the prior year's end budget position by directorate. Between 17/18 and 18/19 there have been some reclassifications of running costs between directorates.

Corporate Budget Book 2018/19

3.1. Table 7 - Overall Summary by Directorate

2018/19 Budget - £m	CYP	COM	CUS	R&R	Corporate Items	Total
Expenditure:						
Employee Costs	186.0	30.6	36.0	22.3	5.4	280.3
Running Costs	184.7	139.7	268.9	52.9	18.4	664.4
Internal Recharges*	102.8	2.5	7.4	1.1	0.0	113.5
Capital Charges	0.0	0.0	0.0	0.0	18.9	18.9
Total Expenditure:	473.4	172.8	312.3	76.3	42.7	1,077.7
Income						
External sources	-325.4	-82.3	-258.8	-40.1	-12.5	-719.6
Internal Recharges*	-94.1	-0.5	-11.6	-11.0	0.0	-117.2
Capital / Investment Income	0.0	0.0	0.0	0.0	0.0	0.0
Total Income	-419.5	-82.8	-270.4	-51.1	-12.5	-836.2
Net Budget 2018/19	54.0	90.0	42.0	25.2	30.2	241.3
Prior Year Comparison						
Net Budget 2017/18	48.8	87.0	42.5	25.1	29.3	232.7
Variance (£m)	5.2	2.9	-0.5	0.1	0.8	8.7
Variance (%)	11%	3%	-1%	1%	3%	4%

* A net income of £3.6m is offset by a net internal recharge spend in the HRA.

4. DIRECTORATE FOR CHILDREN & YOUNG PEOPLE

4.1. Service description

Schools

The Directorate is responsible for the services provided by:

- 2 Nursery Schools for 253 pupils,
- 1 Pupil Referral Unit (PRU) for 100 pupils,
- 63 Primary schools for 24,658 pupils,
- 5 Special Schools for 556 pupils,
- 8 Secondary Schools for 7,962 pupils, and
- 3 All through Schools for 2,510 pupils.

Children Social Care

The service covers all Children's Social Care functions including early help. 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.

Education Standards and Inclusion

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. 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.

Targeted Services and Joint Commission

The service provides all the functions related to individual children with complex and/or special educational needs; the Educational Psychology service; support for schools re crime and liaison with the Youth Offending Service (YOS); securing integrated workforce strategy and practice across the partnership.

The Children and Young People's Joint Commissioning Team are responsible for designing, commissioning and contract managing the delivery of a wide range of services on behalf of the local authority and Lewisham Clinical Commissioning Group.

Corporate Budget Book 2018/19

4.2. Table 8 provides an overall summary of the types of spend and receipt by service area within the Children & Young People directorate.

Table 8 - Overall subjective summary by Service Area for Children and Young People directorate

2018/19 Budget - £m	Schools	Children Social Care	Education Standards and Inclusion	Targeted Services and Joint Commission	Total
Expenditure:					
Employee Costs	159.1	13.0	5.9	7.9	186.0
Running Costs	56.2	29.5	18.2	80.7	184.7
Internal Recharges	82.7	0.0	14.2	5.8	102.8
Capital Charges					
Total Expenditure:	298.0	42.6	38.4	94.4	473.4
Income					
External sources	-295.9	-0.6	-23.7	-5.2	-325.4
Internal Recharges	-2.1	-0.2	-14.2	-77.5	-94.1
Total Income	-298.0	-0.8	-38.0	-82.7	-419.5
Net Budget 2018/19	0.0	41.7	0.4	11.8	54.0
Prior Year Comparison					
Net Budget 2017/18	0.0	37.7	0.7	10.4	48.8
Variance (£m)	0.0	4.0	-0.3	1.4	5.2
Variance (%)	0%	11%	-43%	13%	11%

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 wellbeing in Lewisham.

The Directorate operates across five main Divisional areas:

Adult Social Care

The service 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 and Supporting People

The service covers 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.

Culture and Community Development

The service covers libraries, arts and entertainment, adult education, community/neighbourhood development and leisure, sports and recreation activities.

Public Health

The service covers a range of areas to do with Public health including immunisation and screening programmes. Its overall goal lies in shaping local health Services and support for the health of the local population

Strategy

This area covers the overall direction of the directorate and includes the Department Management Team (DMT).

Corporate Budget Book 2018/19

5.2. Table 9 provides an overall summary of the types of spend and receipt by service area within the Community services directorate.

Table 9 - Overall subjective summary by Service Area for Community Services directorate

2018/19 Budget - £m	Adult Services	Crime Reduction & Supporting People	Culture and Community Development	Public Health	Strategy	Total
Expenditure:						
Employee Costs	16.0	5.9	7.1	1.1	0.8	30.8
Running Costs	102.7	12.3	9.6	14.9	0.3	139.7
Internal Recharges	2.0	0.0	0.1	0.0	0.1	2.2
Capital Charges	0.0	0.0	0.0	0.0	0.0	0.0
Total Expenditure:	120.7	18.2	16.7	16.0	1.2	172.8
Income						
External sources	-49.4	-7.9	-7.4	-17.6	0.0	-82.3
Internal Recharges	-0.1	-0.3	-0.1	0.0	-0.0	-0.5
Total Income	-49.5	-8.3	-7.4	-17.6	-0.1	-82.8
Net Budget 2018/19	71.2	9.9	9.3	-1.6	1.1	90.0
Prior Year Comparison						
Net Budget 2017/18	68.6	9.3	9.2	-1.6	1.5	87.0
Variance (£m)	2.6	0.6	0.1	0.0	-0.3	2.9
Variance (%)	4%	6%	1%	0%	-22%	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:

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

Public Services:

The service area provides the 'front door' to a wide range of services across the Council. This area includes Customer Contact Centre, Registrars, Revenues,

Benefits, Emergency Planning and Parking Management.

Strategic Housing:

The service area includes the following - Housing Needs (including Housing Options and Home Search), Housing Partnership & Development and Private Sector Housing.

Technology & Change:

The service area 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.

Corporate Budget Book 2018/19

6.2. Table 10 provides an overall summary of the types of spend and receipt by service area within the Customer services directorate

Table 10 - Overall Subjective Summary by Service Area for Customer Services directorate

2018/19 Budget - £m	Environment	Public Services	Strategic Housing	Technology & Change	Total
Expenditure:					
Employee Costs	18.1	11.5	4.9	1.5	36.0
Running Costs	13.8	229.0	21.3	4.8	268.9
Internal Recharges	4.6	0.1	2.7	0.2	7.4
Capital Charges					
Total Expenditure:	36.5	240.6	28.9	6.6	312.3
Income					
External sources	-7.9	-227.6	-23.1	-0.2	-258.8
Internal Recharges	-8.6	-2.3	-0.1	-0.5	-11.6
Total Income	-16.5	-229.9	-23.2	-0.8	-270.4
Net Budget 2018/19	20.0	10.7	5.7	5.6	42.0
Prior Year Comparison					
Net Budget 2017/18	18.8	12.6	5.7	5.5	42.6
Variance (£m)	1.2	-1.8	0.0	0.1	-0.6
Variance (%)	6%	-15%	0%	1%	-1%

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

The service area is responsible for ensuring that the 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 Place

The service area works 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).

Organisation Development and Human Resources

The service area is responsible for enabling and supporting the organisation to attract, recruit, retain and develop a skilled and high performing workforce committed to helping the Council achieve its outcomes.

Legal and Electoral Services

The service area is responsible for ensuring 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 maintain the electoral register and administer elections, as well as promoting maximum participation in the democratic process.

Corporate Resources

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

It also oversees the Council's governance, risk and controls processes; coordinates and provide assurance on the framework of internal control, undertakes

Corporate Budget Book 2018/19

investigations, and delivers professional guidance and support in respect of insurances, risk management and health & safety.

Financial Services

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

Policy and Governance

The service area 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. Provides business and secretariat support to the Chief Executive and Executive Directors.

Strategy

The service area provides 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.

In addition, it provides employment and business support for the local economy; maintenance of the local economic assessment; strategic leadership on business employment and the European Union (EU).

Corporate Budget Book 2018/19

7.2. Table 11 provides an overall summary of the types of spend and receipt by services within the Resources and Regeneration directorate.

Table 11 - Overall Subjective Summary by Service Area for Resources & Regeneration directorate

2018/19 Budget - £m	Planning	Regeneration and Place	Organisational Development and Human Resources	Legal and Electoral Services	Corporate Resources	Financial Services	Policy and Governance	Strategy	Total
Expenditure:									
Employee Costs	2.3	4.8	2.4	2.8	1.1	3.6	3.0	2.5	22.6
Running Costs	0.4	42.3	0.4	0.3	4.5	0.9	1.5	2.4	52.6
Internal Recharges	0.0	0.8	0.0	0.0	0.0	0.0	0.3	0.0	1.1
Capital Charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Expenditure:	2.6	47.8	2.8	3.2	5.6	4.5	4.8	5.0	76.3
Income									
External sources	-1.9	-32.8	-0.1	-0.2	-1.9	-0.5	0.0	-2.8	-40.1
Internal Recharges	0.0	-7.6	-0.1	-0.2	-1.8	-1.0	-0.3	0.0	-11.0
Total Income	-1.9	-40.4	-0.3	-0.3	-3.7	-1.5	-0.3	-2.8	51.1
Net Budget 2018/19	0.8	7.4	2.5	2.8	1.9	3.0	4.6	2.2	25.2
Prior Year Comparison									
Net Budget 2017/18	1.0	7.4	2.5	2.8	2.1	2.8	4.4	2.0	25.0
Variance (£m)	-0.2	0.0	0.0	0.1	-0.2	0.2	0.2	0.2	0.2
Variance (%)	-22%	0%	0%	3%	-9%	8%	4%	8%	1%

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 14,478 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	83
Fees and charges	6
Government Grant	11

8.2. Tenants' Rents

The average rent for a Council dwelling in 2018/19 is £95.72 per week. This is an average decrease of £0.97

from the 17/18 average, a reduction of 1.0%.

8.3 Table 12 - HRA Budget Subjective Summary

2018/19 Budget - £m	Total
Expenditure:	
Employee Costs	1.0
Running Costs (includes transfer to reserves)	70.7
Internal Recharges	4.2
Capital Charges	24.4
Total Expenditure:	100.2
Income	
External sources	-99.8
Internal Recharges	-0.6
Total Income	-100.2
Net Budget 2018/19	0.0
Prior Year Comparison	
Net Budget 2017/18	0
Variance (£m)	0
Variance (%)	0%

Corporate Budget Book 2018/19

9. Capital Programme

9.1 The Authority's Capital Programme for 2018/19 to 2020/2021

Table 13- Capital programme

Major Projects over £2m	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m
GENERAL FUND				
Schools - Pupil Places Programme	17.70	1.00	0.80	19.50
Schools – Minor Works Capital Programme				-
Schools - Other Capital Works	1.10			1.10
Highways & Bridges - TfL				-
Highways & Bridges - LBL	3.10	3.50	3.50	10.10
Catford town centre	4.80	3.30	0.80	8.90
Asset Management Programme	3.90	2.5	2.5	8.90
Excalibur Regeneration				-
Heathside & Lethbridge Regeneration	1.10			1.10
Lewisham Homes – Property Acquisition	10.00	6.00		16.00
Disabled Facilities Grant	0.70	0.70	0.70	2.10
Private Sector Grants and Loans	1.00	0.60	0.60	2.20
Fleet Replacement Programme	2.60			2.60
Beckenham Place Park	5.50	1.70	0.60	7.80
Smart Working Programme	2.00	0.60		2.60
ICT Tech Refresh Programme	0.70	0.20	0.50	1.40
Edward St. Development	4.90	4.20	-	9.10
Other Schemes	4.10	0.20	0.10	4.40
				-
	63.20	24.50	10.10	97.80
HOUSING REVENUE ACCOUNT				
Aids and Adaptations	0.40	0.40	0.40	1.20
Hostels Programme	0.40	0.40	0.40	1.20
Housing Matters Programme	28.00	21.10	9.40	58.50
Decent Homes Programme	43.9	34.40	34.50	112.80
	72.70	56.30	44.70	173.70
TOTAL PROGRAMME	135.90	80.80	54.80	271.50