



Corporate Budget Book

2017/18

1. INTRODUCTION

The corporate budget book outlines Lewisham Council's plan for revenue and capital expenditure on its services and infrastructure for 2017/18. 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 2017/18, the Council's net revenue general fund budget totals £232.7m. The budget has been developed within the context of a framework of financial controls.

The Capital Programme totals £387.3m for 2017/18 to 2020/21 (General Fund £106.6m and HRA £280.6m) 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.

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

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

Lewisham’s planned General Fund net expenditure for 2017/18 is £232.7m (2016/17 was £236.2m). 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 2017/18 is financed.

Table 1 – Budget Requirement 2017/18

Detail	Income £m	% of Budget
<i>RSG for 2017/18</i>	46.1	20%
<i>Business rates baseline</i>	88.9	38%
Sub Total - SFA for 2017/18	135.0	58%
Council Tax 2017/18	91.1	39%
Social Care Precept 2017/18	2.7	1%
Surplus on Collection Fund	3.9	2%
Assumed Budget Requirement	232.7	

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)

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Table 2 shows the net expenditure by Directorate.

Table 2 – Net Expenditure 2017/18

Directorate	2017/18 £m	2016/17 £m	Change £m	Change %
CYP	48.7	48.9	-0.2	-
COM	87.0	93.1	-6.1	-7%
CUS	41.8	44.5	-2.7	-6%
R&R	25.1	25.7	-0.6	-2%
Corporate	30.1	24.0	6.1	25%
Budget	232.7	236.2	-3.5	-1%

2.2. Paying for General Fund Services

For 2017/18, the Directorate gross revenue expenditure is £948.4m, correct as at the 1st April 2017. This is reduced by income from fees & charges and specific grants of £715.7m. 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 2017/18

Directorate	Gross Exp. £m	Income £m	Net Exp. £m
CYP	352.5	-303.8	48.7
COM	165.8	-78.8	87.0
CUS	311.1	-269.4	41.8
R&R	72.7	-47.6	25.1
Corporate	46.3	-16.1	30.1
Totals	948.4	-715.7	232.7

2.3. Table 4 - Breakdown of Income 2017/18

Description	£m
<i>Dedicated Schools Grant (DSG)</i>	261.3
<i>Pupil Premium</i>	17.3
<i>Education Services Grant</i>	0.7
<i>Public Health Grant</i>	25.0
<i>Rent Allowances</i>	157.7
<i>Rent Rebates</i>	48.9
<i>Other Govt Grants (Inc ASC & iBCF)</i>	62.7
Government Grant Income	573.6
Fees and Charges	17.3
Better Care Fund (BCF)	8.9
Interest and Item 8 HRA	5.7
Rent	23.5
Recharges	32.2
Other Income	54.5
2017/18 Working Budget	715.7

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2.4. Reconciliation between the 2016/17 and 2017/18 Budgets.

Tables 5 and 6 below show the budget changes from the prior year to arrive at the 2017/18 budget:

- At the Council level, and
- By Directorate.

Table 5 – Reconciliation at the Council level

Description	£m
2016/17 Total Budget (year-end position)	236.2
Changes to arrive at the 2017/18 budget:	
• Savings *	-22.2
• Pressures & other risks **	6.5
• Non-Salary Inflation	2.5
• Salary Inflation	1.0
• Other movements	2.8
• Use of reserves and adjustments ***	5.9
2017/18 Working Budget	232.7

Notes to tables 5 & 6

* Breakdown of savings can be found in appendix Y1 and Y2 of the Council's 2017/18 Budget report. This was submitted to the full Council on 8 February 2017.

** A full list of pressures and risk for 2017/18 are detailed in section 8 of the Council's Budget Report 2017/18.

*** Reserves have been used to balance the 17/18 budget. This figure shows the net adjustment over the two years.

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Table 6 – Reconciliation by Directorate

Description	CYP £m	COM £m	CUS £m	R&R £m	Corporate Items £m	Total £m
2016/17 Revised Budget (year-end position)	47.9	93.1	44.5	26.9	23.9	236.2
One-off budget funding adjustment	0.1			-0.1		0.0
Changes to arrive at the 2017/18 budget:						
• Savings*	-3.9	-9.1	-4.1	-2.5	-2.6	-22.2
• Pressures & other risks**	1.5	0.2	1.0	0.4	3.4	6.5
• Non-Salary Inflation					2.5	2.5
• Salary Inflation	0.2	0.3	0.4	0.2	-0.1	1.0
• Other movements	2.9	-0.2		0.2	-2.8	0.1
• Adult Social Care Precept (ASC)		2.7				2.7
• Use of reserves and adjustments - Reversal of reserves for 16/17***					10.9	10.9
• Use of reserves and adjustments – Use of reserves for 17/18***					-5.0	-5.0
2017/18 Working Budget	48.7	87.0	41.8	25.1	30.1	232.7

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 16/17 and 17/18 there have been some reclassifications of running costs between directorates.

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3.1. Table 7 - Overall Summary by Directorate

2017/18 Budget - £m	CYP	COM	CUS	R&R	Corporate Items	Total
Expenditure:						
Employee Costs	168.6	30.0	37.6	21.4	5.4	263.0
Running Costs	178.8	133.8	267.3	50.5	21.4	651.8
Internal Recharges	5.1	2.0	6.2	0.8		14.1
Capital Charges					19.5	19.5
Total Expenditure:	352.5	165.8	311.1	72.7	46.3	948.4
Income						
External sources	-294.2	-78.4	-256.9	-37.3	-10.4	-677.3
Internal Recharges ¹	-9.5	-0.3	-12.5	-10.3		-32.4
Capital / Investment Income					-5.7	-5.7
Total Income	-303.8	-78.8	-269.4	-47.6	-16.1	-715.7
Net Budget 2017/18	48.7	87.0	41.8	25.1	30.1	232.7
Prior Year Comparison						
Net Budget 2016/17	48.9	93.1	44.5	25.7	24.0	236.2
Variance (£m)	-0.2	-6.1	-2.7	-0.6	6.1	-3.5
Variance (%)	-0.4%	-6.5%	-6.2%	-2.4%	25.6%	-1.5%

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 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.

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 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.

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.

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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

2017/18 Budget - £m	Schools	Children Social Care	Education Standards and Inclusion	Targeted Services and Joint Commissioning	Total
Expenditure:					
Employee Costs	152.4	9.8	3.2	3.2	168.6
Running Costs	131.1 ²	28.6	9.5	12.0	181.2
Internal Recharges	2.5	0.1	0.2	2.4	5.1
Capital Charges					
Total Expenditure:	285.9	38.5	12.9	17.6	354.9
Income					
External sources	-285.6	-0.6	-3.9	-4.2	-294.2
Internal Recharges	-0.3	-0.2	-8.3	-3.0 ²	-11.9
Total Income	-285.9	-0.8	-12.2	-7.2	-306.2
Net Budget 2016/17	0	37.7	0.7	10.4	48.7
Prior Year Comparison					
Net Budget 2016/17	0	42.0	1.3	5.6	48.9
Variance (£m)	0	-4.3	-0.6	4.8	-0.2
Variance (%)		-10.4%	-45.7%	85.0%	-0.4%

²A £2.4m management accounting 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 wellbeing 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

A range of services are provided across these main service 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

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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

2017/18 Budget - £m	Adult Services Division	Crime Reduction & Supporting People	Culture and Community Development	Public Health	Strategy	Total
Expenditure:						
Employee Costs	15.8	5.2	7.0	1.0	1.0	30.0
Running Costs	95.3	12.3	9.4	14.9	1.8	133.8
Internal Recharges	1.7		0.1		0.1	2.0
Capital Charges						
Total Expenditure:	112.9	17.6	16.5	16.0	2.9	165.8
Income						
External sources	-44.2	-8.0	-7.2	-17.6	-1.4	-78.4
Internal Recharges	-0.1	-0.2	-0.1		-0.1	-0.3
Total Income	-44.3	-8.2	-7.2	-17.6	-1.4	-78.8
Net Budget 2017/18	68.6	9.3	9.2	-1.6	1.5	87.0
Prior Year Comparison						
Net Budget 2016/17	70.5	9.8	11.4	-0.3	1.7	93.1
Variance (£m)	-1.9	-0.5	-2.2	-1.3	-0.2	-6.1
Variance (%)	-2.7%	-4.6%	-19.0%	434.2%	-12.9%	-6.5%

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; Registration; Revenues;

Benefits; Business Support; Emergency Planning; and Parking Management.

Strategic Housing:

The service area includes the following - Housing strategy and programmes; Housing Needs (including Housing Options and Homeseach); and Private Sector Housing Agency.

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.

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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

2017/18 Budget - £m	Environment	Public Services	Strategic Housing	Technology & Change	Total
Expenditure:					
Employee Costs	17.9	13.4	4.9	1.4	37.6
Running Costs	15.0	229.1	18.6	4.6	267.3
Internal Recharges	3.0	0.1	3.1	0.2	6.2
Capital Charges					
Total Expenditure:	35.9	242.6	26.5	6.1	311.1
Income					
External sources	-8.0	-227.9	-20.8	-0.2	-256.9
Internal Recharges	-9.5	-2.4	-0.1	-0.5	-12.5
Total Income	-17.5	-230.2	-20.9	-0.8	-269.4
Net Budget 2017/18	18.5	12.3	5.6	5.4	41.8
Prior Year Comparison					
Net Budget 2016/17	18.9	13.5	5.5	6.6	44.5
Variance (£m)	-0.4	-1.2	0.1	-1.2	-2.7
Variance (%)	-2.4%	-8.7%	1.6%	-18.4%	-6.2%

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

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).

Corporate Support Services

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

Finance

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.

Strategy and Economic development

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).

Executive office

The service area provides business and secretarial support to the Chief executive and the directorate management teams.

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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

2017/18 Budget - £m	Planning	Regen. & Asset Mgt	Exec Office	HR	Law	Corporate Resources	Finance	Policy & Governance	Strategy & Economic Development	Total
Expenditure:										
Employee Costs	2.2	4.8	0.2	2.3	2.8	0.8	3.8	2.7	1.9	21.4
Running Costs	0.4	42.4		0.4	0.4	4.1	0.9	1.5	0.5	50.5
Internal Recharges		0.6						0.1		0.8
Capital Charges										0.0
Total Expenditure:	2.6	47.7	0.2	2.7	3.2	4.9	4.7	4.3	2.4	72.7
Income										
External sources	-1.6	-32.9		-0.1	-0.2	-2.0	-0.2		-0.3	-37.3
Internal Recharges		-7.5		-0.1	-0.2	-0.7	-1.6	-0.1		-10.3
Total Income	-1.6	-40.4	0	-0.3	-0.4	-2.8	-1.8	-0.1	-0.3	-47.6
Net Budget 2017/18	1.0	7.4	0.2	2.5	2.8	2.1	2.8	4.2	2.0	25.0
Prior Year Comparison										
Net Budget 2016/17	1.7	7.6	0.2	2.6	2.5	2.4	3.3	3.8	1.9	25.7
Variance (£m)	-0.4	-0.2	0	-0.1	0.3	-0.3	-0.5	0.4	0.1	-0.7
Variance (%)	-27.9%	-2.8%	2.8%	-5.6%	10.6%	-10.8%	-13.7%	10.7%	6.7%	-2.5%

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 14,576 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 2017/18 is £96.61 per week. This is an average decrease of £0.97

from the 16/17 average, a reduction of 1.0%.

8.3 Table 12 - HRA Budget Subjective Summary

2017/18 Budget - £m	Total
Expenditure:	
Employee Costs	1.0
Running Costs	62.6
Internal Recharges	11.4
Capital Charges	25.2
Total Expenditure:	100.2
Income	
External sources	-99.6
Internal Recharges	-0.6
Total Income	-100.2
Net Budget 2017/18	0.0
Prior Year Comparison	
Net Budget 2016/17	0
Variance (£m)	0
Variance (%)	0%

9. Capital Programme

9.1 The Authority's Capital Programme for 2017/18 to 2020/2021 (as at April 2017) is shown in table 13 below.

Table 13- Capital programme

Major Projects over £2m	2017/18	2018/19	2019/20	2020/21	Total
	£m	£m	£m	£m	£m
GENERAL FUND					
ICT - Tech Refresh	0.8	0.5	0.5	0.5	2.3
Schools - Primary Places Programme	14.2	14.1			28.3
Schools - Minor Works Programme	3.5				3.5
Schools - Other Capital Works	3.9				3.9
Highways & Bridges - TfL	2.8				2.8
Highways & Bridges - LBL	4.3	3.5	3.5	3.5	14.8
Catford TC (inc Broadway & Milford Towers) Regeneration	2.4	5.0	0.0	0.0	7.4
Asset Management Programme - Non Schools	4.0	3.9	2.5	2.5	12.9
Kender and Excalibur Regeneration	2.7				2.7
Heathside & Lethbridge Regeneration	5.5	1.1			6.6
Lewisham Homes – Property Acquisition			6.0		6.0
Disabled Facilities Grant	1.2	0.7	0.7	0.7	3.3
Private Sector Grants and Loans	1.2	0.6	0.6	0.6	3.0
Other Schemes	10.2	0.9	0.2	0.2	11.5
	56.7	30.2	14.0	8.0	106.6
HOUSING REVENUE ACCOUNT					
Aids and Adaptations	0.4	0.4	0.5	0.5	1.8
Hostels Programme (Inc Brockley PFIs)	1.6	0.4	0.4	0.4	2.8
Housing Matters Programme	31.3	66.7	23.7	1.9	123.6
Decent Homes Programme (LH)	25.0	36.2	38.1	53.1	152.4
	58.3	103.8	62.7	55.9	280.6
TOTAL PROGRAMME	115.0	134.0	76.7	63.9	387.3