Lambeth

Cabinet

Date of Cabinet: 8 February 2016

Report Title: Revenue & Capital Budget 2016/17

Wards: All

Report Authorised by: Strategic Director Corporate Resources, Jackie Belton

Portfolio: Deputy Leader (Finance & Investment): Councillor Paul McGlone

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Report summary
The Government has continued its programme of austerity and confirmed their commitment to achieve a balanced national budget by 2019. The Department for Communities and Local Government (DCLG) has seen the largest percentage reduction in budgets since 2010 and further significant year on year cuts to budgets which will continue to 2020. The Council will have achieved savings between 2011/12 and 2017/18 totalling some £182m. The council faces a combination of an estimated 56% reduction from core Government funding between 2010 and 2018, additional burdens and continued demand led pressures.

In the December Financial Planning report we reported the change in our planning assumptions which led to the critical review of our savings proposals for 2016/17. The pressures on the Council's budget pushed the position to the upper end of the planning range and as reported in December the target for 2016/17 was increased. It has become clear that the planned savings proposal on health integration of £20m will be delayed as negotiations with partners continue through the autumn-winter. The savings are predicated on pooling of resources across a number of commissioned services and the individual partners are working on plans of how these will be delivered. The expectation remains that savings will be delivered by this strategy but not to the extent that was forecast. The position will continue to be reviewed during 2016/17 with our partners. The 2016/17 budget is now balanced, which includes £20.26m of identified pressures/growth, £28.32m of new savings and £11.67m of brought forward savings.

Lambeth Council has responded effectively to this unprecedented budget challenge with innovation, a continued focus on delivering the agreed priorities and rigour to achieving the size and timing of the cuts to date. We will continue to prioritise what we have available to spend to reflect the outcome priorities within our refreshed 2016-2020 Community Plan which will be agreed in 2016.Lambeth, like other local authorities in deprived areas, faces a stark challenge. Over the next four years we have to cut a further £96m from the services that our residents need and value. At the same time we have seen an increase in demand and complexity across some of our services. This report confirms the £281.901m

net general fund cash limit allocated to the council's three main outcomes. It recommends a 1.99% plus 2% adult social precept (total 3.99%) increase in the Lambeth element of the council tax, and sets out a three year capital investment programme for the council.

We have implemented a strategic approach to our investment in existing assets and new developments over a three year time horizon, which is critical in enabling the Council to deliver its day to day services in the most cost effective manner. Schemes, such as Your New Town Hall, will result in a return on our investment, in this case £4.5m net revenue savings to the General Fund. We continue to balance the need for 'invest to save and generate income capital investment principles with the need to maintain and build assets that are there to help provide a service.

Economic growth is ever more important to the borough and to our residents particularly as we move to an incentive based local government funding system. New development attracts planning S106 and Community Infrastructure Levy (CIL) payments that boost resources available for capital investment. From a revenue perspective, the building of new houses attracts New Homes Bonus to the council as well as growing the council tax base. New business development also means an increase in our share of the business rates as well as the opportunity for good quality jobs for Lambeth residents. This means additional income to the council and goes some way to improving the overall financial position.

This report presents:

- Financial Management Strategy and Reserves and Balances Strategy
- Details of the current financial context and position of the council, including a financial overview of the General Fund in the context of Medium Term Financial Planning
- The General Fund budget for 2016/17 and planning totals for the following three years
- A summary of the draft capital investment proposals for 2016/17 to 2018/19
- The Housing Revenue Account (HRA) budget is set in a separate HRA Rent and Budget Setting Report, which was agreed by Cabinet on 8 December 2014.

Finance summary 2016/17

It commits the Council to a new revenue budget for 2016/17 – with a 1.99% plus 2% adult social care precept (total 3.99%) increase in the Lambeth element of the Council Tax (resulting in the Lambeth element of Band D increasing to £981.35) – and a revised Capital Programme of £237.7m for the years 2016/17 to 2018/19.

Recommendations

Cabinet

(1) To recommend Council to note or adopt the recommendations listed below.

(2) To approve the disposal of the properties identified as 'new disposals' in Appendix 8a and Appendix 8b – (exempt from disclosure).

Council

(1) To adopt the General Fund (GF) revenue budget for 2016/17 as set out in this report, which, for the avoidance of doubt, includes:

- The funding gap reduction proposals for 2016/17 in Appendix 3;
- The Council Tax model set out in Appendix 2; and,

- The cash limits arising from the above, as set out in paragraph 1.7, a total cash limit of £281.901m.

(2) To require officers to commence the necessary detailed reviews and consultations of services and expenditure across the Council to develop saving proposals to close the budget gap for 2017/18-2019/20. These proposals which will be reported to Cabinet in September 2016 for consideration and decision.
(3) To adopt a 3.99% (inclusive of 2% adult social care precept) increase in the Lambeth element of the Council Tax for 2016/17.
(4) To adopt the updated Financial Management Strategy attached at Appendix 1.
(5) To adopt the Reserves and Balances Strategy detailed in paragraphs 3.6 – 3.11 of this report
(6) To note the Fees and Charges schedule set out in Appendix 11.
(7) To note the current General Fund budget forecasts for 2015/16 in Section 4.
(8) To note the capital investment forecast of £157.3m against the 2015/16 budget of £166.6m as detailed in paragraphs 6.1 – 6.7.
(9) To note the changes to the Capital Investment Programme for 2015/16 as set out in section 6.
(10) To note the proposed three year Capital Investment Programme for the period 2016/17 to 2018/19 of £237.7m as described in section 6 and summarised in Appendix 5.
(11) To adopt the level of Total Capital Allowances (TCA) for 2016/17 as set out in paragraphs 6.28 – 6.31 of this report.
(12) To adopt the statement of Minimum Revenue Provision policy as detailed in Appendix 9.
(13) To adopt the Treasury Management Strategy (incorporating the debt and investment strategies) proposed for 2016/17 to 2018/19, as set out in Appendix 10.
(14) To adopt the prudential indicators and limits, and the investment thresholds and limits for 2016/17 – 2018/19 set out in Appendix 10.
(15) To note the formal advice of the Director of Finance, as the Council's statutory officer for the purposes of s151 of the Local Government Act 1972, pursuant to s25 of the Local Government Act 2003, as set out in section 7 of this report.
(16) To note the financial risks set out throughout this report.
(17) To note that, at its meeting of 28 January 2016, Corporate Committee agreed the amount of 100,789 as the Council Tax Base for the year 2016/17 in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, Article 3 of the Localism Act 2011 (Commencement No 1 and Transitional Provisions) Order 2011 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
(18) That the following amounts be now calculated for 2016/17 in accordance with sections 31A and 31B of the Local Government Finance Act 1992, as inserted by the Localism Act 2011:
    (a) Aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) thereof:
    £909,527,338
    (b) Aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) thereof:
    £810,618,053
    (c) The Council's Council Tax Requirement under Section 31A(4), being the amount by which the aggregate at 17(a) above exceeds the aggregate at 17(b) above:
    £98,909,285

(d) The amount at 17(c) above divided by the Council's tax base in 16 above, in accordance with Section 31B(1) of the Act, as the basic Band D amount of its Council tax for the year:

£981.35

(e) The amounts given by multiplying the amount at 17(d) above by the number which, in the 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 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 dwellings listed in different valuation bands.

Band A	**Band B**	**Band C**	**Band D**
£654.24	£763.28	£872.31	£981.35
Band E	**Band F**	**Band G**	**Band H**
£1,199.43	£1,417.51	£1,635.59	£1,962.71

(19) To note that for the year 2016/17 the Greater London Authority and its functional and predecessor bodies have provisional precepts (i.e. still to be formally adopted as at dispatch of this report), in accordance with Sections 88 and 89 of the Greater London Authority Act (1999) as amended by section 77 of the Localism Act 2011, for each of the categories of dwellings shown below:

Band A	**Band B**	**Band C**	**Band D**
£184.00	£214.67	£245.33	£276.00
Band E	**Band F**	**Band G**	**Band H**
£337.33	£398.67	£460.00	£552.00

(20) That having calculated the aggregate in each case of the amounts at 17(e) and 18 above, the Council approves the amounts of Council Tax for the year 2016/17 for each of the categories of dwellings as shown below:

Band A	**Band B**	**Band C**	**Band D**
£838.24	£977.94	£1,117.64	£1,257.35
Band E	**Band F**	**Band G**	**Band H**
£1,536.77	£1,816.18	£2,095.59	£2,514.71

(21) To delegate authority to the Director of Finance in consultation with the Deputy Leader (Finance & Investment) to change the Council Tax amounts set out in recommendation (19) if necessitated by changes to the precept amounts as set out in recommendation (18).

(22) To note that, at its meeting of 28 January 2016, Corporate Committee agreed the amount of £123,147,252 as the National Non-Domestic Rates Base (the business rates tax base) in accordance with Section 59A of The Local Government Finance Act 1988, as amended by The Local Government Finance Act 2012.

1. RESOURCE ALLOCATION

Introduction - The 2016/17 Resource Allocation Process

1.1 The Council's vision of 'ambition and fairness for all will guide what we do. This means we will, drive growth to ensure the benefits are felt by all our residents this will allow us to maintain our focus on narrowing the gap and ensuring Lambeth remains a good place to live for all our residents. We will work with our communities to help empower them and aim to drive on early help and prevention. We will focus our limited resources on the people who need it most so that everyone in the borough has the best chance to succeed when it comes to education, skills, jobs and housing.

1.2 The Chancellor's Settlement, delivered on 17 December 2015, confirmed that the Government intends to maintain its plan to achieve a budget surplus of £10bn by 2019/20 or 0.4% of Gross Domestic Product (GDP). With continuing protection of some budgets such as Police and Defence, there was no surprise that Local Government will continue to be amongst the hardest hit. However we are determined to focus on what we are able to achieve with the resources we have.

1.3 It should be noted that this report primarily focusses on the next financial year 2016/17. The strategic planning process will commence in early 2016/17, with the intention to set a balanced budget for the following three years (2017/18 to 2019/20) by September 2016.

The Council's Financial Position and Provisional Local Government Finance Settlement – 2016/17

1.4 The Council's financial position as outlined in the December Financial Planning Report showed a total funding gap over the period 2016/17 – 2018/19 of £77.2m . Since those figures were calculated, there have been a number of further announcements, primarily the Provisional Local Government Finance Settlement 2016/17 to 2019/20 shown in the table below on 17 December 2015 and the provisional allocation of New Homes Bonus. Alongside this we have also calculated our final Council Tax and Business Rates baseline figures which have been agreed by Corporate Committee on 28 January 2016.

1.5 Now that we have a four year settlement, this means another year has been applied to our medium term financial plan, the overall gap has been updated accordingly, please refer to the table below. It should be noted that for 2018/19 onwards the funding gap is likely to increase above that confirmed in the table, because of additional pressures and new burdens not explicitly known or quantifiable at this stage. The 2016/17 budget is now balanced, which includes £20.26m of identified pressures/growth, £28.32m of new savings and £11.67m of brought forward savings.

	2016/17	**2017/18**	**2018/19**	**2019/20**	**Total**
Funding Gap	(19.74)	(22.16)	(5.66)	(7.42)	**(54.97)**
Pressures (Growth)	(20.26)	(9.10)	(6.00)	(6.00)	**(41.36)**
Savings (Brought Forward)	11.67	1.31	0.00	0.00	**12.98**
New Savings	28.32	0.00	0.00	0.00	**28.32**
Revised Funding (Gap)/Surplus	**0.00**	**(29.95)**	**(11.66)**	**(13.42)**	**(55.03)**

1.6 The £20.3m of identified pressures/growth have been previously referred to within the December Finance Planning Report, and these areas include: £5.3m in Temporary Accommodation, £6.7m in Children Social Care, £1.4m London Living Wage commitments in Adult Domiciliary care, £2m Adult Social Care and £2m in respect of the London Living Wage impact on other Adult Social Care contracts and Waste Management. Plus £2.9m of savings which related to prior years now being understood to be unachievable, and as such it has been agreed that the base budget must be returned to these areas, these being £1.9m in Children, Adults & Health and £1.1m in Neighbourhoods and Growth.

1.7 The table below shows the cash limit for 2016/17 based on the key output from the provisional finance settlement and the Council tax base set by Corporate Committee on 28 January 2016. The Revenue Support Grant (RSG) figure stated below is the amount currently confirmed within the provisional Settlement and for future year analysis we have also used the RSG amounts currently confirmed, there is a risk that the Government's distribution methodology will take into account Council Tax increases in the future, but on the balance of information currently available we are taking the four year indicative Settlement figures at face value. DCLG have stated that councils will have the opportunity to accept the four year settlement in exchange for an agreed position on efficiencies. However as we have highlighted in our correspondence with DCLG what this means in practice has still not been decided.

Funding Source	**2016/17 £'m**
Notional Revenue Support Grant	69.345
Top-up Payment	65.913
Retained NDR	36.156
Settlement Funding Assessment	**171.413**
New Homes Bonus	8.351
s31 Grant	3.523
Net gains / losses on NDR	(0.296)
Council Tax	98.909
Total Cash Limit	**281.901**

Funding Gap Reduction Proposals - Services Efficiencies and Reductions

1.8 A number of new savings proposals have been proposed to address the funding gap in addition to the previously agreed 2016/17 and 2017/18 savings proposals highlighted in previous reports. The table below provides a summary of where the savings have been identified by department, with the detail around the savings found within Appendix 3.

	2016/17 Savings			2017/18 Savings
	Brought Forward £m	New Savings £m	TOTAL 2016/17 Savings £m	Brought Forward Savings £m
Children, Adults & Health	0.45	5.53	5.99	1.00
Neighbourhoods & Growth	8.10	1.42	9.52	0.31
Corporate Resources	3.12	0.87	3.99	0.00
Corporate Proposals	0.00	20.50	20.50	0.00
Total	**11.67**	**28.32**	**39.99**	**1.31**

1.9 The council is proposing a robust and balanced budget despite experiencing significant budget pressures in areas of high demand; temporary accommodation and children's and adult's social care. This is being delivered predominantly through a reduction in non-frontline staffing. This will mean a reduction of approximately 300-500 full time equivalent (FTE) posts, saving £10m in each of the next 2 years. In order to achieve this reduction the council has made an enhanced severance offer to all staff which will see members of staff leave the council between 31 March and 30 September 2016. This is in addition to the SMART Support savings that have already been identified. This is achievable, but will result in capacity gaps across the organisation that will have an impact on our ability to deliver on issues and an indirect impact on frontline services. This cannot be fully mitigated but managers will be required to manage prioritisation of tasks within their teams.

1.10 During this period the council will manage the use of interim staff to cover vacancies in the organisation. It is important that interim staff are not brought in to simply cover gaps created by the enhanced severance scheme. The Corporate Management Team (CMT) have been monitoring closely the deployment of agency staff which has reduced from its height in the summer by 18.8% to 15.2%. CMT has put in place controls to reduce the use of interim staff, ensuring that all requests have an appropriate business case and be signed off by a CMT member before authorising recruitment. The council has continued to deliberately employ a large number of agency social workers and frontline care workers to cover gaps in children's and adults social care services. A restructure of children social care services has been delayed by the outcome of the Ofsted inspection. This is contributing to a large percentage of the interim staff in the council. The numbers will come down slowly as the new structure is implemented.

1.11 During 2016/17 a more fundamental organisational redesign will take place to deliver a restructure with an emphasis on reduced management layers and wider spans of control. The aim is to reduce duplication across the organisation, bringing together support services under centralised management, although this does not necessarily mean centralised teams as support should sit where it is needed. The redesign is dependent upon the optimisation of digitisation and automation of processes for both staff and residents. This is necessary because the council will be a fundamentally smaller organisation with less capacity for manual and face to face processes. This is a significant undertaking that will require considerable one-off financial investment in technology and capacity to make it happen.

1.12 The remainder of the back office savings come from a variety of corporate items £10.5m; a review of contracts and third party spend to identify in-year savings, increased commercial property income, HRA recharges to reflect reintegration of Lambeth Living, stopping the revenue contribution to capital, a review of Treasury Management and the minimum revenue provision (MRP) for capital and one-off contribution to the Better Care Fund from the Clinical Commissioning Group which will go towards older people's integrated services and to public health.

1.13 Elsewhere the Council is seeking to continue to deliver services differently rather than stop services, but this involves working closely with communities and others. This is a complex and time consuming process for example, in libraries, parks and children's services, and we will need to provide the appropriate and timely support.

1.14 There are no major new service reductions proposed for 2016/17. This means that the major budget and service reduction challenges will need to be brought forward for budget 2017/18 onwards. The development of the 2017-20 budget is now an immediate priority with a target for agreement in September 2016.

1.15 Income generating activity – £0.9m

We know by looking at fees and charges for certain services we can increase our income and help us to prevent more difficult cuts in other services.

- Commercial Waste – we've already achieved the target here of £0.5m but by more proactive activity we can secure an additional £0.15m
- Cemeteries and crematorium £0.25m – this is a conservative target for revenue generation, charges were previously set much lower than other local authorities
- Parking £0.5m - £0.5m already assumed for 2016/17 (due to successful collection in 2015/16) and an additional £0.15m increase in the Parking Revenue Account surplus is achievable without increasing parking charges.

1.16 Children's social care £0.347m

Because of our Ofsted inspection we put on hold savings within Children's Social Care until we had a confident action plan for transforming this service. The Government has endorsed our improvement plan and we are now in the process of delivering change. We are at a point however where there are some identifiable savings which we believe will not impact on our direction of travel towards improvement. None of these proposals directly affect frontline social care work. As we restructure Children's Social Care, we will be reviewing all of the commissioned services that support the redesigned structure. We will realign the commissioning between the council and the clinical commissioning group which will include the skill mix of posts and remodelling of health funded posts. There will be efficiencies within contracted services which will be through recommissioning of services.

1.17 Youth Offending Service £0.5m

The service has been poorly performing for some time and there is currently an improvement process in place. Resourcing was not the problem for the service and the savings are being found while committing fully to the improvement plan; the service was actually under spending by £0.7m so even by taking a £0.5m saving means that we have more funding for them than they are currently using.

1.18 Education and learning support £0.305m

We are increasing trading with schools and making staff savings in the Early Years Quality Improvement and Schools Educational Improvement Teams, making small reductions in the School Inclusion, and Admissions and Child Employment Licensing Teams. These are all savings we are working with schools in order to deliver, and are confident can be delivered without impact on the service and are mostly in areas we are looking to increased trading to bring in income as well.

1.19 Adult staffing and contract efficiencies - £3.43m

Adult social care is our single biggest area of spending and we are committed to protecting vulnerable people who depend on it. Part of that is following an approach that improves people's choice over their care while at the same time, allowing efficiencies through a smarter and less centralised delivery of services. Our policy has been to ensure that people have an individual budget for care including mental health, adult learning disabilities and social care services. By removing the council-managed, centralised services, there will be a lot more choice to create more personalised care provision. Allowing people to manage their care directly and receive services in their own home is a more preventative, rather than reactive, approach to care and will reduce demand for residential and nursing care in the long-term. Rather than centralised services being imposed on people with health and social care needs, we aim to introduce much more choice for people to access services themselves.

1.20 Having a much more streamlined service will make considerable savings in staff resources, £1.15m in 2016/17. We've also brought forward some savings from future years and have profiled expected savings based on these principles.

- Enablement £0.4m: This is achieved by supporting people to stay at home for longer, through for example more targeted support and use of technology which reduces costs.
- IPSA £0.7m - The Integrated Personalised Support Alliance helps people with serious long-term mental health issues. These savings are being generated through better contract management.
- Careline £0.04m – To review current in-house service to achieve efficiency savings.
- Equipment Capitalisation £0.4m- This is a technical measure which will have no impact on patients.
- Excelcare £0.4m - Better contract management on our contract for beds at Windmill with the CCG.
- Older People Residential £0.3m - We will continue to reduce the number of older people moving into expensive residential care by helping them to stay in their homes instead where possible.

1.21 Supporting People £0.3m

This is about working with providers to generate efficiencies and reduce the number of hostel beds. Savings have been split between efficiency savings, reduction in provision and scheme closures. Efficiency savings were originally based on a blanket 5% saving across all of the hostels. However, providers fed back that they would prefer to vary the amount of savings per hostel while still delivering the same amount.

Many of our providers are major organisations who are confident they can deliver the required efficiencies without a service impact. We have already negotiated £0.266m of efficiency savings with no impact on beds (by changing rotas, changes to staffing etc.) with two of our biggest providers St Mungo's Broadway and Thames Reach, as well as North Supported Housing Patch.

We are also considering other changes, subject to the full impact assessment. We intend to withdraw funding from Ferrini House, which is not delivering its outcomes and there is limited scope for improvements with the existing provider. There will be a loss of twenty bed spaces, although provision for those who would previously been housed here will be spread across other sites. Two other schemes will also move from permanent bedspace funding to a spot purchase arrangement. All providers involved have agreed these proposals. There is therefore potential for a higher level of savings (£0.62m full year impact in total) following a review of service impacts from the withdrawal of services not currently meeting requirements should these not be recommissioned under different arrangements.

1.22 Youth and Play - £0.689m

We have brought forward into the 2016-17 financial year some savings already planned for youth and play sites and are taking stock of the overall provision in recognition of the continued financial difficulties we will face in the years ahead.

1.23 Under a policy agreed in 2011 as part of our drive to become a Co-operative Council, a plan was developed to effectively outsource the management of all council provision to the voluntary sector. Called the Early Adopter Programme, it aimed to find voluntary groups to run these sites, contract with them and then hand over the contracts to the Young Lambeth Co-op to monitor and commission. The YLC, which was set up in 2013, would also commission the voluntary sector to run activities in youth clubs and elsewhere for the five to 19 age group. The transfer of management and "novation" of contracts to the YLC was due to take place in three phases, with Phase One sites all successfully taken over and due to see their funding end this year. These organisations are aware of the upcoming withdrawal of funding but we are working with them, the YLC and ward councillors to ensure they are fully prepared for the implications. The Phase Two sites (11 in total) are about to be handed over to be managed by voluntary sector organisations. The Phase Three sites (four in total) are those where we have failed to find organisations to run them, although discussions are on-going over two.

1.24 Public Health £2.7m

Lambeth experienced an in-year cut of 6.2% (£1.9m) in 2015/16 to our public health budget. The 6.2% cut is being carried forward into 2016/17. A further year on year cut of 3.9% to Public Health grants was announced in the CSR in November. We therefore need to make £2.9m in cashable savings in 2016/17 to reflect the reduction in our budget.

We are working across London and with partners to redesign services, which will move towards local based preventative models. We are currently consulting on where the savings will come from and undertaking impact assessments but we anticipate that they will be spread across the spectrum of Public Health services. This will include some rationalisation around substance misuse services, supported by SLaM, and making economies with the Integrated Treatment Consortium. Reductions in spend on sexual health services, including delivering more testing activity online and revisiting the HIV care and support review to see how we can better mainstream support for people with HIV. Reduction in capacity through better targeting of health improvement services like exercise referral, smoking cessation, health promotion and health checks and reductions in staffing.

Lambeth's Community Plan

1.25 In 2016, we will publish a new Community Plan for Lambeth. The Community Plan is our vision for the borough, and its place within London. It will set out the goals we have as a council, that are shared across the partnership of public, private and third sector organisations in the borough, and how we will work with all our residents to achieve them.

1.26 The Council's financial resources have been dramatically reduced in recent years, and they will continue to diminish. The Community Plan will recognise that working together effectively, using limited resources to maximum effect, and using our position to leverage additional resources will be essential in the coming years. It will be even more important to clearly identify our ambitions for Lambeth and work closely with our partners to achieve them.

Driving Growth

1.27 Lambeth is a borough that is changing - and growing - fast, as more and more people choose to come here to live, work and study. As the capital's economic growth continues, its centre of gravity has shifted and Lambeth is now at the heart of central London. We are home to world-class universities and teaching hospitals, major arts and cultural institutions, and global businesses. We are known throughout London for our creativity and diversity.

1.28 The huge opportunities that Lambeth offers are increasingly being recognised, attracting investment and development. People want to come here to start new businesses, build homes and workplaces, and open new galleries and museums.

1.29 We are ambitious for Lambeth and we want to use this once-in-a-generation opportunity to change the borough, and the lives of the people living here, for the better. Over the next five years we will work with our partners in central and London government, the public, private and third sector to realise these opportunities.

1.30 We have successfully delivered regeneration in Lambeth, to bring new jobs to the borough and affordable homes to ease the housing crisis. We are committed to continuing these improvements across the borough in the years ahead.

Good Neighbourhoods

1.31 Lambeth is not just recognised for its geography and infrastructure; its history, culture and communities are equally valuable. In a global city, Lambeth offers communities and places to which people can belong, prosper, and have a stake in the future. Every year, people come to Lambeth to make their home and improve the opportunities for themselves and their families: Lambeth's population is projected to grow from 303,100 in 2011 to 357,000 in 2030. The new arrivals join long-established communities that have shaped the five distinctive town centres of Lambeth, creating rich and vibrant cultural scenes.

1.32 Our task over the next five years is to work with businesses and residents to ensure our neighbourhoods remain attractive places where people want to live and do business. This means ensuring we have great schools and nurseries that drive further improvements in educational attainment, further reductions in crime so we have clean and safe streets, attractive high streets, and places for the community to come together, such as libraries and parks.

Narrowing the Gap

1.33 We are facing a period of unprecedented opportunity, and many have benefited from the economic recovery through rising asset prices and a strong labour market. However, others have seen living standards stagnate or decline as wages and benefits have failed to keep pace with the cost of living. The latest data places Lambeth as the 8th most deprived borough in London and 14th most deprived in England. The ratio of Lambeth house prices to average (median) earnings rose from 6.4 in 2000 to 9.7 in 2013, making property ownership in Lambeth unaffordable to all but the few. One in 5 of our residents earns less than the London Living Wage; 1 in 3 children in Lambeth live in poverty.

1.34 Our challenge is to shape the investment and development taking place to ensure it leads to lasting change for all parts of our local economy and communities. We will focus on using the proceeds of growth to improve the prospects of those who most need our support: we want to reduce the number of people in long-term unemployment, improve opportunities for people in long-term low pay, improve the life chances of children living in poverty, and those living with complex support needs. We will continue to work to reduce health inequalities, recognising the benefits this has for individuals, and for the whole community.

1.35 We expect to see 17,000 new jobs created in Lambeth over the next 15 years. However, there will always be those in our community who are not able to work, through age, ill-health or disability. It is everyone's responsibility to ensure they can live with dignity, security and as much independence as possible.

1.36 We are also committed to ensuring the best outcomes for our children and young people in terms of their safety, health, education and employment. We will do this by working with families to prevent problems from escalating and intervening early to keep families together wherever possible.

Partnership and Public Sector

1.37 Funding for public services is changing. Local government has seen a reduction in its grant from central government and this is set to continue. Our core budget has been cut by 56% and, by 2020, we will receive no grant. This has meant changing, and in some cases stopping, the services we provide to local people. The police and health service are facing similar financial challenges with rising demand and diminishing resources.

1.38 Despite having far less funding, we have worked hard to continue to improve the lives of people in the borough, and protect the vulnerable, and will continue to do so. Our response as a sector and partnership is to target our resources at those that need it most, and where we can make the biggest difference.

1.39 However, we recognise that the challenges we face will require significant reform of public services. We need to work together more closely within and across boroughs, to design services that make sense for the people that need them, are cost-effective, and lead to lasting change.

1.40 The public sector cannot tackle inequality and create opportunities alone. Residents, businesses big and small, voluntary and community organisations, and London and central government, have a vital role to play. Our task over the coming months is to bring these partners together to find ways to work together to achieve the goals we set out in this plan.

2020 Council

1.41 Over the next four years the role of councils will change. Lambeth Council will continue in its primary role, as democratic leader, providing democratic governance to the borough, representing the views and interests of the borough's residents and businesses. We will not always have the resources to solve problems alone, so our role in bringing together partners and people to tackle some of the most difficult challenges and bring positive change will be increasingly important.

1.42 In our role as community connector, we will increasingly link people and organisations together, and provide them with the information they need to change their communities for the better. As service provider: The council will continue to deliver and commission services, but these will increasingly be targeted on those who need them most, as opposed to universal services for all. More of our services will be accessed online, delivered jointly with others, and designed around the individual.

1.43 The council will also play a more active role in growing the local economy and shaping growth to benefit local people. Local areas will have more influence over how public services are provided than ever before, and the council will lead and champion this work in Lambeth, improving their efficiency and effectiveness.

Working Together: The Cooperative Council

1.44 In 2010 we became the first cooperative council. It was an ambitious agenda to transform the relationship between the council and citizens. We recognised that people in Lambeth are often best placed to understand how to improve their lives and their communities and that, as a cooperative council, our task would be to support them to do this, rather than doing it for them. By working together, we would achieve more than we could alone.

1.45 There are now many examples of the council and local people working more closely together – for example, we have supported communities who want to take action in their area, we have involved people in designing and commissioning the services that they use, and we have worked with local people who are willing to share their time and skills with others who can benefit from them. More significantly, we have changed the culture and outlook of the council. We are more outward looking, collaborative and focused on the skills and strengths of our communities, not just need.

1.46 A lot has changed since 2010. A new government was elected in 2015 with a clear deficit reduction strategy, and agenda for housing, welfare reform, and education. We face unprecedented financial challenges, with reductions in our funding set to continue and the end of grant funding for local government on the horizon. The council will have fewer staff, less funding, and will have to focus on fewer priorities. We remain a cooperative council, because we believe that, in challenging times, working together is more, not less important. We need to continue to encourage people to take more responsibility and to participate in their community.

1.47 However, we acknowledge that we can no longer afford to provide some of the support we used to, or continue to trial and test alternative service models. We must draw on what we've learned, and apply those aspects that will help us achieve our goals. In the Community Plan, that will be published later this year, we will set out our goals and priorities. These are the areas in which we'll seek to work with people in order to find the best solutions. Being cooperative is not an end goal, it is a way of working, a culture, and an attitude which we will apply and adopt to achieve our goals.

The Strategic Transformation Board

1.48 Delivery of the Council's financial strategy and Community Plan outcomes entails substantial change and transformation to services we deliver or commission, our approaches to regenerating our neighbourhoods and estates and how we ourselves work as an organisation. Strong governance, robust programme and project management approaches and effective resourcing are essential for this change and transformation to be successful and we have recognised that a number of organisational improvements need to be implemented in these areas. As a result, the Strategic Transformation Board, chaired by the Chief Executive, was established by Corporate Management Team in November 2015 to establish and hold improved governance of the council's portfolio of key programmes and projects. The purpose of the Board is to ensure the following outcomes:

- The portfolio is strategically aligned, prioritised and sustainable and designed to realise the Council's strategic vision, priorities and outcomes. This includes savings and budget delivery.
- Sponsorship of programmes and projects is effective and held accountable for the delivery of change outcomes and benefits
- Activity within the portfolio is effectively resourced with access to the right capability to successfully deliver project and programme outcomes and benefits
- All change governance has a culture of open and honest disclosure, supported by efficient and relevant reporting

1.49 The Board has been reviewing, prioritising and refining portfolio activity, both current and planned, around 4 priority themes:

1. Organisation Re-design and Your New Town Hall
2. Health and Social Care Integration
3. Social Care Improvement
4. Regeneration & Growth

1.50 In addition the Board will take specific oversight of the delivery of budget savings across the organisation to support the Council's Financial Strategy. To support the Board new processes and approaches are being developed. A new framework to ensure that the right change initiatives are undertaken in line with our priorities and risk appetite, are effectively resources both in terms of capacity and capability, and are delivered to their successful conclusion with confidence, control and transparency. Finally, we will be re-designing out internal structures to properly support this new approach to managing change and transformation.

Business Rates Retention Scheme

1.51 The introduction of the Business Rates Retention Scheme provided an incentive for authorities to grow their business base by virtue of retaining a proportion of business rates growth achieved, in Lambeth's case 30%. It also means that councils must manage the down side of changes to the business rate base. A case in point is the Shell Centre redevelopment planned for completion during 2018/19 which means that the Centre's £12.5m rateable value is taken down to £5m during this period. It should be noted that the new development will be mix of both residential and commercial.

1.52 The Government is to continue with its plans to allow council's to retain full business rates by 2020. The Department for Communities and Local Government (DCLG) has confirmed that there will be a full re-examination of levels of need in council areas as part of the full devolution of business rates to authorities, and a new way to assess need would be developed as part of the redistribution system for retention. It is not possible to speculate on the results of this as it is clear that the criteria for the review are as yet unknown. By 2020 we will see both grant from Whitehall end and additional responsibilities passed to us in exchange for the additional funding from this new regime, but the DCLG maintain the stance that the switch will be fiscally neutral.

1.53 A recent communication from London Councils has suggested an additional risk in respect of business rates relating to rates collected from NHS Trusts. A number of appeal applications requesting mandatory relief have been submitted to authorities across the country by a firm of commercial property agents. At the time of writing Lambeth have not received any such applications, but the agents have until 31 March 2016 to submit. It should also be noted that if these applications are successful there is the potential for them to be backdated by six years which is the statutory limitation period.

Council Tax

1.54 The council froze council tax for a period of six years, this was to help residents by reducing their bill at a time when we could. Unfortunately continuation of this strategy is no longer possible because of the severity of funding cuts and would erode our tax base further. We now want to build the base back up because the challenge of the funding gap is so great. In 2015/16 we increased council tax by 1.99%, which is just below the threshold for referendum.

1.55 As part of addressing the funding gap, it is proposed to increase the Lambeth element of the Council Tax by 3.99% this includes the 2% adult social care precept recently announced by the Government as part of the Financial Settlement, in their recognition of the adult social care pressures present across the country. It has been confirmed by the Government that Councils can now increase council tax by the standard 1.99%, whilst also applying the 2% adult social precept without the need to hold a referendum. Applying a 1.99% increase would reduce our base budget gap by £1.89m whilst the additional 2% will bring another £1.9m in base budget funding, which will be ringfenced to support adult social care.

1.56 We have modelled a further 3.99% increase per annum, below the level required for a referendum, for the next three years, resulting in a reduction of the base budget gap of £15m to the end of the current Financial Settlement period (2019/20).This assumption is included in the figures and the recommendation to increase council tax in 2017/18 to 2019/20 is subject to decision by cabinet and council and will be addressed in future years budget reports.

2. CONTEXT & ECONOMIC OUTLOOK – KEY RISKS

2.1 The key risks identified in the December FPR are still relevant and outstanding and are summarised below, including any changes from the previously detailed information.

Welfare Reform

2.2 Welfare reforms, coupled with rising housing costs, continue to put a strain on the personal finances of Lambeth residents. In January the Cabinet approved a refreshed Financial Resilience Strategy, which aims to help local residents become financially secure and independent. This includes help with personal budgeting, supporting people to access benefits they are entitled to, and providing advice and support for residents in debt. We also continue to support residents in crisis through our Emergency Support Scheme, despite the withdrawal of government funding for local welfare assistance. We will continue to work with our local partners to mitigate the negative effects of welfare reforms on our residents and support them to become financially resilient.

2.3 The Council has previously set aside funding to mitigate the impact of welfare reform. However, risks remain with regard to Housing Benefit Overpayments. The Council currently holds £30m debt on its balance sheet which is either recoverable from debtors through reductions in their on-going benefits or reduced by cash collection. It is currently growing at approximately £5m per year, due to Real-Time Data Matching exercises conducted with the Department for Work and Pensions (DWP). Resources have been allocated to this issue, but it is under continual review due to the scale of risk attached.

2.4 The ultimate risk is the Council will be left with the Housing Benefit debt when the service transfers to the DWP. We are having on-going discussions with the DWP through various forums to understand what the DWP future plans are around debt, as to whether the Council will be expected to hold all of the debt or whether some or all will be transferred to the DWP. Universal Credit is being introduced in Lambeth from 08 February 2016, and is expected to be fully rolled out to include all new claims plus people already on benefits by 2020.

Public Health

2.5 Following the election, the Government announced in year cuts of 6.2% to Public Health which totalled £1.9m for Lambeth in 2015/16. This has resulted in a significant budget pressure in 2015/16 for the Council as the reduction was finalised in October and the majority of Public Health expenditure is on contracts with NHS organisations which have terms of six months' notice which has limited the reduction in expenditure that can occur in-year.

2.6 The Spending Review and subsequent correspondence set out reductions and potential changes to Public Health funding which has been a ring-fenced grant since the transfer of the funding and services in April 2013. It is expected that the 6.2% reduction announced in 2015/16 will be a permanent reduction and decrease the base-line of the cash funding. As the actions to reduce expenditure at short notice in Public Health services is limited the majority of these savings will need to be found in 2016/17. Additional savings in Public Health have been set out as 2.2% (£743k) in 2016/17; 2.5% (£826k) in 2017/18; 2.6% (£838k) in 2018/19; 2.6% (£816k) in 2019/20.

2.7 The level of savings announced is a significant challenge for the Council and require working closely with partner organisations in order to minimise the impact of the reductions to services, although reductions of this magnitude mean that some impact on services will be inevitable. 2016/17 will be particularly difficult as savings of £2.7m are required in a short time scale. The detailed savings proposals to achieve this level of reduction in funding are set out in Appendix 3.

2.8 Lambeth and Southwark Councils have agreed to end their joint public health arrangements and change the way they work together. The two boroughs have worked closely together, more formally since 2013 when the Government passed the responsibility for public health to local authorities and there will be significant cross borough collaboration in areas such as social care, prevention work and sexual health services.

2.9 The Spending Review set out two other main issues relating to Public Health. Firstly, it stated that the Public Health grant would remain a ring-fenced grant in 2016/17 and 2017/18. Secondly, it stated that the "Government will consult on options to fully fund local authorities' public health spending from their retained business rates receipts, as part of the move towards 100% business rates retention". It is difficult on the information available to predict what impact this will have on the finances of the Council as a whole and will be an area where further information is sought and lobbying will be targeted towards.

Better Care Fund and Health Integration

2.10 The Better Care Fund is currently a £3.8bn nationally prescribed amount which local authorities and Clinical Commissioning Groups have to pool resources for. In Lambeth the Better Care Fund is £23.5m in 2015/16, the year of inception, and the minimum amount of the local pool as set under guidance will remain the same in 2016/17. As the creation of the pool was not accompanied by an increase in resources to either the Council or the CCG, the fund is made up mainly of historic expenditure areas that have been brought together due to synergies that exist between in the outcomes that are expected to be achieved. The Spending Review announced that the Government would be making increased funding available to Councils of £1.5bn by 2019/20 and which would indicate a figure of around £9m for Lambeth if existing methods of calculating the level of the fund were used for the increase. The amount of funding is to increase relatively slowly from 2017/18. This announcement was coupled with intentions for health and social care to be integrated by 2020 and for plans to be in place by 2017 although there appears to be a significant amount of flexibility on the organisational form that integrations can be governed by.

Care Act

2.11 The main development related to the Care Act in 2016/17 was to be the introduction of the care cap which limited the amount of money someone paying for their care would be liable to pay which adjusted the previous regulation which resulted in anyone with more than around £24k in savings and assets would pay for the full cost of their care. The impact of the implementation of the care cap was a minor risk for the Council as there are relatively few people that pay for the full cost of their own care in Lambeth which meant that the Council's exposure to financial risk was one of the lowest in the country. It was announced in 2015, after significant lobbying by various bodies on the existing financial risks faced by Adult Social Care, that the care cap would be postponed until 2020 which has removed any risk of increased costs until implementation.

2.12 Risks relating to areas of the Care Act in 2015/16 still remain as the most significant legislative change, which puts carers on a similar statutory footing to social care recipients in terms of the right to receive services. This is projected to result in a steady increase in costs over the coming years. The Government has forecast this increase and allocated funding for it but it is an area that is very difficult to predict which may mean the national resources are not adequate to meet the costs. Additionally, the funding has been made part of local authorities' core funding which is subject to reductions of the period of the Spending Review.

Lambeth Living 2015/16

2.13 In 2015 Lambeth Living was brought back into the council. During 2016/17 we will continue to eliminate duplication of management and back office roles, improve and integrate housing management into Council services, streamline processes and embrace the opportunities for our tenants and leaseholders offered by increasing digitalisation and a single front door to the Council.

Temporary Accommodation

2.14 Temporary Accommodation is an existing high risk area. In spite of specific budget virements from contingent budgets to support the service during 2014/15 and 2015/16, demand remains high with expenditure exceeding budget during the year and no signs that this will abate in 2016/17. As such through the December Finance Planning Report it was agreed that £5.3m additional funding would be provided, and as such this amount has been built into the Temporary Accommodation base budget in 2016/17.

2.15 The main risks come from the impact of Welfare Reform, exacerbated by the fact that, in London and other similar areas, this is becoming a sellers' market, with landlords increasing prices or even reclassifying their accommodation, knowing that councils have a statutory duty to provide such accommodation.

2.16 Specific reserves set aside in both the HRA and General Fund have been utilised to assist in transforming the service to meet the pressures referred to above or meet short term requirements. The Council has statutory duties with regard to Temporary Accommodation and the only way in which to deal with this issue in the long term is to ensure that citizens benefit from a vibrant local economy whereby fewer are reliant on the provision of such accommodation.

Children Social Care

2.17 It was highlighted in the December Finance Planning Report that there are demand led pressures within Children Social Care, and as such it was confirmed that an additional £6.7m of funding would be made available. This amount has now been built into the 2016/17 base budget in an attempt to help alleviate the reported pressures within this essential service area.

3. FINANCIAL MANAGEMENT STRATEGY

3.1 The Financial Management Strategy (FMS) for the period 2016/17 – 2018/19 is recommended for adoption and included in Appendix 1. It sets out an overview of our approach to make the best use of our financial resources to help achieve the Council's vision and ambitions for the Borough and maximise sustainable benefits for the people of Lambeth. The strategy focuses on three key areas:

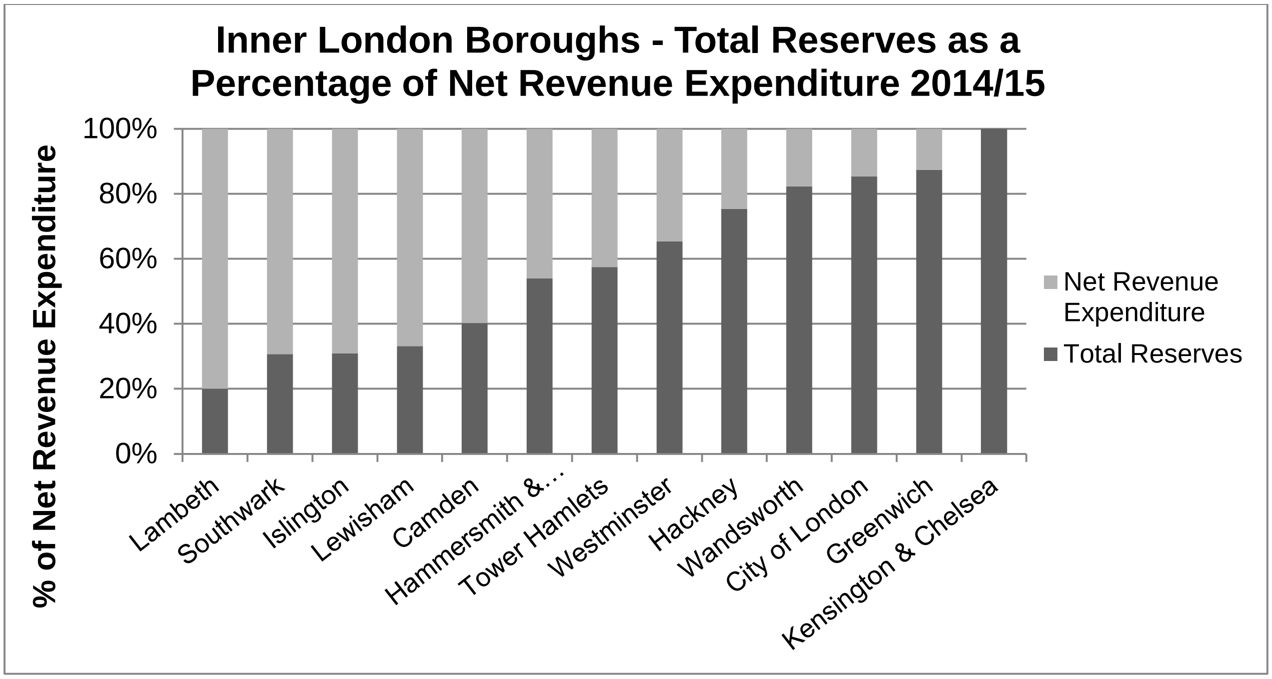
- **Building financial resilience within both the Council and its communities** - Developing strategies to minimise our dependency on Central Government funding as well as driving local economic growth and development.
- **Managing our assets** – Developing strategies to maximise the strategic benefit of our capital programme, manage our assets commercially and explore alternative, innovative funding solutions.
- **Providing high quality financial management across the organisation** – As part of Corporate Resources the Finance Planning and Management group supports the development and improvement of financial and budget management skills in service.

Reserves and Balances: Background

3.2 The Reserves Strategy sets out the Council's current approach to ensuring that the level, purpose and planned use of its reserves are appropriate in the current financial climate. Our overall approach is to use the financial strength of our balance sheet to help the Council through a period of high risk caused by severe funding reductions and economic stagnation.

3.3 The recent Financial Settlement assumes no use of reserves in our spending power, which is a positive move forward from information circulating when the December FPR was produced. The Government now appears to support the stance that reserves should be used as a buffer against financial instability and should be used as previously intended.

3.4 The graph below shows the relationship between the level of balances and reserves as a percentage of net revenue for Lambeth and the other inner London Boroughs.



3.5 Variations among levels of reserve in the Inner London Boroughs are partly a reflection of different spending plans, priorities and local circumstances, but crucially are also a function of differing perceptions of internal and external financial risks. As of 31 March 2015 Lambeth had one of the lowest level of reserves in comparison to 2014/15 net revenue expenditure of all Inner London Boroughs, as our reserves represented only 20% (£86m) of our total net revenue expenditure (£432m), which is in stark comparison to the Council with the highest level of reserves (£197m) when compared to total net revenue expenditure (£188m).

3.6 **Balances:** The council held General Fund balances of £23.6m as of 31 March 2015. The Director of Finance (the Council's s151 officer) has stated that 'I have consistently advised members that in my professional opinion the minimum level of balances (i.e. unallocated reserves) that the Council needs to maintain to ensure financial stability, and so provide a strong environment within which outcomes can be continuously improved, is 5% and that the Council should plan to hold balances of approximately 10% of net revenue expenditure.' The current general fund balance of £23.6m represents 8.1% of net expenditure. This allows the council to absorb unexpected reductions in resources and increases in expenditure without increasing the burden on council tax payers. This also encourages longer-term financial planning to secure the council's future, rather than the short-termism of offering one-off council tax reductions by depleting the General Fund.

3.7 **Earmarked reserves:** The total earmarked reserves balance at 31 March 2015 was £90.3m. The council's strategy on earmarked reserves is to use them only to fund the specific service pressures for which they were created. An annual review of all earmarked reserves is carried out at year-end by the Section 151 Officer in consultation with the Deputy Leader (Finance & Investment) to determine the appropriate level of each balance based on the best information available at the time.

3.8 Many reserves are used to control the risk arising from factors at least in part outside the Council's control. For example, the Insurance Fund (£7.5m) is a cost effective way of managing the unpredictable cost of damage to property; it also currently insulates the Council's revenue budgets against the on-going claims for asbestos-related illness going back decades and often relating to property which the Council does not own. The Welfare Reform Risk Reserve (£4.78m) has been set-aside to support one-off activity to help prepare people to cope with the changes and to mitigate the potential service and financial pressures on the Council that might arise.

3.9 Other reserves are designed to support the Council through a period of severe funding shortages and high risk. For example, the Co-operative Investment Fund (CIF) is used to assist in the changing approach to how we deliver our services. This is fundamental if we and our partner organisations are going to be able to ensure key outcomes are delivered in the future. Current anticipated calls on the fund are summarised in the table below:

	2015/16 £000	**2016/17 £000**	**2017/18 £000**	**2018/19 £000**	**2019/20 £000**
Opening Position	**7,687**	**1,303**	**300**	**343**	**413**
Existing calls on reserve - projects	(1251)	(453)	(8)	-	-
Existing repayments to reserve - projects	99	50	50	70	68
OBB related calls on reserve approved	(4,334)	(700)	-	-	-
Provisional calls on reserve	(198)	100	-	-	-
Transfer from reserve	(700)	-	-	-	-
Carried Forward Balance	**1,303**	**300**	**343**	**413**	**481**

3.10 In 2015/16 the CIF was used to: ease the impact of government cuts on our services; support growth in business, jobs and training; help improve the health of people of all ages; support young people with special educational needs; fund a new initiative to reduce temporary accommodation costs; support the production of options for a new traded services model for legal services and support community engagement in guiding new development in Loughborough Junction.

3.11 In addition to the s151 Officer's statutory assessment, the Deputy Leader (Finance & Investment) actively reviews the reserves and balances held on the Council's Balance Sheet and presents them to both Corporate Committee and Cabinet members. The level of reserves and balances will be reported to Corporate Committee in the draft and final statement of accounts in June and September, and will be assessed as part of the Financial Planning Reports reported to Cabinet and Council.

3.12 **Provisions:** In accounting terms, liabilities occur because of past decisions made by an organisation which will then result in an obligation for the organisation to settle this in the future with an outflow of money or provision of a service.

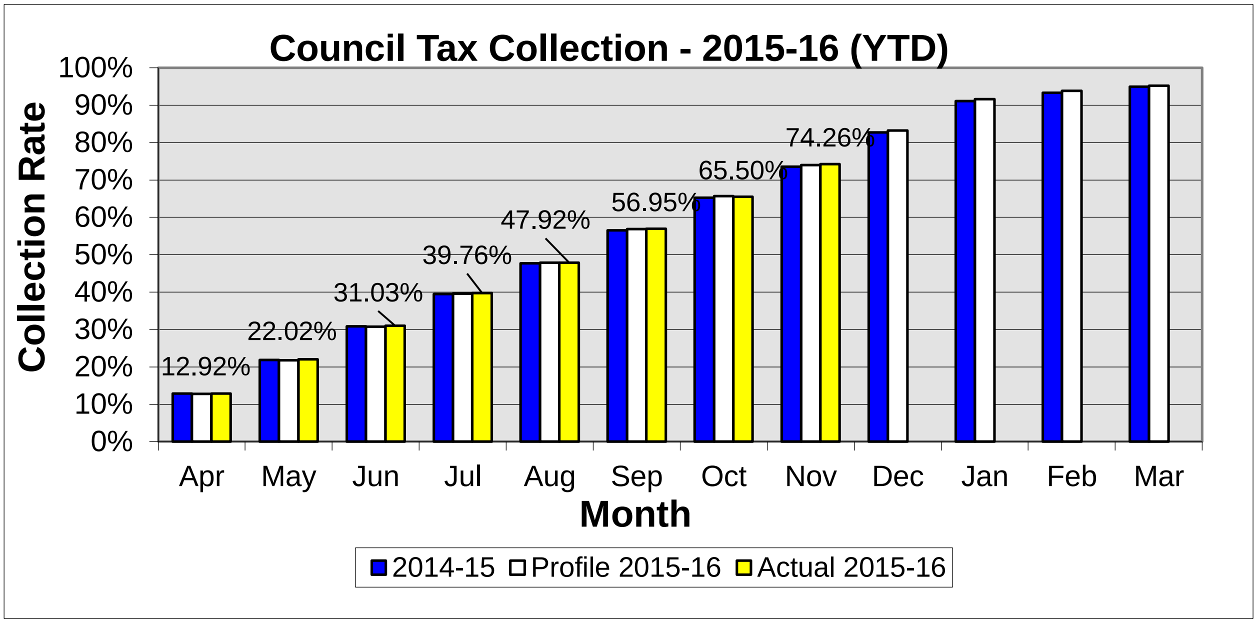
3.13 A provision is a specific type of liability but the exact amount of money or timing of settlement is not known. Provisions are required to be recognised in the Council's accounts in accordance with proper accounting practice when the criteria for recognition are met. There is no discretion in this recognition, or on the level of provisions held.

3.14 The Council held provisions totalling £18.0m as of 31 March 2015.

Council Tax and NNDR Collection

3.15 Council Tax collection is anticipated to be slightly above last year's collection rate of 95.0% and nearer 95.2%. Cash Collection totalled £106.5m as at 31 December 2015 compared to £128.0m due to date (final 2014/15 figures were £117.0m compared to £123.2m collectible).

3.16 The collection rate at the end of December 2015 for those residents in receipt of CTS and paying some Council Tax is 68.8% which is higher than the position at the same time last year of 66.8%



3.17 For National Non-Domestic Rates (NNDR), the collection rate for 2015/16 is expected to be slightly above last year, at about 98.7% compared to 98.5%. Cash Collection totalled £112.5m as at 31 December 15 compared to £130.6m due to date (final 2014/15 figures were £126.9m compared to £128.8m collectable).

3.18 It is reasonable to say that there is some stability in collection rates of these two significant areas of business. More generally, the council continues to seek improvement in its processes for collecting debt and we might expect rates of collection to improve in 2016/17 to some extent across the board. We also, through our Financial Resilience Strategy and Income and Debt Strategy, work across the Council to ensure we identify and intervene quickly where debt problems indicate actual or emerging vulnerability.

4. CURRENT POSITION

4.1 This section provides an update on the current financial position of the council, including General Fund and the Housing Revenue Account. The forecast position in relation to capital expenditure can be found in Section 6.

General Fund Position as of 31 December 2015

4.2 The December 2015 Finance Monitor reported a £16.12m overspend.

4.3 The main areas of concern are:

- Children's Services - £11.6m forecast pressure (unchanged from last month);
- Temporary Accommodation, within Housing Management Services - £5.2m (unchanged);
- Business and Customer Services - £1.7m (was £1.9m)
- Adult Social Care - £1.4m (was £1.1m);
- Public Health - £1.2m (unchanged).

4.4 The table below summarises the Council's forecast position by department.

	Full Year Budget £'m	Full Year Forecast £'m	Full Year Variance £'m	Full Year Variance %
Children, Adults & Health	158.74	172.57	13.83	8.7%
Neighbourhoods & Growth	55.47	57.78	2.32	4.2%
Corporate Resources	63.14	61.75	-1.39	-2.2%
No Recourse to Public Funds	4.26	4.75	0.50	11.6%
Corporate Items	9.29	10.15	0.86	9.2%
TOTAL - General Fund	**290.89**	**307.00**	**16.12**	**5.5%**

4.5 Work is ongoing to seek to reduce this and recovery plans have been formulated to improve the position by year end. This position includes no drawdown from the centrally-held contingency budget of any ear-marked reserves. It is anticipated that with all actions this will deliver a balanced position at year end.

2015/16 Housing Revenue Account Forecast as of 31 December 2015

4.6 The Housing Revenue Account budget, for 2015/16 is set to overspend by £0.51m.

4.7 The main areas of concern are:

- Central HRA budgets forecast overspend £0.58m (was £0.54m underspend)
- Housing Management: Repairs and maintenance forecast overspend £0.33m (was £0.26m over)
- Housing Management Services forecast overspend £0.15m (was £0.14m over)
- Corporate Resources (HRA) forecast overspend £0.20m (unchanged)
- Housing Management Services forecast overspend £0.40m (was £0.30m).

4.8 The table below summarises the HRA forecast position.

	Full Year Budget £'m	Full Year Forecast £'m	Full Year Variance £'m	Full Year Variance %
Major Capital Programmes	1.19	1.19	0.00	0.0%
Regeneration, Planning & Neighbourhoods	-2.19	-2.19	0.00	-0.1%

S & C - Housing & Communities	-62.93	-63.08	-0.15	0.2%
Housing Management Services	60.96	61.45	0.48	0.8%
Corporate Resources - HRA	2.97	3.14	0.17	5.7%
TOTAL HRA	**0.00**	**0.51**	**0.51**	

2016/17 HRA Budget

4.9 A correction should be noted to the rent setting report presented to Cabinet in January. The charge for dedicated tenants' car parking spaces is currently £5.13 rather than the £5.29 reported. The charge will be £5.13 per week for 2016/17.

5. GENERAL FUND REVENUE BUDGET 2016/17

Setting the 2016/17 Cash Limit

5.1 The cash limit for 2016/17 has been calculated by rolling forward the 2015/16 budget position, (after removing any temporary in-year adjustments) and adjusting for previously agreed savings brought forward, the newly agreed savings outlined in Appendix 3 and Corporate items for the changes in identified cost pressures.

5.2 The below table shows the cash limits at departmental level:

Panel	Base Budget (£m)	Cost Pressures & b/fwd adjustments (£m)	Savings (£m)	Proposed Budget (£m)	Indicative Savings (£m)	
	2015/16	**2016/17**	**2016/17**	**2016/17**	**2017/18**	**2018/19**
Children, Adults & Health	151.58	14.43	(5.99)	160.02	(1.00)	-
Neighbourhoods & Growth	50.71	7.40	(9.52)	48.59	(0.31)	-
Corporate Resources	58.73	-	(3.99)	54.75	-	-
No Recourse to Public Funds	4.26	-	-	4.26	-	-
Corporate Items	25.61	9.18	(20.50)	14.29	-	-
Total	290.89	31.01	(39.99)	281.90	(1.31)	0.00

6. CAPITAL

Capital Spend & Forecast

6.1 A Capital Investment Programme ("CIP") totalling £237.7m for the 3 financial years 2015/16 – 2017/18 was set by the Council in February 2015 reflecting the resources that were known to be available at the time. The CIP is an amalgamation of both General Fund and Housing Revenue Account capital schemes and is analysed to show how capital investment is spread across the

Community Outcomes. It also shows where investment is supporting the entire organisation through Enabling projects.

6.2 Since the Financial Planning Report in December 2015, new information has resulted in amendments to the programme including the addition of new projects and finalisation adjustments for others. Significant additions include:

- £6m investment in the Brixton Recreation Centre to keep the centre operational for the next 5-7 years while the long term strategy is developed.
- £5m investment for the first tranche of 2016/17 Highways Investment Programme to continue to improve the condition of our roads right across the borough and an associated reduction in both reactive maintenance costs and insurance claims
- £1.3m for the second year of an eight year programme to improve key assets in each of Lambeth, West Norwood and Streatham cemeteries.
- An initial £1.5m contribution to an Endowment Fund that by 2019 will provide small grants to local charities seeking to achieve the priority healthier for longer, including, the love of literacy and life-long learning programmes tailored to priority groups.
- An additional capital investment of £1.735m from capital receipts to cover the full cost of the depot rationalisation and relocation of Angela David depot from the Somerleyton Road site.
- £800k for contributions to capital investment programme for The Old Vic, Garden Museum and South London Theatre as part of Culture 2020 plan for the borough.

6.3 A small number of virements have also been necessary as summarised at Appendix 4.

6.4 These amendments have resulted in a revised Capital Investment Programme for the current year 2015/16 as at 31 December 2015 of £166.6m which includes HRA investment of £99.5m.

6.5 In the nine months to 31 December 2015 capital expenditure has totalled £82m against a budget of £67m, which is £15m or 22% more than the year to date target.

6.6 However, forecast spend by the end of the year currently stands at £157.3m against the full year budget of £166.6m (9% under budget).

6.7 The working CIP is now being rolled forward to incorporate the planned investment for 2017/18. Appendix 5 shows the analysis of the working CIP for the next 3 years 2016/17 to 2018/19 which totals £237.7m while Appendix 6 demonstrates how this 3 year CIP will be financed. This planned investment includes £123.3m in relation to the HRA.

Maximising the impact of our capital investment

6.8 The Council set an ambitious cumulative Capital investment target totalling £564m for the 4 financial years 2014/15 – 2017/18. This comprises both investment in the development of essential new infrastructure through transformational upgrades or new build/acquisition as well as capital funding prioritised for the continued maintenance and enhancement of the asset base.

6.9 The Council is making good progress in implementing a number of substantial investment strategies to ensure our existing asset base is fit for purpose whilst at the same time minimising associated revenue costs. The Your New Town Hall project will ultimately result in a transformational improvement to the centre of Brixton. However, the on-going rationalisation of office space underpinning the project has already seen significant reductions in associated accommodation running costs as the council has so far reduced its main operational premises to four buildings. The investment of £10m in our highways (footways and carriageways) each year since 2012/13 has seen a dramatic improvement in the condition of our roads right across the borough and an associated reduction in both reactive maintenance costs and insurance claims.

6.10 Other strategic investment programmes include the Cemeteries capital investment programme which will see a further £1.3m invested in 2016/17 (the second year of an eight year programme) to improve key assets in each of Lambeth, West Norwood and Streatham cemeteries. Significant capital investment in recent years has resulted in newly built, top quality community Leisure facilities in Clapham, Streatham and West Norwood. These assets are now a critical part of the council's ambitious Culture 2020 investment strategy together with our heritage libraries, parks and other cultural assets. The Council is also progressing a strategy that will seek to secure the future of the Brixton recreation centre to meet the long term needs of Lambeth residents; in the short-term, this will see investment of £6m to keep the centre operational for the next 5-7 years while the strategic approach is developed.

6.11 There is now an urgent focus on using our assets to generate on-going additional revenue income where possible since this will give the council the greatest financial flexibility. With the recent announcements on retained business rates, maximising and harnessing the benefits of growth across the borough is also fundamental to securing the council's long term financial stability. The receipts from the Community Infrastructure Levy are now starting to accumulate which is beginning to open up new opportunities, both for investment in strategic infrastructure assets as well as for capital investment decisions at neighbourhood level. The Council has completed its review of strategic infrastructure and delivery is underway for key items such as the NLE; the schools programme; improvements to parks; health and community facilities. Consultation will begin in the next 6-8 weeks on the Stockwell Co-operative Local Investment Plan, which is the pilot CLIP to engage local communities in relation to their priorities for spending the for the 25% of CIL that will be collected and retained locally. This will inform the Council's capital programme at the local and neighbourhood level.

6.12 The Council is also part-way through a substantial programme of Housing schemes which will both improve our existing housing and provide new, genuinely affordable homes for our residents. The Housing capital programme is primarily investing in improvements to bring existing dwellings up to the Lambeth Housing Standard (LHS) which is above the Decent Homes Standard. The capital programme also includes a major initiative to improve sheltered housing schemes together with improvements to Private Sector Housing and disabled facilities grant funded schemes.

6.13 The Council is also progressing a number of different strategies to maximise the delivery of new affordable homes within the borough. The Council has pledged to deliver 1,000 additional new homes at Council rent levels over 5 years and is progressing innovative approaches such as the Somerleyton Road scheme as well as small sites initiatives such as St Oswald's and Akerman Road together with negotiations to maximise the potential benefits from s106 obligations. In addition, the estate regeneration programme is focusing on the renewal and redevelopment of

Lambeth-owned Council estates; improving the living conditions for existing residents whilst also seeking to build new housing which can be rented at a genuinely affordable rent level.

6.14 Our challenge remains how to optimise these investment opportunities, enlarging and revitalising our estate to support the expected population growth in the Borough whilst at the same time ensuring that the council is not left facing a high cost burden of maintenance and lifecycle replacement of these new assets which can no longer be met from dwindling revenue resources.

Asset Management Strategy

6.15 The council is reviewing its Asset Management Strategy to ensure it is responsive to and reflective of the new and unprecedented financial pressures.

6.16 We are now developing our asset management strategies to ensure:

- That we regard our property assets as a corporate resource, to support and enable the Council to deliver on the community outcomes.
- That we maximise the benefits of our asset base, maximising the underlying value, and ensure the best use of this valuable corporate resource.
- In light of the significant budgetary pressures, that we review all our commercial property assets to ensure that we are maximising the revenue we receive from third party occupiers. We will roll out a programme of property principles to ensure fairness and transparency, with clear audit trails accounting for all decisions relating to occupiers.
- That we ensure that we are fully exploiting all the opportunities in the borough for new development, whether we undertake it ourselves or work with other partners to sweat our valuable assets to ensure we reap the maximum benefit from every plot of surplus land and space
- That we capitalise on the opportunities provided by the wider public sector asset base of the borough through further integration with key partners such as the NHS and the Metropolitan Police, sharing assets, reducing revenue costs and improving community access to services;
- that we maximise the impact of the new Community Infrastructure Levy (CIL) income to further our critical infrastructure needs;
- that we facilitate direct community input into capital investment decisions at neighbourhood level including through the introduction of the Co-operative Local Investment Plans (CLIPs), and
- that we continue to support and refine mechanisms to facilitate community asset transfers or cooperative models of asset management.

Forecast Disposals for the 3 years 2015/16 to 2017/18

6.17 The forecast for non RTB asset disposals for the 4year period of 2014/15 to 2017/18 has been revised to a total of £80.4m. This comprises actual disposals in 2014/15 of £12.3m together with forecast disposals for the next 3 years 2015/16 – 2017/18 of £68.1m. The detail of this forecast can be found in Appendix 8 and is summarised in the table below:

Revised Forecast of Non-RTB Asset Disposals 2014/15 – 2017/18

Non RTB Disposals	(Actual) 2014/15	2015/16	2016/17	2017/18	Total

	£m	£m	£m	£m	£m
Other assets	4.2	23.6	2.6	18.4	**48.8**
Short life assets	8.1	3.5	20.0	0.0	**31.6**
Total Forecast	**12.3**	**27.1**	**22.6**	**18.4**	**80.4**

6.18 These forecasts are based on our best estimates of disposal coming forward to date, but that as ever with the nature of property, things can change fairly rapidly (tenants moving on, services co-locating) and we cannot always predict future windfalls but it is fair to say we are expecting some windfall assets to come back into our control, many of which may well be sold.

2015/16 Disposals update

6.19 Non RTB asset disposals for the 2015/16 year to 31st December 2015 have raised £15m capital receipts as summarised in the table below:

Non RTB Asset Disposals to date 2015/16

Disposals	**2015/16 £m**
Other assets	15.0
Short life assets	0.0
Total Receipts YTD	**15.0**

6.20 With substantial additional sales planned before the end of the year, the original 2015/16 target of £21.4m is expected to be exceeded.

6.21 In addition, 128 council housing stock properties to the value of £19.8m have been sold under Right to Buy legislation over the period 1st April 2014 to 31st December 2015. Of this total receipt, the council is permitted to retain £2.4m as a contribution to the council's single capital pot and a further £14.9m as Recycled RTB receipts for reinvestment in replacement housing, subject to stringent criteria.

6.22 Key non-residential disposals made so far this year include:

- Three sites to Pocket Living (totalling c. £4.6m)
- Union Grove (£2m)
- 198 Railton Road and 35 Killieser Avenue were sold to community groups.

Overview of the 4 year Capital Investment Programme ("CIP") 2014/15 to 2017/18

6.23 The total planned capital investment over the 4 years 2014/15 to 2017/18 comprises those projects formally incorporated into the CIP of £582m together with planned investments totalling £55m held in the capital pipeline. The total target investment for those 4 years is now planned to be £637m. This target includes £327m in relation to the HRA.

Looking forward: future Capital investment

6.24 The major areas of planned spend over the next 3 years include:

Future Brixton The Future Brixton programme is a major Council-led regeneration programme, including Brixton Central, Your New Town Hall and Somerleyton Road.
The overall programme should see over £250m of investment in this major town centre and delivery of 750 new homes and will bring about a step-change in the level of employment in Brixton. Excluding the new Council offices, the plans would bring forward 23,000sqm of new commercial space (including retail, workspace and hotel), and with it around 1,000 additional jobs to Brixton.
Brixton Central Work is continuing on the delivery strategy to bring development forward so that a procurement process can start as soon as possible, ideally before the end of 2016.
Work has commenced on the implementation of improvements to buildings in Electric Avenue and Atlantic Road funded by the £1.95m Heritage Lottery Fund Townscape Heritage Initiative grant together with £650k match funding from the Council. Work started on site in January to implement public realm improvements to Atlantic Avenue and Electric Avenue. This is due for completion in the spring. To support this, the Council is intending to develop a new approach to waste collection in this area, using its own land, so that the quality of the environment can be improved. It is hoped this will encourage more shoppers to shop in the market and underpin local businesses and the economy.
Pop is now fully up and running. This eclectic mix of activity including an events space is adding vitality and vibrancy to a part of the town centre where the temporary ice rink was located. The Impact Hub moved to Pop and is underpinning the employment and business offer there. This site will be redeveloped as part of the delivery of Brixton Central.
Development work continues in the neighbourhood areas outside the town centre. Not least in Loughborough Junction where a masterplan is underway. The Council was successful in its bid to the GLA's London Regeneration Fund to deliver a new employment hub that will deliver jobs and opportunities locally.

Somerleyton Road Planning permission was granted on 15 December 2015 for a housing-led, mixed use scheme on Somerleyton Road. The development includes 304 new homes which are all rented. 50% are to be let at market rent whilst 50% are to be affordable homes (121 of which are at Council rent levels). The development also includes a new theatre for Ovalhouse, a chef's training school, a children's nursery and other community space. The procurement of a build contractor is underway for this £124m development and the preferred contractor will be identified in February 2016. Initial enabling works are planned for March 2016.
The project is a Council-led development and will be funded through a combination of Council borrowing financed by the revenue income generated from the 304 new homes, application of Right to Buy recycled receipts and external grants.
Ovalhouse will be contributing the value of their existing site in Kennington (currently valued at £6.4m) and additional fundraising to cover the capital costs of the new theatre. They have already secured £3m from Arts Council England.

Your New Town Hall is the major development of a 2.5 acre site in the heart of Brixton. It will see the current town hall carefully restored and improved with better spaces for the whole community including an area to support local businesses. It will deliver 194 new homes in the main scheme with a further 25 from a secondary scheme at Wynne Road, 720 construction jobs and apprenticeships for local people and up to 14,000 sqm of new, fit for purpose customer facilities and offices.

The project is self-financing using the value of the surplus office sites as the Council reduces from fourteen to a far more efficient two - one of which will be a new energy efficient office and customer access centre. These reductions will save at least £4.5m a year just in running costs, but will also improve efficiency in the way the Council operates. This rationalisation of office space is already being supported by having moved all office staff to more flexible and efficient working in early 2015.

Regeneration of Waterloo Demolition has now started at the Shell redevelopment and planning permission has been granted for the redevelopment of Elizabeth House. These major projects underpin the future of the area, and will also contribute some of the largest CIL payments to the borough to help the Council fund improvements to infrastructure both locally and across the Borough. Work to the public realm will start on site at Westminster Bridge Road in the spring, funded with £3m of section 106 funding. Discussions are continuing with TFL regarding the move of part of the IMAX roundabout. This project now has TfL funding. Consultation will start in the summer to engage the local community on what the scheme could look like. As part of this scheme, TfL intend to improve Addington Street roundabout by introducing improved pedestrian and cycle crossings and networks. Work will start on site at Archbishops Park in the spring delivering an improved sports and leisure facility. Guy's and St Thomas Hospital have supported the creation of a specialist health incubator project in the local area now that the Urbanest mixed use development is complete. The Council is about to launch its bid to attract a meanwhile user for its land on Lower Marsh whilst the plan for redevelopment is prepared and a development partner identified.

Regeneration of the Vauxhall and Nine Elms areas The council continues to grant planning permission for major development in this area. So far 3,023 new homes have been consented, of which 712 are affordable. The council is leading negotiations for complete modernisation and refurbishment of the existing Wyvil Primary School and construction of a two-form entry expansion on the Keybridge House site. So far 83,000sqm of new flexible office space (Class B1) has been approved, and circa 19,000sqm retail/café/restaurant uses (Class A) along with new community and leisure spaces have been granted consent. Major development is underway on Albert Embankment, and the Atlas and Keybridge House developments have recently commenced. Although the largest development, Vauxhall Square, may be delayed due to rights of light issues and further negotiations are required by developer in that regard. Damien Hirst opened his gallery in the summer 2015 and the council is leading on a cultural strategy to further strengthen the offer in Vauxhall. Network Rail are working through a strategy of improvements throughout the arches that will increase the variety of uses and improve connectivity throughout the area.

The council continues to work in partnership with TfL, in relation to the removal of the gyratory at Vauxhall and the remodelling of the bus station. There will be a brand new bus station, complementing the improvements that are currently underway at Vauxhall Station and the implementation of CS5 which was completed last year. The second public consultation will close on 17 January and early indication suggest a broad support for the concept proposal. This will pave the way for TfL to agree a business case for the next stage of the programme and move into a detailed design stage and submission of a planning application for the new bus station by early summer 2016. The council has identified a contribution of £12m capital towards the £50m scheme. In the meantime, the key land holding in the area ("the island site") has been marketed and it is understood that a new development partner will be announced shortly. The council will work with

the new owner, TfL and the GLA to secure a more comprehensive development that will better benefit the district centre.
Construction has now started on the Northern Line Extension. It is due for completion in 2019/20. The council is making a contribution of £7.3m towards this major infrastructure.

Regeneration of West Norwood & Tulse Hill The council seeks to support further inward investment within the area, nurturing growth and identifying key opportunities. As such a regeneration programme has just been commissioned which will include a focused economic vision for West Norwood and Tulse Hill. This piece of work will also encompass a refreshment of the 2009 West Norwood Town Centre masterplan and a health check of the KIBA – identifying and problem-solving issues to create a viable environment for economic growth, and delivering a Co-operative Local Investment Plan (CLIP) within the Norwood CLIP Area boundary. Delivering these projects in tandem will result in a more holistic and robust engagement process with local stakeholders within a cooperative and innovative approach.

Regeneration in Larkhall The opportunity to develop sites surrounding Larkhall Park in Stockwell in a coordinated, holistic and considered manner has become available to the council. The aim is to maximise the financial and social benefits of the council-owned land-asset, provide an integrated community-focussed addition to the existing residential and commercial spaces in the area. Income from this development will amongst other things, support on the on-going upkeep of the Park. Development is likely to start here in the next 2 to 3 years.

New Homes Bonus £2.9m of funding was secured through the New Homes Bonus. A programme of small scale capital projects was agreed for the borough's 6 town centres including Waterloo which will be implemented in partnership with the Business Improvement Districts ("BiDS"). Agreements will be signed shortly enabling delivery to commence from April.

Myatt's Field North estate regeneration This PFI scheme commenced in 2012 and is nearing completion of the 5 year construction and refurbishment programme. A close partnership between the council, local residents and Regenter, the project has already delivered 172 refurbished homes, while the decant and demolition of 305 properties to be replaced was completed in 2015. To date, 260 new build council properties have already been reprovided, together with 230 (for sale) and 110 (shared ownership) new properties handed over. All 808 new build properties are on target to complete in 2017, together with new streets, park and play areas. Following completion of building works, Regenter will manage all the council houses and community spaces for the remainder of the 25 year contract (until 2037).
We are currently in dispute with Regenter on a number of issues which include: delayed vacant possession, unforeseen ground conditions, CNDT, sound insulation, and maintenance/adoption of roads and street lighting. These issues are regularly monitored as financial risk while we seek resolution through our legal advisers
2017 will see the fifth anniversary of the PFI contract, as well as the completion of construction works. This will bring with it the opportunity to seek savings, mainly through narrowed refinancing margins and insurance savings, as well as a requirement for market testing and benchmarking, and preparatory work for these will be undertaken during 2016. The completion of the construction of the sale properties will also see the return of overage on these to the Council.

Primary and Secondary expansion – a total of £90.5m is included within the CIP for the next 3 years 2015/16 – 2017/18 to fund the expansion of Primary and Secondary schools to provide 2,415 new places (equivalent to 11.5 new forms of entry). This includes Basic Needs Funding, Targeted Basic Needs Funding together with s106 monies.
Feasibility studies are currently underway for potential Secondary expansion projects. Primary Expansion projects in progress include:

- **Paxton Primary (Brixton):** rebuild of the existing 1FE school into a new 3FE school to provide 420 additional places
- **Sudbourne Primary (Brixton):** expansion across a split site from 1.5 FE to 3FE to provide 315 additional places
- **St John's (CofE) Primary (Norwood):** rebuild of the existing 1FE school into a new 3FE School to provide 420 additional places
- **St Leonard's Primary (Streatham):** expansion from 1FE to 2FE to provide 210 additional places
- **Woodmansterne Primary (Streatham):** expansion from 2FE to 4FE to provide 420 additional places
- **Telferscot Primary incl. Teferscot road and New park road (Clapham):** expansion across a split site from 1FE to 4FE to provide 630 additional places
- **Glenbrook Primary (Clapham and Stockwell):** expansion from 2FE to 3FE providing a further 210 places. This project is being funded by the EFA under the PSPB programme.

SEN expansion – a total of £11.5m is included within the CIP for the next 3 years 2015/16 – 2017/18 to fund SEN expansion and to bring places back into the Borough. This includes £1.4m Targeted Basic Needs Funding. SEN expansion projects in progress include:

- **Michael Tippett School (Coldharbour):** refurbishment and expansion providing 20 additional places
- **Kennington PRU and Wyvil ASD (Oval):** refurbishment and expansion providing 45 additional ASD places
- **Turney School (Thurlow):** expansion to provide 15 post 16 ASD places
- **Bonneville, Crown Lane, Archbishop Sumner and Lark Hall:** resource base expansion to provide an additional 45 places overall
- **Landsdowne Special School (Ferndale):** refurbishment and expansion providing 10 additional places. This project is being partly funded by the EFA under the PSPB programme.
- **Allen Edwards Primary School (Clapham and Stockwell):** expansion to include a 15 pupil SEN provision. This project is being partly funded by the EFA under the PSPB programme.
- **NAS/Vanguard:** the Borough is actively supporting the provision of a new special needs school for NAS / Vanguard with the sourcing of a site. The school will be EFA funded and provide a further 78 SEN places in the Borough.

Further planned projects include an Early Years Assessment Centre and Sensory Resource space (HIVI).

Housing investment within the HRA –The Housing capital programme is primarily managed by LBL Housing Management with the exception of Private Sector Housing and disabled facilities grant funded schemes. The investment for 2016/17 is estimated at £120m of which the vast majority will be used to provide Lambeth Housing Standard improvements in relation to bathroom, kitchen, electrical, roof and window renewals in addition a portion of these funds will be used to improve communal facilities such as lifts, communal boilers, water tanks and door entry systems. The accumulative investment from 2011/12 to 2016/17 will see the start of the final phase of decent homes works to the final remaining 20% of LBL tenanted housing stock and more than half of the boroughs housing stock achieving the Lambeth Housing Standard. The Council has already completed decent home works to more properties than the original estimates of requirements in 2012 and the extent and costs of both DH and LHS works as been higher than originally anticipated. As a result the funding gap, which was reported in 2012 as £56m between estimated available resources within the HRA capital programme and updated estimated costs of achieving the LHS across the entire stock, has increased to an estimated £85m. This is a best estimate at this current time and is based on a number of assumptions within the HRA business plan. The financial challenge in the HRA capital programme has grown and therefore the Council has to be prudent in deciding how best to spend the limited capital budget on LHS over the coming years. In addition, a large proportion of the sheltered housing will have received major capital enhancements. In 2016/17 we also expect these funds to propel the Housing regeneration programmes, which are expected to gather momentum in the year.

Affordable Housing investment. The Council is developing a range of different initiatives and programmes to increase the amount of affordable housing (particularly Borough owned accommodation), and relieve the costs of service provision. The schemes involve the Council constructing new accommodation through Lambeth Homes, as well as imaginatively reconsidering development opportunities to maximise the amount of affordable housing that can be obtained.
In addition to the redevelopment of Somerleyton Road (providing 153 new affordable housing units), the Council is developing a programme for the regeneration of 6 estates and small sites. The first scheme, Akerman Road, will be completed in 2016, and the projects are funded through private finance, and the investment of Right to Buy receipts, cash in lieu payments obtained from S106 Affordable Housing Agreements.
The Council has also successfully negotiated private developer Affordable Housing S106 Offsite Accommodation that considerably increases the number of units that would have been constructed if this had been provided as part of the developer's (the donor's) scheme. In the case, of the Shell Centre, it was possible to convert 20 affordable rented properties into 70 Social Rent units that will be owned by Lambeth by relocating the affordable housing to the construction of a new tower block on Council owned land at Lollard Street. It has been possible to secure two further schemes on a similar basis to Lollard Street that will increase the level of Social Rent Accommodation to 150 approximately properties. The first project will be completed in 2016, and the accommodation will be used to initiate estate regeneration.
Finally, in view of the need to upgrade and improve affordable housing for older people, two sheltered schemes are being sold to a Registered Provider to redevelop as Extra Care Projects that with GLA Affordable Housing Funding costs at least £22m to construct.

Further medium-term Housing investment within the HRA 2018/19 to 2021/22

6.25 Over the next 2 years (2017/18 to 2018/19), the council will be focusing in facilitating the construction of new homes at council rent. The main aim of the future Housing investment within the HRA will be provide new homes at council rent and achieve the Lambeth Housing Standard on all of Lambeth's housing stock which is planned to be coming to an end in this period. We are currently reviewing the capital funding requirements for future years to accommodate changes in the Housing Councils Building Cost Model (BCM), which is being reviewed with the capital investment to date and future requirements balance with potential funding availability.

6.26 **Affordable Housing investment**. Many of the schemes set out in 1 above are of a long-term nature, and are indifferent stages of development. However, most should be completed within this time period, and assist the Council in achieving the objective of starting the construction of 1,000 units let at the equivalent of Council Rents in the 4 years May 2014 to May 2018.

6.27 **Housing Investment 2018/19 – 2021/22.** The medium term, the council would have achieved its goal in relation to bring all council housing stock up to the London Housing Standard this will require work to close the funding gap. Since 2011/12 to 2015/16 over 14,000 dwellings are or will be within the Lambeth Housing Standard, with the remainder of the stock achieving the LHS standard by the start of this period. Investment thereafter will be dependent on a planned maintenance strategy which is currently being reviewed. This in theory will reduce the need for immediate large scale capital investment in the short term and ensure that housing stock is maintained. Regeneration options both proposed and applied will increase numbers of social housing tenanted stock, thus providing residents of Lambeth with much needed new homes as well as reducing the investment need funding gap.

Treasury Management

6.28 Treasury Management is inextricably linked to the Council's finances in general and the capital programme in particular. Appendix 10 sets out the proposed Treasury Management Strategy, which has been updated by reference to the CIPFA Code of Practice for Treasury Management and Prudential Borrowing.

6.29 The Local Government Act 2003 and its subordinate legislation require the Council to pay over to the DCLG a proportion of capital receipts from the sale of properties. This legislation is often referred to as "pooling". However the guidance does permit the Council to avoid this requirement for any housing receipts arising from disposals other than right to buy sales if it reinvests these receipts in either affordable housing or regeneration projects. The mechanism for doing this is to identify a pool of such schemes, known as the Total Capital Allowance (TCA), and then set any eligible capital receipts against this pot. As this is done at the highest level, there is no direct link between any individual receipt and specific schemes. To implement this requirement, schemes have been identified in the proposed capital programme as either affordable housing or regeneration projects.

6.30 The TCA for 2015/16 arising from this calculation is £294.7m. It is recommended that Council adopt this figure as the legislation requires the decision to be endorsed in order to avoid a pooling liability.

6.31 The Council is also required to adopt the Minimum Revenue Provision policy as set out in Appendix 9.

7. STATEMENT OF THE DIRECTOR OF FINANCE (THE COUNCIL'S S151 OFFICER) PURSUANT TO S25 OF THE LOCAL GOVERNMENT ACT 2003

7.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) (in Lambeth's case the Director of Finance) must report to an Authority on two areas:

- The adequacy of the proposed reserves
- The robustness of the estimated

7.2 It also states that the Authority must have regard to this report when the Council Tax is being set. The Director of Finance advises that she considers that the proposed budget is robust and the level of reserves and balances as set out in paragraph 3 in the draft budget is adequate.

7.3 The draft budget proposals have been subject to examination by the Council's members and officers and as a result resources are aligned with service objectives through the budget setting process. The revenue impact of decisions concerning capital spending is considered. The budget does not include a proposed contribution to reserves at 31 March 2016 as they are at an adequate level. Risks have been considered and have been appropriately budgeted for.

7.4 In consideration of this budget overall, members attention is drawn to the fully funded and financed capital programme discussed in section 6 above. The programme was reviewed in 2015/16 in the July and December Financial Planning Reports to ensure its affordability and continued alignment with organisational priorities. Members will therefore have formal opportunities to consider the programme in the same way in 2016/17.

7.5 I consider that current levels of unallocated reserves remain strong and contribute to the Council's sound financial position. Further detail can be found in the Reserves and Balances Strategy as set out in paragraphs 3.2 to 3.11 of this report.

7.6 In determining the target range of balances and by way of a high level initial policy on reserves and balances the key factors that should be taken into account are:

- Risks inherent in the budget strategy
- Risk management policies and strategies
- Part financial performance i.e. spending within budget
- Current budget projections
- The robustness of the estimates contained within the budget
- The adequacy of financial controls and budget monitoring procedures
- Spending pressures

Emerging and Known Risks

7.7 The Council has now received a four year (2016/17 to 2019/20) provisional financial settlement, which will enable us to implement effective planning, when in the past there has been more uncertainty, due to not having several years of funding to work with. However, the funding within the settlement still needs to be considered with a certain degree of caution, purely because of the way the Government rolls in grants into the core funding. We know what grants have been rolled into the 2016/16 provisional settlement, but for the following few years we do not yet have this level of detail. However, we are hopeful that the sums will not be material, and therefore the funding gap calculated can to a reasonable extent be relied upon in future years.

7.8 Whilst budgets are calculated on a most likely basis they are by definition estimates and are subject to in year price and volume variances; a small percentage variance of only 1% represents a variance of more than £2.8m on our general fund net revenue budget. Despite the risks to the budge, the rigour of the process has enabled the council to consistently deliver an overall balanced budget. The council considers key corporate risks via the risk register, which is monitored at Corporate Management Team in addition to Corporate Committee (the council's audit committee).

Overall Budgetary/Cost Control History

7.9 The evidence of the last four completed financial years, suggests that the authority is capable of containing expenditure within agreed budgets, notwithstanding the significant risks forecast this year.

Unexpected Events

7.10 Recent economic events have highlighted the need to hold significant reserves to create the financial cushion that enables changes to services to be implemented in a structured fashion. To date sound financial management and planning have insulated the authority from such unforeseen events, but with the current levels of economic uncertainty no complete assurances could ever be provided that this will continue to be the case.

7.11 Later in 2016 the Financial Planning Report will set out the approach to setting a balanced 2017/18 budget. The immediate challenge is to deliver significant savings of £39.9m in 2016/17 as detailed in this report, and planning for a further £56m in the following three years.

8. FINANCE

8.1 This report concerns the Council's overall financial position with a particular focus 2016/17. It commits the Council to a new revenue budget for 2016/17 – with a 1.99% plus 2% adult social care precept (total 3.99%) increase in the Lambeth element of the Council Tax – and a revised Capital Programme of £237.7m for the years 2016/17 to 2018/19.

9. LEGAL AND DEMOCRACY

9.1 The Council has a duty to maintain a balanced budget throughout the year and, accordingly, members are required to regularly monitor the Council's financial position in accordance with section 28 of the Local Government Act 2003. In considering the Council's financial strategy for 2016/17, members will need to balance the proposed level of expenditure in discretionary areas of service provision against that required to ensure that the Council complies with its statutory duties.

9.2 By virtue of section 25, Local Government Act 2003, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Director of Finance, as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

9.3 In reaching decisions on these matters, members are bound by the general principles of administrative law. Lawful discretions must not be abused or fettered and all relevant considerations must be taken into account. No irrelevant considerations may be taken into account, and any decision made must not be such that no reasonable authority, properly directing itself, could have reached. Members must also balance the interests of service users against those who contribute to the Council's finances. Monies may not be expended thriftlessly and the full resources available to the Council must be deployed to their best advantage. Members must also act prudently and in a business-like manner at all times.

9.4 In considering the advice of officers, and the weight to be attached to that advice, members should have regard to the personal duties placed upon the DoF as Chief Finance Officer. The Chief Finance Officer is required by Section 151 of the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 to ensure that the Council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. In the event that the Council's overall financial position worsens considerably during the course of 2016/17, the DoF will need to have regard to the statutory obligations which are placed on her personally when deciding on any particular actions to be recommended to members to address her concerns.

9.5 Section 106 of the Local Government Finance Act 1992 applies at any time to a Member of a local authority or a Member of a committee or sub-committee of a local authority if, at that time, a sum in respect of community charge, or a sum in respect of Council tax has become payable by the member and has remained unpaid for at least two months.

9.6 If a Member to whom Section 106 applies is present at a meeting of the authority, the Cabinet, or a committee or sub-committee of the authority or the Cabinet, at which any of the following matters is the subject of consideration:

- any calculation required by Chapters III, IV or IVA of the 1992 Act i.e. budget requirement, tax base and tax, or
- any recommendation, resolution or other decision which might affect the making of any such calculation, or
- the exercise of any functions in relation to the administration, collection and enforcement of community charge or Council tax.

The Member shall as soon as practicable after its commencement disclose the fact that this section applies to her/him and shall not vote on any question with respect to that matter.

9.7 If or to the extent that any matter listed above is the responsibility of the Cabinet, no member of the Cabinet to whom Section 106 applies shall take any action or discharge any function with respect to that matter.

9.8 If a Member fails to comply with the requirement to disclose the fact that Section 106 applies and accordingly not to vote then they shall be liable to prosecution by the Director of Public Prosecutions which carries a fine not exceeding level 3 on the standard scale.

9.9 In certain circumstances the chair of the meeting may be under an obligation to refuse to count the vote of a Member who has declared that Section 106 applies to him/her, yet still voted. However, the chair would have to be fully satisfied that the declaration was beyond question. In relation to the non-payment of community charge or Council tax the person most likely to have the best information as to whether the section applies to them is the individual concerned. If a Member declares an interest in terms of Section 106, as is their duty if the Section applies, they will disqualify themselves from voting and any attempted vote cannot be counted.

9.10 In the event of a Member failing to disclose such an interest, and even though the Chair may have good grounds for believing that the Member is disabled by interest, nevertheless the chair should not refuse to accept a vote by that Member. However, the DoF will also be in a position to verify whether any particular Member is under a Section 106 duty and if a situation arises whereby the Member in question fails to declare an interest in terms of Section 106, the Chair is under an obligation to take account of the information provided by the DoF.

9.11 Prior to any meeting at which any of the matters referred above are to be considered, the DoF, or her/his representative, will contact all Members who are, in her/his opinion, in a position where Section 106 applies. The DoF will carry out a further check on the position prior to the meeting and will ensure that the Chair is informed at or before the commencement of the meeting.

9.12 Once the Chair is in possession of that information the Chair should indicate to the meeting that Section 106 applied to a Member or Members present, based on information provided by the DoF. It will then be for the individual Members concerned to approach officers from the Finance Department to clarify the position, if necessary. If the position as set out in the information provided by the Finance Department remains unchanged, then the Chair is under an obligation to refuse to count the vote of that Member. The fact that a Member who is disabled by interest has taken part in the consideration of the report and voted on it does not render unlawful the decision of the Committee or Council.

9.13 The Budget and Policy Framework Procedure Rules, as reproduced in Part 3 of the Council's Constitution, set out the involvement of the Overview & Scrutiny Committee in the budget-making process and provide, inter alia, that having considered the report of the Overview & Scrutiny Committee, the Cabinet, if it considers it appropriate, may amend their proposals before submitting them to the full Council for consideration. The Cabinet is also required to report to Council on how it has taken into account any recommendations from the Overview and Scrutiny Committee.

9.14 Section 149 of the Equality Act 2010 sets out the public sector equality duty, i.e. that all public bodies are under an obligation to have 'due regard' to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation.

9.15 Section 149 (1)(b) of the Act states that: a public authority must, in the exercise of its functions, have due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. Part of the duty to have "due regard" where there is disproportionate impact will be to take steps to mitigate the impact and the Council must demonstrate that this has been done, and/or justify the decision, on the basis that it is a proportionate means of achieving a legitimate aim. Accordingly, there is an expectation that a decision maker will explore other means which have less of a disproportionate impact.

9.16 The Equality Duty must be complied with before and at the time that a particular policy is under consideration or decision is taken – that is, in the development of policy options, and in making a final decision. A public body cannot satisfy the Equality Duty by justifying a decision after it has been taken.

9.17 Paragraph 12 of this report details the consultation undertaken to date. The following principles of consultation were set out in a recent High Court case. First, a consultation had to be at a time when proposals were still at a formative stage. Second, the proposer had to give sufficient reasons for any proposal to permit of intelligent consideration and response. Third, adequate time had to be given for consideration and response, and finally, the product of consultation had to be conscientiously taken into account in finalising any statutory proposals. The process of consultation had to be effective and looked at as a whole it had to be fair.

9.18 Further guidance on meaningful consultation was given in the recent decision of the Supreme Court in the case of *R (on the application of Moseley v London Borough of Haringey [2014] UKSC 56*. Where there is a duty to consult imposed by statute, then in addition to the common law duty set out at 1.18 above, there is an additional duty to ensure proper public participation in the local authority's decision-making process. Meaningful participation in these circumstances required that those consulted be provided with an outline of any realistic alternatives. In the absence of a specific statutory provision, reference to alternative options will be required where this is necessary in order for the consultees to express meaningful views on the proposals. The decision in the case of R (Robson) v Salford City Council [2015] EWCA Civ 6 clarified that the requirements for a lawful consultation vary according to the particular circumstances of the proposal under consideration but the general principals of fairness must be applied.

9.19 Section 1 of the Localism Act 2011 provides the Council with what is known as a general power of competence, in short, a power to do anything that individuals generally may do, for the benefit or otherwise of the authority, its area or persons resident or present in its area and subject to restrictions/limitations imposed by other statutes. The general power of competence includes a power to charge for services provided the requirements of section 3 of the Localism Act are observed, namely: 1) that the service provided is discretionary; 2) that the user agrees to the service being provided; and 3) that there is no other power to charge for the service in question, including that contained at section 93 of the LGA 2003. The exercise of this power is subject to a duty to secure that, taking one financial year with another, the income from charges does not exceed the costs of the service provided.

9.20 This proposed key decision was entered in the Forward Plan on 3 October 2015 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by Cabinet. A further period of five clear days – the call-in period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

10. CONSULTATION AND CO-PRODUCTION

10.1 As a cooperative council we are committed to working with our communities so that they can help themselves and it means building resilience in our communities. The council has to make difficult decision in the coming years as our financial resources reduce, but we are determined to engage communities in these decisions, and work to find the best solution wherever possible. The council conducts regular work to ensure that it understands the views of local people, gathering data via the resident's survey (June 2015) and through consultation activity throughout the year.

10.2 Member-led Outcome Panels have met throughout January to develop the budget proposals. Many proposals relate to savings which are to be realised in 2016/17 and 2017/18. These proposals will be developed in collaboration with local people, key partners, and delivery organisations throughout 2015/16 so that they can be implemented in 2016/17 onwards.

10.3 Overview and Scrutiny will meet on 4th February to review the budget. The recommendations from Overview and Scrutiny will be considered by cabinet alongside the budget report, and incorporated into the financial planning process, and reflected in the report to Council, and the subsequent financial planning reports for 2016/17.

10.4 Where there is a statutory consultation required this will be undertaken prior to the implementation of the relevant proposal. There are early stage proposals outlined in this budget relating to children's centres. Consultation is planned for 2016/17 so that the future service can be co-produced with communities, parents and children's centre users, children's centre staff, schools, health services and the voluntary sector.

10.5 There are a number of proposals which relate to staffing changes. As these proposals are developed, we will consult with staff at the appropriate point.

10.6 An equalities relevance assessment has been undertaken and early discussion of the proposals which are relevant to equalities will take place at 1st February Corporate EIA panel meeting. Where a potential impact is identified, the justification and mitigation of it is set out in this report. In some cases, due to the fact that proposals are at an early stage of development, a full EIA cannot yet be undertaken. Key proposals which are relevant to equalities, but where a full EIA is required ahead of the proposal being implemented include proposals relating to Children's Services, Adults Services and integration, Public Health and Youth Offending.

10.7 Where proposals affect a contract with a third sector provider, officers are engaging as early in the process as possible to help providers plan how they will manage the impacts. Proposals where early engagement with providers has already, or is, taking place, include those relating to Children's Services and Public Health, Adults and Health.

10.8 It is anticipated that as work on service transformation progresses across services delivered to specific groups, it will identify areas where further specific consultation is required.

11. RISK MANAGEMENT

11.1 The key risks covered in section 3 of the report and those arising from the proposals set out in the plan will be monitored and reviewed corporately as well as at departmental and division level to ensure that the proposals are achieved. Management of the key risks will allow for effective decisions to be taken across the department. In summary the key risks can be categorised as:

- Financial – failure to contain demand and costs within the overall resources available. Control action includes monthly budget and activity monitoring; and
- Performance Management – proposals may impact on the department's ability to meet key performance measures, which could affect the Council's ability to achieve its priorities and outcomes as set out in the corporate plan. Control action includes monthly performance monitoring to enable the organisation to take prompt remedial action.

12. EQUALITIES IMPACT ASSESSMENT

12.1 Lambeth Council takes its equalities responsibilities seriously. It is vitally important as the council is forced to take difficult decisions about reducing resources that the impact of these decisions is fully considered. Lambeth Council is committed to targeting its resources as far as possible to those most in need and to improving equality of opportunity in our borough. Therefore the council's approach to delivering a balanced budget has equalities considerations at its core. The council's commitment to equalities is detailed in full in our Community Plan 2013-16, and is central to our new Community Plan, published shortly.

12.2 An equalities relevance assessment has been undertaken for each of the proposals which brings forward new savings for 2016/17. Of the 31 proposals listed in this budget report, 4 of these have some relevance to equalities. Each of these proposals has been discussed in depth at the budget setting outcome panels, and will be subject to further discussion at the Corporate EIA panel in February where members will scrutinise how officers are considering equalities in their proposals. It is anticipated that all of the proposals with relevance will be subject to further detailed Equality Impact Assessment (EIA) as the proposals are more fully developed throughout the year. In line with our equalities processes, the Corporate EIA panel will then consider the equalities impacts of the proposals before they are implemented.

12.3 Proposals agreed in February 2015 for implementation in 2016/17 have undergone full EIAs, with high risk proposals being reviewed and discussed at the Corporate EIA panel.

12.4 Given the scale of budget cuts being faced by the council it is inevitable that citizens will be impacted. Understanding what the impact might be, and where possible putting in place mitigation to negate or reduce any adverse impacts is important. Our cooperative approach means that we will work closely with citizens to understand possible adverse impacts and put in place mitigations. We will also look to work with communities to build on the strengths that exist and enhance their resilience. By co-producing activities and building on what already is in place within communities and neighbourhoods we feel better able to mitigate some of the impacts of the changes outlined in this report.

12.5 A significant amount of savings proposed in this budget relate to staffing changes within Lambeth council. This reflects the principle that where possible, savings will be identified from back office services, in order to protect services to the public. It is not possible to identify equalities impacts at this stage, but these will be subject to full equalities impacts assessments, in line with the council's policy, as the proposals are developed and we are able to more accurately assess impact.

12.6 The list below outlines those proposals we believe have relevance to equalities. Based on the information we currently have available, we describe the groups with protected characteristics that *could* be disproportionately impacted by these proposals. These proposals are in the early stages of development, and in many cases we do not yet have an accurate assessment of risk, but where possible we describe potential mitigations that could be put in place to reduce or negate any adverse impacts. We also detail when further equalities analysis will be conducted. This information is to assist cabinet and Council in understanding the potential impact of these proposals in their decision-making.

Proposals

12.7 Supporting People- This is about working with providers to generate efficiencies and reduce the number of hostel beds. Savings have been split between efficiency savings, reduction in provision and scheme closures. Efficiency savings were originally based on a blanket 5% saving across all of the hostels. However, providers fed back that they would prefer to vary the amount of savings per hostel while still delivering the same amount.

We are also considering other changes, subject to the full impact assessment. We intend to withdraw funding from Ferrini House which is not delivering its outcomes and there is limited scope for improvements with the existing provider. There will be a loss of twenty bed spaces, although provision for those who would previously been housed here will spread across other sites. Two other schemes will also move from permanent bedspace funding to a spot purchase arrangement. All providers involved have agreed these proposals. There is therefore potential for a higher level of savings (£0.62m full year impact in total) following a review of service impacts from the withdrawal of services not currently meeting requirements should these not be recommissioned under different arrangements. This aspect of the proposal has relevance to equalities (health, gender, disability). Any potential impacts will be mitigated by recommissioning schemes, and ensuring people are able to receive support through mainstream services. Further equalities analysis will be available in March.

12.8 Renablement- This proposal is to find savings from the domiciliary care budget, and invest them in a reablement service to support people, often leaving hospital, to regain their independence. The savings will not alter domiciliary care services for existing service users, but by investing in reablement evidence from elsewhere suggests that fewer people will require as much domiciliary care support in the future, thereby reducing future costs. This proposal has relevance to equalities (age). Investing in reablement is likely to have a positive impact for future service users.

12.9 Youth and Play- This proposal is to accelerate and make further savings across the youth and play estate andis a continuation of an existing programme. These savings are made by detailed site by site proposals to bring forward savings on the budgets previously identified over the next three years. This proposal has equalities relevance (age). Given some of these services and facilities also provide specialist support to children with disabilities, there may also be relevance to disability. The proposals take account of the spread of services in the geographical area, level of need and other services run at sites for children and families to mitigate any potential disproportionate impacts. Consultation is required with the identified early adopter phase 2 providers about the proposals, and this will be used to identify any further mitigations necessary.We are working with the Young Lambeth Co-op to identify the impact of a reduction in grant and commissioning budgets up to 2017/18. Further equalities analysis will be developed alongside the consultation in 2016.

12.10 Youth Offending Service- The demand for this service has been changing over recent years. There are fewer service users, but those who we do support require more specialist help. This proposal is to find savings from the underspend within the YOS budget. Redesigning the service to better meet the needs of the current and future cohort of service users is likely to have a positive impact. This proposal has equalities relevance (age, ethnicity, gender). Further equalities analysis will be available as the redesign of the service is developed in 2016.

13. COMMUNITY SAFETY

13.1 None for the purpose of this report, although the impact of particular proposals on community safety will be considered as part of the budget process.

14. ORGANISATIONAL IMPLICATIONS

Environmental implications

14.1 None for the purpose of this report, although the environmental impact of particular proposals will be considered as part of the budget process.

Staffing and accommodation implications:

14.2 The council's policy and procedure on Reorganisation, Redundancy and Redeployment will be used by managers to ensure that any restructuring and organisational redesign changes are made fairly and consistently to enable the timely delivery of savings targets. As regards the workforce, it is inevitable that the actual headcount reduction may be higher as some posts are occupied by part-time or jobshare workers.

14.3 The Council is offering enhanced voluntary severance that will see staff leaving the organisation before the organisational redesign is implemented. It will be necessary for knowledge transfer to be planned for and for clear handover of tasks and reprioritisation within teams.

15. TIMETABLE FOR IMPLEMENTATION

15.1 Subject to agreement at Cabinet on 08 February 2016 and Council on 24 February 2016 these budget proposals will be implemented for the 2016/17 financial year onwards.

Audit trail				
Consultation				
Name/Position	**Lambeth cluster/division or partner**	**Date Sent**	**Date Received**	**Comments in para:**
Jackie Belton, Strategic Director	Corporate Resources	15/01/16	27/01/16	throughout
Christina Thompson, Director of Finance	Finance	15/01/16	26/01/16	throughout
Alison Mckane, Legal Services	Corporate Affairs	22/01/16	26/01/16	throughout
David Rose, Democratic Services	Corporate Affairs	29/01/16	29/01/16	
Corporate Management Team		15/01/16	26/01/16	throughout
Councillor Lib Peck	Leader of the Council	22/01/16	26/01/16	throughout
Sean Harriss, Chief Executive	Chief Executive	22/01/16		
Helen Charlesworth-May, Strategic Director	Children, Adults and Health	22/01/16		
Sue Foster, Strategic Director	Neighbourhoods & Growth	22/01/16		

Report history	
Original discussion with Cabinet Member	18.12.15
Report deadline	29.01.16 (Cabinet)
Date final report sent	29.01.16
Report no.	15-16/172
Part II Exempt from Disclosure/confidential accompanying report?	Yes (Appendix 8b)
Key decision report	Yes
Date first appeared on forward plan	03.10.14
Key decision reasons	1. Will amend Community Plan Outcomes Framework or Budget and Policy Framework
Background information	• July Financial Planning Report • December Financial Planning Report • November Budget Monitor • HM Treasury Autumn Statement • CLG Local Government Finance Settlement • Overview and Scrutiny Committee Report January 2016
Appendices	• Appendix 1 – Financial Management Strategy • Appendix 2 – Simplified Council Tax Model

	• Appendix 3 – Resource Allocation – Proposals and proposed savings • Appendix 4 – Virements to the CIP for 2015/16 – 2017/18 • Appendix 5 – Capital Investment Programme – 2016/17 – 2018/19 • Appendix 6 – Financing the CIP 2016/17 – 2018/19 • Appendix 7 – Major Projects Update • Appendix 8a – Disposals Programme and 8b – Disposals Programme (Exempt) (Cabinet only) • Appendix 9 – Minimum Revenue Provision Policy Statement • Appendix 10 – Treasury Management Strategy & Prudential Indicators 2016/17 – 2018/19 • Appendix 11 – Fees & Charges Schedule Appendix 8b is exempt from disclosure. <u>Reason for Exemption from Disclosure</u> The accompanying part II report is exempt from disclosure by virtue of the following paragraphs of Schedule 12A to the Local Government Act 1972: Information relating to the financial or business affairs of a particular person. (Including the authority holding that information).