
Overview and Scrutiny

Public Spending in Lewisham

**A report by the Public Spending in
Lewisham Working Group**

September 2015



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Chair's Introduction

We are living through one of the most economically turbulent times, historically, following the global financial crisis. Decisions made by national government have local consequences and this report benchmarks, comments and records the experience within the London Borough of Lewisham.

The Public Spending in Lewisham Report also recognises that public agencies need to work together to 'maximise overall benefit to the community'. Our recommendations seek to make this a reality.

However, the scale of the financial reductions is immense. The Government is preparing its Comprehensive Spending Review and has signalled further 25 per cent to 40 per cent budget reductions in the years to 2020.

With the perfect storm of rising demand and diminishing resources in the public realm, the challenge for Lewisham is acute and serious. Emergency services, education, housing and social care are all affected.

In the conclusion we look at local devolution as part of the solution and this needs further consideration and explanation as it does not appear to be a panacea.

I would like to thank Charlotte Dale for compiling this report and her small scrutiny team. This review would not have been possible without the help and participation of the Lewisham Borough Leaders of our Ambulance, Fire and Police services and their finance teams along with Goldsmiths College, Horniman Museum, NHS Lewisham, Phoenix Community Housing, Lewisham Homes and Lewisham and Southwark College. I am very grateful to them all.



Councillor Alan Hall
Chair of the Public Spending in Lewisham Working Group and Chair of the Overview and Scrutiny Committee



1. Executive Summary

- 1.1 This review sought to map public spending across the borough of Lewisham to enable the Council to understand how resources are being deployed by other organisations spending public money in the borough. It revealed that most areas of public spending in Lewisham have contracted and that recent annual reductions in funding are forecast to continue in future years. This is likely to result in ongoing and cumulative negative outcomes for the community. It is therefore crucial that all organisations spending public money in Lewisham work together, understand the services that others provide and understand the impact that other organisations' spending reductions will have on these services. This will allow an assessment of the combined impact on Lewisham's residents which can be taken into consideration by organisations when planning their own service changes. This approach will require proper public consultation on any upcoming major reconfigurations or changes.
- 1.2 All three emergency services are under some degree of strain as they struggle to meet the ambitious savings targets they have been set. Their performance is sometimes below target in Lewisham and the Working Group has therefore made a number of recommendations for the London Ambulance Service, London Fire Brigade and Metropolitan Police Service, asking them to investigate particular areas of poor performance, whilst recognising the tightening financial envelope within which these organisations are required to operate. However, whilst the financial challenge is recognised, it is the view of the Working Group that savings reductions must not cause significant detriment to Lewisham residents and if they do, they must be challenged. The Working Group notes with concern, for example, that the Metropolitan Police Service Commissioner has publically stated that the projected £800m of savings scheduled for the MPS over the next four years may put public safety at risk.
- 1.3 Many parts of the Further Education sector are suffering from the squeeze on public spending, with universities and further education colleges experiencing significant reductions to some of their funding. The major FE provider in the borough, Lewisham Southwark College, is in considerable financial difficulties, with turnover falling from almost £50m in 2012/13 when Lewisham College merged with Southwark College to £36m in 2014/15. Nevertheless, it must focus on raising standards for its students within the budget it has available and the recent change in senior management team will hopefully assist in the urgent task of securing a higher Ofsted rating. The Working Group is concerned that further reductions resulting from government cuts to adult skills funding will make this task harder and note that the college's challenges are further compounded by paying VAT which colleges, unlike schools and academies, are unable to recover. It has therefore asked the Council's Overview and Scrutiny Committee to convene an inquiry into post 16 education to look into these matters further.
- 1.4 The recommendations resulting from this review seek to address some of the issues resulting from the significant and sustained reductions in public expenditure being felt across the borough. The Working Group hopes that they will help ensure that the limited and declining public financial resources that remain are used holistically and in the most efficient way possible.

2. Recommendations

2.1 The Working Group would like to make the following recommendations:

The Council

1. This review has highlighted both the steep reductions in spending being made by a wide range of organisations spending public money in Lewisham and the potential impact they may have on services to Lewisham residents. When agreeing its own budget and any proposals for savings, the Council must take into account the impact of the savings being made by other organisations and how these link to its own programme of expenditure reduction.
2. The Council and the other organisations that took part in this review should provide the following financial information to the Overview and Scrutiny Committee on an annual basis (at the July meeting) in order to enable meaningful monitoring and comparison:
 - Actual gross revenue expenditure and gross capital spend for the last three complete financial years
 - Gross budgeted revenue expenditure and gross budgeted capital expenditure for the current financial year and following two years.

(Recommendation for contributing organisations in addition to the Council)
3. The Council needs to make sure it fully understands the complex public finances of the NHS and healthcare delivery when considering the changes that will be put forward as part of the Our Healthier South East London Strategy.
4. The formal partnership arrangements between the Mayor, Executive Members and Officers should be reviewed to ensure that they are robust enough to recognise the potential conflicts and solutions required to address the scale of the challenges that this review has identified.
5. The Council should reiterate its support for public consultation where major service changes are under consideration to ensure public confidence in our public services especially emergency services.
6. The Council should review the Housing Strategy to ensure proposed legislative, financial and regional policy changes are fully reflected.
7. If proposals for devolution in London are accepted by the Government, the Mayor and Executive Members should share their proposals with the Overview and Scrutiny Committee as soon as possible to facilitate constructive scrutiny and the most effective constitutional arrangements.

Business Panel

8. Business Panel is asked to consider the overall scrutiny work programme in light of the review findings, with a view to considering whether further work

should be carried out; and request that the relevant select committees incorporate this work into their work programmes as a matter of priority.

London Ambulance Service (LAS)

9. The performance figures for Lewisham (Category A calls) are below target and below the figures being achieved in neighbouring boroughs including Southwark, Lambeth and Greenwich. The LAS should focus its attention on understanding and addressing the reasons behind this discrepancy, and report their findings to the Overview and Scrutiny Committee.
10. In 2014, police vehicles were used on 39 occasions to transport patients to hospital in Lewisham and 13 times so far this year (up to 21 August 2015). This puts an unnecessary strain on the Metropolitan Police Service (MPS) and the LAS should look into the reasons behind this, consider ways in which the impact on the MPS can be reduced and report their findings to the Overview and Scrutiny Committee.

London Fire Brigade (LFB)

11. The Mayoral Direction requiring the 13 appliances from across London currently being held for contingency purposes, to *not* be returned pending decisions on 2016/17 savings proposals, which could include their permanent removal, is of grave concern. The Mayor has already been asked to request a full briefing on Forest Hill Station's second fire appliance and the relevant Mayoral Direction, from the London Fire Brigade, to be shared with the Overview and Scrutiny Committee. **(Recommendation for the Mayor)**
12. In 2014/15 and in 2015/16 (to date) the six minute target for getting a first appliance to an incident has not been met in the Bellingham, Downham and Grove Park wards of Lewisham. The LFB should focus its attention on understanding and addressing the reasons behind this failure. This should include considering any impact caused by the removal of Forest Hill's second appliance and the closure of Downham Fire Station; and considering what mitigating action might be taken to improve attendance times in these areas. The findings should be reported to the Overview and Scrutiny Committee.

Metropolitan Police Service (MPS)

13. Police Community Support Officers (PCSOs) are valuable to the Community. However recruitment is currently on hold and the number of PCSOs in Lewisham is going down due to natural attrition. In light of the cuts over the last five years, plans to potentially abolish the PCSOs in safer neighbourhood teams are of particular concern and the Mayor is asked to request a full briefing on the future of PCSOs in Lewisham from the MPS. It is expected that the Council will be fully consulted prior to any decisions being taken on this issue. **(Recommendation for the Mayor)**
14. The Metropolitan Police Service Commissioner has publically stated that the projected £800m of savings scheduled for the MPS over the next four years

may put public safety at risk. The Mayor is asked to request a full briefing on any modelling that has been done to date to assess the likely impact that the savings will have on the borough of Lewisham. **(Recommendation for the Mayor)**

15. As soon as specific savings proposals are developed, the Borough Commander is asked to share these with the Council, highlighting the specific impact on the borough. The briefing should be shared with the Overview and Scrutiny Committee.

Goldsmiths

16. Higher Education Institutions offering “high teaching quality” will be able to increase their tuition fees in line with inflation from 2017-18. Goldsmiths is asked to share any plans to increase its fees with the Council at the earliest opportunity, together with information on any schemes it operates to encourage students from deprived backgrounds to apply, including the excellence scholarships available for students from Lewisham.
17. The Council should develop a closer working relationship with Goldsmiths University, for example around community development issues.

Lewisham Southwark College

18. An Ofsted rating of 4 (inadequate) is not good enough for the approximately 740 Lewisham 16-18 year olds studying at the College. However, the establishment of a new senior management team and the recent Ofsted monitoring visit which revealed improvements across all areas is heartening. The College needs to focus on achieving at least a Grade 3 when it is next inspected.
19. Plans to rationalise the number of campuses in Lewisham should be shared with the Council at the earliest opportunity.
20. The Overview and Scrutiny Committee should convene an Inquiry into post-16 education. **(Recommendation for the Overview and Scrutiny Committee)**

3. Purpose and structure of review

3.1 The work of other public sector organisations, alongside that of the Council, is critical to the wellbeing of local people; and the Council often works in partnership with these organisations to achieve the best possible outcomes for those who live and work in the borough. Particularly in times of austerity it is critical that the Council understands how resources are deployed by other public organisations in Lewisham. This enables the Council to make its views known to those organisations and make informed choices about the nature of its own service provision. Following a request from the Overview and Scrutiny Business Panel, the Public Spending in Lewisham Working Group was set up by Full Council on 24 June 2015 to investigate the way in which other public sector organisations deploy expenditure across the borough.

3.2 The timetable for the Working Group was as follows:

7 July 2015 – meeting of the Working Group to receive core data on public spending in Lewisham.

13 July 2015 – meeting of the Overview and Scrutiny Committee to receive verbal evidence from the London Ambulance Service, the London Fire Brigade and the Metropolitan Police Service on the implications of any reductions in spending that had taken place or were due to take place, any impact on performance and any mitigation being put in place to combat the worst effects.

28 July 2015 - meeting of the Working Group to receive verbal evidence from a further organisation - Goldsmiths University.

8 September 2015 – meeting between the Chair and the Principal and Vice Principal of Lewisham Southwark College to gather further evidence for the review.

22 September 2015 - meeting of the Working Group to consider its final report presenting all the evidence taken and agree recommendations for submission to Mayor & Cabinet / Full Council / relevant public organisations operating in Lewisham.

3.3 For the purposes of this review, the following information, if available, was requested from organisations spending public money in Lewisham.

1. Actual gross revenue expenditure for 2012/13, 2013/14 and 2014/15
2. Gross budgeted revenue expenditure for 2015/16
3. Actual gross capital spend for 2012/13, 2013/14 and 2014/15
4. Gross budgeted capital expenditure for 2015/16
5. Gross budgeted revenue expenditure for 2016/17 and 2017/18 (including estimated savings to be found for those respective years).
6. Capital budgeted spend for 2016/17 and 2017/18.

Those organisations not invited to attend a meeting of the Working Group or Overview and Scrutiny Committee were also asked to comment on:

- The implications of the figures.
- Their spending plans for the future, especially given any further savings which they might be expected to make.
- Any areas of collaboration or interdependencies with Lewisham Council services (and in particular on any plans in the next three years to stop / change service arrangements in these areas) so that any direct impact on the Council arising from reductions in spending can be assessed.

Those organisations invited to attend a meeting commented on the above at the relevant meeting.

Recommendation: The Council and the other organisations that took part in this review should provide the following financial information to the Overview and Scrutiny Committee on an annual basis (at the July meeting) in order to enable meaningful monitoring and comparison:

- Actual gross revenue expenditure and gross capital spend for the last three complete financial years
- Gross budgeted revenue expenditure and gross budgeted capital expenditure for the current financial year and following two years.

3.4 The Working Group concluded its review and agreed its recommendations on 22 September 2015.

4. The Context

Public Spending

- 4.1 Analysis by the Chartered Institute of Public Finance and Accountancy (CIPFA) shows that since 2009-10 the per capita spending of local authorities in England will have decreased by 17.2 per cent in cash terms by the end of this financial year (2015-16). When adjusted for inflation this represents a drop of 32 per cent.¹ Recent analysis by the Financial Times² suggests that this drop in spending is having a huge impact in areas such as adult social care and children's services, with PwC's annual local government survey (2014) revealing that the vast majority of Chief Executives and Council Leaders believe that some local authorities will get into serious financial crisis within the next five years and will fail to deliver the essential services that residents require.³ A recent report prepared by the Centre for Local Economic Strategies for the Trade Union Congress argues that the current deep and prolonged period of austerity is weakening service provision and undermining many aspects of the universal welfare state that plays an integral part in sustaining communities and social cohesion⁴.
- 4.2 The financial outlook for councils, and the public sector as a whole, is likely to remain extremely challenging in future years. The Office for Budget Responsibility (OBR) provides independent analysis of the UK's public finances and the most recent forecasts, released in July 2015⁵, are for the period to 2020/21. Although the new Government's summer budget has loosened, somewhat, the squeeze on public services spending that had been pencilled in by the Coalition Government in March 2015, by delaying the expected return to a budget surplus by a year to 2019-20, a slightly bigger surplus is aimed for in the medium term.
- 4.3 On the basis of the Government's provisional plans, it is likely that the forthcoming Spending Review will still see the Government having to identify further real cuts in public services spending, rising to a peak of £17.9 billion in 2019-20. Thereafter spending is assumed to rise again in real terms. Public services spending will need to fall by an average of 1.5 per cent a year in real terms over the 2015-20 Parliament as a whole, only slightly less than the 1.6 per cent a year cuts over the last.

¹ See: <http://www.cipfa.org/about-cipfa/press-office/latest-press-releases/council-spending-in-england-falls-by-32-per-cent>

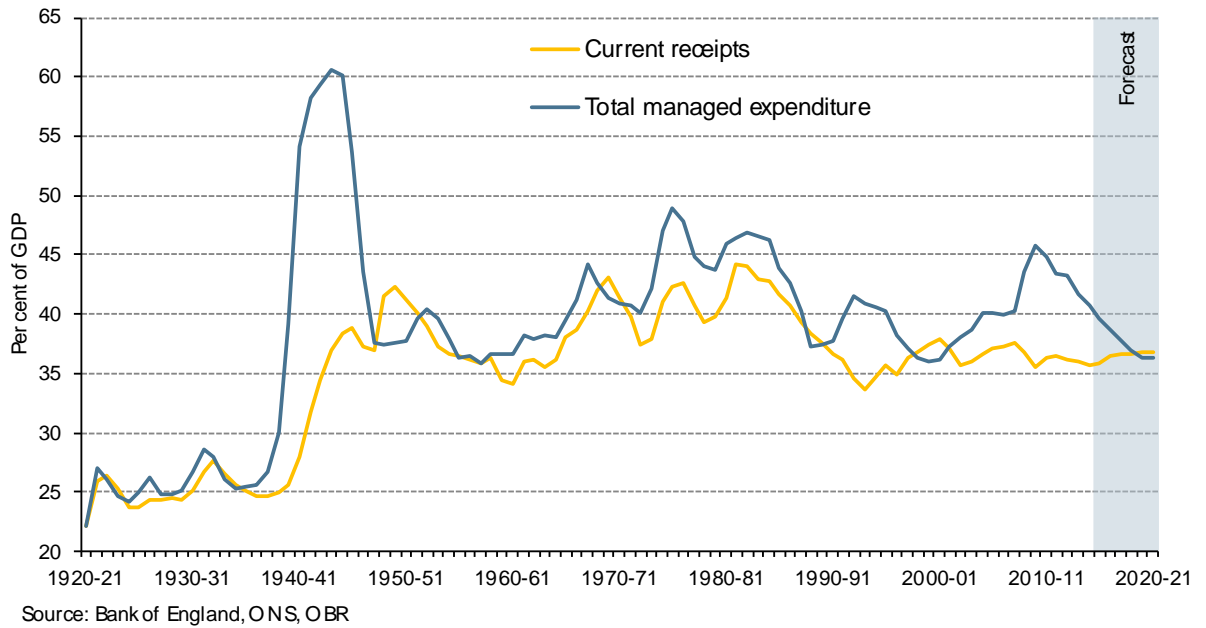
² See: <http://www.ft.com/cms/s/2/88198dd2-2948-11e5-8db8-c033edba8a6e.html#axzz3igkC4LXP>

³ See: <http://www.pwc.co.uk/local-government/publications/the-local-state-we-are-in-2014/index.jhtml>

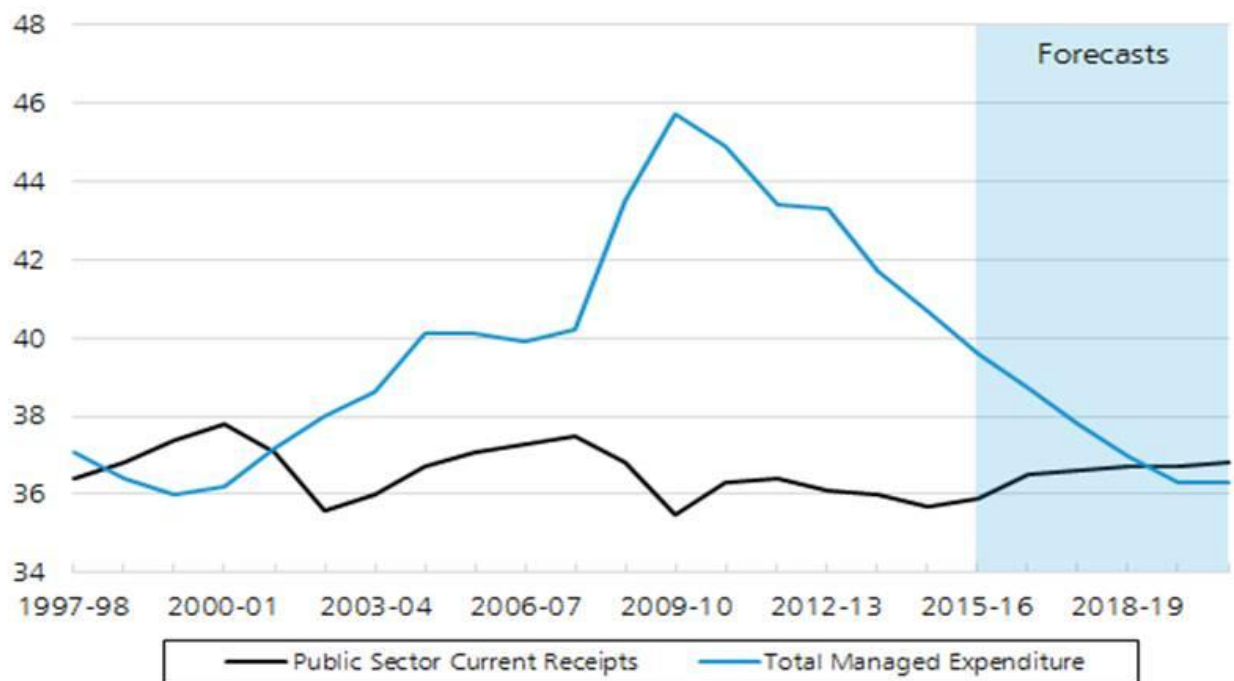
The Local State we're in, 2014, p6

⁴ See: https://www.tuc.org.uk/sites/default/files/TUC%20Final%20Report%20Dec'14_1.pdf

⁵ See: <http://cdn.budgetresponsibility.independent.gov.uk/July-2015-EFO-234224.pdf>



4.4 The steep drop in public services expenditure that has occurred from 2009/10 is highlighted in the graph below:



4.5 The Government proposed two new fiscal targets in the Summer Budget: to achieve a surplus on public sector net borrowing in 2019-20 (and then every year in 'normal times') and for public sector net debt to fall as a share of GDP every year up to 2019-20.

4.6 Although the Government's Summer Budget made it clear that reducing public sector spending would remain a priority in this parliament, it also made clear that certain areas of spend would remain protected or receive additional

investment. The protected areas are Health, Education (5-15 year olds), Defence, Overseas Aid, and Pensions. These represent approximately 62 per cent of total annual Departmental spending of £315 billion. The savings are to be found by reducing welfare spend by £12 billion and taking a further £20 billion of other public spend out.

- 4.7 The £12 billion of welfare cuts will impact all local areas and those with higher levels of deprivation will be most affected. Lewisham is the 17th most deprived local authority in the country. In the local context that this review covers, the £20 billion of public spending reductions to fall on the unprotected areas of public spending will therefore likely impact the local authority, police and fire services, housing services, and all arts and voluntary organisations in particular.
- 4.8 In preparation for the Comprehensive Spending Review to be announced on 25 November 2015, the Chancellor has asked Departments to model 25 per cent and 40 per cent reductions to 2019/20 in their budgets.

The impact of demographics

- 4.9 Existing and forecast demographic pressures are adding to the significant financial pressures being felt by public agencies. The attraction of London as a major world city means that the capital's population is expected to grow significantly over the next two decades. Lewisham's population currently stands at 292,000, an increase of 16 per cent over the past 10 years. In terms of size, Lewisham is the fifth most populous borough in Inner London and the 13th most populous in London. Lewisham's population is forecast to reach 318,000 by the time of the 2021 Census and rise by a further 34,000 to reach 352,000 by the 2031 Census.
- 4.10 The 2014 MYE (Mid-Year Estimate) reveals that over the last year, Lewisham's population growth has been particularly notable in the age group of 35 to 39 which saw a net increase of 1,283 residents on the year. Also of note is the 50 to 54 age group, which saw a net increase of 841 residents over the period 2013-14 and five to nine year olds, which saw a net increase of 721 residents. There were however decreases for certain ages, for example those aged 20 to 24 years declined by 525 residents over the period 2013-14. Table 1 below presents the data by broad age band, whilst Table 2 illustrates the composition of this change.

Table 1: ONS 2014 Mid Year Population Estimates for Lewisham

All ages	Children 0-19	Residents 20 to 64	Older people 65 and over
291,933	72,782	191,776	27,375

Table 2: Components of Change since Mid 2013

Mid-2013 population	Live births	Deaths	Natural change	Net migration & other changes	Total change	Mid-2014 population
286,180	4,753	1,461	3,292	2,461	5,753	291,933

4.11 The ongoing rapid growth in population across London, including in Lewisham, has placed, and will inevitably continue to place, great pressure on the capital's infrastructure and services, particularly:

- Schools and children's services
- Health and social care
- Affordable housing.

Schools and Children's Services

4.12 The impact of the increasing birth rate was highlighted in a recent report published by London Councils, which forecast that London needed 133,000 more primary and secondary school places by 2018 to meet current demand⁶. More children also means more demand for children's services but local authority spending in this area is being reduced. Children's services (and adult social care) form the biggest part of a council's budget, so budget reductions necessarily have a large impact in this area. As an example, recent analysis of section 251 data held by the Department for Children, Schools and Families by the Financial Times suggests that council spending per child (0-4 years old) fell from £446 in 2010/11 to £319 in 2013/14, a real terms cut of 28 per cent⁷.

Health and Social Care

4.13 Pressures on social care and health care services continue to increase as people live longer, health treatments and interventions grow and expectations rise for care in older age. Life expectancy is increasing in Lewisham: 10 years ago life expectancy in the borough for women was 79.1 (2001-2003) and 74.5 for men (2001-2003). According to the Office for National Statistics, life expectancy at birth for female residents of the London Borough of Lewisham is now 83 years (2011-13), and for males life expectancy is 78.7 years (2011-13). This is an increase in life expectancy for women of nearly four years and for men an increase of over four years⁸. This demographic pressure is particularly concerning given the cuts to council spending on adult social care that have taken place over recent years. As noted in a recent Local Government Association (LGA) report, since 2013/14, the adult social care funding gap has continued to grow by at least £700 million a year due to demographic pressures, inflation and reduction in grants⁹. Recent analysis of NHS Health

⁶ See: https://www.londoncouncils.gov.uk/sites/default/files/Who%20runs%20London/London_Briefing_Web_Spreads.pdf

⁷ See: <http://www.ft.com/cms/s/2/5fcbd0c4-2948-11e5-8db8-c033edba8a6e.html#axzz3j4ZEIarU>

⁸ See: <http://www.ons.gov.uk/ons/re/subnational-health4/life-expectancy-at-birth-and-at-age-65-by-local-areas-in-england-and-wales/index.html>

⁹ See: http://www.local.gov.uk/documents/10180/6869714/L15-252+Spending+Review_WEB_new.pdf/3101e509-1e22-4c26-91ac-8fd8a953aba5

and Social Care Information Centre data (Referrals, Assessments and Packages of Care returns and Personal Social Services Expenditure and Unit Costs returns) by the Financial Times suggests that council spending on adult social care services has fallen from £15.2bn in 2009/10 to £14.4bn in 2013/14 (spending calculated at 2013/14 prices)¹⁰. John Jackson, a council social services director who speaks for the Association of Directors of Adult Social Services, has said that years of reductions have seen councils forced to slash services that are seen as “very desirable but not absolutely essential”¹¹.

4.14 Furthermore, the Department of Health has recently been asked to deliver savings of £200 million in 2015/16 through reductions to the Public Health Grant to local authorities. The Council’s response to the consultation on the proposed grant reduction notes that: “The Chancellor’s plans to reduce public health spending in year contradicts his statement in the NHS plan that “the future health of millions of children, the sustainability of the NHS, and the economic prosperity of Britain all now depend on a radical upgrade in prevention and public health”. Imposing public health savings of this order within year will undermine our effectiveness and reduce our capacity to work with our NHS partners in prevention and public health and so will damage the long-term partnership needed to achieve public health goals.”¹²

4.15 A motion going to Lewisham’s full Council on 23 September 2015 will note that “This Council expresses serious concern about the proposed £200 million in year cut to local public health budgets. The Council notes that within days of the General Election the Chancellor of the Exchequer published the public health cuts and therefore cuts to the NHS. The Council further notes that the Prime Minister in his first major speech¹³ since returning to Downing Street made a commitment to “a completely new approach to public health and prevention. A real focus on healthy living.”¹⁴

Housing

4.16 Data collected by CIPFA and the Department for Communities and Local Government, shows that the overall drop in local authority spending has hit housing particularly hard, with housing estimated to experience the biggest loss in its budget over the next few years¹⁵. This will be particularly keenly felt in London and follows a number of years in which legislative changes have negatively impacted the housing sector.

4.17 The Localism Act 2011 brought in a number of changes that had a significant impact on housing:

- Discharge into the private rented sector to end the homeless duty
- Changes to housing register – no Band 4

¹⁰ See <http://www.ft.com/cms/s/2/88198dd2-2948-11e5-8db8-c033edba8a6e.html#axzz3iqkC4LXP>

¹¹ Ibid.

¹² See:

<http://councilmeetings.lewisham.gov.uk/documents/s38094/150821%20Response%20to%20Department%20of%20Health%20Consultation%20on%20Public%20Health%20Funding%20-%20Draft%20for%20OSC%20Busin.pdf>

¹³ See: <https://www.gov.uk/government/speeches/pm-on-plans-for-a-seven-day-nhs>

¹⁴ See: <http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=138&MId=3689>

¹⁵ See: <http://www.cipfa.org/about-cipfa/press-office/latest-press-releases/council-spending-in-england-falls-by-32-per-cent>

- 5 year fixed term tenancies
- Grant rates for new housing supply reduced by 70%
- New 'Affordable' rents at up to 80% of local market rents on new supply and in a percentage of relets
- Welfare Benefit Changes including the overall cap, the 'bedroom tax' and setting the local housing allowance at the 30th percentile
- Increase in the Right to Buy discount from £16k to £103k
- Introduction of HRA self financing.

4.18 This has resulted in:

- A chronic shortage of housing, including a large reduction in new supply
- A reduction in the turnaround of available social housing properties to let
- A large increase in acute housing demand / homelessness
- Affordability problems across all tenures
- A massive growth in the private rented sector
- People being encouraged into low pay work.

4.19 Further changes since 2011 have exacerbated these effects. For example, the new Government has introduced a Housing Bill that will extend the right-to-buy scheme to housing association tenants (and require local authorities to dispose of high-value vacant council houses to help fund the extension). It has also indicated that it will reduce the overall benefit cap to £23,000, freeze the majority of working age benefits for two years and remove automatic entitlement to housing support for 18-21 year olds.

New Legislation: A Summary

Housing Bill

- Right-to-buy extended to housing association tenants
- Local authorities to sell most valuable vacant homes
- Starter homes scheme
- Local authorities to help custom builders identify plots
- Statutory register for brownfield land
- Simplifying/speeding up planning system

Welfare reform and work bill

- Removes 'automatic entitlement' to housing benefit for 18-21 year olds
- Benefit cap lowered to £23k in London (£20k outside – in Summer Budget)
- Four year freeze on working age benefits from 2016/17

Immigration Bill:

- Full roll-out of West Midlands 'Right to Rent' pilot of private rented sector landlords checking immigration status of new tenants (also affects social tenants taking in lodgers)

Cities & Local Government Devolution Bill:

- Legislative framework for Greater Manchester deal and similar agreements in other areas

Summer Budget

- Rate of £12bn reduction in welfare spending 'slowed' over 3 years
- Reduced income threshold for Universal Credit and tax credits
- Tax credit/ Universal Credit support limited to 2 children for new claimants from April 2017

- New claimants in Employment and Support Allowance work-related activity group will be paid same rate as those on Job Seekers Allowance
- Social rents reduced by 1per cent for next 4 yrs:
- Average 12per cent reduction by 2020/21
- Consultation on 'pay to stay' (market rate rents for social housing tenants on £40k pa in London – raises affordability and administration issues)
- Use of lifetime social tenancies to be reviewed (detail awaited)

Source: Presentation by Terrie Alafat, the Chief Executive of the Chartered Institute of Housing, to Phoenix Community Housing, September 2015

4.20 The National Housing Federation represents housing associations in England. In its response to the Queen's speech¹⁶ it stated that it does not support the extension of the right-to-buy scheme to housing association homes as it will mean that housing associations will need to focus on building replacement homes rather than homes for the large number of people on waiting lists¹⁷. The Federation also has concerns about the proposal to reduce the overall benefit cap to £23,000, freeze the majority of working age benefits for two years and remove automatic entitlement to housing support for 18-21 year olds as "a blanket withdrawal of support, that takes no account of personal circumstances or where you are in the country and will remove vital safety nets that prevent families and young people from becoming homeless".

4.21 The Chartered Institute of Housing is a registered charity and the professional body for the housing sector. It is also concerned about the extension to the right-to-buy scheme stating that "extending right to buy to housing associations...would have a huge impact both on housing associations and on local authorities, as councils would have to sell off their most valuable homes to fund replacements."¹⁸ It has conducted research¹⁹ which indicates that most local authorities only expect to be able to replace half or fewer of the homes they sell under right to buy. Like the National Housing Federation, it also has concerns about the Government's announcement on freezing working age benefits for two years, lowering the benefit cap and removing automatic entitlement to housing benefit for 18-21 year olds²⁰.

Recommendation: The Council should review the Housing Strategy to ensure proposed legislative, financial and regional policy changes are fully reflected.

¹⁶ See: <http://www.housing.org.uk/media/press-releases/response-to-the-queens-speech/>

¹⁷ The Federation believes that "this policy does nothing for the 11 million private renters and three million adult children living at home with their parents. If there is £22.5 billion of public money available for housing, we should use it to build the homes the next generation needs, not just gift it to the lucky few already housed in housing association homes." They have also suggested that the policy could cost up to £5.8bn a year because compensation would have to be paid to housing associations for forcing them to offer stock to tenants at below-market rates.

¹⁸ See: http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/CIH_responds_to_the_Queens_Speech

¹⁹ See: http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/New_government_should_adopt_a_more_flexible_approach_to_right_to_buy

²⁰ The Institute believes that: "freezing working age benefits for two years fails to reflect the reality of the housing crisis. We are not building enough homes, which means the cost of housing and therefore the housing benefit bill is going up. Millions of people have no choice but to rely on housing benefit to secure a roof over their head. That includes an increasing number of people in work – the number of people in work who still have to claim housing benefit has more than doubled from around 445,000 to just over a million in the last five years. Cutting housing benefit for under 21s fails to take into account the reality of many young people's lives. It could have a serious impact on vulnerable young people who have left home, including those who have been rough sleeping and may be forced to return to it. It could also mean that young people would be unwilling to take risks such as moving for work because there would be no safety net for them."

New Legislation: Potential Implications

- **Sale of 'high value' vacant local authority homes:**
 - Significant impact in London
 - Unlikely to deliver the receipts needed to replace all HA homes sold – and will receipts from London sales stay in London?
- **Tougher times ahead for tenants, residents, and communities**
 - 33% of people experienced poverty between 2010-2013 (ONS)
- **Income collection challenges**
- **Prospective tenants on benefits increasingly unable to afford rents**
 - Void rent loss issues
 - Professional and moral dilemmas?
 - Who will house the poor?
- **Increased tensions for choice based lettings schemes: welfare reform/ affordable rents/ nominations**
- **Increased pressure on front-line staff**
- **A tougher financial environment may bring some difficult discussions and decisions:**
 - What is your role and purpose?
 - Development/regeneration plans: maintained, reduced or ended?
 - Provide only essential/ basic landlord services e.g. repairs?
 - To merge or not to merge?

Source: Presentation by Terrie Alafat, the Chief Executive of the Chartered Institute of Housing, to Phoenix Community Housing, September 2015



Councillor Alan Hall giving evidence to a meeting of the GLA's Housing Committee on 16 July 2015, on the impact of recent Government housing announcements including the extension of 'Right To Buy'.

4.22 Recent data published by the Land Registry indicates that the average house price in London is now £481,820. This represents the highest as well as fastest rising house price increase of any region in the country. Whilst this is undoubtedly a particular and pressing challenge for London, the effects are most acute in Inner London, which is home to more than one in three of the capital's 8.5 million residents. The impact of the buoyant London housing market has, in recent years, meant that comparatively affordable boroughs such as

Lewisham have also seen significant house price rises. In July 2015, the Land Registry reported that the average house price in Lewisham was £402,861 up 13.2 per cent on the year²¹.

- 4.23 Aside from the fact that rising house prices make home ownership increasingly unaffordable, instability in the housing economy is also driving up the cost of private sector rents. According to the 2011 Census, 25 per cent of Lewisham residents now reside in the private rented sector (up from 14 per cent in 2001). The sector is now the fastest growing in the borough.

Key housing facts

- London needs 80,000 new homes every year to meet demand but less than 18,000 each year were delivered in 2010-2014
- Over the last 20 years average house prices have increased by 350% in London and 330% in Lewisham
- In Lewisham, the numbers in temporary accommodation (currently almost 1,800) have increased by 76% over the last 5 years
- In Lewisham, the number of properties to let (currently 1,100) has decreased by 44% over the last 5 years and there are 8500 households on the Housing Register
- In Lewisham, the private rented sector (PRS) has doubled in size in the last ten years and 50% of all homeless acceptances come from the PRS.

- 4.24 In Lewisham, work is being done to mitigate the worst effects of the housing crisis and the Council's new Housing Strategy includes the following four policy and delivery priorities:

- Helping residents at times of housing need
- Greater security and quality for private renters
- Improving our residents' homes
- Building the homes our residents need.

- 4.25 In particular, the Council has worked to change the role of its Arms Length Management Organisation (ALMO), Lewisham Homes, so that it focuses more broadly on operational delivery, including infill development. Lewisham is also using the PRS for temporary accommodation pressures; providing enhanced sheltered housing management, working more at a Sub Regional level to address issues relating to placing homeless families and clients with No Recourse to Public Funds (NRPF); and introducing PRS Licensing to improve standards in this growing sector. The Council is also developing its role in providing local strategic focus, setting the direction for partners on supply and affordability.

Affordable housing definitions

Social rented – This covers homes owned or managed by registered providers such as councils and housing associations which are let at below market rents at levels set using a national formula (known as target rents).

²¹ See: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/447551/June_2015_HPI.pdf

Affordable rented – This covers homes owned or managed by registered providers such as councils and housing associations (and managed and maintained in the same way as social rented homes) but which are let at up to 80% of local market rents, rather than at the social rented level.

Intermediate housing – this covers homes let above social rented levels but below market levels (and includes affordable rented homes) but also covers homes that can be bought at less than market prices through shared ownership or shared equity arrangements.

Welfare Reform

4.26 The Council has undertaken much activity to mitigate the impact of Welfare Reform especially around the abolition of council tax benefit (the responsibility for providing relief has passed to councils who have been required to develop their own schemes); the introduction of the ‘bedroom tax’; and the introduction of the benefit cap. Actions taken by the Council have included:

- The establishment of various welfare reform groups both internally to the Council and with external partner eg housing associations
- The holding of a Jobsfair, the promotion of English for Speakers of Other Languages (ESOL) courses and joint work with Jobcentre+ to try to support capped households into work
- The Trading Places project to encourage mutual exchanges and support households affected by the bedroom tax to downsize to the appropriate accommodation
- A Council tax hardship fund to support those experiencing financial hardship as a result of a reduction in council tax support
- Make money advice appointments for households suffering financial hardship and having difficulty managing financially.

4.27 Since the introduction of welfare reform, Lewisham’s housing and council tax benefit caseloads have increased, although recent months have seen a small decrease:

Caseload	Year
34,950	2010/11
37,368	2011/12
38,558	2012/13
39,223	2013/14
39,212	2014/15
38,583	2015/16

4.28 The impact this has had on the total benefit spend for the schemes administered within Lewisham – housing benefit (HB) and council tax benefit (CTB) - is shown below:

Financial Year	CTB	HB - Council	HB - Private rented	HB - RSL	Total
2010/11	£29m	£49m	£94m	£62m	£234m
2011/12	£30m	£48m	£100m	£69m	£247m

2012/13	£29m	£52m	£104m	£74m	£259m
2013/14	£25m	£66m	£98m	£77m	£266m
2014/15	£23m	£61m	£96m	£82m	£262m

4.29 Jobcentre+ has provided the information overleaf on other benefits administered within Lewisham (all figures are expressed as £m).

4.30 The Department for Work and Pensions (DWP) provides a fund to councils to enable them to make Discretionary Housing Payments (DHP) to assist those affected by welfare reforms where there is a shortfall in the housing benefit received. It can only be awarded as a top-up to households already receiving housing benefit. The table below shows the number of cases affected by the Benefit Cap and Bedroom Tax and the DHP awarded for the previous two years. For 2015/16 the Council received £1.2m and is projecting to spend all of it.

Benefit Cap	2013/14	2014/15	Bedroom Tax	2013/14	2014/15
Number affected	632	605	Number affected	3523	2635
DHP awarded	252	329	DHP awarded	508	772
DHP Total	£588,386	£1,258,220	DHP Total	£417,273	£687,527

4.31 As part of the on-going welfare reform programme, the DWP has confirmed that £800m of DHP funding will be available nationally over the next 5 years. Assuming the same apportionment arrangements are used to share out the £800m and that the £800m is apportioned evenly over the 5 years, it is likely Lewisham will receive around £1.7m per year, an increase in the region of £500k per year. However, the likely impacts of the additional welfare reforms will far exceed this and could result in either the Council being unable to help, amending its policy on Bedroom Tax cases, reviewing how it could limit DHP spend or using its general fund.

4.32 Lewisham is currently participating in a *Pathways to Employment* (PTE) project with the London boroughs of Southwark and Lambeth which is designed to take individuals from their universal credit/welfare application through to employment using a key worker approach. The pilot is funded through a blend of DWP grant, Jobcentre+ flexible support fund and borough contributions. The three councils' intention is to explore, through the pilot, the possibilities for greater integration and joint commissioning in order to achieve savings to the public purse, better outcomes for priority residents and demonstrate to central government that devolving responsibility to local areas can achieve better results. For the second phase of the PTE pilot, the three councils have successfully bid for £1.1m of Transformation Challenge Award funding, awarded by the Department for Communities and Local Government to proposals which are designed to transform the delivery of public services. This may rise to £2.2m through a match funding bid to the European Social Fund, with a decision expected in the autumn.

Jobcentre+ administered benefits

Year	Total	Attendance allowance	Bereavement Benefit/ Widow's Benefit	Carer's Allowance	Disability Living allowance	Employment and Support allowance	Incapacity benefit	Income Support	Job Seekers allowance	Pension Credit	Severe Disablement allowance	State Retirement pension	Winter Fuel Payments
2009/10	£396	£12	£2	£6	£46	£6	£19	£64	£27	£38	£3	£163	£8
2010/11	£402	£12	£2	£7	£48	£11	£17	£59	£29	£39	£3	£168	£8
2011/12	£417	£12	£2	£8	£51	£19	£16	£51	£34	£38	£3	£176	£6
2012/12	£432	£13	£2	£9	£55	£36	£12	£40	£35	£36	£3	£186	£6
2013/14	£430	£13	£2	£9	£56	£51	£7	£28	£29	£34	£3	£191	£6

N.B. There are currently two Jobcentre+ offices in the borough of Lewisham, one in Catford and one in Forest Hill. It is difficult to gauge the imminent impact of welfare reform on counter services as the government's approach of "digital by default" is likely to shift much more activity on-line and reduce the need for traditional face to face delivery. Lewisham, along with Southwark and Lambeth, continue to pilot a process within local Jobcentre+ offices, using a triage process to identify those with support needs and ensure these needs are met. While it is hoped the findings from this pilot feed into the longer term delivery model, it makes it very difficult at this stage to comment on what this model may look like or what it will deliver.

Other organisations spending public money

4.33 The impact of the cut in public spending initiated by the Coalition Government and continued by the current government on local councils is well known, well documented and has been scrutinised in depth by Lewisham councillors. The purpose of this review was to consider the impact beyond the local authority, on the organisations that work in partnership with the Council to serve the needs of those who live, work and study in the borough. As noted earlier, the public spending reductions announced in the Summer Budget and scheduled to fall on “unprotected” areas of public spending will have a significant impact not just on the local authority but also on police and fire services, housing services, and arts and voluntary organisations in particular. Two of the areas that councillors were particularly interested in were the emergency services and higher education.

The Emergency Services

4.34 Over the past few years, whilst the capital’s population has grown, there have been unprecedented cuts to the emergency services. There are now fewer paramedics, fewer fire stations and fewer police officers and police community support officers.

4.35 The London Ambulance Service was required to make £53m of savings between 2011 and 2015 which put pressure on the service it provides²². The service aims to reach 75 per cent of calls within 8 minutes. However this target has not been met since March 2014, reaching a low of 48 per cent in December 2014. Although response rates have improved recently, reaching 67 per cent in May 2015, this is still below the 75 per cent target.

Category A* response times: target 75% within eight minutes

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Enfield	40%	54%	52%	52%	61%	62%
Haringey	40%	54%	50%	52%	58%	62%
Islington	52%	61%	60%	62%	67%	68%
Barking & Dagenham	43%	57%	59%	60%	64%	70%
City & Hackney	53%	63%	62%	63%	67%	68%
Havering	46%	60%	64%	65%	68%	74%
Newham	49%	62%	63%	63%	68%	71%
Redbridge	42%	58%	58%	56%	61%	62%
Tower Hamlets	55%	67%	66%	63%	70%	73%
Waltham Forest	38%	50%	53%	52%	58%	60%
Westminster	57%	70%	63%	65%	70%	70%
Bexley	50%	61%	60%	62%	64%	69%
Bromley	46%	58%	53%	58%	59%	64%
Greenwich	56%	63%	63%	66%	72%	69%
Lambeth	53%	65%	66%	63%	69%	69%
Lewisham	47%	57%	56%	56%	64%	62%

²² See: <http://www.bbc.co.uk/news/uk-england-london-13051798>

Southwark	54%	67%	62%	65%	71%	74%
Croydon	46%	56%	56%	56%	61%	60%
Kingston	56%	69%	65%	66%	70%	73%
Merton & Sutton	55%	65%	66%	69%	70%	70%
Wandsworth	54%	64%	60%	62%	68%	70%
Brent	46%	56%	55%	54%	60%	66%
Ealing	41%	56%	53%	51%	56%	58%
Hammersmith & Fulham	49%	63%	62%	58%	65%	68%
Harrow	39%	57%	56%	54%	63%	65%
Hillingdon	51%	61%	58%	60%	67%	69%
Hounslow	41%	54%	57%	49%	61%	58%
Kensington & Chelsea	50%	66%	60%	61%	68%	70%
Barnet	39%	51%	48%	50%	58%	58%
Camden	59%	66%	69%	67%	74%	73%
Richmond & Twickenham	46%	61%	60%	57%	65%	65%

LAS Total	48%	60%	59%	59%	65%	67%
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* Data about response times for Category A (immediately life-threatening) calls, broken down by local area).
Source: London Ambulance Service NHS Trust (2015)²³

4.36 As outlined in the Fifth London Safety Plan 2013-16,²⁴ the London Fire Brigade has closed 10 fire stations, retired 14 appliances and cut 552 fire station staff in order to meet the budget savings targets it was set for 2013-15 (£45 million over the two years 2013/14 to 2014/15²⁵). The LFB is now being asked to make £18.6m of further savings over the next two years.

4.37 Uniformed police officers have been cut in every London Borough²⁶. This reduction in police numbers, combined with increased demand is having an impact on the number of crimes the Metropolitan Police Service can solve²⁷. However, more savings are planned: a possible £800m over the next four years²⁸. The Metropolitan Police Service Commissioner has stated that this may put public safety at risk²⁹.

Recommendation: The Council should reiterate its support for public consultation where major service changes are under consideration to ensure public confidence in our public services especially emergency services.

Higher Education

4.38 The higher education sector has also suffered from the squeeze on public spending, with universities and further education colleges experiencing significant reductions to some of their funding.

²³ See: http://www.londonambulance.nhs.uk/about_us/how_we_are_doing/meeting_our_targets/latest_response_times.aspx

²⁴ See: <http://www.london-fire.gov.uk/Documents/LSP5-authority-version-18-july-following-september-authority-meeting.pdf>

²⁵ See: http://www.london-fire.gov.uk/news/AC1B4F18D05A4D82B52979C6465BBFE5_Londonerswillstillbesafe.asp#.VcyVftlzbGg

²⁶ See: <http://data.london.gov.uk/dataset/metropolitan-police-service-recorded-crime-figures-and-associated-data>

²⁷ Ibid

²⁸ See: <http://www.bbc.co.uk/news/uk-england-london-30696052>

²⁹ See: <http://www.theguardian.com/commentisfree/2014/dec/14/reform-cuts-public-risk-police-emergency-services-austerity>

- 4.39 Although the Department for Education has sought, over the past 5 years, to protect funding for pupils up to the age of 16, post-16 funding has been excluded from the ringfence. When the Coalition Government ringfenced the schools budget in 2010, protecting it from the funding cuts that affected many other service areas and departments, pupils over the age of 16 were not included. As a result, a recent IPPR report has suggested that funding for 16-18 education fell from £7.7bn to £7bn over the course of the parliament³⁰. A recent Institute for Fiscal Studies report notes that “the area of Department for Education spending that has suffered the largest cuts has been 16–19 education, where spending has fallen by 14 per cent in real terms between 2010–11 and 2014–15.”³¹
- 4.40 Between 2009/10 and 2010/11 direct public funding for university teaching provided by the Higher Education Funding Council for England (HEFCE) fell by 11.2 per cent in real terms. However, this was balanced by a rise in tuition fee income (supported by publically funded loans) of 14 per cent³². Although, overall, the net result was a rise in the income universities receive for teaching, the effect has been highly variable between different institutions and the expectations and demands of students, now funding their own courses, has risen dramatically. In addition, the rise in university income is now dropping as the level at which home and EU student fees can be set is capped by the government and declining in real terms. As announced in the Summer budget, only Higher Education Institutions offering “high teaching quality” will be able to increase their tuition fees in line with inflation from 2017-18³³. HEFCE funding is also continuing to drop with the teaching grant for universities in England due to be cut by £150 million in the 2015-16 financial year affecting allocations to institutions for the academic years 2014-15 and 2015-16³⁴.

³⁰ See: <http://feweek.co.uk/wp-content/uploads/2015/03/moving-on-up.pdf>

³¹ See: <http://www.ifs.org.uk/uploads/publications/bns/BN168.pdf>

³² See: <http://www.universitiesuk.ac.uk/highereducation/Documents/2013/WhereStudentFeesGo.pdf>

³³ See: <https://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Tax/summer-budget-2015-implications-for-education-v2.pdf>

³⁴ See: <http://www.hefce.ac.uk/pubs/year/2015/CL.192015/>

5. The Findings



Meeting of the Overview and Scrutiny Committee, 13 July 2015

- 5.1 The Working Group decided to focus its evidence collection on the emergency services and higher education sectors. Representatives from the London Ambulance Service, the London Fire Brigade, the Metropolitan Police Service, Goldsmiths University and Lewisham Southwark College were all invited to attend formal meetings of the Council. Unfortunately the representative from Lewisham Southwark College was unable to attend the scheduled meeting due to illness, so the Chair of the Working Group met the College's Principal and Vice Principal (Resources and Finance) on a separate occasion.

Comments received from Len Duvall, London Assembly Member

"Londonwide, public services are changing and they will do so too at the local level. It seems to me that where these changes affect local people and communities directly, there should be a high level of transparency and public engagement. As I write to you, there is a possibility that Lewisham may lose a further fire appliance and face a major reorganisation of policing services which will almost certainly result in a very different delivery of services to residents. This may well be done on the back of reduced finances from central government but this should not stop local people having a say around the delivery of those services".

6. The London Ambulance Service (LAS)



Graham Norton, Andrew Bell, Councillor Alan Hall

Public Spending

6.1 Graham Norton, Assistant Director of Operations (South East) and Andrew Bell, Deputy Director of Finance, from the LAS, attended the meeting of the Council's Overview and Scrutiny Committee held on 13 July 2015 and provided the following spending figures for their organisation:

- The organisation's actual gross revenue expenditure for 2012/13 was £303.5m; for 2013/14 was £302.3m; and for 2014/15 was £317.7m.
- The gross budgeted revenue expenditure for 2015/16 was £325.6m.
- The actual gross capital spend for 2012/13 was £9.7m; for 2013/14 was £6.9m; and for 2014/15 was £15.9m.
- The gross budgeted capital expenditure for 2015/16 was £20.7m.
- Capital investment had increased as the service was investing in its fleet to ensure it had the right number of vehicles that were the right average age. Capital funding was also sometimes rolled forwards.
- The gross budgeted revenue expenditure for 2016/17 and 2017/18 and the capital budgeted spend for the same years was not yet available as it was still being finalised.



Ambulance on a call

Performance

- 6.2 The LAS has experienced a large reduction in staff recently (due to high attrition rates) and a recruitment programme is currently taking place. There has been a loss of qualified paramedics by ambulance services across the country, as demand for paramedics has increased due to the wide range of work areas they are now employed in. This is presenting some performance challenges as demand for ambulance services is continuing to rise. Paramedics do not receive comparable grants to nurses to cover the costs of training (paramedics need a paramedic science degree) but a case was being made to Health Education England in relation to this.
- 6.3 The current recruitment programme is focussing on Australia and New Zealand in particular. Australasia is a good source of new recruits as there is an oversupply of paramedics, their qualifications are recognised here, they speak English and they are very keen. This means that the cost of the recruitment exercise is worth it. The Committee was informed that 200 new paramedics had recently been recruited in this way. The recruitment process in Australia and New Zealand is as rigorous as in the UK and all recruits are tested before starting work. Staff retention is a key focus of the Trust in a bid to reduce attrition rates. Following the meeting it was confirmed that staffing was significantly improving which would have a positive impact on patient care within Lewisham.
- 6.4 In response to questions from members of the Overview and Scrutiny Committee the following key points were noted:
- The LAS currently has no concerns about the A&E Department at Lewisham Hospital. Many hospitals are under pressure at the moment but Lewisham is still

delivering and there have been fewer diversions recently, possibly as a result of campaigns to reduce inappropriate 999 calls and the provision of telephone advice to turn away less appropriate calls.

- The 111 service is run separately from the 999 service with a separate control room in Beckenham although the control rooms are linked enabling effective triage.

6.5 The service has a target of reaching 75 per cent of Category A calls (the most serious) within 8 minutes. Up-to-date performance figures for Lewisham and neighbouring boroughs was provided following the meeting which showed that by July 2015 performance in Lewisham for Category A calls had reached 65.31 per cent but this was still below the target and below the figures being achieved in neighbouring boroughs including Southwark (69.77 per cent); Lambeth (71 per cent); and Greenwich (71.65 per cent). Croydon was, however, lower (61.4 per cent).

Recommendation: The performance figures for Lewisham (Category A calls) are below target and below the figures being achieved in neighbouring boroughs including Southwark, Lambeth and Greenwich. The LAS should focus its attention on understanding and addressing the reasons behind this discrepancy, and report their findings to the Overview and Scrutiny Committee.

Lewisham CCG

Month	Cat A 8Min%	R1 8Min%	R2 8Min%	C1 20Min%	C2 30Min%
Jul-14	63.55%	68.89%	63.35%	47.37%	52.59%
Aug-14	61.74%	69.23%	61.49%	55.61%	54.47%
Sep-14	56.83%	60.00%	56.73%	42.49%	52.39%
Oct-14	58.15%	55.81%	58.23%	45.79%	53.31%
Nov-14	58.44%	71.79%	58.01%	44.51%	57.76%
Dec-14	46.79%	60.47%	46.40%	37.87%	44.59%
Jan-15	57.06%	72.73%	56.51%	57.76%	62.12%
Feb-15	56.05%	55.88%	56.05%	47.24%	55.84%
Mar-15	55.95%	62.22%	55.72%	53.30%	60.75%
Apr-15	63.76%	59.52%	63.91%	49.13%	66.32%
May-15	62.46%	31.11%	63.61%	56.70%	70.25%
Jun-15	61.04%	66.67%	60.90%	47.25%	60.03%
Jul-15	65.31%	58.54%	65.53%	58.14%	67.73%
Total	58.80%	60.80%	58.73%	49.45%	58.20%

Southwark CCG

Month	Cat A 8Min%	R1 8Min%	R2 8Min%	C1 20Min%	C2 30Min%
Jul-14	69.29%	70.45%	69.26%	55.91%	54.75%
Aug-14	69.33%	75.00%	69.19%	50.22%	57.30%
Sep-14	63.11%	65.96%	63.02%	42.86%	50.79%
Oct-14	66.23%	77.08%	65.90%	53.53%	52.23%
Nov-14	62.76%	71.79%	62.53%	54.41%	57.05%
Dec-14	53.73%	71.43%	53.21%	43.52%	47.97%
Jan-15	66.96%	79.17%	66.55%	57.59%	68.89%
Feb-15	62.14%	64.58%	62.06%	47.16%	56.44%
Mar-15	65.29%	67.35%	65.23%	45.16%	58.84%
Apr-15	70.75%	68.75%	70.80%	58.58%	67.93%
May-15	73.69%	70.00%	73.76%	58.17%	69.87%
Jun-15	70.56%	67.19%	70.70%	50.44%	63.37%
Jul-15	69.77%	67.44%	69.83%	51.29%	65.64%
Total	66.32%	70.36%	66.20%	51.56%	59.35%

Bromley CCG

Month	Cat A 8Min%	R1 8Min%	R2 8Min%	C1 20Min%	C2 30Min%
Jul-14	64.97%	64.10%	64.99%	52.45%	49.64%
Aug-14	61.98%	78.13%	61.52%	46.81%	51.33%
Sep-14	54.98%	71.74%	54.31%	50.67%	52.14%
Oct-14	59.19%	55.00%	59.32%	44.91%	52.33%
Nov-14	56.72%	64.44%	56.44%	45.96%	54.96%
Dec-14	46.34%	45.61%	46.37%	34.01%	40.19%
Jan-15	58.30%	50.00%	58.57%	46.62%	62.99%
Feb-15	53.18%	61.76%	52.94%	46.21%	54.70%
Mar-15	57.91%	50.00%	58.19%	44.22%	60.47%
Apr-15	59.49%	79.07%	58.80%	56.17%	67.28%
May-15	64.50%	62.07%	64.55%	51.85%	66.20%
Jun-15	62.62%	66.67%	62.47%	49.39%	62.38%
Jul-15	65.93%	65.38%	65.94%	56.21%	68.47%
Total	58.77%	61.79%	58.67%	48.20%	57.13%

Greenwich CCG

Month	Cat A 8Min%	R1 8Min%	R2 8Min%	C1 20Min%	C2 30Min%
Jul-14	68.34%	68.89%	63.35%	47.37%	52.59%
Aug-14	68.52%	69.23%	61.49%	55.61%	54.47%
Sep-14	59.04%	60.00%	56.73%	42.49%	52.39%
Oct-14	59.37%	55.81%	58.23%	45.79%	53.31%
Nov-14	62.07%	71.79%	58.01%	44.51%	57.76%
Dec-14	56.43%	60.47%	46.40%	37.87%	44.59%
Jan-15	63.00%	72.73%	56.51%	57.76%	62.12%
Feb-15	62.74%	55.88%	56.05%	47.24%	55.84%
Mar-15	65.50%	62.22%	55.72%	53.30%	60.75%
Apr-15	71.53%	59.52%	63.91%	49.13%	66.32%
May-15	68.99%	31.11%	63.61%	56.70%	70.25%
Jun-15	70.48%	66.67%	60.90%	47.25%	60.03%
Jul-15	71.65%	58.54%	65.53%	58.14%	67.73%
Total	65.11%	60.80%	58.73%	49.45%	58.20%

Lambeth CCG

Month	Cat A 8Min%	R1 8Min%	R2 8Min%	C1 20Min%	C2 30Min%
Jul-14	67.89%	80.36%	67.45%	51.34%	55.11%
Aug-14	68.28%	71.93%	68.14%	50.49%	56.50%
Sep-14	62.70%	64.10%	62.67%	42.93%	51.67%
Oct-14	64.46%	78.05%	64.08%	47.46%	57.63%
Nov-14	63.78%	77.78%	63.29%	45.62%	54.54%
Dec-14	53.04%	66.67%	52.54%	42.50%	48.55%
Jan-15	64.76%	67.74%	64.63%	56.52%	67.32%
Feb-15	65.57%	77.78%	65.19%	47.76%	59.02%
Mar-15	63.30%	62.50%	63.33%	45.15%	57.46%
Apr-15	68.83%	76.92%	68.54%	52.61%	69.90%
May-15	69.14%	67.27%	69.21%	56.39%	71.65%
Jun-15	70.05%	70.69%	70.03%	56.28%	61.31%
Jul-15	71.00%	70.21%	71.02%	61.04%	65.56%
Total	65.55%	71.53%	65.34%	50.67%	59.75%

Croydon CCG

Month	Cat A 8Min%	R1 8Min%	R2 8Min%	C1 20Min%	C2 30Min%
Jul-14	62.46%	66.07%	62.34%	48.68%	47.60%
Aug-14	61.83%	62.16%	61.83%	47.08%	48.46%
Sep-14	51.50%	53.85%	51.42%	42.27%	47.17%
Oct-14	53.83%	47.62%	53.98%	45.95%	49.21%
Nov-14	51.76%	58.06%	51.55%	44.12%	44.13%
Dec-14	45.92%	51.85%	45.76%	32.77%	39.37%
Jan-15	55.96%	63.27%	55.75%	46.81%	58.25%
Feb-15	55.64%	66.67%	55.31%	48.33%	52.58%
Mar-15	56.30%	56.00%	56.31%	45.19%	51.36%
Apr-15	61.01%	60.00%	61.03%	50.68%	60.76%
May-15	59.62%	63.64%	59.49%	51.48%	60.02%
Jun-15	57.08%	75.93%	56.47%	36.00%	56.43%
Jul-15	61.40%	47.73%	61.74%	48.98%	63.27%
Total	56.31%	59.72%	56.21%	45.20%	52.29%

7. The London Fire Brigade(LFB)



Keeley Smith and Councillor Alan Hall

Public Spending

7.1 Keeley Smith, Lewisham Borough Commander, attended the meeting of the Council's Overview and Scrutiny Committee held on 13 July 2015 and provided the following spending figures for the LFB:

	2012/13 Outturn (£000s)	2013/14 Outturn (£000s)	2014/15 Forecast Outturn* (£000s)	2015/16 Budget (£000s)	2016/17 Budget (£000s)	2017/18 Budget (£000s)
Revenue Expenditure	408,210	400,720	390,946	382,400	382,400	not available
Capital Expenditure	7,807	10,288	54,427	56,683	19,492	not available

*the 2014/15 Forecast Outturn is as reported to the LFB Resources Committee in March 2015.

7.2 The following key points were noted by the Committee:

- Due to saving requirements 10 fire stations across London had closed last year with some appliances removed.
- Further savings would need to be made next year but nothing had been approved for 2016/17 yet. The Commissioner would be making recommendations and a decision was not expected until November 2015.

- The LFB's fleet was leased from Babcocks as part of a long standing contract whereby they supplied and promptly maintained the vehicles. At the time the contract was entered into, the LFB's fleet was failing and expensive to maintain and this contract was felt to be the best proposal financially.



Fire engine on a call

Forest Hill Fire Station

- 7.3 The Committee heard that Forest Hill fire station's second appliance was currently being held elsewhere in order to provide emergency fire cover whilst there was the possibility of industrial action. The Fire Brigade Union only needed to give seven days' notice in relation to strike action and this was not sufficient time to fit out an alternative appliance, hence the need to take 13 second appliances for emergency cover. However, there had now been a Mayoral Direction requiring the 13 appliances from across London currently being held for contingency purposes, to not be returned pending decisions on 2016/17 savings proposals, which could include their permanent removal.
- 7.4 The Committee heard that options on the budget savings proposals would be presented towards the end of the year and that it had not yet been confirmed that all 13 appliances would be permanently removed. Should such a saving be taken, modelling would be carried out to determine which 13 appliances should be removed based on impact on response times.
- 7.5 In response to questions from members of the Committee on this issue it was noted that:
- A public consultation on the loss of the Forest Hill second appliance was not planned as it had not yet been confirmed that the appliance would be permanently lost.
 - The actual physical location of Forest Hill fire station's second appliance could not be revealed for security reasons, but all 13 emergency cover appliances were being held together in South East London.

- The crew of the removed second appliance had use of a non-response vehicle and was engaged in other LFB activity including community liaison work such as fitting smoke alarms and visiting schools. They also still trained with the crew of the active appliance.
- Fire appliances were normally staffed by 4 or 5 crew members but could take 6 and the active Forest Hill appliance did take 6.
- Keeley Smith met regularly with senior officers, spoke up on behalf of the borough and provided her views on upcoming issues. She had been very vocal about wanting Forest Hill's second appliance returned.
- Although it might be difficult to argue the case for the return of Forest Hill's second appliance given that the station has managed relatively well for so long without it, Orpington Fire Station had been given a second appliance recently on the basis of response time data. In the event of any appliances being permanently decommissioned to save money, modelling would be carried out to determine which appliances should be removed based on impact on response times.

Recommendation: The Mayoral Direction requiring the 13 appliances from across London currently being held for contingency purposes, to *not* be returned pending decisions on 2016/17 savings proposals, which could include their permanent removal, is of grave concern. The Mayor has already been asked to request a full briefing on Forest Hill Station's second fire appliance and the relevant Mayoral Direction, from the London Fire Brigade, to be shared with the Overview and Scrutiny Committee.

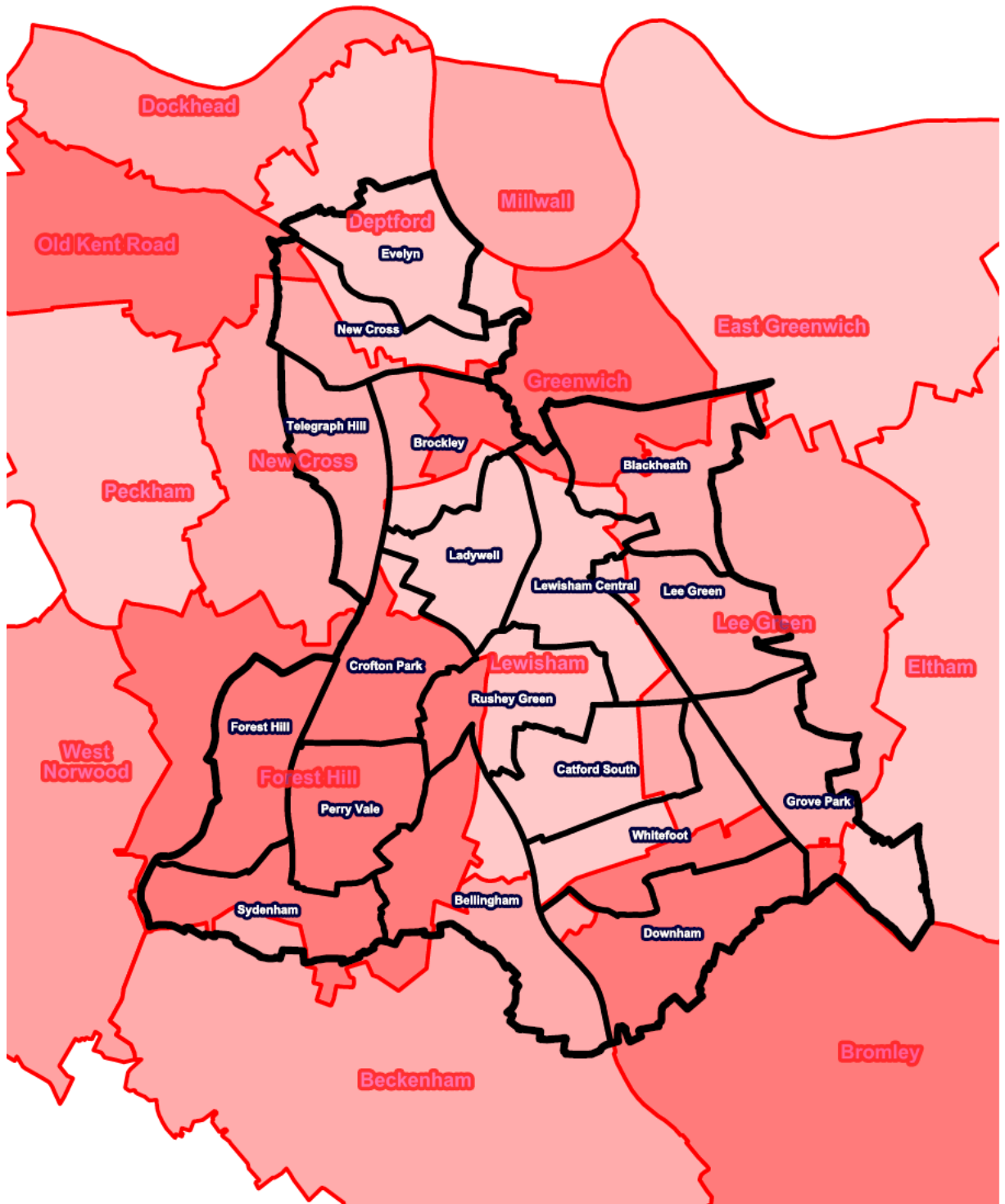


Keeley Smith giving evidence to the Overview and Scrutiny Committee, 13 July 2015

Performance

- 7.6 The map overleaf shows local fire station grounds (in pink) compared to borough wards. Although appliances from the home station are likely to be the first mobilised to an incident in their area, pumps will sometimes come from other stations. The attendance time data for Lewisham wards (see paragraph 7.9) is for incidents in that ward regardless of which station appliance attends. Another station may attend if the appliance normally nearest is already attending a different incident. When Downham Fire Station was closed, computer modelling was carried out to split the ground it covered between existing stations. Lewisham, Eltham and Bromley Fire Stations are now covering the ground formally covered by Downham Fire Station and attendance times are better than were predicted during the consultation period, although they are sometimes outside the 6 minute target.

Recommendation: In 2014/15 and in 2015/16 (to date) the six minute target for getting a first appliance to an incident has not been met in the Bellingham, Downham and Grove Park wards of Lewisham. The LFB should focus its attention on understanding and addressing the reasons behind this failure. This should include considering any impact caused by the removal of Forest Hill's second appliance and the closure of Downham Fire Station; and considering what mitigating action might be taken to improve attendance times in these areas. The findings should be reported to the Overview and Scrutiny Committee.



Fire station grounds / ward boundaries

- 7.7 The Committee heard that a new mobilising system would be rolled out shortly which would use GPS to ensure that the nearest appliance was always used to respond to a call out and that this should have a positive impact on response times.
- 7.8 Appendix 1 shows the number of incidents that occurred within the Borough of Lewisham from 2011/12 to 2014/15.

7.9 The LFB aims to get the first fire engine to an incident within an average of six minutes; to get the second fire engine to an incident within an average of eight minutes and to get a fire engine anywhere in London within 12 minutes on 95 per cent of occasions. The LFB has the fastest attendance times in the Country. The chart below shows first and second appliance attendance times in Lewisham for the four years 2012/13 to 2015/16 (at 20 July 2015). 2012/13 is a 'base year' with no pumps removed for cover in the event of industrial action and was prior to the closing of Downham fire station. Forest Hill's second appliance was removed in August 2013 (2013/14 year) and Downham was closed in January 2014 (also 2013/14 year). The 2014/15 and 2015/16 (to date) years show the combined impacts of Downham closing and the temporary removal of Forest Hill's second appliance.

7.10 In 2014/15 and in 2015/16 (to date) the six minute target has not been met in the Bellingham, Downham and Grove Park wards.

Attendance times in Lewisham, by ward

Ward	First appliance				Second appliance				Impact of EFCC pump removal
	2012/13	2013/14	2014/15	2015/16	2012/13	2013/14	2014/15	2015/16	
Bellingham	05:54	06:21	06:26	06:20	07:29	07:17	07:43	08:53	1
Blackheath	04:43	04:32	04:53	04:33	06:29	06:16	06:20	07:18	
Brockley	05:28	05:45	05:31	05:50	06:47	06:40	06:37	07:20	1
Catford South	05:33	05:23	05:53	06:08	07:23	06:52	06:43	06:28	0.5
Crofton Park	03:40	04:30	04:26	04:18	04:55	06:31	07:30	06:58	1
Downham	05:25	05:33	07:04	06:56	07:14	07:39	08:18	07:44	
Evelyn	04:09	04:17	04:49	05:21	06:43	06:46	07:02	07:43	0.5
Forest Hill	05:11	05:30	05:33	05:08	06:24	07:09	08:49	08:26	1
Grove Park	04:48	05:27	06:13	06:37	06:27	06:42	07:25	07:49	
Ladywell	04:46	05:15	04:56	05:14	06:48	06:33	06:28	06:48	1
Lee Green	03:51	04:10	04:37	04:44	06:57	06:11	06:55	07:07	
Lewisham Central	03:58	04:05	04:13	03:55	05:50	06:08	06:36	06:04	0.5
New Cross	04:59	04:58	05:06	05:11	06:18	06:18	06:13	06:13	0.5
Perry Vale	04:02	04:19	04:19	04:48	04:50	06:48	07:38	08:39	1
Rushey Green	04:36	04:41	05:00	04:43	05:41	06:39	06:40	06:25	1
Sydenham	05:51	06:11	06:00	06:01	06:41	07:48	07:34	07:50	1
Telegraph Hill	05:05	04:32	05:03	04:34	07:49	06:25	05:52	04:50	1
Whitefoot	05:10	05:38	07:22	07:33	07:54	08:09	08:14	07:34	
	04:44	04:58	05:18	05:17	06:22	06:45	07:04	07:04	

Notes:

1) In column "Impact of EFCC pump removal", 1 = some expected impact, 0.5 = smaller expected impact from the temporary removal of second appliances for EFCC purposes (e.g. at Forest Hill)

2) 27 second appliances were removed from stations in August 2013 (2013/14 year) for EFCC purposes.

3) LSP5 station closures and appliances removals were implemented in January 2014 (2013/14 year); at this point 13 second appliances continued to be removed for EFCC purposes.

4) 2015/16 data is at 20 July 2015

8. The London Metropolitan Police Service (MPS)



Kate Halpin, Councillor Pauline Morrison and Councillor Alan Hall

Public Spending

- 8.1 Information on the MPS budget, provided via a letter from the Mayor's Office for Policing and Crime (MOPAC) is attached at Appendix 2.
- 8.2 Kate Halpin, Lewisham Borough Commander, attended the meeting of the Council's Overview and Scrutiny Committee on 13 July 2015 to discuss the spending outlook for the MPS and the following key points were noted:
- The MPS had to save around £550m over the period 2012-2016 and around £800m over the period 2016-20. However, the first phase of savings (2012-2016) would not involve a reduction in police numbers as the Mayor had promised to keep numbers at or around the 32,000 level. Options were still being considered as to how to make the next round of savings (2016-2020).
 - Savings had and would result from restructuring; centralising or regionalising the custody, criminal justice, CID, finance, HR, Rape and Trident services; selling some buildings (including Scotland Yard); and making better use of technology.
 - A large part of capital expenditure was being spent on ICT to ensure that vehicles could, in effect, become mobile police stations and officers could be supplied with hand held devices.
 - There would also be a flattening of the rank structure.
 - Police Community Support Officers (PCSOs) were valuable but the numbers were going down due to attrition and the fact that new recruitment was on hold. No decisions had been taken on the future of PCSOs and there would be consultation prior to any decisions being taken.

Recommendation: The Metropolitan Police Service Commissioner has publically stated that the projected £800m of savings scheduled for the MPS over the next four years may put public safety at risk. The Mayor is asked to request a full briefing on any modelling that has been done to date to assess the likely impact that the savings will have on the borough of Lewisham.

Recommendation: As soon as specific savings proposals are developed, the Borough Commander is asked to share these with the Council, highlighting the specific impact on the borough. The briefing should be shared with the Overview and Scrutiny Committee.



Councillor Hall meets local police officers

Performance

8.3 The Committee heard the following in relation to MPS performance:

- MOPAC had set the MPS a target of reducing crime in seven priority categories by 20 per cent by 2016. The priority crimes were crimes felt to have a high impact on victims: burglary, criminal damage, robbery, theft from a motor vehicle, theft from a person, theft of a motor vehicle and violence with injury. Lewisham was a leading borough in terms of this challenge.
- Kate Halpin felt that Lewisham needed to focus more on targeting the right criminals (especially crime generating families) and on crime prevention (including the marking of property).
- The target for responding to 999 calls was 12 minutes if the need was 'immediate' and 60 minutes if the need was 'soon'. Following the meeting the Committee was informed that the current rolling 12 months 'immediate' call performance was 93.2% of calls responded to within the target response time (88.9% for 'soon' calls). The previous 12 months figures were 93.% for 'immediate calls' and 91.% for 'soon' calls. The average call response time was nine minutes.

- Figures for staff absence were below average. Following the meeting it was reported that the figures since April 2015 were as follows: April - 489 days across 62 employees; May - 480 days across 52 employees; June - 440 days across 70 employees; and July - 619 days across 76 employees. These figures include everything including injuries on duty and maternity related sickness.

Police Officer and PCSO figures

- The Borough Commander reported at the meeting that she thought there were 670 police officers stationed in Lewisham at present, which was above the target of 647 by the end of 2015.
- However, figures obtained by the Working Group from the GLA suggested that Lewisham had 654 police officers (down from 696 police officers in 2010), representing a cut of 6 per cent. The figures also indicated that Lewisham had 46 PCSOs (down from 118 PCSOs in 2010), representing a cut of 61 per cent.
- The MPS confirmed, after the meeting, that in July 2015 there were 623 officers and 41 PCSOs compared to 627 officers and 50 PCSOs in July 2014.

8.4 Following the meeting it was announced that, at its Management Board meeting on 29 September 2015, the Met would be reviewing the role, and future, of all PCSOs in neighbourhood policing, deciding whether to retain, reduce or remove the 629 dedicated ward PCSO posts. Mark Serwotka, the general secretary of the Public and Commercial Services Union, which represents PCSOs, has commented that: "PCSOs provide a link between communities and the police that is crucial to developing and maintaining trust. We don't believe this is in the best interests of Londoners and we are calling on the Met to halt the plans and allow for proper negotiations around the alternatives."³⁵

8.5 A motion to Lewisham's Council on 23 September 2015 will oppose any reduction in PCSO numbers, stating that "Proposals to scrap all of London's neighbourhood PCSOs would have a profound impact on the shape of London's police force and should be subject to full public consultation if approved by the Met Management Board".³⁶

Recommendation: Police Community Support Officers (PCSOs) are valuable to the Community. However recruitment is currently on hold and the number of PCSOs in Lewisham is going down due to natural attrition. In light of the cuts over the last five years, plans to potentially abolish the PCSOs in safer neighbourhood teams are of particular concern and the Mayor is asked to request a full briefing on the future of PCSOs in Lewisham from the MPS. It is expected that the Council will be fully consulted prior to any decisions being taken on this issue.

8.6 In response to questions from members of the Committee regarding MPS performance in Lewisham, the following points were noted:

- Child Sexual Exploitation (CSE) was being taken very seriously and the police service was working closely with the eight secondary schools in the borough and was considering how best to engage with primary schools.

³⁵ See: http://www.pcs.org.uk/en/news_and_events/news_centre/news_centre.cfm/cutting-pcsos-will-damage-met-s-link-to-london-s-communities

³⁶ See: <http://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=138&MId=3689>

- Serious youth crime was down in the borough with 319 cases in 2012 compared with 239 in 2014. However, there had been a spike last month which had been replicated across London and the MPS was looking into the reasons behind this. Following the fatality in Sydenham High Street in June 2015, additional resources had been deployed and the gangs matrix reviewed.
- Targeted stop and search had a greater impact than random stop and search and from next year all stop and searches would be filmed by body worn video cameras, which should improve public confidence in the method.
- Most wards had one dedicated officer but the top one hundred most challenging wards in London had two; and five of these wards were in Lewisham (New Cross, Evelyn, Brockley, Lewisham Central and Rushey Green).
- Every borough had a counter-terrorism officer including Lewisham. A number of officers were involved in the prevent strategy, which aimed to stop people becoming terrorists or supporting terrorism, and they worked closely with the Council, local youth groups and local schools. Events had been held at Sedgehill and Deptford Green secondary schools to expose the reality of joining or supporting organisations such as Islamic State.
- The borough made best use of its vehicle fleet and sometimes accessed the fleets of other units based within the borough. Time and motion studies had been carried out to ensure the use of vehicles was maximised.
- Local knowledge was important to policing and there was a current initiative which encouraged Lewisham recruits to be based in Lewisham.

8.7 Following the meeting, a Freedom of Information request revealed how many times the police had to utilise police vehicles to transport patients to hospital in a) the London Borough of Lewisham and b) London, in 2014 and so far in 2015:

- Number of police vehicles to transport patients to hospital for Lewisham in 2014: **39**
- Number of police vehicles to transport patients to hospital in London in 2014: **851**
- Number of police vehicles to transport patients to hospital for Lewisham for year 2015 up to 21 August 2015: **13**
- Number of police vehicles to transport patients to hospital in London for year 2015 up to 21 August 2015: **378**

[It was noted that the figures were reliant on (a) the Met actually being told that a patient is being conveyed to hospital in police transport and (b) that fact then being recorded on the CAD message and Met staff then applying the 'LAS' tag to the relevant CAD messages, highlighting this has happened and allowing the collation of figures.]

Recommendation: In 2014, police vehicles were used on 39 occasions to transport patients to hospital in Lewisham and 13 times so far this year (up to 21 August 2015). This puts an unnecessary strain on the Metropolitan Police Service (MPS) and the LAS should look into the reasons behind this, consider ways in which the impact on the MPS can be reduced and report their findings to the Overview and Scrutiny Committee.

9. Goldsmiths University



Sally Townsend giving evidence to the Working Group, 28 July, 2015

9.1 Sally Townsend, Director of Finance at Goldsmiths, attended the meeting of the Working Group held on 28 July 2015 and provided the following spending figures:

		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Actual gross revenue expenditure	Staff costs (2012-13 excludes one off provision write back and 3 year pension costs liability)	50,822	55,684	not available			
	Non-staff expenditure	27,873	29,844	not available			
Gross budgeted revenue expenditure	Staff costs (forecast for 2014-15)			59,625	Confidential		
	Non-staff expenditure (forecast for 2014-15)			32,529	Confidential		
Actual gross capital expenditure		6,065	11,699	not available			
Gross budgeted capital expenditure				12,305	Confidential		
Gross budgeted revenue expenditure	Staff costs (forecasts)					Confidential	Confidential
	Non-staff expenditure (forecasts)					Confidential	Confidential
Capital budgeted spend	forecasts					Confidential	Confidential

N.B. Data marked confidential was made available to working group members on a part 2 basis at the meeting of the working group to be held on 28 July 2015



The Ben Pimlott Building, Goldsmiths University

9.2 Sally highlighting the following key points to the Working Group:

- The overall position for Goldsmiths University was very positive with growing numbers of students and therefore income.
- The University had successfully managed the change in the funding regime which had reduced the levels of funding from the Higher Education Funding Council for England (HEFCE), replacing it with loans. There had been a positive effect on the university's finances as there was strong demand for places.
- Future plans for Goldsmiths University forecasted a growth in expenditure and income, driven by an increased capacity to attract students.
- There was an overall objective to increase students within the five-year timeframe which would be beneficial financially for the university but also positive for Lewisham as a whole, as it could increase spending power within the borough.
- The new financial arrangements meant that there was no longer a student number cap meaning there was potential to increase the number of students.
- The government was currently considering permanently removing the student number cap for universities with strong teaching records. (Following the meeting, it was announced in the Summer budget that Higher Education Institutions offering "high teaching quality" would be able to increase their tuition fees in line with inflation from 2017-18³⁷).
- The Goldsmith University growth strategy was also based on increasing numbers of international students.
- Capital expenditure had been significantly increased since 2010 and estate and infrastructure spending including IT infrastructure was an important part of the growth strategy.

³⁷ See: <https://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Tax/summer-budget-2015-implications-for-education-v2.pdf>

Recommendation: Higher Education Institutions offering “high teaching quality” will be able to increase their tuition fees in line with inflation from 2017-18. Goldsmiths is asked to share any plans to increase its fees with the Council at the earliest opportunity, together with information on any schemes it operates to encourage students from deprived backgrounds to apply, including the excellence scholarships available for students from Lewisham.



9.3 In the discussion that followed, the following key points were raised:

- The number of students studying in Goldsmith who were from Lewisham was not as high as the university would like. There were excellence scholarships available for students from Lewisham and the university was looking to strengthen relationships with local schools and sixth forms and to improve their outreach to ensure students consider these options.
- In terms of the size of the campus and managing additional students; there was currently a space utilisation group who checked and monitored room usage and capacity to optimise space available.
- Capital works across the campus were also being undertaken such as fitting out the former St James Hatcham Church for additional teaching space and refurbishing the theatre to increase the floor space available.
- The methodology for student funding had changed in 2012 and the fees were raised from around £3000 per annum to £9000 per annum. At the same time annual HEFCE teaching grant to the university was reduced from approximately £15 million to approximately £5 million per year. This had resulted in a net financial benefit to the university in the first year as the additional student fees had more than compensated the reduction in HEFCE funding, in light of the increased student intake.
- The change also meant that the university was less vulnerable to changes to central government funding as this made up a proportionally much smaller percentage of overall budget. Comparatively, other universities that currently benefitted from additional government funding to encourage uptake in Science Technology

Engineering and Maths (STEM) subjects, were more exposed if there were sudden cuts to these funding streams.

- Research grant funding had reduced by £2 million from over £7.5 million in the financial year 2014/15 to £5.5 million in 2015/16. This was an issue and Goldsmiths was aiming to focus on increasing the number of successful research grant applications to counteract the reduction from central government.
- Currently less than 20 per cent of students were international (non EU) students, and the strategy would be to increase the number of international students, as the overall student population grows, over the next few years.
- An additional challenge that Goldsmiths was facing was the current government targets for schools and local authorities to increase the numbers of students going to Russell Group Universities (as Goldsmiths was not a Russell Group member).
- There would be increased demand for accommodation with increasing student numbers. Goldsmiths had expanded nomination agreements with private providers including residences in Greenwich, Stratford and Shadwell.
- The university had a good professional working relationship with the Lewisham planning department. Goldsmiths were currently going through an Official Journal of the European Union (OJEU) procurement process for tenders for improvements to the halls of residences.
- The Goldsmiths Livery Company still donated to Goldsmiths University and provided funding for the Hoggart building.

Recommendation: The Council should develop a closer working relationship with Goldsmiths University, for example around community development issues.

University Funding

- Between 2009/10 and 2010/11 direct public funding for university teaching provided by the Higher Education Funding Council for England (HEFCE) fell by 11.2 per cent in real terms.
- This was balanced by a rise in tuition fee income (supported by publically funded loans) of 14 per cent across the university sector.
- Although, overall, the net result was a rise in the income universities receive for teaching, the effect has been highly variable between different institutions.
- The rise in university income is now dropping as the level at which home and EU student fees can be set is capped by the government and declining in real terms.
- However, Higher Education Institutions offering “high teaching quality” will be able to increase their tuition fees in line with inflation from 2017-18.
- HEFCE funding is continuing to drop with the teaching grant for universities in England due to be cut by £150 million in the 2015-16 financial year affecting allocations to institutions for the academic years 2014-15 and 2015-16.

Source: See paragraph 4.40 of this report

10. Lewisham Southwark College



The College's new logo

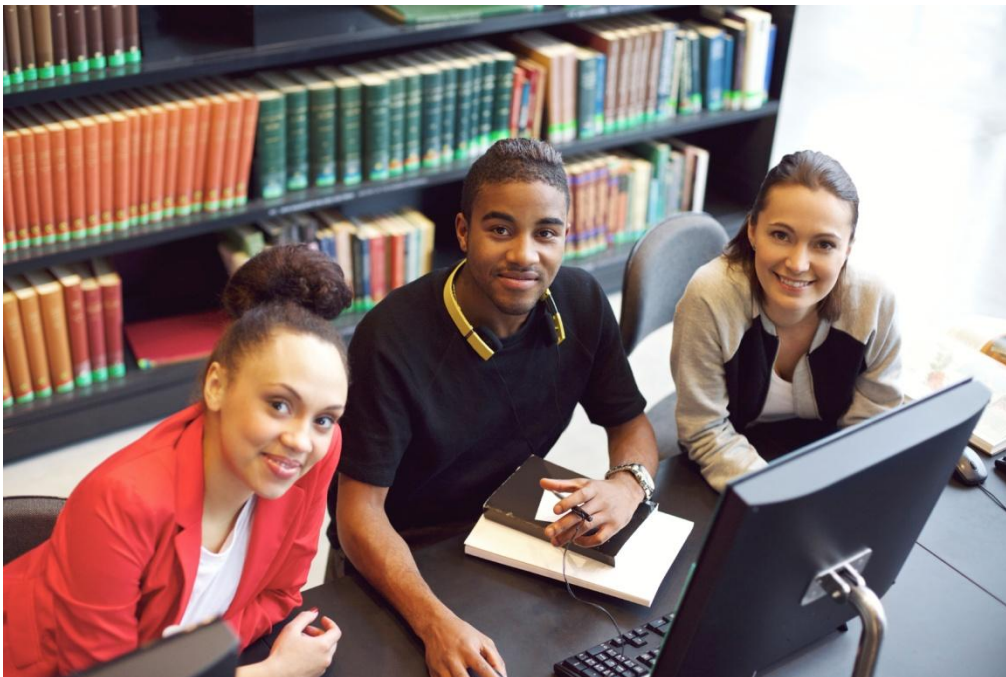
10.1 The following information was supplied to the Working Group at its first meeting on 7 July 2015:

Year ending July 31	2013	2014	2015	2016	2017	2018	
	Actual	Actual	Forecast	Budget	Estimate	Estimate	Notes
	£m	£m	£m	£m	£m	£m	
NB Total Revenue Funding	49.1	43.7	35.7	32.3	30.0	29.7	Not requested but sets context
1. Actual gross revenue expenditure for 2012/13, 2013/14 and 2014/15	54.1	50.8	42.0				Includes redundancy/reorganisation costs
2. Gross budgeted revenue expenditure for 2015/16				33.3			Includes redundancy/reorganisation costs
3. Actual gross capital spend for 2012/13, 2013/14 and 2014/15	1.7	7.6	15.8				Waterloo phases 1 & 2
4. Gross budgeted capital expenditure for 2015/16				19.2			Waterloo project complete summer 2016
5. Gross budgeted revenue expenditure for 2016/17 and 2017/18 (including estimated savings to be found for those respected years).					31.2	30.7	Includes redundancy/reorganisation costs
6. Capital budgeted spend for 2016/17 and 2017/18.					1.0	1.0	Campus development in Lewisham may increase these figures, subject to funding being identified

10.2 At the meeting of the Working Group held on 28 July 2015, the Council's Executive Director for Children and Young People provided the following update on the College:

- The demand for Further Education (FE) places was challenging to predict because, although overall numbers of students had increased in recent years, so too had the number of providers and spaces available.

- Nationally FE funding from central government had been reduced.
- The role of the FE Commissioner was introduced in 2013 to act quickly to deal with poor performing further education providers.
- There was potential for FE to be part of the devolution agenda with, for example, sub-regional groupings and management.
- The London Borough of Lewisham had been in discussion with the FE Commissioner, Dr David Collins, concerning the future of the college.
- Lewisham Council would take a very keen interest in the sixth form area based reviews which were being undertaken as part of the Departments for Education and Business Innovations and Skills review process following pilots including in Norfolk and Suffolk.



10.3 Following the meeting, it was noted that Southwark Council's proposal to demerge Lewisham Southwark College and bring half of it under its control had been rejected by the FE Commissioner. A statement from the College said that "the College has been given time to work on its planned recovery which has recently been praised by both the FE Commissioner and received positive comments towards changes made by Ofsted."³⁸

10.4 The Chair of the Working Group met Carole Kitching, the Chief Executive and Principal of the College and Jeremy Cook, Vice Principal (Finance and Resources) on 8 September 2015. The following points were noted in discussion on the College's finances:

- The finances of the College are challenging as a result of (a) the year on year reduction in revenue funding for adults and the fact that funding for 16-18 year olds had not increased with inflation in recent years and (b) some other challenges specific to the College including the decreasing number of students.

³⁸ See: <http://feweeek.co.uk/2015/08/03/bis-confirms-ruling-on-local-authority-plan-to-split-troubled-lewisham-southwark-college/>

- Although education funding is ringfenced for 5-15 year olds, 16-18 year olds falls outside of the ringfence. Funding for 16-18 year olds is 20 per cent less than funding for under 16s and has not been increased for many years.
- Pay is the biggest cost for the College and to help contain this expenditure there has been no pay awards in recent years. Non-pay costs are between one quarter and one third of total expenditure.
- Unlike schools, FE Colleges are unable to reclaim VAT.
- As shown in the chart at paragraph 10.1 above, the College's expenditure had exceeded its revenue in recent years but this was now being tackled. A staffing review had resulted in a rationalisation of the number of staff, bringing it in line with sector norms.
- A rationalisation of college campuses would also help bring expenditure down. The old Southwark Campus in Bermondsey had been sold and the money raised used to develop the Waterloo Campus which had a greater capacity but would be cheaper to run and maintain. The Camberwell Campus was on the market and eventually there would be a single campus in Lewisham. The Breakspears building is very expensive to run and addressing this is part of the longer term strategy of the college.
- Developing new sources of income is an avenue currently being explored by the College and achieving at least a grade 3 at the next Ofsted inspection (due by the end of the academic year) will assist in this.
- It is projected that the College's gross budgeted revenue expenditure for 2016/17 and 2017/18 will be in line with its income.
- The College has no borrowings which gives it flexibility in terms of the future.

Recommendation: Plans to rationalise the number of campuses in Lewisham should be shared with the Council at the earliest opportunity.

10.5 Following the meeting, the Vice Principal (Finance and Resources) provided the following information on the College's finances:

Financially the College continues to face challenges both locally and nationally. Turnover has fallen from almost £50m in 2012/13 when Lewisham College merged with Southwark College to £36m in 2014/15. Further reductions are anticipated as a result of government cuts to adult skills funding.

Excluding inflation the National Audit Office identified a fall before inflation of 11 per cent in grant funding paid to further education colleges between 2010/11 and 2014/15. The Association of Colleges estimates that over the life of the Coalition government spending in real terms on further education fell by 27 per cent. As a consequence of government policy changes over recent years the per capita funding on a 16 or 17 year old studying full-time in a college is approximately 17 per cent less than the amount spent on a 15 year old at school. Per capita expenditure on 18 year olds in colleges is more than 30 per cent less than on a 15 year old and less than half the funding for a 19 year old undergraduate.

The funding squeeze is further compounded by VAT which colleges, unlike schools and academies, are unable to recover. For Lewisham Southwark College it is estimated that VAT amounts to £1.5m per annum.

The Conservative government is accelerating the reduction of adult skills funding in 2015/16 having announced a further 3.9 per cent in July on top of the 24 per cent that had already been announced as well as withdrawing mandated funding for the delivery of English for Speakers of Other Languages (ESOL). This has hit Lewisham Southwark College particularly hard as it has proportionally more adult activity than many general further education colleges and has historically offered substantial ESOL provision.

10.6 In terms of performance, the following points were noted:

- The College had received two Ofsted inspections rating it as Grade 4 (inadequate) but a recent monitoring visit in July 2015 had found progress in every area³⁹.
- An interim team had been in place at the College in the two years leading up to the Summer of 2015, but there was now a new permanent Principal and management team; and a new Chair of the Governing Body and it was envisaged that this would help instil confidence in the future of the College.
- A full review of the curriculum had recently taken place and improvements to the offer were continuing to be made.
- The College was looking to embed itself in the local community to a greater extent and better engage with its stakeholders.
- 36 per cent of the College's 16-18 students were from Lewisham and 25 per cent of its adult learners.

Recommendation: An Ofsted rating of 4 (inadequate) is not good enough for the approximately 740 Lewisham 16-18 year olds studying at the College. However, the establishment of a new senior management team and the recent Ofsted monitoring visit which revealed improvements across all areas is heartening. The College needs to focus on achieving at least a Grade 3 when it is next inspected.

³⁹ See: <http://reports.ofsted.gov.uk/inspection-reports/find-inspection-report/provider/ELS/130415>



Lewisham Southwark College Main Entrance, Lewisham Way

10.7 Following the meeting between the Chair and the Principal and Vice Principal of the College, the following statement on the College's view of its future was provided:

Lewisham Southwark College has faced a number of challenges over the past three years, both in terms of quality of some provision and financially. An interim senior management team led the college for some 18 months up to July 2015.

A new permanent senior management team has been in post since early summer with a track record of leading some of the best performing and most innovative and entrepreneurial colleges in the sector. The new Principal and CEO, Carole Kitching, was previously Principal of Newcastle College (£65 million turnover, Grade 1 and 2 provision) and has also had successful college turnaround experience.

A major Organisational Review was concluded in July and has resulted in pay to income ratios in line with sector norms and a structure that will drive ownership, responsibility and accountability focussed on students and employers in partnership with key stakeholders.

A further review of the curriculum offer is in place to align it more closely with unmet skills demands locally and regionally. The Principal brings significant experience in both 14-16 provision and higher education provision which will be core to the College's strategy moving forwards.

There is clearly a lot of work to do but an increased confidence locally that the College will rapidly become a college that is the pride of the communities that it serves.

Recommendation: The Overview and Scrutiny Committee should convene an Inquiry into post-16 education.

11. Other Organisations

Lewisham and Greenwich NHS Trust

11.1 The following data was received from the Trust:

- **Actual gross revenue expenditure for 2012/13, 2013/14 and 2014/15**

FY12-13	FY13-14	FY14-15
£'000	£'000	£'000
239,328	372,096	510,137

Note that increase is driven by the merger with QEH in October 2013.

- **Gross budgeted revenue expenditure for 2015/16**

FY15-16
£'000
513,880

Source: FIMS Plan – May 2015

- **Actual gross capital spend for 2012/13, 2013/14 and 2014/15**

FY12-13	FY13-14	FY14-15
£'000	£'000	£'000
5,453	15,654	23,285

Source: Statutory Accounts

- **Gross budgeted capital expenditure for 2015/16**

FY15-16
£'000
33,483

Source: FIMS Plan – May 2015 – adjusted for delayed QEH expenditure

- **Gross budgeted revenue expenditure for 2016/17 and 2017/18 (including estimated savings to be found for those respected years).**
- Not available

- **Capital budgeted spend for 2016/17 and 2017/18.**

FY16-17	FY17-18
£'000	£'000
39,464	23,605

Source: FIMS Plan – May 2015 – adjusted for delayed QEH expenditure

11.2 The Trust reported a deficit of £8.4m in 2014/15. The Independent Auditor's report notes that "The Trust delivered a deficit of £8.4m in 2014/15, having

previously planned to deliver a surplus. It has also submitted a deficit budget of £38m for 2015/16 to the Trust Development Authority. The actual and planned deficits are evidence of weakness in arrangements in respect of the Trust's strategic financial planning."⁴⁰

- 11.3 According to the annual accounts, the deterioration in the financial position has been driven by reductions in transitional support related to the merger with the Queen Elizabeth Hospital in the London Borough of Greenwich in 2013, increases in Clinical Negligence Scheme for Trusts (CNST) contributions and reductions in non-recurrent items. In the short term, action is being taken to improve the performance of the cost improvement programme and reduce the amount of agency spend through the recruitment of permanent staff. In the medium term, the Trust is actively working to develop strategies to reduce and then eliminate the deficit.

King's College Hospital NHS Foundation Trust

- 11.4 Although King's College Hospital sits outside the borough and was not asked to contribute any data to the working group, the Trust plays an important part in the life of the borough treating a number of patients from Lewisham postcodes. The Trust has a very serious ongoing deficit. At the end of the last financial year this stood at £47m. Its savings target for this year is £86m and it has, to date, identified £57m of savings which leaves it with a £29m gap. Reasons behind the deficit included the following:

- Almost two years ago King's acquired the Princess Royal University Hospital (PRUH), Orpington Hospital, and some services at Beckenham Beacon and Queen Mary's Sidcup following the dissolution of South London Healthcare NHS Trust on 1 October 2013. There were long-standing financial and quality related issues at the PRUH which were found to be far greater than anticipated and urgent investment was required by the Trust in the interests of quality and patient safety such as the use of agency staff to fill vacant nursing positions while permanent staff were recruited.
- Emergency care pressures and the resulting impact on planned care - the demand for services locally is a major challenge with record levels of attendance and admissions at the Emergency Departments. This has also led to longer waiting times for patients and cancellations of planned operations due to the lack of beds. These cancellations have increased waiting lists for patients needing surgery as emergency patients are prioritised.
- Difficulty in discharging patients fit-for-discharge either back into the community or to their referring hospital. This has led to a significant proportion of elective procedures being undertaken offsite in the private sector or out of hours, which costs more than in-house treatment during normal working hours.

⁴⁰ See: <https://www.lewishamandgreenwich.nhs.uk/important-documents>

- 11.5 The Trust's savings targets are very challenging. The Trust has been working for some time with Monitor and earlier this year the health regulator launched a formal investigation that aimed to find a solution to the long standing problems at the PRUH. The findings of Monitor's investigation recognised the significant progress King's had made but that further work was required to achieve financial sustainability. King's has since prepared one and two year recovery plans and is developing a five year strategy focused on sustainability which will be completed in the autumn.
- 11.6 A recent King's Fund briefing notes that deficits are increasing across the sector. It concludes that "If last year's deficit among NHS providers was unprecedented, this year will be much worse... There are significant opportunities to improve productivity in the NHS, and efforts to deliver better outcomes at lower cost must be redoubled. However, exhortations and initiatives to increase financial control will not be enough to close the black hole in NHS finances. It is clear that if more funding is not forthcoming for the current year, the consequences will be significant – either patient care will suffer as staff are cut, waiting times rise and the quality of care deteriorates, or the Department of Health will overspend its budget."⁴¹
- 11.7 The King's Fund has also reported that a total of 77 foundation trusts reported a deficit for 2014/15, totalling £636 million; and for NHS trusts, the NHS Trust Development Authority reported deficits in 40 trusts and an overall net deficit of £472.6 million.⁴²

Lewisham Clinical Commissioning Group (LCCG)

- 11.8 Lewisham CCG has no current plans to reduce spending on Health Services and remains committed to deliver the CCG and Borough Joint Commissioning Intentions⁴³; its five year Strategy – 'A Local Health Plan for Lewisham 2013 – 2018'; and the 'Our Healthier South East London Strategy' (OHSELS)⁴⁴ to improve the outcomes, quality and sustainability of local services for local people. The NHS is required to make Quality, Innovation, Productivity and Prevention (QIPP) efficiency savings due to increasing demand for services. The CCG has begun the process of identifying a number of ways, in partnership with the Council and other partners, in which it can improve the quality of services using an integrated approach through the Adult Integrated Care Programme. The table below provides some indicative figures as income is not known for 2016/17 and 2017/18 and therefore assumes allocation growth of 2.4% in 2016/17 and 2.33% in 2017/18 for Programme Expenditure.

	Actual	Actual	Actual	Planned	Planned	Planned
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000	£000
Revenue Expenditure - Administrative	n/a	6,395	6,152	6,552	6,552	6,552
Revenue Expenditure - Programme	n/a	369,273	377,160	392,949	402,380	411,755

⁴¹ See: http://www.kingsfund.org.uk/sites/files/kf/field/field_publication_file/Budget%20briefing%20July%202015%20final_0.pdf

⁴² See: <http://qmr.kingsfund.org.uk/2015/16/survey>

⁴³ See: <https://www.lewisham.gov.uk/myservices/socialcare/health/improving-public-health/Documents/Summary%20commissioning%20Int%20V8.pdf>

⁴⁴ See: <http://www.ourhealthiersel.nhs.uk/news/latest-update-august-2015/9965>

Total Revenue Expenditure	n/a	375,668	383,312	399,501	408,932	418,307
Total Capital Spend	n/a	0	0	0	0	0
Total Savings Required	n/a	(12,250)	(9,990)	(6,770)	(11,600)	(10,172)

11.9 The stated outcomes of the Our Healthier South East London Strategy (OHSELS) are improving the quality and sustainability of local services for local people. The OHSELS advocates new models of care focussing on community-based care initiatives, designed to deliver more care in the community. In terms of services based in acute hospitals, all hospitals must meet the London Quality Standards, and reconfigurations of services may be required as a result, requiring public consultation.

Recommendation: The Council needs to make sure it fully understands the complex public finances of the NHS and healthcare delivery when considering the changes that will be put forward as part of the Our Healthier South East London Strategy.

Lewisham Homes

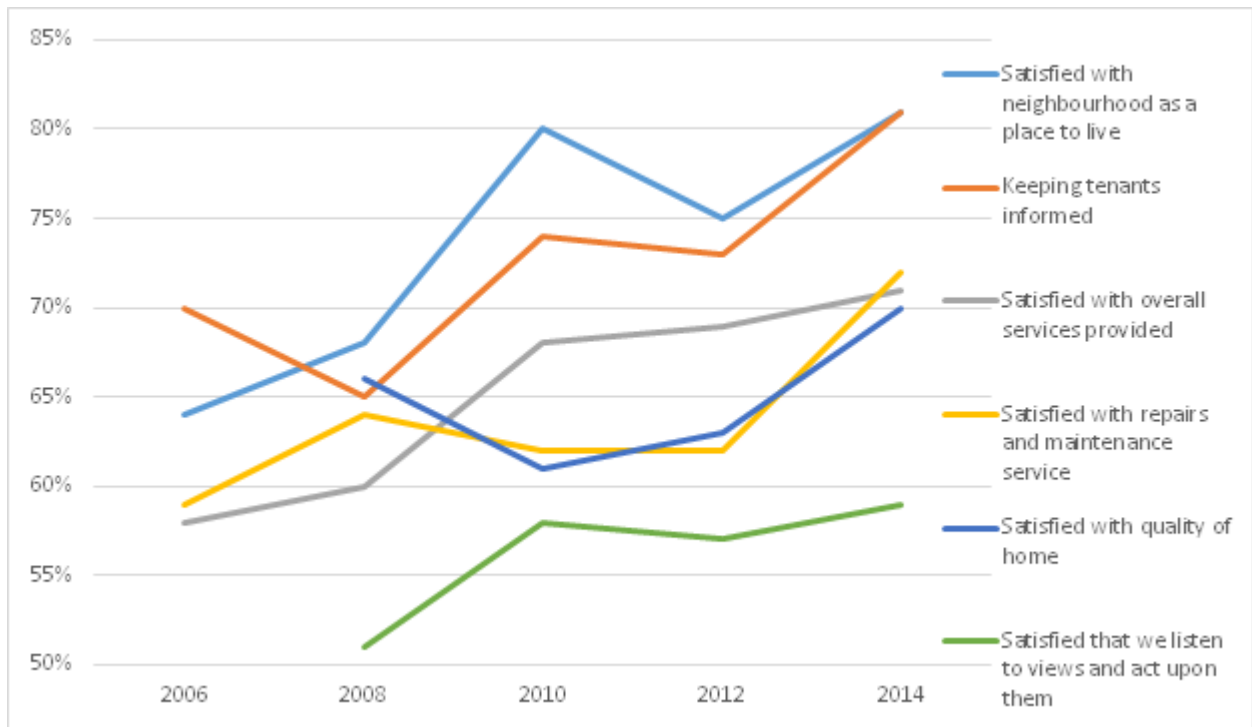
11.10 The following spending figures were received from Lewisham Homes, an Arms Length Management Organisation which manages a number of social housing tenancies and leasehold properties within the borough, on behalf of the Council:

	Outturn	Outturn	Outturn	Budget	Forecast	Forecast
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m	£m	£m
LH Management Fee	18.9	18.9	18.6	18.7	18.7	19.0
includes cost saving efficiencies	1.1	0.9	1.0	0.5	0.4	0.2
Capital Programme	36	43	49	39	41	65
Repairs and Maintenance	15	14	13	15	15	17

N.B. HRA planning assumptions, and consequent financial forecasts, are currently being reviewed and agreed with the Council.

11.11 Lewisham Homes has:

- Reduced its management fee from £22.5m in 2007 to £18.6m in 2014/15.
- Increased its capital investment in the property stock, rising from £20m in 2007m to almost £50m in 2014/15.
- Invested £156m in the past 4 years to increase the number of homes meeting the Decent Homes standard from 40% to 80%.
- Made service improvements so that, at the same time as reducing costs, significant improvements in customer satisfaction have been made, as shown in the graph below:



11.12 Lewisham Homes is working closely with the Council on how it can work in partnership to use its resources to support the Council's policy aims. Key initiatives it is currently planning and/or delivering are:

- 500 new Council homes
- taking on and investing in Grounds Maintenance and paying the living wage
- taking on sheltered housing support
- using a loan to provide better quality temporary accommodation properties for the Council
- providing apprenticeship and training opportunities.

Phoenix Community Housing

11.13 The following data was received from Phoenix Community Housing, a community gateway housing association, where residents can become shareholding members and play a central role in decision making. Phoenix owns and manages more than 6,000 properties following a stock transfer from the Council.

- Actual gross revenue expenditure for 2012/13, 2013/14 and 2014/15:

All figures in £'000	2012/13	2013/14	2014/15
Gross revenue expenditure	26,650	25,303	26,926

- Actual gross capital spend for 2012/13, 2013/14 and 2014/15:

All figures in £'000	2012/13	2013/14	2014/15
Gross capital expenditure	29,360	17,783	13,692

- Gross budgeted revenue expenditure for 2015/16; Gross budgeted capital expenditure for 2015/16; Gross budgeted revenue expenditure for 2016/17

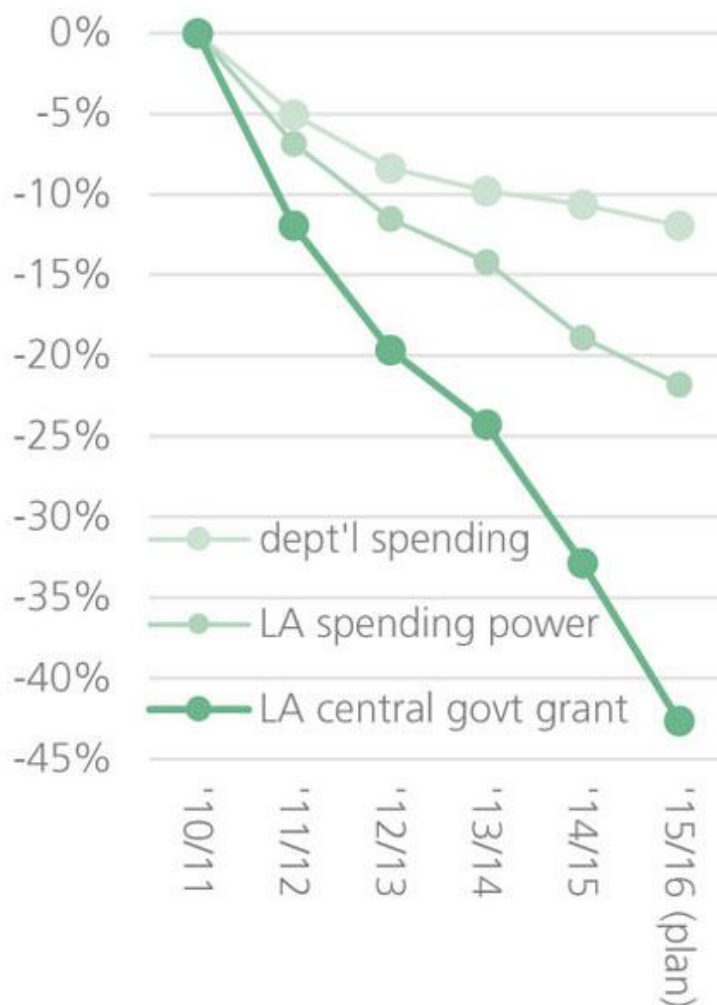
and 2017/18 (including estimated savings to be found for those respected years); and Capital budgeted spend for 2016/17 and 2017/18: **Confidential**

- 11.14 Phoenix Community Housing is maintaining revenue expenditure at similar levels as it continues to provide its core housing service as well as community regeneration work. Capital expenditure has reduced from 2012/13 which reflected the peak of the post transfer major works it was required to undertake. The majority of the increase in capital expenditure in 2016/17 relates to building new homes.
- 11.15 Phoenix Community Housing's financial plan includes a commitment to current services and completion of the major works programme, as well as the building of 100 new homes during the period to 2017/18. Phoenix has spent over £140 million on a programme of works to bring the housing stock up to decent homes standard over the period 2008 to 2015. A programme of external major works is continuing in 2015/16 on which Phoenix are spending £8 million. Earlier this year Phoenix received planning permission for our first residential development – a 60-home extra care scheme in south Lewisham.
- 11.16 In 2013 Phoenix opened a new community building at in the heart of our area – The Green Man – including a café, a training kitchen for the Council, credit union branch and venue space as well as offices for Phoenix staff. The Green Man won the Community Achievement award at the national 24housing Awards in 2014 and received more than 20,000 visitors in its first 12 months. It has also been shortlisted for a number of architectural awards.
- 11.17 Phoenix is committed to playing a leading role in the regeneration of the local area, perhaps best exemplified by the restoration of the Fellowship Inn in Bellingham. The organisation plans to bring a cinema, live music venue and restaurant to the pub, along with around 70 jobs, following a successful £3.8million bid to the Heritage Lottery Fund.
- 11.18 Phoenix recognises the need for the Government to manage public finances effectively and in particular the welfare benefit bill. Housing associations are long term businesses and reinvest their surpluses into new homes and services to their residents. The previous Government agreed a ten-year rent framework commencing in April 2015, providing certainty over future revenue streams and enabling housing associations to plan and agree future development programmes and additional added-value services. There is a serious shortage of affordable housing, particularly acute in London, and Phoenix were finalising plans for an expanded programme of development of new homes which would help to address this.
- 11.19 Phoenix is now having to review its plans following the requirement to reduce rents announced in the 8 July 2015 Budget. The required 1 per cent rent reduction each year over the next four years means Phoenix's rental income will be £4million lower by 2019/20, a reduction of 13 per cent compared to the level Phoenix had previously assumed based on the current formula (CPI +1 per cent). Over the longer term, Phoenix estimates a total loss of some £150million in rent over 30 years.

11.20 While Phoenix remains viable, it will clearly have to make significant savings and is already looking at ways of attracting additional income, building on existing partnerships with other housing associations and service providers. Whilst the reduction is good news for existing tenants, Phoenix's ability to borrow additional finance to develop new homes will be significantly reduced. This frustrates its desire to address housing need, which in turn will potentially add to the welfare benefit bill as people remain in more expensive private rented accommodation or bed and breakfast.

The Council

11.21 Over the course of the last parliament, local authorities' grants and spending power fell substantially. The following graph, taken from the Parliament website, shows the real-terms change from 2010/11 in departmental expenditure limits, local authority spending power and local authority grant⁴⁵.



⁴⁵ See: <http://www.parliament.uk/business/publications/research/key-issues-parliament-2015/economy-public-finances/local-government/>

11.22 The following data was submitted to the Working Group in relation to Lewisham Council's spending:

Gross Spend

Year	Gross Spend		
	Capital Spend	Other Revenue Spend	HRA Revenue Spend
	£m	£m	£m
2012/13	104.4	960.6	108.6
2013/14	114.4	982.0	117.5
2014/15	122.6^	975.2^	130.9^
2015/16	132.7*	985.2*	128.9*
2016/17	113.1*	951.4*	123.9*
2017/18	116.8*	920.1*	149.4*

^ As at June 2015

* These are forecast figures

Breakdown of the Gross Other Revenue Spend

Year	General Fund	Housing Benefit	School Spend	Total
	£m	£m	£m	£m
2012/13	503.3	227.6	229.7	960.6
2013/14	499.7	234.5	247.8	982.0
2014/15	474.3^	238.2^	262.7^	975.2^
2015/16	478.1*	239.6*	267.5*	985.2*
2016/17	439.8*	239.6*	272.0*	951.4*
2017/18	404.7*	239.6*	275.8*	920.1*

11.23 However, in 2013 the Government changed the way local authorities were funded, removing the formula grant and rolling a number of different grants into the main allocation. The rolling in of additional grants has distorted the figures, meaning that the actual percentage reduction in spending is larger than the figures suggest. Between 2013/14 and 2015/16 the Council has experienced a 13.5 per cent reduction in net spend.

11.24 The Council is now in the sixth year of an expected ten year long period of resource reduction. In the period 2010 to 2015 the Council made savings of over £120m. Then Council is currently considering £12m of new savings proposals for 2016/17 and a further £14m for 2017/18, which leaves a gap of £19m if the target of £45m of savings over the next two years is to be met.

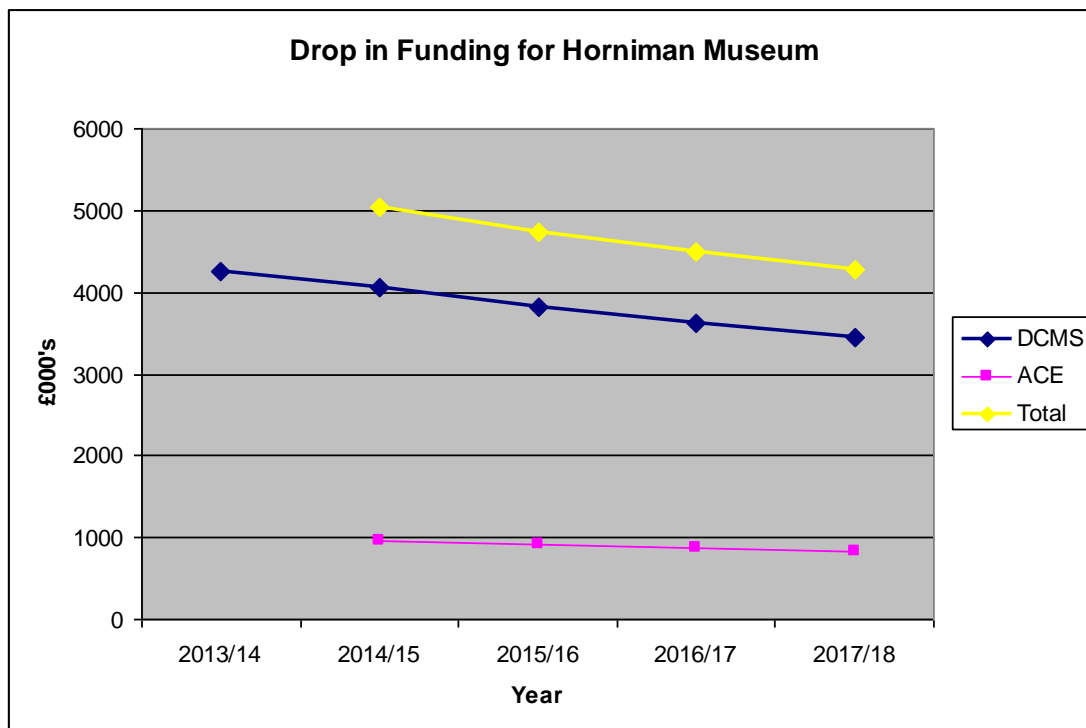
The Horniman Museum

11.25 The following information was received from the Director of Finance at the Horniman Museum:

11.26 The Horniman Museum receives core funding from the Department for Culture, Media and Sport (DCMS) and from Arts Council England (ACE) as

one of its Major Partner Museums. In 2014/15 the Trust received £4,064k from DCMS, a reduction of 4.5 per cent on 2013/14 and £967k from ACE.

11.27 The Horniman’s funding from the DCMS has been cut by circa 20 per cent in real terms since 2010/11. This equates to over £1m less core funding in real terms per annum. This is set to continue to decline with £3,820k agreed for 2015/16 representing a further 6 per cent cut from 2014/15. Funding beyond this will be agreed as part of the next comprehensive spending review (CSR) but cuts of 5 per cent per annum for 2016/17 and 2017/18 have been assumed for the purposes of the museum’s corporate plan for this period. Similar cuts are expected in relation to funding from ACE.



11.28 Over recent years the Trust has been engaged in a significant change programme to reduce costs, to enable it to be more enterprising, and to allow it to grow and diversify its sources of income. The museum has had considerable success in this regard and now generates in excess of £1.5m through its own commercial, fundraising and charitable activities. It is the museum’s intention to continue to grow and develop this self-generated income to become more resilient and less vulnerable to future changes in public funding. However, should government funding be cut more significantly or rapidly than current assumptions, there will undoubtedly be a detrimental impact on the development of these income strands as well as the museum’s service to the public and care of its collections and estate.

Recommendation: This review has highlighted both the steep reductions in spending being made by a wide range of organisations spending public money in Lewisham and the potential impact they may have on services to Lewisham residents. When agreeing its own budget and any proposals for savings, the Council must take into account the impact of the savings being made by other organisations and how these link to its own programme of expenditure reduction.

12. Analysis

12.1 Comparison of the financial information on public spending in Lewisham received by the Working Group shows that, as the wider economy continues to recover and growth returns, the impact of further public sector spending cuts will be doubly felt (graph 1). Almost all areas of public spending in Lewisham have been reduced, and are expected to continue to reduce, year on year to 2017/18 (graph 2). The impact of these reductions on services across the borough will likely be most significant in respect of Council services (graph 3).

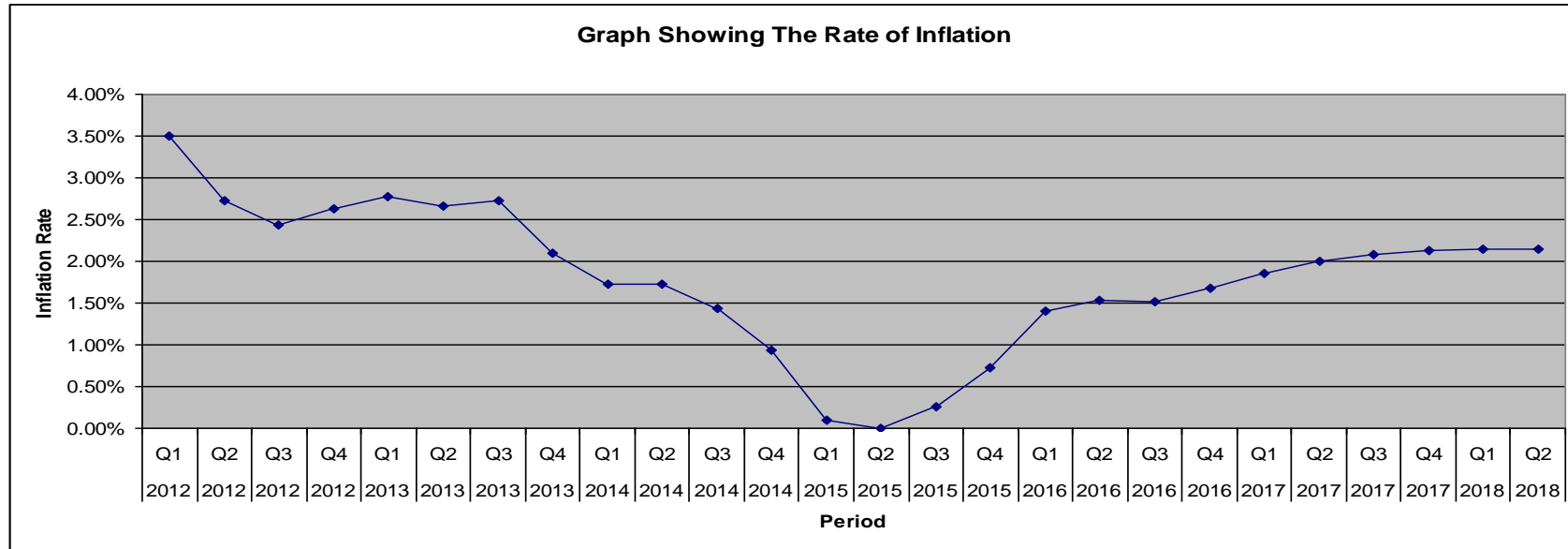
12.2 The Lewisham and Greenwich NHS Trust (the Hospital) also submitted their spending numbers. However, due to the changes as a result of their merger to form a single Hospital, including this information in the graphs presented would have skewed the analysis of year on year resourcing changes. In summary the Hospital's revenue expenditure was:

Lewisham and Greenwich NHS Trust	2012/13	2013/14	2014/15	2015/16
Revenue spend £m	£239.3m	£372.1m	£510.1m	£513.9m
Annual change £m		£132.8m	£138.0m	£3.8m
Annual change %		55%	37%	1%
Annual inflation %	2.64%	2.31%	1.05%	0.60%
Total change % including resourcing and inflation		52.36%	34.69%	-0.05%

12.3 As inflation returns to the economy through 2015/16, further public sector spending reductions will be felt more significantly in terms of services due to the combination of rising costs and funding reductions. Graph 1 and Table 1 below show the inflation rate between 2012/13 and 2017/18 (predicted). Projected inflation rates have been taken from the Bank of England's website.

Graph and Table 1: The Inflation Rate

[Source - Bank of England, actual and forecasts]

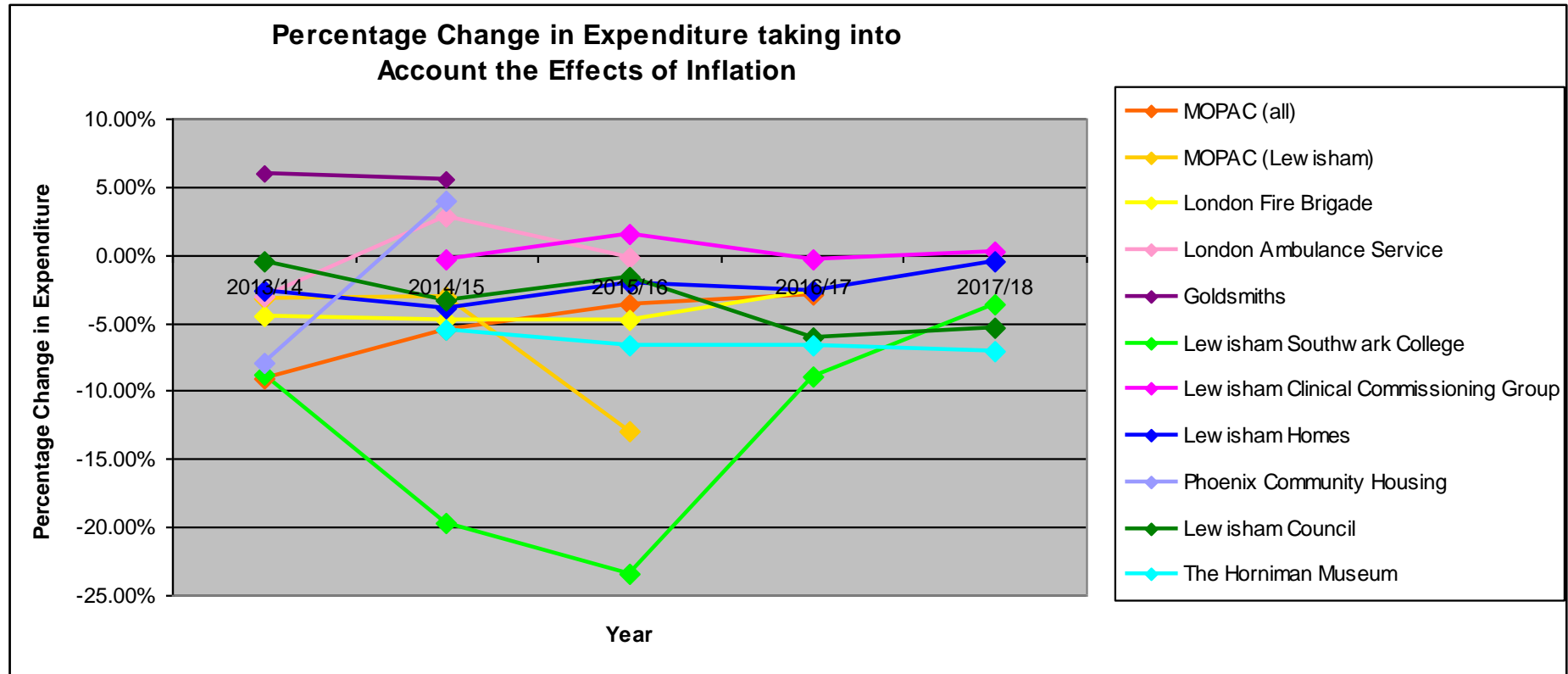


Financial Year	Average inflation rate
2012/13	2.64%
2013/14	2.31%
2014/15	1.05%
2015/16	0.60%
2016/17	1.65%
2017/18	2.09%

12.4 Graph 2 shows that, for nearly all the public sector areas of spending in Lewisham, recent annual reductions in funding in real terms are forecast by all organisations to continue in future years. Over time these annual reductions compound to produce significant culmulative impacts on the community.

Graph 2: Annual percentage change in gross revenue expenditure adjusted for the inflation rate

[Source - Individual organisation expenditure submissions and Bank of England inflation numbers (graph 1)]



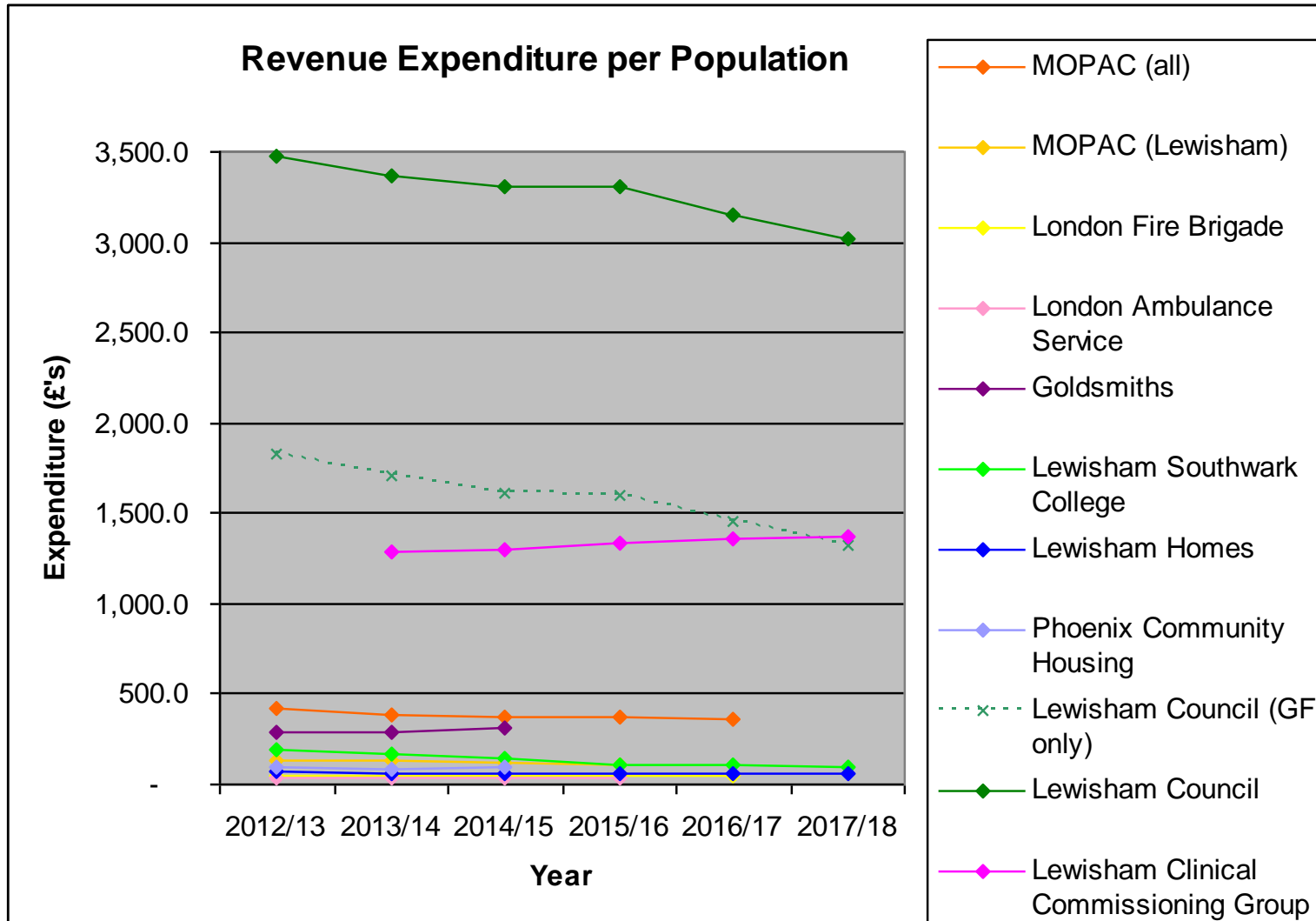
12.5 Adding the dimension of population to the analysis but excluding inflation in Graphs 3 (spend per person) and 4 (cumulative percentage change in spend per person) below shows that most areas of public spending in Lewisham per person are declining, with a couple of exceptions. The exceptions are spending by Goldsmiths University and Clinical Commissioning Group spending, which are both growing.

12.6 The decline in Council spending per person is steeper when excluding the spending on the two large nationally set areas of schools and housing benefits. Taking only the Council’s General Fund into consideration, the revenue expenditure per person

falls from £1,824 in 12/13 to £1,327 in 2017/18, a fall of 27.2 per cent, compared to £3,482 in 12/13 to £3,017 in 17/18 for the Council as a whole. Add to this the 10.4 per cent impact of inflation over the same period and the spending power of the Council's General Fund activities from 2012/13 to 2017/18 will have reduced by 37.6 per cent.

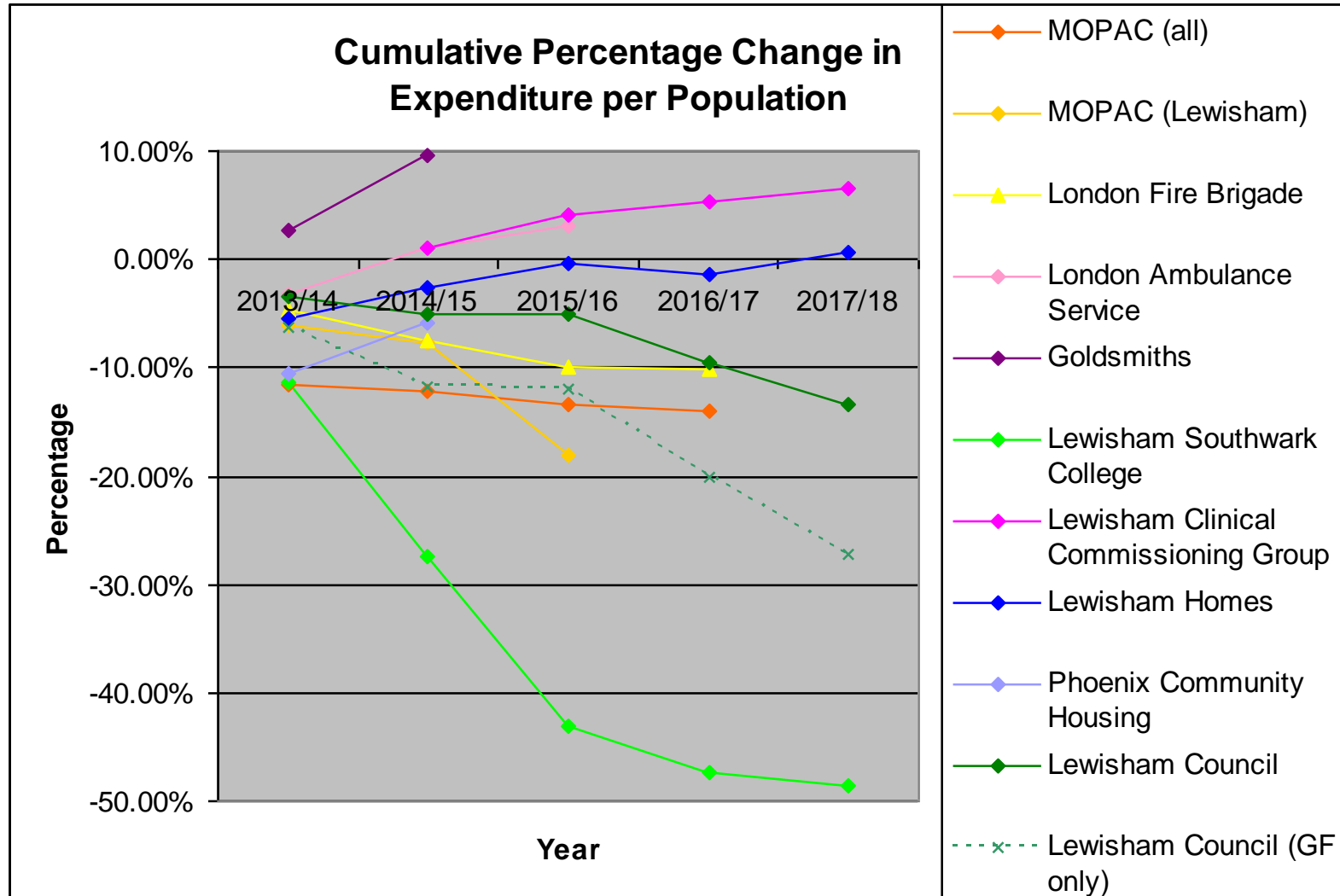
Graph 3 – revenue expenditure per person (excluding inflation)

[Source - Individual organisation expenditure submissions. Lewisham population is from the 2011 census data and information from the Corporate Policy and Governance Team within Lewisham Council. London population is from the 2011 census data, the Office for National Statistics and BBC news; Where organisations have provided Lewisham expenditure data the Lewisham population data has been used. Where London wide expenditure is provided London population data has been used.]



Graph 4 – culmulative change in expenditure per person (excluding inflation) from 2012/13

[Source - Individual organisation expenditure submissions. Lewisham population is from the 2011 census data and information from the Corporate Policy and Governance Team within Lewisham Council. London population is from the 2011 census data, the Office for National Statistics and BBC news; Where organisations have provided Lewisham expenditure data the Lewisham population data has been used. Where London wide expenditure is provided London population data has been used.]



13. Conclusion

- 13.1 The work of other public sector organisations, alongside that of the Council, is critical to the wellbeing of local people; and in times of austerity it is important that the Council understands how resources are being deployed by other public organisations in the borough to help maximise overall benefit to the community. The Working Group's review into public spending in Lewisham has found that most areas of public spending in Lewisham have seen a drop in expenditure and that, for nearly all the organisations surveyed, recent annual reductions in funding in real terms are forecast to continue in future years. To some degree, inflation, cost pressures and changes to the way funding is delivered are masking the reductions. For example, in 2013 the Government changed the way local authorities were funded, removing the formula grant and rolling a number of different grants into the main allocation. The Working Group found that the rolling in of additional grants has distorted the Council's expenditure figures, meaning that the actual percentage reduction in spending was larger than the figures were suggesting.
- 13.2 Over time annual reductions compound to produce significant cumulative impacts on the community. It is therefore crucial that the public money still being spent in Lewisham is being spent in the most efficient way possible, to secure the best possible outcomes for those that live, work and learn in the borough. The Working Group therefore calls on the Council to work with its partners to ensure that there is proper public consultation on any upcoming ambulance, fire, police and NHS reconfigurations or changes; so the combined impact on Lewisham's residents can be fully assessed and taken into consideration by the Council when planning its own service changes.
- 13.3 All three emergency services are clearly under some degree of strain as they struggle to meet the ambitious savings targets they have been set and their performance is often below target in Lewisham. The Working Group has therefore asked the London Ambulance Service to investigate why their response time performance (Category A calls) is below that being achieved in neighbouring boroughs; and the Fire Brigade to investigate why their six minute target for getting a first appliance to an incident is not being met in three of the borough's wards. It is the Working Group's opinion that the recent Mayoral Direction requiring an appliance from Forest Hill Fire Station to not be returned, pending decisions on 2016/17 savings proposals, is not helping the situation. In terms of the Metropolitan Police Service, the Working Group notes with concern that the Metropolitan Police Service Commissioner has publically stated that the projected £800m of savings scheduled for the MPS over the next four years may put public safety at risk. The decline in numbers of Police Community Support Officers (PCSOs) and plans to potentially abolish PCSOs in safer neighbourhood teams are particularly worrying, and a detailed briefing has been urgently requested.
- 13.4 Many parts of the Further Education sector are suffering from the squeeze on public spending, with universities and further education colleges experiencing significant reductions to some of their funding. Although the Department for

Education has sought to protect funding for pupils up to the age of 16, post-16 funding has been excluded from the ringfence. The Working Group was particularly alarmed to discover that 16–19 education has suffered from a 14 per cent reduction in funding, in real terms, between 2010–11 and 2014–15.”⁴⁶

- 13.5 Although Goldsmiths University has, so far, benefitted from the change in the funding regime from Higher Education Funding Council for England (HEFCE) funding to loans, many other universities have experienced the opposite, with the effect of the change being highly variable between different institutions. The poor state of the finances of the borough’s major FE provider, Lewisham Southwark College, is well documented, with turnover falling from almost £50m in 2012/13 when Lewisham College merged with Southwark College to £36m in 2014/15. Further reductions are anticipated as a result of government cuts to adult skills funding. The funding squeeze is further compounded by VAT which colleges, unlike schools and academies, are unable to recover. For Lewisham Southwark College it is estimated that VAT amounts to £1.5m per annum. The College is pushing very hard to improve its Ofsted rating from 4 (inadequate) but its financial situation is clearly a barrier to achieving this that will be difficult to overcome.
- 13.6 The housing crisis in the capital is well documented and Lewisham is not immune. Proposed legislative changes will exacerbate the situation when enacted and minimising the impact on vulnerable residents will be a key challenge for the Council and its partners.
- 13.7 Devolution is on the agenda in London and the Working Group notes the publication of the London Proposition⁴⁷ by London Councils and the GLA, which advocates London government working closely with central Government to agree a devolution package focussing on six key areas: employment and complex dependency; skills; business support; crime and justice; health; and housing. The Council supports devolution, recognising that fiscal devolution in particular will reduce local government’s dependency on central government and allow it to deliver services more flexibly, generating the funds it needs to fulfil its priorities, itself. In the meantime the restoration of needs-based central funding would assist local government in meeting local priorities. In February 2015 the Council agreed a motion expressing its support for the Core Cities’ Modern Charter for Local Freedom⁴⁸; and agreed to campaign for further devolution and greater localism and a fairer distribution of resources based on the restoration of needs-based central funding⁴⁹. However, the Working Group would like to be reassured that this is not used as a mechanism to implement more HM Treasury top sliced cuts.

⁴⁶ See: <http://www.ifs.org.uk/uploads/publications/bns/BN168.pdf>

⁴⁷ The London proposition: Devolution and public service reform, Congress of Leaders meeting, 14th July 2015

⁴⁸ See: <http://www.corecities.com/what-we-do/publications/modern-charter-local-freedom>

⁴⁹ See:

<http://councilmeetings.lewisham.gov.uk/documents/s33998/Motion%203%20Proposed%20by%20the%20Mayor%20Seconded%20by%20Councillor%20Hall.pdf>

Recommendation: If proposals for devolution in London are accepted by the Government, the Mayor and Executive Members should share their proposals with the Overview and Scrutiny Committee as soon as possible to facilitate constructive scrutiny and the most effective constitutional arrangements.

- 13.8 On 25 November 2015 the Chancellor will set out departmental funding allocations and related changes to public service delivery for the next four years (2016/17 to 2019/20). The Working Group notes that while the extent of the funding cuts will not be known until the Chancellor's announcement, London boroughs are preparing for at least the same scale of cuts experienced over the last parliament and notes London Councils' submission to Government that advocates devolution as one of three broad solutions that might ease the burden on London.

London Councils' Spending Review submission

- London Councils' Spending Review submission was submitted on 4 September 2015.
- It proposes three broad solutions to meet the challenge of re-designing local public services in London so that they better match the needs of London and the UK:
 - **Devolution and public service reform** – supporting the London Proposition
 - **Reform of the local government finance system** – including delivering a four year local government finance settlement; agreeing a fixed definition of spending power with local government for the 2016/17 finance settlement; and giving local government greater autonomy over the setting of fees and charges.
 - **Greater financial autonomy through fiscal devolution** – including fully devolving business rates, exploring retention-sharing mechanisms for funding public services as part of the Spending Review process, and over the course of the parliament; and maintaining an open dialogue on a fully devolved London settlement.

- 13.9 Lewisham is the 17th most deprived local authority in the country and spending cuts that impact on the local authority; police, ambulance and fire services; higher education; and housing services have the potential to have a devastating cumulative impact on local people. It is therefore imperative that all organisations spending public money in Lewisham work together to ensure that limited and declining financial resources are used holistically and in the most efficient way possible, to ensure that the consequences of austerity are minimised wherever possible.

Recommendation: The formal partnership arrangements between the Mayor, Executive Members and Officers should be reviewed to ensure that they are robust enough to recognise the potential conflicts and solutions required to address the scale of the challenges that this review has identified.

14. Monitoring and ongoing scrutiny

14.1 Business Panel will consider the Council's overall scrutiny work programme in light of the review findings, with a view to considering whether further work should be carried out. If it feels that further work should be carried out, the relevant select committees will be asked to incorporate this work into their work programmes as a matter of priority.

Recommendation: Business Panel is asked to consider the overall scrutiny work programme in light of the review findings, with a view to considering whether further work should be carried out; and request that the relevant select committees incorporate this work into their work programmes as a matter of priority.

16. Appendices

Appendix 1 – Chart showing the number of London Fire Brigade incidents that occurred within the Borough of Lewisham from 2011/12 to 2014/15

Appendix 2 – Letter from MOPAC received on 2 July 2015

ReportArea	(All)
ReportBorough	Lewisham
ReportStation	(All)

Count of CallID	FRS	IncidentGroup	IncidentType	WOSIncidentGroup	DDFinYear							
					2010/11	2011/12	2012/13	2013/14	2014/15			
London incident	Fire	Primary Fire	Dwelling		281	256	249	241	245			
			Other residential		15	23	16	12	16			
			Non residential		61	80	47	54	46			
			Outdoor		22	32	13	17	9			
			Road Vehicle		101	69	63	64	59			
			Other Transport				1	1				
			Primary Fire Total				480	460	389	389	375	
			Secondary Fire	Dwelling		1						
				Non residential		3	1	1	2			
				Outdoor		435	406	231	320	266		
				Road Vehicle		4	1			2		
			Secondary Fire Total				443	408	232	322	268	
			Chimney Fire	Dwelling				3	3		3	
			Chimney Fire Total					3	3		3	
			Late Call	Dwelling					1		1	
			Late Call Total						1		1	
			Fire Total					923	871	625	711	647
			Special Servi	Special Service		Advice Only		14	18	23	17	11
						Animal assistance incidents		19	22	17	18	22
						Assist other agencies		34	28	14	20	21
						Effecting entry/exit		339	335	322	339	341
						Evacuation (no fire)		8	14	13	4	10
						Flooding		318	334	356	308	358
Hazardous Materials incident		17				9	4	11	17			
Lift Release		228				194	201	149	117			
Making Safe (not RTC)		42				35	29	59	36			
Medical Incident		15				16	15	24	15			
No action (not false alarm)		74				80	53	67	65			
Other rescue/release of persons		17				15	10	13	15			
Other Transport incident		4				9	15	18	9			
Removal of objects from people		7				7	11	10	9			
Rescue or evacuation from water						2	2	1				
RTC		100				109	132	117	133			
Spills and Leaks (not RTC)		54				43	58	45	39			
Stand By							2	2	2			
Suicide/attempts		5				5	3	4	4			
Water provision							1					
Special Service Total				1,295	1,276	1,280	1,226	1,224				
Flood call attended - Batch mobilised				1	1		10	5				
Flood call attended - Batch mobilised Total				1	1		10	5				
Special Service Total				1,296	1,277	1,280	1,236	1,229				
False Alarm	AFA	Dwelling		512	542	574	555	558				
		Other building		545	492	533	555	526				
		Other location				1	1					
AFA Total				1,057	1,034	1,108	1,111	1,084				
False alarm - Good intent				549	551	544	430	432				
False alarm - Malicious				104	98	71	60	83				
False Alarm Total				1,710	1,683	1,723	1,601	1,599				
Grand Total				3,929	3,831	3,628	3,548	3,475				

Cllr Alan Hall
Chair of Overview and Scrutiny Committee
Lewisham Council
1 Catford Road
SE6 4RU
c/o charlotte.dale@lewisham.gov.uk

2 July 2015

MOPAC03062015-18625

Dear Cllr Hall,

Re: Lewisham Overview and Scrutiny Committee

I refer to your email of 3 June. Please find set out below the requested information in respect of actual and budgeted expenditure, both revenue and capital, for both borough and MOPAC-wide.

	Year				
	2012/13	2013/14	2014/15	2015/16	2016/17
	Actual	Actual	Provisional Outturn	Estimate	Estimate
	£m	£m	£m	£m	£m
MOPAC London wide					
Gross revenue expenditure	3,515.7	3,291.2	3,196.0	3,166.6	3,157.5
Gross capital expenditure	179.0	150.3	199.4	264.5	197.2
Lewisham					
Gross revenue expenditure	37.3	37.1	36.8	33.0	n/a

Please note the following:

- (1) The budget for 2016/17 includes further savings of £189m which are yet to be identified.
- (2) Borough level figures will not be available until the beginning of the 2016/17 financial year.
- (3) No figures are available in respect of 2017/18.

- (4) It is not possible to provide figures at a Borough level for capital as the MOPAC Capital Programme is managed on a project basis by the provisioning departments of Digital Policing, Property Services and Transport Services rather than at a borough level.
- (5) The gross revenue expenditure figures for Lewisham relates to costs directly attributable to the Borough and excludes the cost of specialist police and support from central units/functions which are held centrally.
- (6) The gross revenue expenditure figures for Lewisham are not directly comparable year on year due to the centralisation of some functions as part of organisational change e.g. criminal justice.

I hope that this is helpful. Thank you again for contacting MOPAC.

Yours sincerely,



Helen Bailey
Chief Operating Officer
Mayor's Office for Policing And Crime