Item No 9.	Classification Open	Date 17 October 2023	Meeting Cabinet
Report title:		Medium Term Financial Strategy and Capital Update	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Homes, Communities and Finance	

FOREWORD – COUNCILLOR STEPHANIE CRYAN, CABINET MEMBER FOR HOMES, COMMUNITIES & FINANCE

Southwark has a long history of robust budget management and we continue to invest in local people, communities and neighbourhoods through our revenue budget and capital programmes. Despite more than a decade of systematic cuts to local government funding we have and continue to deliver on the things our residents have told us are important to them, building new libraries and leisure centres, investing in our parks and green spaces, investing in our town centres and so much more.

However in recent years the global economy has changed, the disastrous mini budget last year has led to high levels of inflation and rising interest rates. The Cost of Living crisis shows no signs of abating and we still have uncertainty around fuel costs for this coming winter. Local Government has been severely and systematically underfunded over the past decade, to the extent that we are seeing councils across the country of all political persuasions announcing they are in financial difficulties.

In this context, whilst we do have a robust General Fund it is sensible to take a longer term view across our capital and revenue streams and this report sets out our intentions for the future that align with our Council Delivery Plan and Southwark 2030.This allows for more strategic planning of the council's finances around these priorities.

As one of the largest council housing landlords in the country we are seeing challenges in the Housing Revenue Account (HRA), which were highlighted in the Month 4 Revenue Outturn Report that was agreed by cabinet in September. The combination of the impact of the 1% rent reduction from 2016-2020, the current rent cap, statutory requirements of building and fire safety as well as rising interest rates and inflation have exerted ever growing pressures on the HRA. In light of this we need a refreshed approach to ensure the ongoing sustainability of the HRA revenue budget and to protect the capital programme. This report sets out what that approach could look like and asks cabinet to agree to this. We remain committed to delivering for our tenants and leaseholders and ensuring our council homes and estates are great places to live.

RECOMMENDATIONS

That cabinet note:

1. The requirement for a medium term financial strategy to align with the Council Delivery Plan 2022-2026 and the ambitions set out in the Southwark 2030 vision whilst safeguarding the council's financial sustainability.

2. The 2023-24 revenue budget forecasts and indicative gaps for the following three years and the mitigation plans in place to address these.

3. The updated capital programme 2023-24 to 2032-33 as outlined in the body of the report and detailed in the appendices.

4. The significant short and long term pressures on the Housing Investment Programme caused by the macro-economic climate and government policy and the potential mitigating actions and corresponding impact on the Housing Revenue Account.

5. The proposal, in light of constrained capital financing, to develop a refreshed set of governance and proposals to ensure that all future capital bids remain affordable and in alignment with key council objectives.

6. The critical importance of financial sustainability (paragraphs 81-91) and the need to ensure that the level of council reserves for both the general fund and the Housing Revenue Account (HRA) are sustained or increased to a prudent level.

That cabinet approve:

7. The approach to addressing the Housing Revenue Account (HRA) projected overspend in 2023-24 in Appendix 1.

8. The approach to contain the HRA and HIP spending in the medium and longer term to within the projected funding envelope in Appendix 1.

9. The virements and variations to the capital programme as detailed in Appendix 3.

10. The inclusion within the general fund capital budget of a revenue-generating asset as detailed at paragraph 62.

BACKGROUND INFORMATION

11. Southwark Council manages the key aspects of its revenue and capital budgets through a well-established and effective series of budget-setting and budget-monitoring processes and reports. These are designed to facilitate effective timely decision making by cabinet and full assembly and to provide clarity and transparency to residents and tax-payers.

12. In recent years, and partly in response to an extended period of short-term local government finance settlements, the council has been forced to focus very much on shorter-term, reactive financial planning. However, recent events in the global economy have made it increasingly clear that the council will need to take a much longer-term view in order to plot its way safely through the coming years. This will include agreeing budget commitments over multi-year periods, bringing revenue and capital planning closer together, in addition to ensuring that financial resources can fully fund the council's longer-term ambitions as informed by our residents through the Southwark 2030 vision.

UK Economic Context

13. The short term macro-economic outlook is challenging. CPI inflation remains high at 6.7% and well above the government's target of 2%. The Bank of England base rate is at 5.25%, bringing borrowing costs to their highest level since 2007. Neither inflation nor interest rates look likely to return to pre-pandemic levels in the near future.

14. Over the last two years the cost of living crisis has created hardship for a growing number of households, with soaring energy prices and very high levels of food inflation (which remains above the general rate of inflation at 14.8% in July 2023). The cost of the 'weekly shop' is now on a par with energy bills as the biggest concern for many households. Earnings are rising but still lag behind inflation.

15. The Office for Budget Responsibility[1] (OBR) lists long term risks to public finances. These include:-

    - A greater likelihood of more frequent and severe financial shocks, following on from the financial crisis, the pandemic, the energy crisis, and the deteriorating security situation in Europe which brings multi-billion pound fiscal interventions.

    - Policy-related fiscal risks whereby aspirations for the future have outpaced current resources and existing policies have proved challenging to implement.

    - Longer – term trends becoming near term realities. For example, an ageing population; high inflation significantly increased cost pressures; efforts to tackle climate change; rapid normalisation of rising interest rates increases debt and consuming any fiscal headroom available to respond to other threats and pressures.

16. The Institute for Fiscal Studies (IFS)[2] reports that economic growth has been weak over the last decade, and that current forecasts expect it to

[1] OBR report 'Financial Risks and Sustainability' July 2023

[2] IFS 'Tax and Public finances: the fundamentals' August 2023

remain so in the future. This creates a major constraint on public finances, following a decade of austerity, and a growing demand for public services.

Local Government Context

17. The sector as a whole, is in clear financial distress. Prior to 2020, this was largely the result of a decade of austerity, however, the recent escalation in inflation and borrowing costs has taken this to a new level. In February 2018, Northamptonshire County Council issued the first Section 114[3] notice of any local authority in 20 years, declaring effective bankruptcy. Since then, further s.114 notices have been issued by Croydon, Nottingham, Thurrock, Woking, Slough and most recently Birmingham. Specific issues caused each of these s114 notices being issued, however, increasing numbers of councils are sounding warnings that financial collapse is close, simply due to long term systematic underfunding and rapidly increasing cost and demand pressures outside of their control.

Southwark Context

18. Since the inception of austerity in 2010 (and indeed before) Southwark Council has remained a well-run and financially resilient organisation. Robust financial processes and governance and the maintenance of prudent reserves have enabled the council to weather all storms and continue to invest heavily for the betterment of the people and businesses of the borough. For example, the council have created a Southwark Council Cost of Living Fund (SCOLF) in response to the cost of living crisis directly supporting vulnerable households through this difficult period. Since the crisis began in autumn 2021, the council has distributed cash help with bills, provided holiday free school meals and worked with our local community partners to ensure that residents are supported to claim all eligible means-tested benefits.

19. Central government grant funding has reduced by more than £146m for general services (i.e. not schools or housing) over this period in cash terms. However, the council has successfully mitigated this by evolving and finding greater efficiencies in its operations and investing in place-making to grow the local economy and boost business rates income.

20. However, over the last three years, the twin threats of inflation and interest rate increases, plus mounting demand, have started to take their toll. Southwark, like all councils has seen inflationary cost pressures rising at a rate far faster than its ability to raise revenue. Almost all of the councils key funding streams have been constrained by central government policy;

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[3] Section 114 of the Local Government Finance Act 1988 requires the Section 151 Officer, in consultation with the councils Monitoring Officer to report to all other authority members if they believe the council is unable to set or maintain a balanced budget.

- Government Grants through the 2023-24 finance settlement increased by approximately 5.7%, but more than half of this was ring-fenced to social care;
- Council Tax, including the Adult Social Care Precept, remained capped at 4.99%;
- Housing Rents were capped at 7% in 2023-24 by central government, 4% lower than the approved formula would have yielded.

21. Meanwhile, a significant proportion of council contracts will have been indexed on CPI rates from Autumn 2022 (up to 9.6 %+) and inflation on repairs and construction materials and contracts has been well publicised as running at 20%-30% at various points since the pandemic.

22. Interest rate increases have significantly increased the cost of council borrowing for its ambitious capital programme. Since December 2021, the rate at which the council has been able to borrow long-term from the government has increased from 1.57% to 5.25%. So a £10m loan that cost the council £157k in annual repayments in 2021 would cost the council £525k if taken out in 2023. Given the size of the council's capital programme (paragraphs 54-80) and its reliance on borrowing to finance this, interest rates now pose a material risk to the sustainability of the Housing Revenue Account and Housing Investment Programme and considerable mitigation activity is underway to lessen that impact as far as feasible.

23. It is in this context that the council must review its financial strategy, both in relation to prevailing economic and funding policy circumstances and with a view to safeguarding the delivery of the council's key strategies and objectives.

Southwark 2030, Council Delivery Plan, Climate Action Strategy

24. The 'Fairer, Greener, Safer Delivery Plan 2022-26'[4] was agreed by cabinet in September 2022. The Plan set out the priorities and commitments through seven themes to address the rising cost of living, the building of more council homes, the reduction of carbon emissions, the protection of the borough's mental and physical health and the creation of new jobs and opportunities.

25. The Plan committed to empower Southwark's communities by shaping the places they live in and issues that affect their lives. As part of this commitment, the council has worked to develop a renewed 2030 vision for Southwark, setting out the long-term change needed over the decade ahead. Over the last year, the council, community and partners across Southwark have engaged in a process to set out how they want the borough to look and feel by 2030. Taking the outputs from that engagement,

[4] Agenda Item 21, Cabinet, 13 September 2022. (Public Pack)Agenda Document for Cabinet, 13/09/2022 11:30 (southwark.gov.uk)

alongside an understanding of the borough's strengths and needs, the Southwark 2030 strategy will be reported to cabinet in November 2023.

26. In July 2023, the 'Climate Change Strategy Annual Progress Report and Action Plan Update' was reported to cabinet. This report mapped out the progress and challenges to date, updated the Climate Action Plan and published a new draft strategy on Climate Resilience and Adaptation Strategy. The annual report makes clear that the estimated cost for the borough to be carbon neutral by 2030 is £3.92bn and whilst the council will continue to use its available resources efficiently, this scale of funding requires government or other private investment. The annual report highlighted the challenges around the upgrades required in the social housing stock, on top of the significant funding pressures pre-existing in the Housing Revenue Account (HRA) and Housing Investment Programme (HIP).

27. For the council to deliver on the ambitions set out in these key documents, it is essential that the financial strategy is affordable. This report sets out the council's approach to this, taking into account both the revenue and capital accounts and the local, national and global context.

KEY ISSUES FOR CONSIDERATION

28. The following sections of this report consider the key aspects of the revenue and capital accounts, highlighting the main risks and identifying potential mitigation. Consideration is given to both the current and future financial positions and the interplay between the accounts. A summary and analysis of the organisation's reserves follows, as does an overview of financial governance and some proposals to strengthen this.

Revenue

29. The council's day-to-day operations are primarily managed through three revenue accounts; the General Fund (for all taxpayer funded activity), the Housing Revenue Account (to discharge the council's main landlord functions) and the Dedicated Schools Grant (for most schools related activity).

General Fund – Current Year Position

30. The month 4 revenue monitor, reported to September cabinet, projected an adverse variance of £3.5m against the 2023-24 budget (Table 1).

31. The projected overspend is largely attributed to the following key variances:

- Higher demand and cost pressures in home to school transport
- £1.3m increased costs for those who have 'No Recourse to Public Funds' (NRPF)
- Temporary accommodation (TA) demand pressures which will not be fully contained within the planned TA contingency.

32. Chief Officers hold ultimate responsibility for budget overspends and are actively pursuing mitigations aiming to minimise the impact of areas forecasting demand-led and inflationary pressures. Appendix 1 details the mitigating actions.

Table 1 Month 4 Revenue Budget Monitoring					
General Fund	**Budget £m**	**Forecast £m**	**Reserve Movement £m**	**Total use of Resources £m**	**Variance after use of reserves £m**
Children & Families	62,612	63,193	-99	63,094	482
Adult Social Care	78,294	77,875	0	77,875	-419
Commissioning & Central	5,258	5,265	0	5,265	7
Education	20,678	24,110	-981	23,129	2,451
Public Health	0	0	0	0	0
Children & Adults total (excl. DSG)	**166,842**	**170,443**	**-1,080**	**169,363**	**2,521**
Environment, Neighbourhoods and Growth	94,342	95,962	0	95,962	1,620
Housing	22,807	25,378	0	25,378	2,571
Finance	44,199	45,350	0	45,350	1,151
Governance and Assurance	21,918	22,547	0	22,547	629
Strategy and Communities	5,647	5,647	0	5,647	0
Support Cost Reallocations	-42,423	-42,423	0	-42,423	0
Contribution from Reserves	-2,500	-2,500	0	-2,500	0
General Fund Service Outturn Forecast	**310,832**	**320,404**	**-1,080**	**319,324**	**8,492**
General Contingency	4,000	0	0	0	-4,000
TA Contingency	1,000	0	0	0	-1,000
Outturn	**315,832**	**320,404**	**-1,080**	**319,324**	**3,492**

General Fund – Medium Term Position (to 2026-27)

33. The medium term financial outlook was reported to the July cabinet. This set out the initial three year financial outlook for 2024-25 to 2026-27, providing an early view of the projected gap in council funding. The report considered the most likely financial position to be faced by the council in 2024-25 to 2026-27 based on the policy statements accompanying the local authority finance settlement in December 2022.

34. Table 2 shows the updated projection of the funding gap which has increased very slightly to £23.8m in 2024-25 rising to £54.7m in 2026-27. This gap is largely driven by inflationary pressures and forecasts of constrained grant funding from central government. The council's budget setting process is currently underway to identify savings over the full three-year period together with proposals for council-wide transformation programmes to reconfigure services. These will be aligned with the

council's strategic plans and priorities, taking into account available resources.

Table 2: Budget Gap 2024-25 to 2026-27

		2023-24	2024-25	2025-26	2026-27
Resources	Un-Ringfenced Government Grants	(82.38)	(83.55)	(80.00)	(81.18)
	Ringfenced Government Grants	(78.68)	(82.62)	(83.65)	(84.71)
	TOTAL GOVERNMENT FUNDING	**(161.05)**	**(166.16)**	**(163.65)**	**(165.88)**
	Council Tax	(137.71)	(147.19)	(157.64)	(168.83)
	Business Rate Growth	(136.06)	(131.07)	(131.07)	(131.07)
	COUNCIL TAX AND RETAINED BUSINESS RATES	**(273.77)**	**(278.25)**	**(288.71)**	**(299.90)**
	Contribution from earmarked reserves	(2.50)	(2.50)	(2.50)	-
	TOTAL RESOURCES	**(437.32)**	**(446.92)**	**(454.86)**	**(465.78)**
	Prior Year Budget	**391.15**	**437.32**	**446.92**	**454.86**
Growth & Savings	Inflation	33.81	24.55	20.54	16.02
	Commitments & Contingency:	28.77	8.84	6.36	6.81
	Savings	**(16.41)**	**-**	**-**	**-**
	Prior year savings not yet identified			*23.80*	*42.76*
	TOTAL SHORTFALL (cumulative)	**-**	**23.80**	**42.76**	**54.67**

35. The council's funding position in the medium term is subject to significant macro-economic and policy uncertainty. Promised reforms to local government funding have been delayed and are unlikely to be implemented before the general election which is likely to be in the 2024-25 financial year. It is also unclear how reforms will be implemented, the datasets that will drive any funding distribution changes and the transitional arrangements. The council's new three-year financial strategy will help support a more resilient approach to financial planning during this period of financial uncertainty. It provides a clear direction of travel for planning purposes, whilst remaining flexible enough to adapt to changing circumstances as they arise. All our projections are subject to government settlements which we do not expect until late December each year.

36. It is increasingly clear that the General Fund approach to balancing the budget in the medium to long-term will need to evolve to incorporate a range of organisation-wide transformation initiatives. These are likely to include;

- Digital Transformation (both of the way the council operates and the way our residents, businesses and customers engage with us);
- Reviewing the council's approach to the use of interim staff and the need for overtime arrangements with a focus on building permanent capacity and contracts that match the needs of the organisation;
- A review and reorganisation of corporate resources to drive efficiency, reduce duplication and maximise a 'one council' approach;
- Reviewing the council's approach to procurement to increase value for money and maximise synergies across the organisation;
- An accommodation strategy that streamlines the council's operational estate and supports the varied and dynamic needs of a modern workforce whilst maintaining accessibility for our residents and customers.

Housing Revenue Account (HRA) - current position

37. The council manages its housing stock through its landlord account, known as the Housing Revenue Account (HRA). All revenue income – (tenant rents and homeowner charges) and all revenue expenditure (for example, repairs and maintenance services) are charged to the HRA. The stock is a combination of council housing and leasehold properties, the largest in London and the fourth largest in the country. The 'Housing Investment Programme' (HIP) is the capital programme for the Housing Revenue Account (HRA).

38. Both the HRA and the capital Housing Investment Programme (HIP) have been subject to a wide range of adverse national external influences since at least 2016. These include;

- A government imposed 1% annual rent reduction for four consecutive years from 1st April 2016;
- A government imposed 7% cap on rents from 1st April 2023 (formula would have yielded 11%, an annual loss of £9m+);
- Unfunded additional burdens arising from the Fire Safety and Building Safety Acts of 2020 and 2021;
- Severely elevated repairs and construction industry inflation, commencing during the pandemic but ongoing at 20%-30%;
- The cost of borrowing tripling from December 2021 to September 2023.

39. The 2023-24 forecast position, reported to September cabinet is a £13.8m projected variance (Table 3), although this is on an upward trajectory. The main projected overspends are in customer facing services, where despite additional budget increases in 2023-24, inflationary increases have more than outstripped additions to budgets. The key pressures are in resident services (£5.7m), which includes cost pressures in cleaning and grounds maintenance and repairs and maintenance (£8.3m) of the housing stock. Further details on these pressures can be found in month 4 revenue monitoring report taken to cabinet in September.

40. The cost of financing the council's Housing Investment Programme places further pressure on the HRA, in terms of revenue contributions to capital expenditure and the need to service the rising cost of borrowing. At the same time, income streams have not kept up with these cost pressures. The foregone rental income as a result of the government rent controls alone, is estimated to have cost the council £1bn over the 30 year period.

41. In the first instance, officers are developing a plan to manage the £13.8m forecast deficit in the current year and a medium-term strategy to ensure financial stability and a commitment to return reserves to a more sustainable level (Appendix 1). This strategy will need to identify further savings in the Housing Revenue Account in order to accommodate the servicing of additional debt the council is taking on in future years to finance

the capital programme. Paragraphs 89-91 detail HRA reserve levels over time and compares to other London authorities for context.

Table 3: 2023-24 Housing Revenue Account Forecast Month 4

Category	Budget	Forecast	Variance
Expenditure	**£000**	**£000**	**£000**
Housing maintenance Services	59,637	65,311	5,674
Asset Management (Repairs & Maintenance)	69,629	77,888	8,259
New Homes	670	986	316
Customer Services	5,272	5,755	483
Directorate	1,902	1,867	(35)
Total Customer Facing Services	**137,110**	**151,807**	**14,697**
Capital, Financing and Support Services	157,128	159,238	2,110
Tenant and Homeowner Charges	(294,238)	(297,234)	(2,996)
Housing Revenue Account Forecast Outturn	**0**	**13,811**	**13,811**

Housing Revenue Account (HRA) – Medium Term Position (to 2026-27)

42. The initial three year HRA financial outlook for 2024-25 to 2026-27 shows a gap of £23m in 2024-25 and gaps of £19m and £20m in the following two years. These gap are largely driven by the external factors highlighted in paragraph 38 and the local factors in paragraph 39. The projected gap takes into account expected increases in rental income, inflationary pressures on costs and the additional revenue cost of the borrowing required in future years to fund the capital programme. The forecast assumes borrowing for asset management (the maintenance of existing stock) is kept to a minimum.

43. The approach to ensuring the sustained viability of the HRA will require a concerted cross-council effort. Further detail is contained within Appendix 1, however broadly, it will need to address:

    a) Bringing operational HRA budgets back into balance,
    b) Limiting the growing impact of financing and maintaining the council's housing stock,
    c) Restoring reserves to a prudent level

44. The council's strategy for addressing 'b)' above is outlined in more detail within the capital section on the Housing Investment Programme (paragraphs 63-80).

45. The situation the council finds itself in is by no means unique – the contributing factors are largely external and are impacting on HRAs up and down the country. However there are also historic and more recent local factors which explain why the problem is so acute in Southwark. These include;

- The age and construction of some of the council's stock e.g. the council has in excess of 180 buildings that are categorised as 'high rise' and therefore subject to much stricter building and fire safety requirements.
- Low rents relative to other London authorities driven and compounded by historic (rents baseline indexed to valuation in 1999) and more recent government policy.
- The overall size of the council's stock, being the fourth largest holder of council homes in the country (and first in London).
- The scale of the council's new build programme and therefore its exposure to interest rate risk on the borrowing required to fund it.

Dedicated Schools Grant (DSG) - Current Position

46. The Dedicated Schools Grant is distributed to councils annually and is split into four blocks covering Schools, Early Years, High Needs and Central Services. The High Needs block has been the subject of particular focus both in Southwark and nationally due to the serious and growing disconnect between the funding available and the demand as well as cost pressures.

47. The 'High Needs' funding element of the Dedicated Schools Grant (DSG) supports provision for pupils with Special Educational Needs and Disabilities (SEND). The High Needs Block is the main risk area for the DSG as the numbers of SEND pupils and the costs of providing provision has risen faster than the funding available, leaving many local authorities with an accumulated deficit.

48. The Department of Education (DfE) recently established a 'Safety Value' programme in recognition of their historic underfunding of need. In 2022-23, 34 local authorities were subject to a safety valve agreement with the DfE, with accumulated deficits ranging from £5m to £152m. Southwark's accumulated deficit at this time was £24m.

49. In order to manage the accumulated DSG deficit, the council entered into a Safety Valve Agreement with the DfE. Key to the programme is the agreement to ensure a balanced position within specified timeframes. In exchange, and only if, the milestones are achieved, the DfE will provide additional funding to eliminate the accumulated deficit. The first instalment of £9.2m from the DfE was received in 2022-23 leaving an accumulated deficit of £14.5m.

50. The achievement of key milestones is challenging and means that all aspects of service provision needs to be reviewed. The council's Education division in conjunction with the High Needs sub-group of the School's Forum, HR, Finance and Commissioning colleagues developed detailed action plans. There is close oversight of this work by Strategic Directors, and political oversight by the Deputy Leader and Cabinet Member for Children, Education and Refugees.

51. At month 4, the DSG is forecasting an unfavourable variance of £0.6m, mainly due to the cost and demand pressures within the SEND service. In order to bring the service to a sustainable footing, officers continue to pursue savings and efficiencies. In particular, through commissioning work focused on Independent Non-Maintained Special Schools, a focus on 16-25 pathways and Alternative Provision, as well as increasing in-borough provision.

Dedicated Schools Grant (DSG) - Medium Term Position (to 2026-27)

52. The medium term DSG financial planning is set out in Table 4.

53. The DSG monitoring over the medium term has already shown an improvement over the month 4 position as shown in the table, with a £0.46m in year deficit. By 2024-25 onwards, the in-year position is expected to be in surplus.

Table 4: Dedicated Schools Grant: Safety Valve Agreement to 2026-27

Dedicated Schools Grant (DSG)	**2023-24**	**2024-25**	**2025-26**	**2026-27**
	£m	**£m**	**£m**	**£m**
DSG Income				
Schools block	-276.72	-272.76	-274.12	- 275.49
Central schools services block	-1.88	-1.87	-1.88	-1.89
Early years block	-25.22	-24.41	-24.53	-24.66
High needs block	-71.87	-74.03	-76.25	-78.54
Total DSG Income	**-375.70**	**-373.07**	**-376.79**	**-380.58**
Expenditure				
Schools block	275.52	271.56	272.92	274.29
Central school services block	1.88	1.87	1.88	1.89
Early years block	25.22	24.41	24.53	24.66
High needs block	73.53	74.70	76.89	79.66
Total Expenditure	**376.15**	**372.55**	**376.23**	**380.50**
In year net position deficit / (surplus)	0.46	-0.53	-0.56	-0.08
Previous Year DSG deficit	14.47	12.15	8.86	5.53
Safety Valve Grant*	-2.77	-2.77	-2.77	-5.53
Cumulative DSG Deficit	**12.15**	**8.86**	**5.53**	**-0.08**

The Capital Programme

54. The council's capital programme is a long term endeavour, with the lifetime of new and existing assets stretching far into the future. The council has a long tradition of investing in housing, local infrastructure and facilities that support the development of the borough for the benefit of residents and businesses. The scale of the capital programme is immense, representing a major element of the council's financial activities. It has a significant and very visible impact on the borough and hence on the lives of those who live, learn, visit and do business in the borough.

55. Capital investment plans are driven by the Council Delivery Plan and by its Housing Strategy. Key commitments include:

    - Delivering thriving sustainable neighbourhoods
    - Creating safe, healthy, green streets with investment in town centres and high streets
    - Additional investment in residential care homes;
    - Building new council homes
    - Opening a new nursing home and investing in extra care housing;
    - Investment in leisure facilities, playgrounds and parks, including new parks at Canada Water and Old Kent Road
    - Making Southwark a digitally connected borough
    - Opening a new library and expanding existing library services.

56. The council's constitution requires council assembly to agree the capital strategy and programme at least once every four years, ensuring effective financial control and the achievement of value for money, within the provisions of financial standing orders. On 27 February 2019, council agreed a 10 year general fund capital programme of £792m and a housing investment programme of £2,100m. Since then, cabinet has approved a range of projects which have been monitored through the regular capital monitoring reports.

57. Due to the size and scale of the programme and the number of projects involved, it is inevitable that unforeseeable delays in spending occur, often referred to as 'slippage'. This has historically resulted in the capital programme being 'over-programmed' in year, whilst remaining in balance over the ten-year life of the programme. However, it was reported to cabinet in June 2023 that the council now faces a position on the Housing Investment Programme where planned spend is considerably in excess of forecast resources, not only in year, but also over the life of the programme. This is dealt with in more detail under the Housing Investment Programme section below.

General Fund Capital programme

58. In response to the inclement financial conditions (inflation, borrowing costs) and in anticipation of the upcoming 4-year refresh at council assembly, the council undertook a full review of all capital projects in the 2022-23 financial

year. This included over 350 specific general fund projects and entailed a full recalculation and re-profiling of associated funding and costs to ensure that the programme remained affordable and aligned to council priorities.

59. The review found that whilst some costs had increased (due to construction inflation), management of projects and re-distribution of unused contingencies and project underspends meant the programme could be contained within the existing funding envelope.

Financing the General Fund Capital programme

60. Affordability of the General Fund capital programme is dependent on grant income, 'Section 106' and Community Infrastructure Levy (CIL) receipts and capital receipts. Any shortfall is met through prudential borrowing. This incurs financing costs, i.e. the interest on the borrowing. The council also has to set aside sums, known as the Minimum Revenue Provision (MRP) to provide for repayment of loan principle. Both the interest and the MRP are charged to the General Fund account and therefore to the taxpayer. The council currently has sufficient budget to afford these financing costs and provision is made through the budget-setting process to increase this amount annually to allow for growth within the programme.

61. Table 5 shows that programmed expenditure over the period 2023-24 to 2033-34 is currently £382m and that approximately £264m of this is expected to be financed through borrowing. Appendix 2 details the departmental capital programmes, Appendix 3 the budget virements to be approved and Appendix 4 the accompanying departmental narratives.

62. Cabinet is considering the purchase of an additional income generating asset to add to the commercial property portfolio, in the closed part of this agenda. If approved this will be added to the capital programme.

Table 5 Refreshed General Fund Capital programme to 2033-34

Department	2023/24			2024/25			Total Programme 2023/24-33/34		
	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's and Adults' Services	44,455	35,931	(8,524)	32,225	43,319	11,094	105,838	105,803	(35)
Finance	7,538	7,538	-	2,171	2,171	-	11,053	11,053	-
Governance & Assurance	5,875	5,783	(92)	5,875	5,783	(92)	18,828	18,828	-
Environment, Neighbourhoods & Growth	114,898	95,526	(19,372)	45,194	58,367	13,173	217,971	217,971	-
Housing	2,833	2,360	(473)	3,137	3,244	107	28,571	28,451	-
TOTAL EXPENDITURE	**175,599**	**147,138**	**(28,461)**	**88,602**	**112,882**	**24,282**	**382,261**	**382,226**	**(35)**
FUNDED BY:									
Corporate Resource Pool	1,000	1,000	-	10,000	10,000	-	26,000	26,000	-
Major Repairs allowance	-	-	-	-	-	-	-	-	-

Department	2023/24			2024/25			Total Programme 2023/24-33/34		
	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Supported Borrowing	-	-	-	-	-	-	-	-	-
Reserves	719	719	-	160	-	(160)	719	719	-
Revenue	-	-	-	-	-	-	-	-	-
Capital Grants	27,006	25,322	(1,634)	8,033	13,055	5,022	59,543	43Appemn	-
Section 106 and CIL	15,923	14,984	(939)	5,451	6,390	939	27,390	27,390	-
External Contributions	3,680	3,680	-	62	62	-	3,742	3,742	-
TOTAL RESOURCES	**48,378**	**45,705**	**(2,673)**	**23,706**	**29,507**	**5,801**	**117,394**	**117,394**	**-**
Financing to be agreed/Borrowing	**127,271**	**101,332**	**(25,888)**	**64,694**	**83,175**	**18,481**	**264,867**	**264,832**	**(35)**

Housing Investment Programme (HIP) – Current Position

63. The 'Housing Investment Programme' (HIP) is the capital programme for the Housing Revenue Account (HRA). Broadly, there are two major strands; the New Build programme and the Asset Management programme. The New Build programme is the commitment to new council home delivery with plans to deliver 11,000 council homes by 2043. The Asset Management programme arises from the council acting as a social landlord, with legal obligations to ensure the maintenance of its council homes, to ensure they are safe, healthy and free from things that can cause harm, as well as day to day repairs and maintenance. Appendix 5 details the month 5 forecast for the HIP.

Financing the Housing Investment Programme

64. The New Build Programme is financed through a range of funding sources including grants, Section106, Right to Buy receipts and capital receipts from the sales of assets. Any shortfall is made up through prudential borrowing and the financing cost of this is charged, as a 'first call', to the Housing Revenue Account. Unlike the General Fund, the HRA does not make provision for repayment of principle and instead re-finances maturing debt as it comes due. This is possible because the borrowing is ultimately supported by the new rental income streams arising from the new homes the debt is used to build.

65. The Asset Management (AM) programme is financed through the depreciation charges levied on the HRA and through the discretionary revenue contribution to capital. The council currently has a policy of not borrowing to fund asset management as this investment is not backed by increases in rental income (as the new build programme is). However, in 2022-23, overspends on the AM programme forced the council to temporarily fund £7m of the programme through internal borrowing, an approach which delays the need to borrow externally. However, it is

increasingly likely that external borrowing will be required in 2023-24 and beyond with the financing cost of this adding to the burden on the housing revenue account which may result in the slowing of the New Build programme overall.

New Build Programme

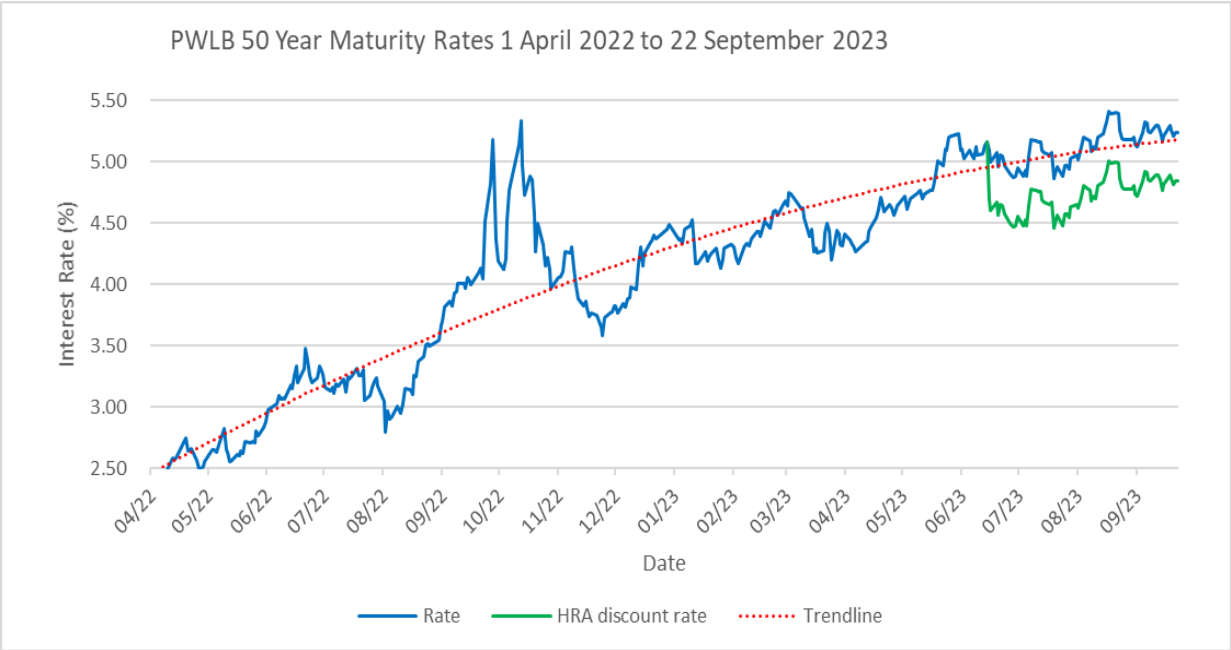
66. Like the General Fund programme, the HIP underwent a detailed review in 2022-23 to ensure that it continues to meet the strategic aims and policy objectives of the council whilst remaining affordable and sustainable. As part of this review, the new homes programme has been separated into two categories; a 'committed' and an 'uncommitted' programme.

67. The committed programme comprises those projects for which a contractual commitment exists or where the council has demonstrated a deep commitment, such as by way of a resident ballot. However, these committed programmes still need constant review to ensure their continuing affordability, particularly when both borrowing costs and construction costs are rising. So completion of these 'committed' projects remains subject to the test of affordability, as they are affected by a range of factors, including inflation, interest rates and other pressures impacting the Housing Revenue Account.

68. The uncommitted programme comprises the pipeline of projects that the council would like to pursue, but for the time being cannot be contained within the affordability envelope. The council will endeavor to introduce these to the committed programme as and when funding and affordability allow.

69. Exposure to interest rate rises and the consequent cost of borrowing remains the key constraint on the council's New Build programme. As mentioned earlier in this report, the cost of borrowing has effectively tripled since December 2021. The government have made some effort to ease the pain, but the effect is fairly minimal. With effect from 15 June 2023, HM Treasury introduced a new concessionary PWLB rate for Housing Revenue Accounts (HRA) borrowing. The rate is available for one year, with its continuation subject to review. The discount margin is set at 40 basis points (i.e. 0.4%) below the rate at which local authorities usually borrow from the PWLB. While this is welcome, it has so far had limited impact in achieving its objective due to continuing underlying interest rate rises. On implementation, the prevailing rate was 5.13% before the application of the HRA discount, and on 22 September the rate was 4.84% after the application of the discount. Table 6 shows the movement in the PWLB since April 2022.

Table 6: Borrowing costs over time for the HIP



70. The prospect of interest rates falling significantly over the short to medium term is extremely unlikely, which needs to be acknowledged when programming for the HIP. While interest rates remain relatively high the council will seek to minimise borrowing over and above that to which it is already committed. A sustained period of high interest rates is likely to result in further deferral of committed new homes schemes where possible and any new schemes introduced will likely require a model that is not dependent on borrowing.

71. Unfortunately, borrowing rates are near their highest level in 15 years just as the council reaches a peak in its borrowing requirement for the new homes programme. It is becoming increasingly clear that in order to weather the current storm, the council will need to reduce the pace of borrowing in order to prevent the cost of servicing the debt from exceeding available resources. This could be achieved in a number of ways, including by slowing down or curtailing projects or by finding other sources of income including capital receipts from the sale of vacant or unproductive assets

Asset Management (AM)

72. The council's Asset Management programme has evolved over time, with the Warm, Dry, Safe (WDS) programme characterising the first half of the 2010's before transitioning to the Quality Homes Improvement Programme (QHIP) in the latter half of that decade. However, following the Grenfell disaster in 2017 and the resulting Fire Safety Act 2021 and Building Safety Act 2022, the focus (and legislative imperative) has been on fire and building safety works, and more recently, on damp and mould.

73. Additionally, since at least 2019, the council has been committed to significantly reducing the carbon footprint of its stock through retro-fitting insulation and upgrading lighting, heating and power to more environmentally friendly solutions.

74. These recent changes in the legislative, regulatory and policy environment have added very significant costs to an already ambitious programme and without any additional funding from government. The HIP has an annual budget of £60m-£70m to undertake capital works to its stock, but is currently anticipating expenditure in the region of £112m, largely on works to ensure the stock is safe. This potentially leaves a funding gap in 2023-24 of around £42m.

75. As referenced earlier in this report, the council has a long-standing policy of not using borrowing to fund asset management activity as no additional income is generated by this activity to service the cost of borrowing. However, there are limited options available to bridge any gap, and if a solution cannot be found then borrowing will be the backstop. Officers are currently exploring a range of options to reduce the gap in 2023-24, including;

- Reducing spend on the housing revenue account to allow more of the capital asset management programme to be funded via revenue contribution,
- Reducing or re-profiling the existing asset management programme to bring it closer to the £70m envelope,
- Reviewing contracts and procurements to maximise value for money,
- Selling surplus housing assets (e.g. a small number of long-term voids that have proved uneconomical to repair, vacant land) in order to generate capital receipts,
- Limiting works to the statutory minimum duty.

Forecast spend for 2023-24 (New Homes & Asset Management)

76. The forecast spend for the Housing Investment Programme for 2023-24 is £427.4m. Of this, £307.6m relates to the new build programme, £112.3m is for asset management and £7.5m for other schemes. Appendix 5 details the Housing Investment Programme.

77. Based on the current forecasts, the forecast spend is likely to be financed as per the table 7 below.

Table 7: Financing of 2023-24 spend

Financing of HIP programme in 2023-24	£
Major Repairs Reserve & Revenue Contributions	60,000,000
Non RTB receipts	35,694,084
RTB receipts	2,144,449
Grants & external contributions	51,863,642
S106 receipts	26,290,815
Borrowing	251,346,492
Total financing	**427,339,482**

78. As identified, the borrowing requirement is forecast at £251.0m. The annual revenue cost of this borrowing in terms of interest payable at interest rates estimated between 4.5% and 5.5% would be between £11.3m and £13.8m as illustrated below. This places a significant financial pressure on the HRA, which for reasons stated earlier, is already under considerable strain.

Interest Rate	Annual Interest Payable
5.50%	£13,805,000
5.00%	£12,550,000
4.50%	£11,295,000

Housing Investment Programme (HIP) – Long term plan to 2033-34

79. From 2010-11 to 2022-23, the council has invested:-

- £1.1bn in programmes to ensure homes are safe, warm and decent and an additional £127m in those estates that have had high investment needs;
- £754m in new homes;
- £170m in regeneration projects.

80. Appendix 5 shows the committed programme expenditure over the period 2023-24 to 2033-34 is currently £1.37bn, comprising of £972m for new homes and £391m for asset management and £7m for other programmes (all to be completed by 2023-24). Appendix 5 also includes programme which are not yet committed, which would increase the total forecast over the period to £1.75bn. The approach to contain spending to within the funding element is considered in appendix 1.

Financial Sustainability and Council Reserves

81. Southwark's general fund position is robust and remains on a sustainable trajectory. However, as referenced at the beginning of this report, the financial resilience of local authorities has recently been tested, evidenced by the number of councils issuing, or warning they may need to issue, a section 114 notice. Grant Thornton (GT)[5] published two reports in 2021 and 2022 which looked at the 'lessons learnt' from those authorities that had had statutory recommendations, interventions and Public Interest Reports.

82. Reports summarising the Grant Thornton recommendations have been submitted to the audit, governance and standards committee in June 2021 and October 2022. Both reports accepted that each authority had different sets of circumstances for catastrophic financial failure but highlighted the common themes, which included:

    - Lack of budget scrutiny and a culture disinclined to challenge or find alternative perspectives
    - Reductions in back office staff reducing capacity and financial skills

[5] https://www.grantthornton.co.uk/insights/lessons-from-recent-public-interest-reports/

- Increases in levels of borrowing with no significant returns
- Lack of long term financial projections
- Councils not being able to manage substantial reductions in central government grant, coupled with additional financial and demand pressures
- Lack of financial sustainability
- Insufficient levels of reserves.

83. The GT reports concluded that important lessons could be learnt and that councils should invest in financial skills and capacity, prioritise financial sustainability, and have a clear strategy for maintaining adequate reserves.

General Fund (GF) Reserves

84. The Section 151 officer holds overall (statutory) responsibility for ensuring the adequacy of the council's financial reserves and attests to this each year as part of what is described as the 'section 25' statement within the annual budget setting report. Having adequate levels of reserves is critical to a council's financial sustainability. A yearly report to the audit, governance and standards committee, confirms the council's compliance with the CIPFA Financial Management Code which includes a review of a council's financial resilience.

85. All movements to, from and between reserves are approved by the Strategic Director of Finance on receipt of a written proposal. The lead member is kept informed of actual and proposed reserve movements and the cabinet is updated on estimated and actual reserve balances at various points throughout the reporting cycle. The opening and closing balances of all reserves are reported publically through the revenue outturn monitoring report annually and through the council's statement of accounts.

86. Councils hold general fund reserves in two broad categories; Earmarked Financial Reserves and Unallocated Financial Reserves. The former are 'earmarked' or set-aside for specific purpose or to mitigate future risk and the latter are unallocated and available for any purpose. Table 8 shows the level of the council's reserves over the last 3 years.

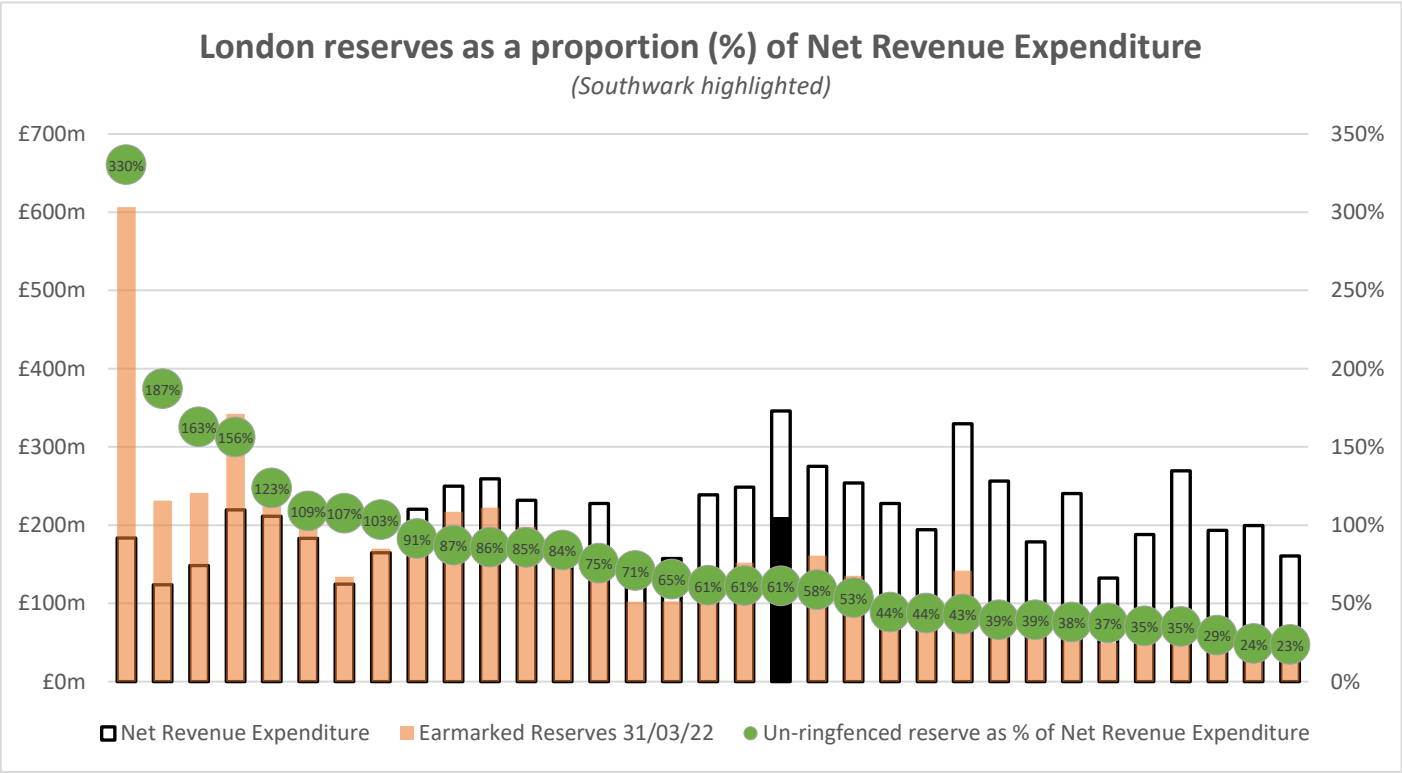
Table 8 Southwark General Fund Reserves

General Fund Reserves	**31-Mar-21**	**31-Mar-22**	**31-Mar-23**
	£000	*£000*	*£000*
Earmarked reserves	204,613	208,240	209,873
General Reserves	21,002	22,445	22,443
Total	**225,615**	**230,685**	**232,316**

87. Reserves levels are published annually by DLUHC as part of the wider Revenue Outturn return completed by local authorities. This allows some comparison of overall levels between different councils. Table 9 shows Southwark's reserves relative to other London boroughs. As a proportion of its net revenue expenditure, Southwark's reserves are at 61% putting it in the bottom half of authorities in London (19/33), however the council's Section 151 Officer considered these adequate in the last Section 25 statement made within the February 2023 budget report.

88. The council does not set an absolute or relative level of reserves that it aims to maintain in the General Fund – the total is merely the sum of a series of smaller specific reserves set aside for particular reasons. These are reviewed at least annually. Overall, the sum held remains prudent and enables the council to confidently set out a three-year budget from 2024-25 in the knowledge that most unexpected shocks could be absorbed without compromising sustainability.

Table 9: 2021/22 Reserves as % of Net Revenue Expenditure



Housing Revenue Account (HRA) reserves

89. Whilst the General Fund reserves remain stable, Table 10 shows a pattern of declining HRA reserves. As at 31 March 2023, HRA reserves were £19.5m. Alongside mitigating actions to reduce that overspend (appendix 1), officers are considering a range of options for financing any residual deficit. This may include reducing the planned revenue contribution to the asset management programme, which would have the knock-on effect of

increasing borrowing and borrowing costs. Any mitigating action would reduce the call on reserves.

Table 10 – HRA reserves from 2019-20 in £m				
	31-Mar-20	**31-Mar-21**	**31-Mar-22**	**31-Mar-23**
HRA Reserves	25.28	31.85	26.13	19.46

90. Table 11 shows HRA reserve balances held by the London Boroughs that had published their 2022-23 accounts at the time of the analysis. The numbers are shown in absolute terms, but also as a ratio in relation to spend, number of dwellings and rental income. Based on these measures, it is clear that Southwark's reserves are very low compared to other boroughs no matter which metric is used. Excluding the highest outlier, whose reserve balance is unusually high, the average balance for an authority the size of Southwark would be in the region of £50m. A further reduction in reserve levels is forecast in March 2024 given the HRA projected overspend in 2023-24. Considerable work is underway to reduce that overspend as far as feasible however, any further reduction in reserves does present risk to the HRA.

91. In the context of very low HRA reserves, it is clear that the first action is to identify ways to eliminate the £13.8m deficit forecast on the revenue account in the current year, rather than using reserves to balance the account and manage other costs, including borrowing costs, to create headroom. In the medium term, the HRA reserves need to be bolstered to return them to a more sustainable level.

Table 11: Comparative HRA Reserves in London

Authority	Balance at 31 March 2023	Percentage of spend	Per dwelling	Percentage of rent
	£0	%	£	%
Authority 1	153,456	94.20%	8,998	135%
Authority 2	24,819	43.60%	2,717	50%
Authority 3	14,294	37.60%	2,369	38%
Authority 4	16,162	24.60%	1,551	29%
Authority 5	38,303	27.40%	2,354	43%
Authority 6	16,866	24.80%	1,463	30%
Authority 7	27,787	24.70%	2,310	35%
Authority 8	21,045	23.00%	1,749	30%
Authority 9	21,567	19.70%	1,393	25%
Authority 10	49,025	19.00%	1,928	29%
Authority 11	26,382	17.40%	1,219	22%
Authority 12	26,849	13.40%	1,123	19%
Authority 13	15,462	12.30%	764	15%
Authority 14	14,068	11.50%	1,021	19%

Authority	Balance at 31 March 2023	Percentage of spend	Per dwelling	Percentage of rent
	£0	%	£	%
Authority 15	5,987	9.50%	894	13%
Authority 16	6,000	9.30%	604	11%
Southwark	19,458	6.50%	528	9%
Authority 17	4,120	6.10%	447	8%
Authority 18	2,100	3.50%	255	4%

Financial Governance

92. The Annual Governance Statement is a public statement of the effectiveness of the council's governance and internal control framework. It is a statutory requirement which reflects an individual authority's particular features and challenges. The council maintains a strong culture of financial governance. This is overseen by the Section 151 Officer, but all council officers and members have a role in ensuring the financial governance framework operates effectively.

93. The 2022-23 Annual Governance Statement referenced a number of activities that demonstrated the operation of the council's governance framework including:

- Internal and external audit;
- The work of the audit, governance and standards (AGS) committee including reports of governance issues in other councils;
- Compliance with the CIPFA Financial Management Code;
- The annual report on the corporate risk register;
- The council's internal management processes, such as the departmental Schemes of Management;
- Financial regulation review;
- Regular reporting;
- Strong business partnering between finance staff, service departments and corporate policy development.

94. The 2022-23 Statement referred to the management of the council's housing programme as a key financial risk and the need to consider the key housing priorities in 2023-24 (and beyond) within a climate of limited financial resources. It highlighted the need to ensure the affordability of the housing capital programme alongside a viable revenue account.

Capital Governance Arrangements

95. The current governance arrangements are set out in the Financial Standing Orders. Section 16.3.1 states that:

> *'Approval to spend on individual capital schemes will only be given once issued procedural instructions have been complied with and*

cash flow implications have been determined and assessed to the satisfaction of the chief finance officer'.

96. In the current economic climate of higher interest rates and constrained and uncertain government funding, the council must ensure that all capital programme plans are financially sustainable. There need to be sound and prudent governance arrangements for both the general fund capital programme and the housing investment programme for agreeing new, and reviewing existing, capital projects to ensure they are affordable.

97. Officers are developing refreshed capital governance procedures to ensure that all projects are affordable, properly costed and align with the council's strategies. It is anticipated that these will be implemented from April 2024, with details of the process reported to the February cabinet. The council will assess the financial sustainability of capital projects on the basis of:

- the affordability of the long term financing costs, including assurance that revenue budgets can fund the cost of borrowing;
- The process for ongoing monitoring to ensure affordability, as external factors change, such as the cost of borrowing.

98. The approach to prioritising bids will be guided by the previous Member-led discussions on the guiding principles for prioritising projects where funding is limited, with priority given to;

- Work needed to maintain our council assets to a good and safe standard, for example our libraries, leisure centres, roads and offices;
- Projects that have already commenced and where there would be a major cost or reputational risk in not going ahead;
- Projects that help deliver our Council Delivery Plan commitments;
- Projects that have not commenced where there would be a major cost or reputational risk in not going ahead;
- Projects that would bring in a future net income to the council.

Community, equalities (including socio-economic) and health impacts

99. This report monitors expenditure relating to the council's revenue budget and capital programme. Although as a monitoring report this report has been judged to have no direct impact on local people and communities, the expenditure it is reporting reflects plans designed to have an impact on local people and communities. Community impact was considered at the time the projects and programmes were agreed. It is important that resources are efficiently and effectively utilised to support the council's policies and objectives.

Climate change implications

100. This report provides an update on the council's revenue budgets and capital programme as a whole and includes climate change programme updates. The impact of individual projects and programmes will be considered in line

with constitutional requirements as part of the specific decision making and procurement processes.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive – Governance and Assurance

101. The council has a legal obligation to set a balanced budget on an annual basis as prescribed in the Local Government and Finance Act 1992 and associated Regulations. The issues contained in this report will assist in the future discharge of that obligation.

102. The Local Government and Housing Act 1989 sets out legal requirements in relation to housing finance, in particular a duty under Section 74 of the Act to maintain a Housing Revenue Account ("HRA"). The 1989 Act provisions include a duty, under Section 76 to budget to prevent a debit balance on the HRA and to implement and review the budget. This monitoring report enables the cabinet to understand the current position regarding the budget and proposed actions to comply with the section 76 duties.

103. Part 3A of the constitution requires the council assembly to agree the capital strategy and programme at least once every four years and as necessary in the event of a significant change in circumstances. The report sets out proposed arrangements to prepare for a refresh of the capital strategy and programme by council assembly.

104. Decisions regarding the strategic aspects of the regulation and control of the council's finances are reserved to the cabinet in accordance with Part 3C of the constitution. The Financial Standing Orders requires the chief finance officer to report on the overall financial position of the council and on capital expenditure incurred by the council to the cabinet on a regular basis.

105. Approval of virements over £1,000,000 and up to £10,000,000 between capital projects or programme headings as set out in the overall programme approved by council assembly are reserved to cabinet.

106. The council is required under section 149 of the Equality Act 2010 to have due regard to the need to:

- Eliminate unlawful discrimination harassment and victimisation
- Advance equality of opportunity between people who share protected characteristics and those who do not
- Foster good relations between people who share protected characteristics and those who do not.

107. Cabinet needs to take account of this duty in considering this report.

108. The Community, equalities (including socio-economic) and health impacts section above indicates that whilst this report has been judged to have no direct impact on local people and communities, the expenditure it is reporting reflects plans designed to have an impact on local people and communities and that community impact (including the impact on individuals with protected characteristics) was considered at the time the projects and programmes were agreed. The public sector equality duty is a continuing duty and will need to be taken account of in any processes to mitigate budget pressures. A full equality impact analysis will be undertaken when preparing and presenting the budgets and medium term strategy for approval as part of the forthcoming budget-setting process.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
'Fairer, Greener, Safer Delivery Plan 2022-26'	Southwark website	
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s108711/Appendix%201%20Council%20Delivery%20Plan.pdf		
Grant Thornton – Public Interest Reports	External report	
Link (please copy and paste into browser): https://www.grantthornton.co.uk/insights/lessons-from-recent-public-interest-reports/		
P and R: Revenue Monitoring Report	Southwark website	
Link (please copy and paste into browser): https://moderngov.southwark.gov.uk/documents/s108739/Report%20Revenue%20monitoring.pdf		

APPENDICES

No.	Title
Appendix 1	Actions on projected budget pressures
Appendix 2	Detailed General Fund Capital programme
Appendix 3	Capital Budget Virements and Variations
Appendix 4	Departmental Capital Narratives
Appendix 5	Housing Investment Programme

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Homes, Communities and Finance
Lead Officer	Clive Palfreyman, Strategic Director of Finance
Report Author	Tim Jones, Departmental Finance Manager, Finance and Governance
Version	Final
Dated	5 October 2023
Key Decision?	Yes

CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments included**
Assistant Chief Executive, Governance and Assurance	Yes	Yes
Strategic Director of Finance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		4 October 2023