



Business Ratepayer Consultation

Proposed Budget 2024-25

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1. Introduction

The London Borough of Lewisham is committed to engaging with its business ratepayers to consult on the estimated General Fund budget for 2024/25. This will allow local businesses to have a say on the proposals the Council is making regarding its 2024/25 spending plans which will impact businesses and the wider community.

Please note, this consultation is based on the budget in the Medium-Term Financial Strategy (MTFS) agreed by Mayor and Cabinet on 19th July 2023, plus the revised MTFS presented to Public Accounts Select Committee on 30th November 2023. The 2024/25 net revenue budget will be presented to Mayor and Cabinet on 7th February 2024, and Full Council on 28th February 2024.

Business rates is a tax that is levied on non-domestic properties, such as shops, offices, and warehouses. The tax is used to fund local services, including social care for adults and children, libraries, street lighting, waste collection and public parks. The amount of business rates payable is based on the rateable value of the business' properties, which is determined by the Valuation Office Agency (VOA). The most recent VOA revaluation came into effect on 1st April 2023.

This consultation paper sets out the key relevant elements of the Council's indicative net revenue budget for 2024/25 and gives an opportunity for questions to be asked about the Council's priorities and the alignment of these priorities to service budgets. As a business ratepayer in the Borough, we welcome any comments or observations you have on either the general budget arrangements or the services the Council provides using business rates, along with council tax, grants, and fees income.

Your responses during this consultation period will be presented to Mayor and Cabinet in the Council's Budget Report. This is scheduled to be presented at the Mayor and Cabinet meeting on 7th February 2024.

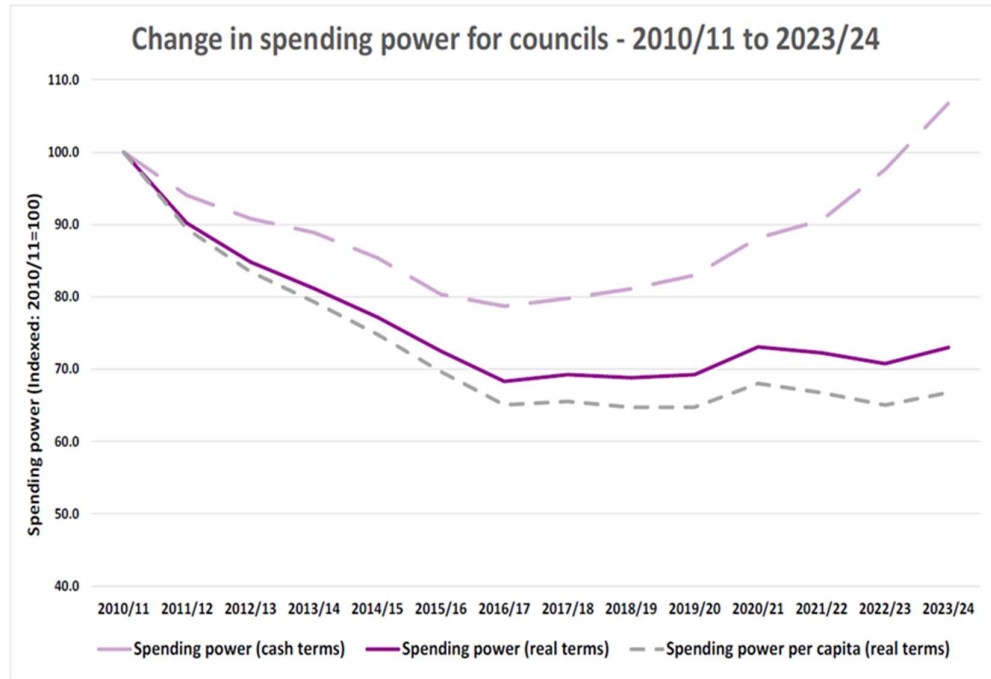
The consultation period will last for a period of one month, from 1st December 2023 until 31st December 2023.

Details of how to respond during the consultation period are included at the end of this document.

2. Background: Lewisham’s Financial Arrangements

- 2.1 The Council is responsible for a wide range of services funded via different mechanisms. The main funding systems are:
- The General Fund (a local authority’s primary revenue account);
 - Schools Funding (funded by dedicated grant);
 - The Housing Revenue Account (funded by rent and service charges);
 - The Housing Benefit Scheme (funded by the Department for Work and Pension);
 - Specific Social Care and Public Health grants (including the Improved Better Care Fund, Social Care Grant, and Public Health Grant);
 - The Capital Programme (funded through a combination of capital receipts, grants, and borrowing).
- 2.2 In the context of the General Fund, local authorities continue to face challenging and uncertain times in relation to public sector funding. From 2015/16 to 2022/23, the Government has reduced Lewisham Council’s funding by approximately 24% in cash terms. As a result of reduced funding from the Government, council tax now makes up over 50% of the Council’s General Fund net budget.
- 2.3 From 2011 to 2021 (the years of the two latest censuses), Lewisham’s population has grown by approximately 25,000 or 9%, increasing the demand and pressure on services. The long period of significant funding strain combined with this local population growth means the Council has been forced to make budget cuts each year to balance its budget, a legal requirement set by the Government.
- 2.4 From 2011/12 to 2023/24, the Council has agreed budget cuts of £241m, of which £106m has been re-allocated to meet emerging risks, growth, and service pressures and £135m is a reduction in core spending power on services.
- 2.5 The Council continues to face many significant financial risks, for example, the current and forecast levels of inflation, the cost-of-living crisis faced by the country pushing up demand for public services, and persistent uncertainty as to the level of funding that the Government will provide or allow local councils to raise.

- 2.6 The below graph shows a comparison of the change in spending power of Councils for the period 2010/11 to 2023/24, showing that, in real terms, local government has significantly less funding than it did twelve years ago:



- 2.7 The much-needed long-term financial certainty continues to elude local government, partly because the Government has again delayed the Fair Funding Review until at least 2024/25. Further delays to the review, which was first announced in 2016, cause financial uncertainty for local authorities as it becomes increasingly difficult to plan budgets and allocate resources in an effective manner. This uncertainty can result in service disruption as projects or initiatives may have to be put on hold if funding is not available, and it could reduce capacity as local authorities cannot invest in adequate infrastructure, training and other resources needed to deliver high-quality services. Beyond 2025/26, there is no certainty around the Council's funding.
- 2.8 For 2024/25, the estimated Settlement Funding Assessment (SFA) from the Government for Lewisham is £134m. The specific funding arrangements will not be announced until mid-December 2023.
- 2.9 The Council's budget is funded mainly through business rates, government grants, and council tax. The funding of the Council's budget is detailed further in Section 7 below. Business rates and

government grants are determined nationally whilst the council tax rate is set locally within tight parameters based on government guidelines.

- 2.10 Business rate valuations, multipliers, increases, and thresholds are set by the Government. The Council collects business rates locally and of the monies collected, 30% is retained by Lewisham, 37% is allocated to the Greater London Authority (GLA) and 33% is handed back to the Government for redistribution to local authorities.
- 2.11 Business rates returned to the Government are collated in a national pool and redistributed to local authorities on a tariff vs. top-up basis. As Lewisham has a relatively low business rate base in comparison to other councils, in addition to retaining 30% of the monies collected, it receives a top-up from this national pool of business rates.
- 2.12 The calculation for the total Lewisham will receive (retained and top-up) is based on the Department for Levelling Up, Homes and Communities (DLUHC) calculation of the Council's baseline funding level, which is expected to be £99.7m for 2024/25. Should the Council be unable to collect the local taxes due to it from businesses it bears the risk for a shortfall up to a safety net of approximately £92.2m.
- 2.13 As an added financial challenge for 2024/25, the Non-Domestic Rating Act brings forward changes to the way business rates multipliers will be calculated and applied. The small business rating multiplier and the standard business rating multiplier, which are currently linked, will be de-coupled and treated differently. (Businesses are subjected to the small or standard multiplier depending on their rateable value.) The multipliers will be indexed to the annual change in CPI as opposed to RPI as in previous years, although HM Treasury will still have the power to under-index a multiplier, for which local authorities are compensated. As confirmed in the Autumn Statement 2023, the standard multiplier will continue to be uplifted in line with CPI, whereas the small multiplier will remain frozen at its current value. Due to the de-coupling, this could lead to local authorities being under-compensated for their lost income which adds additional uncertainty for the upcoming financial year.

2.14 The Council's strategy and priorities drive the allocation of the budget. The Council's corporate priorities are detailed in section 5 below.

3. The Services We Deliver to the Borough

We remain focused on putting our businesses and residents first, which is why we continue to deliver high quality services despite the challenges presented by geopolitical issues, a sustained high inflation rate and the financial position the Council is in. We are proud to provide a vast range of services that enhance and improve the lives of our whole community and bolster our local economy.

During the last financial year (April 2022 – March 2023) we:



Undertook **6,822** adult social care assessments and reviews.
Supported **3,558** older and vulnerable residents to stay independent across all packages of care.

Helped **1,461** older and vulnerable residents return to everyday life following a hospital stay.

Had **976,649** library visits, and **1,332,539** leisure centre visits.



Supported **66** apprentices undertake work within the borough and helped **37** employees to upskill.

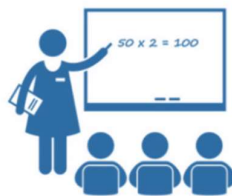


Maintained **75** primary and secondary schools in the borough.

Saw **97%** of Lewisham pupils attend a “Good” or “Outstanding” school.

Had the **highest** school attendance in inner-London for primary and secondary.

Ran over **40** holiday programme days with free activities and lunches for school children and young people aged 4 to 16.



Approved **74,670** parking permits.

Delivered **8** new school streets, **23** new cycle hangars and **35** new electric vehicle charging points.



Made **610,636** green waste and **11,857,456** household recycling & waste bin collections (approx.), as well as **227,760** commercial bin and sack collections.



Collected **85,392** tonnes of household waste of which **19,367** tonnes of recycling was recycled, composted, or sent for reuse.

Maintained **48** parks, of which **23** (parks and green spaces) have been awarded with green flags.



Provided council tax support to over **22,000** households.



Made **1,045** social lets to households on the housing register.

Commenced work-on-site for **328** social housing developments.

Spent over **£146m** on maintaining current council assets, building schools and capital schemes, including the Building for Lewisham programme.



4. Lewisham’s Support for Local Business

- 4.1 The recent challenges we have been facing globally and nationally have had a significant impact on local businesses. Lewisham Council remains committed to supporting local businesses within the borough, helping them to survive and thrive despite this wider economic context.
- 4.2 Lewisham is one of the country’s most diverse boroughs which is reflected in our business base. 95% of our 11,500 businesses are Small and Medium-Sized Enterprises (SMEs). We have significantly expanded our engagement with local SMEs by, for example, introducing new support programmes.
- 4.3 Lewisham was successful in securing £19m of Levelling Up Funding, combined with £5m of match funding from the Council’s budget, to support the revitalisation of Lewisham Town Centre. The programme will include the transformation of Lewisham Library into a Culture and Business Hub which will provide an improved library service, a new hospitality offering and a floor for businesses offering hot-desking, a small office space and access to information and guidance. The town centre will also benefit from an improved market area that will offer additional opportunities for local businesses, as well as an enhanced evening and night-time economy offer.
- 4.4 The ‘Mayor of Lewisham Business Awards’ are a yearly opportunity for local businesses to celebrate their successes and for the community to acknowledge the outstanding contribution they make to Lewisham.
- 4.5 In 2021, Lewisham Council became the first council to commission a headcount and survey of local independent businesses which includes data on the ethnicity of business owners. In 2023, the Council undertook a second report as part of a series of surveys which will help the Council to better understand challenges facing SMEs, especially those with ethnically diverse owners.
- 4.6 From this headcount we have learnt that 50% of black entrepreneurs now view the Council as business-friendly, and seven in ten independent business owners rate Lewisham as an excellent place to do business. Those asked, highlighted initiatives such as London Borough of Culture 2022 as having had a positive impact, by

increasing footfall and pride in the local area. Also, almost nine in ten business owners believing that they will continue to trade in Lewisham over the next two years.

- 4.7 The Council has also recently renovated a new library space in Catford with a focus on business support for start-ups. This has been accredited by the British Library as the first Business and Intellectual Property Centre (BIPC) in south London. The Council is also delivering workshops and 1:1 business advice and guidance sessions at two libraries in the borough.
- 4.8 Lewisham Council, Phoenix Community Housing, Lewisham College, Lewisham & Greenwich NHS Trust, and Goldsmiths University of London hold an annual ‘Meet the Buyer’ event to support over 100 local businesses in securing public contracts. The Council will next hold this event in Spring 2024, giving more Lewisham-based businesses the opportunity to learn how to engage with public sector procurement opportunities.
- 4.9 In 2023, the Council adopted the first Affordable Workspace Strategy for Lewisham, with a focus not only on the creative sector but also other key growth areas. In our Creative Enterprise Zone, we are providing over £2.3m in grant funding to the expansion of Cockpit Arts. Opening in December 2023, this will deliver over 15,000 sq ft of new and refurbished workspace for creatives, which will lead to 65 new jobs. Cockpit Arts have already supported over 130 artists to grow and further their creative businesses.
- 4.10 We promote businesses in the borough through a number of channels including the ‘SHAPESLewisham’ online platform and social media channels.
- 4.11 ‘Lewisham Works’ is the Council’s directly delivered employment service which aims to fill the gaps in support available to unemployed residents, while providing a holistic service, which focusses on resident’s long-term career aims. Since ‘Lewisham Works’ launched in May 2022 we have already supported 600 residents with employment and training support.
- 4.12 The Council has recently appointed a marketing agency to support local businesses access free marketing support. ‘Hustle + Heels’ will deliver logo design, social media and branding advice as well as a complete marketing strategy for Lewisham based businesses.

- 4.13 The Council has also recently appointed Goldsmiths University of London to deliver a new business support programme titled ‘Business Resilience and Growth’. This programme will look to support businesses by bringing new products to the marketplace as well as helping them to retain existing staff and secure new staff.
- 4.14 The Council will continue to invest in supporting local businesses despite the ongoing budget pressures being faced. Local businesses who would like support and advice can contact the Business Engagement team by email at business@lewisham.gov.uk and are also encouraged to sign up for the Council’s fortnightly business email newsletter.

5. Corporate Priorities

5.1 The Council has seven corporate priorities as stated below:

- **Cleaner and greener;**
- **A strong local economy;**
- **Quality housing;**
- **Children and young people;**
- **Safer communities;**
- **Open Lewisham;**
- **Health and wellbeing.**

5.2 To read more about our corporate priorities, please follow this link:

<https://lewisham.gov.uk/mayorandcouncil/corporate-strategy>

5.3 As the Council seeks to support the borough, its businesses, and residents through the current cost-of-living crisis and beyond, everything we do is based on our five key values:

- ***Ambitious.***
We're ambitious for the future of our borough. We're here for the people of Lewisham and we actively seek innovative solutions, working in partnership to improve the services we provide.
- ***Inclusive.***
We create an inclusive environment, where everyone feels safe to contribute their own unique perspective and fulfil their potential.
- ***Collaborative.***
We work together across disciplines, roles, and communities to tap into everyone's insights, skills, and experience. We look to unlock the problem-solving power of diverse thinking and approaches.
- ***Accountable.***
We are willing to stand up and be counted, every day. We use our initiative and take responsibility for getting things done as efficiently and effectively as possible.
- ***Trustworthy.***
We demonstrate integrity and do the right thing, even when we find it difficult. We are transparent and straightforward and take responsibility for our actions.

5.4 To read more about our values, please follow this link:

<https://lewisham.gov.uk/mayorandcouncil/corporate-strategy/our-values>

6. 2023/24 Net Revenue Budget

6.1 The Council organises its services under six directorates:

- Chief Executive;
- Children & Young People;
- Community Services;
- Corporate Resources;
- Housing; and
- Place.

6.2 Within these directorates are divisions headed by a director, usually with multiple service areas within each division.

6.3 The financial year of 2023/24 also saw Lewisham Homes, previously an Arm's Length Management Organisation (ALMO), return back in-house and form part of the new Housing directorate. The return back in-house took place on 1st October 2023, at the midway stage of the financial year.

6.4 The Council's 2023/24 net revenue budget is £263.7m. This is allocated between the directorates as shown in the table below.

2023/24 Net Revenue Budgets by Directorate:

Directorate:	Net Budget (£m):
Chief Executive	11.0
Children & Young People	75.2
Community Services	85.4
Corporate Resources*	64.3
Housing	8.4
Place	19.4
Net Revenue Budget	263.7
<i>* Includes corporate and capital budgets.</i>	

2023/24 Net Budget – Pressures:

6.5 Due to new pressures arising during the year, the Council continues to experience persistent overspends in certain areas where growth in demand exceeds allocated budgets. The areas seeing the most stubborn overspends are children's social care, adult social care, and

temporary accommodation. These pressures are systemic to these sectors and are similar across all of London and local government.

6.6 To recognise the systemic nature of these pressures, it was considered prudent to fund them in 2024/25. However, since July of this year these overspends have continued to increase and are therefore in excess of the funding allocation for next year. Due to this, the revised MTFs presented on 30th November 2023 increases these allocations.

6.7 Full detail of the Council's financial forecast can be obtained at the following link:

<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=123&MId=8119>

7. Forecast 2024/25 Net Revenue Budget

Pressures on the Council's Budget:

7.1 Over a number of years, the Council's budget has been reducing. The Council continues to take measures to overcome these pressures such as stronger contracts negotiations, reducing service levels and streamlining processes. That said, there are some pressures over which the Council has very little control.

7.2 These general budget pressures can be summarised into these categories:

- **Inflation;**

This is an increase in the general price level of goods and services over a period of time. As such, inflation reflects a reduction in the purchasing power of money. This is caused by a variety of factors such as increased money supply, increased production costs, or a decrease in the supply of goods and services.

- **Cost of living crisis;**

This is an ongoing event which started in 2021 as the prices of essential goods began to rise at a faster rate than household incomes, resulting in an income fall in real terms. This is caused in part by a rise in inflation, as well as the economic impact of foreign issues such as Russia's invasion of Ukraine and post Brexit trade.

- **Rising demand;**

Population increases means demand for Council services is increasing. The Council is therefore having to do more to meet its increased demand but with reduced resources. Rising demand can also result in higher prices where demand exceeds supply, which could negatively impact the Council if the increased costs are passed on to the consumer.

- **Changing demographics;**

The makeup of the Council's population is changing. Over 65s and children now make up almost one third of the borough population. The increase in size of the older population, plus the decrease in the size of the working population relative to the number of pensioners will put increased pressures on council services such as adult social care and cause a reduction in tax revenues.

- **Temporary accommodation;**

This is a specific service for which the Council is currently seeing one of the most extensive levels of pressure. The cost of securing temporary accommodation in the borough has risen. This factor, along with rising demand for the service, specifically in nightly paid services, has resulted in a clear budget pressure for 2023/24 and 2024/25. The lack of suitable alternative accommodation also means those using the temporary accommodation service are staying for longer periods.

- **Children's social care.**

This service is also currently seeing one of the most extensive levels of pressure. During 2023/24, the Council has seen an increase in the number of children with a high level of need as well as the unit cost for the care of these children and this is expected to continue into 2024/25. The difficulty in finding appropriate placements due to challenges in the national residential market as identified in last year's national review of Children's Social Care, also contributes to this budget pressure.

Medium Term Financial Strategy (MTFS) and the Provisional Local Government Finance Settlement:

- 7.3 The Council published its MTFS on 19th July 2023 in advance of the provisional local government finance settlement, which will be published in December 2023. The revised MTFS was also presented to Public Accounts Select Committee on 30th November 2023.
- 7.4 As this consultation paper is being released in advance of the annual provisional local government finance settlement, the figures within this paper are assumptive, based on the Council's MTFS model.

7.5 The MTFS identifies an anticipated budget gap over the next four years of approximately £20m. Full detail of the Council’s updated MTFS can be obtained at the following link:

<https://councilmeetings.lewisham.gov.uk/ieListDocuments.aspx?CId=123&MId=8119>

7.6 It is estimated that the overall net revenue budget for the Council for 2024/25 will be £290.9m (compared to that of 2023/24 which was £263.7m), as shown in the table below:

Forecast Net Revenue Budget 2024/25:	Net Budget (£m):
Revenue Support Grant	34.56
Baseline Funding Level	99.70
S31 Grant Contribution	15.00
Council Tax	141.64
Net Revenue Budget	290.90

7.7 The Baseline Funding Level is the amount of a local authority’s start-up funding allocation which is provided through the local share of the estimated business rates aggregate (England) at the outset of the scheme as forecast by the Government. We assume that the Baseline Funding Level for the Council will increase by 1%.

7.8 The Revenue Support Grant is a general grant also paid by Central Government to local authorities to help finance the cost of their services. This is distributed on the basis of government relative needs formulas and, based on information in circulation, the MTFS assumes that this grant will increase in line with CPI (6.7%).

7.9 An authority’s Revenue Support Grant amount plus its Baseline Funding Level together comprises its Settlement Funding Assessment.

7.10 Unlike prior years in which S31 Grant has only been included in the budget to balance the pressures on the collection fund, this is now being used to fund base service budgets and is assumed to be £15m. Any funding reforms leading to the removal of this funding will further increase the budget gap in future years.

7.11 The council tax income for 2024/25 is based on the council tax base for the borough which has now been confirmed. This is the number of Band D equivalent properties in the borough that will be liable to council tax payments. Assumptions have been made regarding the

uplift of council tax rates, and council tax collection rates to calculate the expected income for 2024/25.

- 7.12 We expect that Government will allow for local councils to raise council tax by up to 4.99% to meet its costs, with 2% of this increase in respect of the adult social care precept. The decision on any council tax uplift within these Government limits will be made by Council in February 2024.
- 7.13 The proposed budget for 2024/25 will be presented to Mayor and Cabinet on 7th February 2024, and Full Council on 28th February 2024.

8. Having Your Say!



The Council would welcome your views on its forecast net revenue budget for 2024/25. Your participation in the consultation survey, via the online link, is voluntary and confidential.

If you consent, the Council will be collecting the following information:

- Name of your business; and
- Your email address.

These details will be stored in a secure environment, accessible only by relevant individuals. The information will be stored for a period of six years – in line with the Council’s financial procedures.

Anonymised responses to this consultation will be summarised and reported to Mayor and Cabinet as part of the budget setting process. This will then inform their decision making and the proposals to be taken forward to Full Council.

Following review of any proposals by Full Council, a ‘*We Asked, You Said, We Did*’ debrief will become available. Just follow the link provided during the consultation period itself.

If you have any further queries on the Consultation Paper, please contact the Strategic Finance team at:

E: strategic.finance@lewisham.gov.uk