

# Cabinet

Tuesday 13 December 2016

4.00 pm

Ground Floor Meeting Room GO2A, 160 Tooley Street, London  
SE1 2QH

## Appendices

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Date: 5 December 2016



# Activities for children and young people in Southwark

## A strategy for 2017-2020

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# Foreword

Southwark is an amazing place to grow up, with a vast range of places to go and things to do. The council has promised its children and young people the very best start in life. Despite challenging financial times, we remain committed to helping our children and young people to be happy, healthy, active, safe and prepared for the future.

Like most councils, Southwark has seen huge reductions to its budgets across all areas, but we have protected frontline services wherever possible. Beyond the school gate, the council continues to provide and support many activities for children and young people. From the council's libraries and heritage services, to events and support for arts and drama as well as, in its parks and playgrounds, leisure centres, sports and youths clubs - there is plenty going on.

However, the world is changing, and our services need to change with it. We need to adapt and evolve alongside the young people in Southwark. This is an opportunity to reassess what we provide in our borough and to ask local people what they want to see for children and young people

This is still a great time to be a young person in Southwark. Our borough has embraced its place at the heart of London and is committed to making regeneration work for all our existing communities. We want our young people to make the most of the opportunities on their doorstep and to help us shape the activities on offer, whether from the council or other local organisations. Whether you want to let off steam in the park or learn a new skill, Southwark offers something for everyone, especially those growing and flourishing in our great borough.



Cllr Maisie Anderson,  
Cabinet member for  
Public Health Parks and  
Leisure



Cllr Victoria Mills,  
Cabinet member for  
Children and Schools

# About this strategy

This strategy sets out Southwark Council's approach to providing and commissioning activities for children and young people over the next three years\*.

The strategy focuses on activities outside of schools and colleges that are open to all children and young people in the borough, and reflects their views and ideas.

It was developed in partnership with young people and we have sought the views of as many children and young people and their families and carers as possible.

We've had honest conversations about the financial challenges we face and some of the ideas we have to overcome these challenges. We've also listened to what children and young people have to say about what's important to them.

This strategy marks the start of an ongoing discussion with children and young people and their families about the things that are important to them and the roles they can and do play in their communities

In recognition that the council can't do everything on its own, and that we have to work together with other organisations, we also sought the views of partners, such as schools, voluntary and community organisations on the development of this strategy.

The strategy therefore recognises that the council and our partners need a new approach to how these services are planned for and delivered.

Overall, this strategy reflects a commitment from the council and our partners to deliver high quality, young people-focused services that deliver the best outcomes for children and young people, their families and carers.



## Where we are now

We are a dynamic, youthful and diverse borough in the heart of London. Children and young people make up a significant and growing proportion of our population, with around 70,000 residents or 22 per cent of our total population, aged 19 or under.

Our population of children and young people is ethnically diverse, with 66 per cent of our children and young people from black, Asian, and minority ethnic backgrounds, with minority ethnic groups expected to rise significantly by 2025.

Being a child or young person in Southwark presents many opportunities. Our schools have seen significant improvement over the last five years, with 91 per cent of our schools now being judged by Ofsted as providing good or outstanding educational provision to Southwark pupils.

Children and young people also have access to a range of play, sport and leisure activities. This is provided through the borough's playgrounds, parks and leisure centres as well as services provided by a range of voluntary and community organisations from sports clubs to internationally renowned arts organisations.

As a council we're making significant investments in our services, such as the Castle our new leisure centre at the Elephant and Castle, our partnership with the Old Vic and our investment in libraries. There are also a rich range of

activities provided by Tenants and Residents associations and through the Neighbourhoods and Cleaner Greener Safer (CGS) funds.

However some of our young people still face significant challenges. We were ranked 9<sup>th</sup> in London and 18<sup>th</sup> in England on the Child Poverty Index for 2012, with 13 out of 21 wards in Southwark having 30 to 40 per cent of children living in poverty. We also have significant levels of sexual ill-health, substance misuse and violence as well as challenges with child and adolescent mental health and too many children who are obese and overweight.

Effective universal services for children, young people, their families and carers, can help prevent some of these issues arising in the first instance. Research suggests that play activities, for example, lead to improvements in children's health and well-being, and have a range of cognitive and developmental benefits.

Effective services can also help our young people get the best out of living in London and enable them to feel in control of their lives and achieve their goals. The importance of getting our provision right for children and young people in our growing population is therefore crucial.

# What we want to achieve

Our Fairer Future for All vision is for all our children and young people to have the best start in life. We want them to grow up in a safe, stable and healthy environment where they have the opportunity to develop, make choices and feel in control of their lives and future.

In this strategy we've set out a number of things that we want to achieve for our children and young people.

Our aim is for all the services we provide or commission to help our children and young people to be happy, healthy, active, safe and prepared individuals.

In order to achieve this we have developed a set of commitments which we set out in this strategy, and that will be underpinned by detailed action plans.



## Outcome 1: Happy

### “Children and young people have fun and feel happy”

Many things contribute to the happiness of children and young people; family and friends, stimulating environments, the freedom to play, recreational activities and being listened to and having a say.

Children and parents across Southwark agree that the happiness of our young people should be a top priority, with 93% of survey respondents saying it was important. For younger age groups, good quality playgrounds are an essential, everyday local resource. One in five also love drama and music activities, and all agree that activities should be inclusive, multicultural and accessible to all.

#### Our commitments

We will

- ensure a top quality children's playground in every local area
- ensure young people have access to free or low cost participatory cultural activities and events delivered by the council and its partners
- with cultural partners, commission new and up-and-coming artists, performers and filmmakers to create, innovative and exciting projects for young people to participate in
- ensure our services are accessible, inclusive and positive environments where young people feel welcome and enjoy themselves
- ensure that children and young people have a voice and they can influence decisions





## Outcome 2: Healthy

### “Children and young people live healthy lives”

Being both physically and mentally healthy, and being able to take healthy life choices are key elements in living a positive fulfilled life.

Children and young people of all ages told us that sports and fitness is a key priority and one that they love taking part in, especially for the over 12's

#### Our commitments

We will

- support physical activity by removing cost as a barrier to being active through free swim and gym
- support the drive to reduce obesity by developing healthy eating and living programmes
- promote healthy activities such as dance and cycling
- work with our clubs and partners to increase opportunities for young people to access physical activities and develop skills to live healthy fulfilled lives
- work with partners to deliver and promote a range of cultural events and activities that raise personal aspirations and ambitions, support the development of self-confidence and promote good mental health and wellbeing
- ensure that children and young people have access to a wide range of information and resources to support their personal development

## Outcome 3: Active

### “Children and young people participate and are active citizens”

Being able to take part in what’s going on local communities, schools and families can help to create a sense of belonging and is essential for growth and personal development.

Children and young people say that having a voice and being able to share their opinions is important, both to them and to others around them. Young people want to be able to participate and older young people consider debate and democracy an important part of their lives.

#### Our commitments

We will

- support young people to be active participants within their communities, creating opportunities to influence local decision making through participation in Youth Councils
- bring young people together by providing a range of creative activities and events in libraries, youth centres and playgrounds to engage children and young people
- work with partners to provide free or low cost, inclusive participatory cultural activity that taps potential and promotes social cohesion
- work with partners to provide access to music, theatre and arts activities
- ensure that young people have opportunities to influence the range of activities made available to them



## Outcome 4: Safe

### “Children and young people feel safe and secure”

Feeling safe allows children and young people to develop, to fulfil their potential, participate, be active and happy. Providing opportunities to explore, do new things and take risks also helps children and young people grow and gain independence. Places, spaces and activities need to be safe, welcoming and non-threatening.

Alongside happiness, feeling safe is the most important thing to children, young people and their families in Southwark. The need to feel safe is a particular concern for young people in secondary school as is being able to travel safely to and from activities.

#### Our commitments

We will

- deliver a safer cycling network
- deliver 'play streets', where some streets are closed to traffic during school holidays and weekends
- continue to support the Safe Havens initiative extending provision where possible
- work with partners to provide positive activities that can divert from anti-social behaviour
- create and maintain safe, secure and welcoming environments for our children and young people
- ensure that our partners have safe, secure and welcoming environments for our children and young people
- ensure that our staff and those of our partners are fully trained in safeguarding
- work with partners to address barriers to participation caused by insecurity about travelling to venues
- promote independent travel training with our partners

## Outcome 5: Prepared

### “Children and young people have the life skills to succeed”

Developing the life skills to become independent, confident, well informed and ready for work is key to leading successful, productive lives and ensuring that young people reach their full potential.

Young adults over the age of 16 believe that being prepared for life is the top priority and they identified that activities that support careers advice and information, work experience and training are very important.

#### Our commitments

We will

- provide all secondary school pupils with a library card, enabling them to access all library services to support their learning and development
- provide homework clubs, ICT support and places for study
- with our partners, promote volunteering opportunities in libraries, youth clubs, sports centres and cultural venues
- work with partners to provide coaching opportunities in sports centres and clubs
- with partners offer a range of training and support in developing cultural events and activities and growing creativity
- with partners create cultural programmes that stimulate creativity, grow confidence, experience team work and celebrate individuality create informal learning opportunities for young people to enable them to improve their understanding of the law, and citizenship,(i.e. improving social skills, relationships, democracy and family)
- support the development of life skills through targeted work focusing on independent living and, job preparation
- support our young people to make the best of the learning, training and work opportunities available from the economic growth and regeneration in the borough

## How to take part:

## You also told us:

The main reasons for you not being able to participate in activities are;

- cost
- distance to travel
- lack of information about what is going on and where
- timing of activities

### Our commitments

We will

- make sure that there is a broad range of free and low cost activities run by the council and its partners
- review the timings of activities to ensure that they are at the best times and days so everyone can take part
- make sure that partners provide a broad range of activities designed to be inclusive to all
- make sure that our grants to partners to help deliver activities for children and young people, align with the new commissioning strategy “Common Purpose Common Cause”.
- make sure that up-to-date accurate information is available using print electronic and social media
- fund targeted activities for young people most in need of support
- review provision of activities across the borough working with partners to ensure that distance is not a barrier to participation

# Our approach to delivering the strategy

In delivering on these commitments we'll be guided by the following principles

Work as one council so that we make the best use of our resources.

Recognise when the community and voluntary sector have been more effective at working with young people and support them to provide and manage services rather than always doing things ourselves.

Different communities and areas of Southwark sometimes have better services, where others may have strong more pressing need. Council and partner provision should reflect this.

Build the capacity of our voluntary and community sector and maximise opportunities for, and support our volunteers”

Children, young people and their families should always have a say in designing and developing services.

We will deliver the strategy through an action plan developed with our partners building on the excellent work we already with them.

# Contact us

We'd love to hear what you think about this strategy and if you've got questions, we are here to answer them.

There are lots of different ways to get in touch with us and share your views.



@lbs\_southwark



/southwarkcouncil

Or if you prefer, email [Fiona.dean@southwark.gov.uk](mailto:Fiona.dean@southwark.gov.uk) call 020 7525 1577

**Analysis of the results of the Youth and Play Activities consultation 22/07/16 to 27/09/16**



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## Summary of the consultation

1. 534 people took part in the consultation by responding to a survey. 49% of those who answered the question about age were under 25. The results offer a good balance between the views of young people themselves and other adults in the borough including parents and carers. Responses came from a mix of people: there was a good range of income groups reflected in the responses; 35% were male and 40% female; 12.5% indicated a disability or had a limiting health condition; 0.5% of the people who answered the question were LBGT, and except for Borough, Bankside and Walworth, the responses were proportionate to the population numbers in each of the areas. The ethnic diversity of those who participated was less than the ethnic diversity for the population in Southwark as a whole.
2. There was overwhelming support (more than 87%) for each of the priorities identified in the survey. The order of importance was happy, safe, healthy, active and prepared. However it should be noted that being prepared for life has considerably more importance for the 18-24 year olds and that safety remains a considerable concern for young people of secondary school age. Those over 25, and likely to be parents or carers of children and young people, are most concerned about their offspring being happy and healthy.
3. Some of the additional commentary also raised the issues of help being targeted at those most in need, ensuring provision was inclusive and multicultural; there were opportunities for education and personal development out of school and for young people's participation.
4. Activities that were most popular for the 5-11 year olds were playgrounds, sport and leisure, and reading. Activities that were most popular for 12-15 year olds and 16-24 year olds were fitness and sport and activity that supported careers.
5. Reading and books were a popular activity across all ages, arts activities more strongly supported for the younger groups, and debate and democracy increasing in significance as young people get older.
6. 208 people chose to make additional comments about other activities. The most common ones mentioned were, physical activity, education and personal development and careers chiming with the overall results where fitness and sports activity and careers advice are strongly identified as important activities.
7. We also asked people what they thought might prevent people from taking part in activities. The responses were cost of activity, and distance to travel most consistently across all groups.
8. 175 individuals took the opportunity to comment on the barriers to participation. Lack of information, other young people, parents, as well as young people's confidence and inclusivity were raised.

## Who participated in the consultation?

### Promoting the consultation

Through a mixture of outreach, online messaging, media, contact with primary schools and engagement with young people enjoying the summer activities at a range of venues across the borough, the consultation had a broad reach.

The consultation opened on 22 July and closed on 27 September running for nine weeks. We received 534 responses to the Youth and Play Activities consultation. The consultation was online and paper copies were also used and entered by staff onto the consultation hub. The consultation was promoted through the council using Facebook and Twitter. Southwark Young Advisers also promoted the consultation, sending tweets to their contacts. Youth service, parks and libraries staff encouraged their users to take part, and Community Engagement staff did outreach at sports centres and liaised with the following organisations:

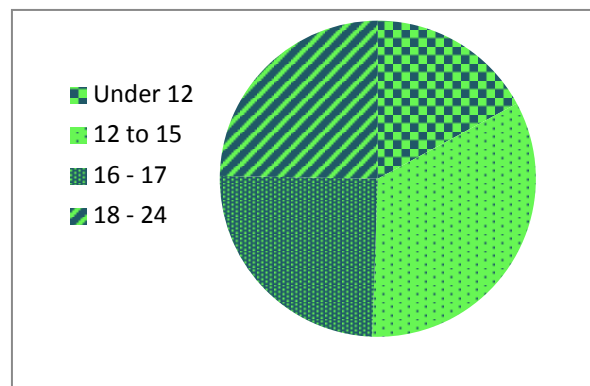
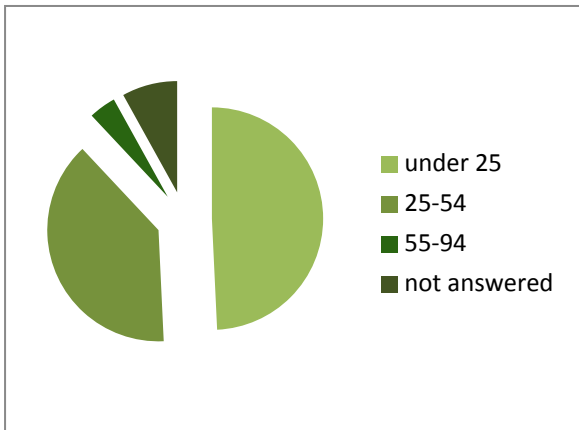
Albrighton YC
Art in the Park
Bede YC
Beormund community centre
Blackfriars
Blue Elephant theatre
Bradfield Club
Caribb youth club
Communities Southwark
Dockland Settlement
Downside Fisher YC
Faces in Focus
From Boyhood to Manhood foundation
Hollington
Ilderton motor project
Inspire YC
London Bubble Theatre
Millwall CFC
Oxford and Bermondsey
Peckham Platform
Salmon Youth Club
SGTO
Southwark arts forum (SAF)
Southwark Travellers' action group
Speaker Box
TRAs
Surrey Docks farm
Westminster House YC
Young Visions
Youth Construction

In addition discussions were held at Bermondsey and Rotherhithe, Peckham and Nunhead and Camberwell Community Councils all of which were youth-themed sessions with young people and youth organisations in attendance. We contacted all 69 primary schools in the borough and 12 received postcards for children's book bags asking parents to get involved.

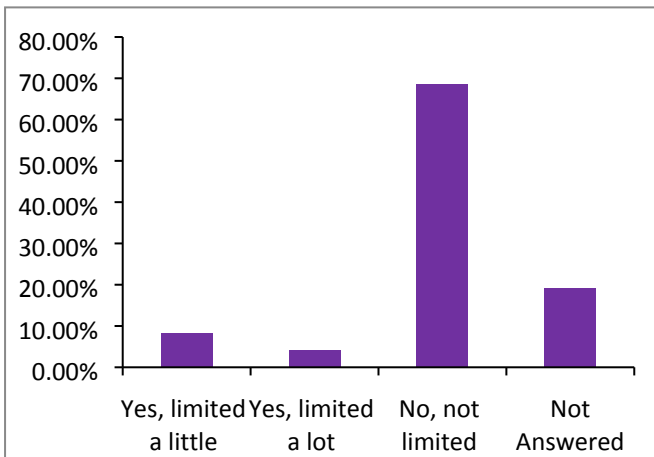
The information in the remainder of this section tells us more about who participated in the consultation. In particular it is a measure of the success of the consultation that half the people who participated were young people. In terms of gender distribution, young men dominated the responses for under-25s and women for the older age groups and this may reflect the enthusiasm of centres like Millwall in providing responses and mothers dominating the adult responses. Many of the people who took part were involved in activities but a significant number were not so we can be clear that the voice of those not joining in the current universal offer is also reflected in these results.

**Age of the respondents<sup>1</sup>**

92% of the people who completed our survey told us their age; almost half were young people under 25, and 38% between the ages of 25 and 54. As shown below



**Disability<sup>2</sup>**



9% of the under 25s were limited a little by health or disability and 2% were limited a lot.

<sup>1</sup> 92% of respondents answered the question on age

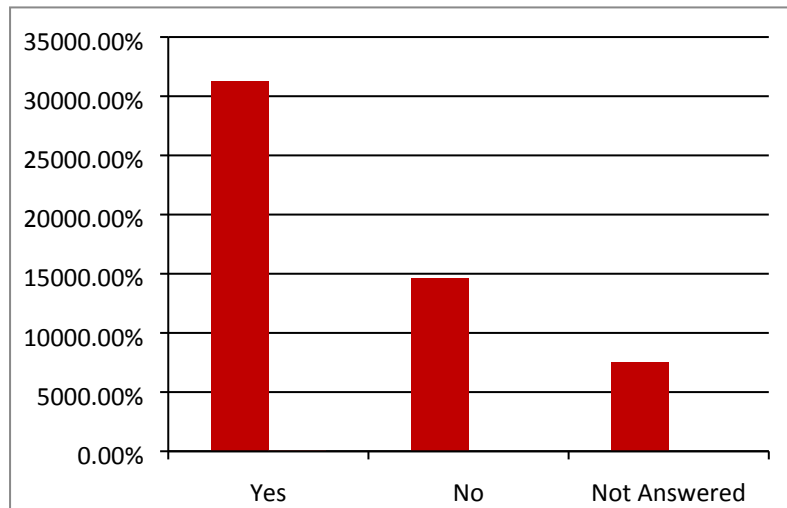
<sup>2</sup> 82.2% of respondents answered the question on disability

### Gender<sup>3</sup>

Overall 35% of those who answered the question were male and 40% female, however 50% of the under-25s who responded were male, 20% female, and 30% did not answer the question. For the 25-54 age group over two thirds were female and a quarter male, and in the oldest group 55% were female.

### Engagement of participants

The majority of the participants in the survey took part in activity outside of school.



Almost half of those who were involved were choosing to participate in some form of physical activity with close to 1 in 5 enjoying arts based activity such as drama and music and 13% attending either a voluntary or statutory sector youth club. The comments indicate that many of the young people were involved in more than one type of activity and some were travelling some distance to attend the activity of their choice.

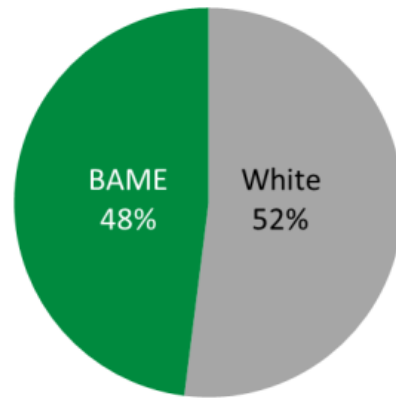
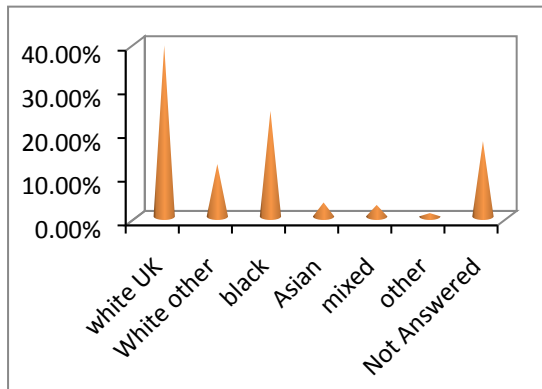
<sup>3</sup> 75.8% of the sample answered the question on gender

**Ethnic Diversity**

The following data was recorded however there was a collection error on this part of the survey and for that reason this aspect of the survey is not reliable.

**Ethnic Diversity <sup>4</sup>of the participants**

**Southwark Ethnic Diversity 2015**

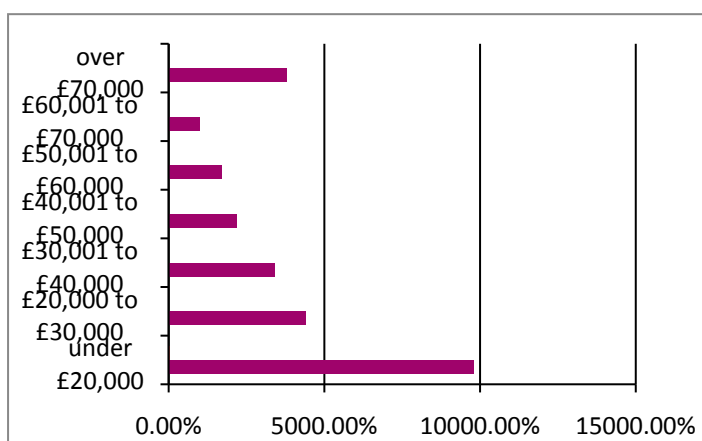


In our survey 30% were BAME; however 17% of the sample chose not to answer this question,

The gender of each of the ethnic groups was evenly distributed accept for White UK, where there were significantly more females, and Somali where there were 5 men and no women.

**Income<sup>5</sup> of respondents**

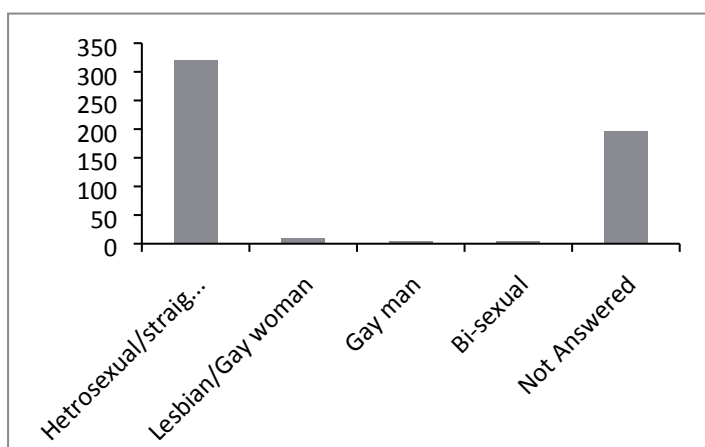
Only 50% of respondents completed the question on income. The chart below shows us the income distribution of those who completed this question. (Please note that almost 37% were under 18 and not asked to complete this question)



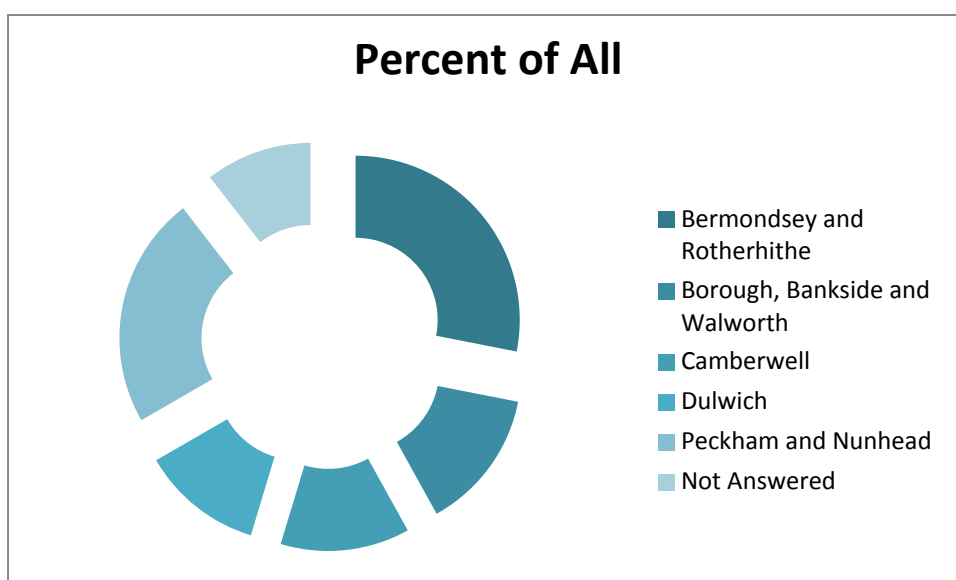
<sup>4</sup> 83.1% of the sample answered the question on ethnicity

<sup>5</sup> 49.3% answered the question on income

Sexual orientation <sup>6</sup>of participants is indicated below.



The chart below indicates where the people who participated live<sup>7</sup>:



It should be noted that this represents similar proportions to the population as a whole in each of these areas except for Borough Bankside and Walworth (where the variance was almost -10%), however in most of its wards it has fewer under-19s than the borough average.

<sup>6</sup> 63.9% answered the question on sexual orientation

<sup>7</sup> 91.4% answered the question on where they lived

## Priorities

### Priorities overall responses

The first question we asked was did people agree with our proposed priorities and how important each of these issues were to them. The priorities we proposed were happy, healthy, active, safe and prepared. Overwhelmingly these were supported and the order of preference were happy (92.88%), safe (91.87%), healthy (90.64%), active (90.83%) and prepared (86.7%), although it should be noted that marginally more people thought that being safe was very important, and the fewest thought being prepared was very important.

### Age and priorities

There were some slight variations among the different age groups in how they ranked the responses:

Age	Happy	Healthy	Active	Safe	Prepared
U12	1	2	4	2	5
12-15	3	4	2	1	5
16-17	1	1	4	1	5
18-24	4	4	3	2	1
25-34	1	2	4	2	5
35-44	1	2	2	4	5
45-54	1	1	1	4	5
55-64	1	5	5	2	2
65-74	1	3	1	3	5
<b>Overall</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>5</b>

*The areas highlighted indicate a variance to the average of 3 or more.*

This clearly shows that being prepared for life has considerably more importance for the 18-24 year olds and that safety remains a considerable concern for young people of secondary school age. Those likely to be parents or carers of children and young people are most concerned about their offspring being happy and healthy.

### Age and gender and priorities

Gender seems to have had little impact on the priorities for under-12s.

Although when broken down by age and gender the sample size becomes small there is an indication that for girls 12 -15 being happy is slightly *less* important than it is for boys and being active and safe is *more* important than for boys. The latter is an unanticipated response and may be worth further exploration.

For 16-17 year olds, 45 respondents both answered the questions on age and gender and as only 7 of these were female and 38 male it wasn't thought that useful inference of difference in outlook could be drawn.

For the 18-24 age group apart from happy, young women felt that all of these priorities were more important than their male counterparts.

### Area and priorities

The preferences were also examined to identify if there were any differences by Community Council area. The differences were largely negligible however Happy was more strongly valued in Peckham and Nunhead and Dulwich (+ 5%), healthy less of a concern in Camberwell (-7%). Being safe experienced a 12% variation from Dulwich at 97% to Camberwell at 85%. In Peckham being prepared was considered more important by a greater percentage than in other areas. Camberwell had the largest number of people who did not answer this question.

Table indicating ranking for each priority by council area.

Priority	B&R	BBW	Camberwell	Dulwich	P&N	overall
happy	1	4	2	1	1	1
healthy	2	3	4	3	4	3
active	3	1	1	4	5	4
safe	4	2	5	1	2	2
prepared	5	5	3	5	3	5

*Highlighted cells indicated a variance of three or more from the average.*

### **Other priorities**

Approximately 40% of the respondents answered the question asking for comments about other priorities; about 30% of these answers were specific to a particular provision. In terms of other comments people were advocating for inclusive and multicultural activity, opportunities for young people to participate, personal development programmes and education opportunities, physical activity and help should be targeted at those who need it most.

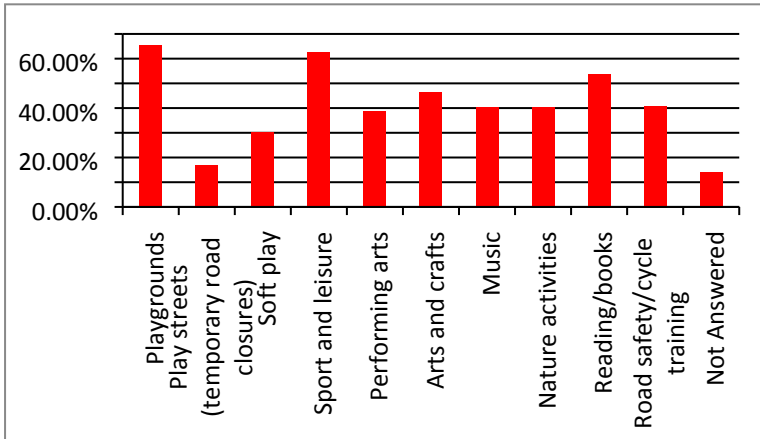


## Activities

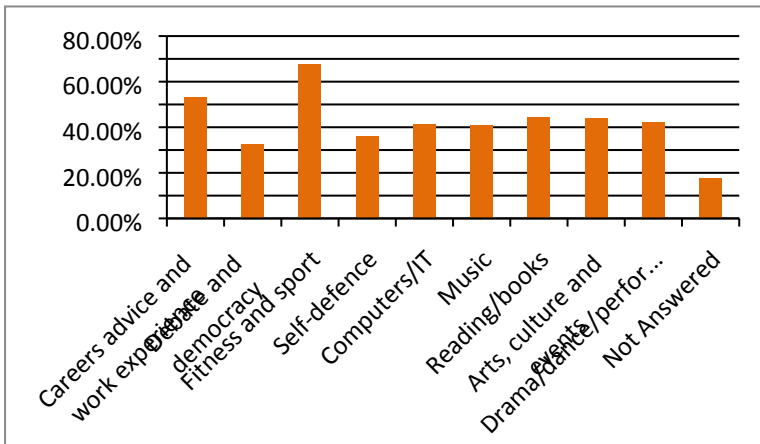
People who completed the survey were asked to choose a range of activities they would like to see for the following age groups 5-11, 12-15 and 16 -24.

### Activities overall responses

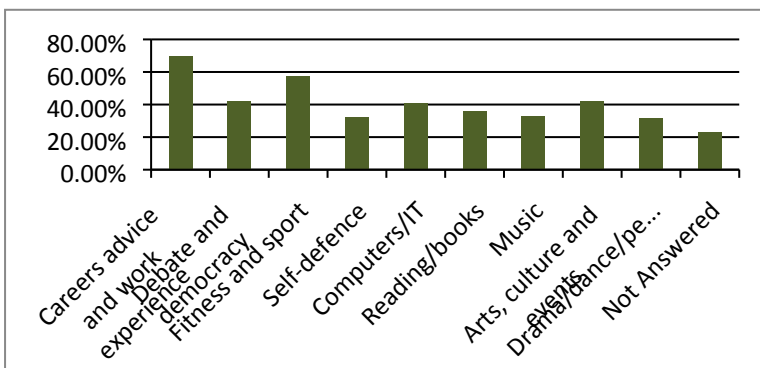
For the youngest age group people wanted to see playgrounds, sport and leisure and reading and books as part of the universal offer.



For 12 – 15 year olds the most popular activities were fitness and sport and careers advice and work experience.



For the older age group careers advice and fitness still dominate the responses.



Reading and books remain strong across all ages, arts activities more strongly supported for the younger groups and debate and democracy increasing in significance as young people age.

208 people chose to make additional comments about other activities. The most common ones mentioned were, physical activity, education and personal development and careers chiming with the overall results where fitness and sports activity and careers advice are strongly identified as important activities.

### **Area and activities**

When examining this data set by area the following differences emerge:

- For 5-11 year olds Borough, Bankside and Walworth show a stronger preference for arts and crafts activity and less of an interest in reading and books.
- For 12-15 year olds all areas agree that fitness and sport are the most wanted activity and in all areas except Dulwich careers advice is second most popular. In Peckham and Nunhead, apart from these two, there is very little that separates the other choices. Arts, culture and reading seem to be more popular activities in the three most southern areas of the borough.
- For the older group all areas agree that careers and fitness are the most important activities to offer; in Camberwell and Dulwich IT is seen as more important and in Peckham arts culture and events, with Bermondsey and Rotherhithe and Borough Bankside and Walworth ranking debate and democracy as third.

### **Age and activities**

The data was also analysed looking at age and whether there were differences in responses.

**16-24** year olds - there was agreement across all age groups, where there was sufficient data, that careers and fitness were the most desired activities. What is interesting is the difference between 16-24 year olds who rank debate and democracy as the third most popular activity and over 24s who thought arts and cultural activity was more valuable.

**12–15** year olds - there was a less obvious pattern emerging. For all age groups fitness and sport is seen as an important activity for these years. For young people and younger adults (25-34) careers advice and support is identified as a leading activity but not by older adults. Debate and democracy is not seen as an activity for this age group except by 18-24 year olds. Reading is identified by older adults as an important activity for 12–15 year olds.

**5 – 11 year olds** - all ages regard playgrounds and sport and leisure as important activity and reading is considered important for this age group by everyone over the age of 16. The under-12s choose arts and crafts over reading as the most popular activities.

### **Gender and activities**

Again for the younger group there is more consistency in what both men and women think are the best activities, these are playgrounds sport, and reading.

For 12-15 year olds, men and women are both agreed that sport and careers advice are the most favoured activities, however in this age group men feel that reading is also in the top three activities and women have placed arts and culture in their top three.

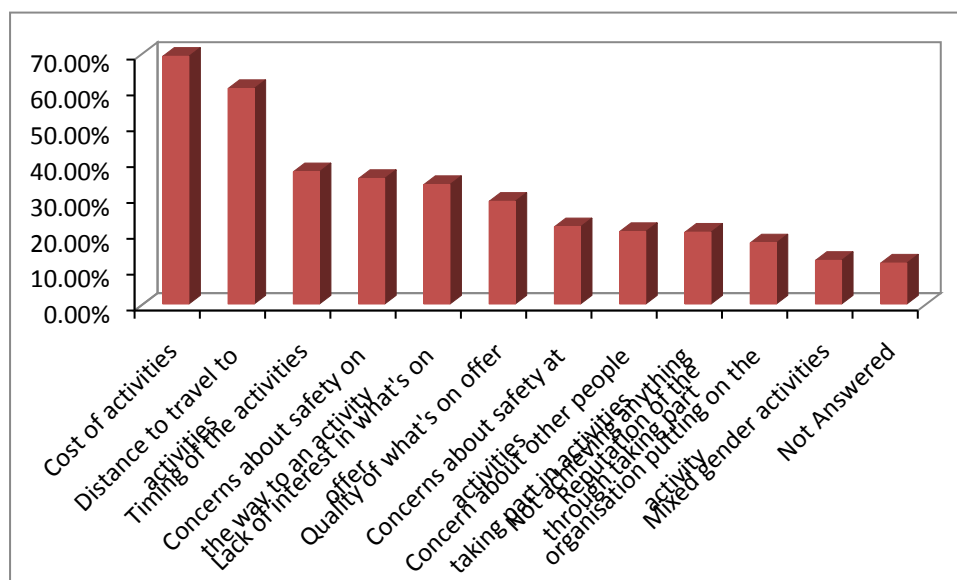
For 16 – 24 year olds

Again both sport and careers support are in the top three for men and women. However the third most popular choice for men is debate and democracy and women arts and culture. This difference may reflect that more young people who responded were male.

## Barriers to participation in universal offer

We also asked people what they thought might prevent people from taking part in a range of activities. The most popular responses were cost of activity, distance to travel and timing of the activities closely followed by concerns about young people safety travelling to and from an activity.

The table below shows the results overall.



## Commentary

175 individuals took the opportunity to comment on the barriers to participation. Almost a quarter of these respondents thought that lack of information was one of the main barriers, 20% other young people, 15% parent issues or concerns and 10% inclusivity of the activity and young people's confidence to get involved and join an activity.

## Barriers and age

Cost and distance to travel are the most often mentioned barriers across all the age groups where there is sufficient data. Young people are more concerned about safety on the way to activity. Timing of the activities is in the top three concerns for those in secondary school and people 35-44 and lack of interest in what's on offer a barrier for 16-17 year olds and expressed by adults 25-34.

## Barriers and income

All income groups, where there are sufficient responses to analyse agree that the greatest barriers to participation are cost of activities and distance to travel. Differences begin to emerge when looking at the third barrier, for those in the lowest income bracket concern about safety as young people travel is identified as a significant barrier and for those in the £40-50K income group (however this grouping was a small sample and caution needs to be shown in respect of this data). For other income groups the timing of activity was considered more of a barrier to taking part.

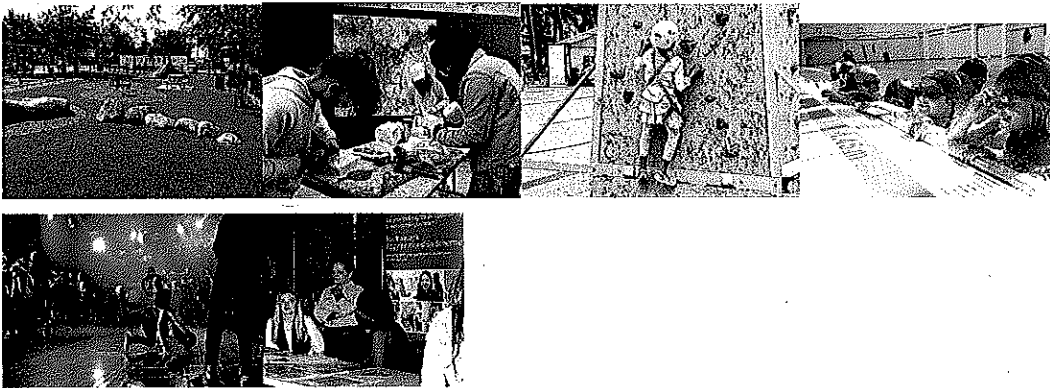
**Barriers and gender**

Men and women both thought that cost and distance to travel were the biggest barriers to taking part. The striking difference was that women thought the reputation of the organisation providing the service would also be a significant barrier. This is notable because overall this was not viewed as a particularly strong barrier. Men thought that the timing of the activities were more likely to prevent young people from taking up an opportunity.

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# Activities for children and young people in Southwark

## Overview



We would like you to help us set the priorities for spending on services and activity for children and young people to make sure that the money we spend goes towards the things children and young people want and need.

## Background

Southwark Council offers a range of activities for children and young people\*, including adventure playgrounds, football coaching, pool and table tennis, art sessions, and day trips, many of which are free. Some of these are currently run by council staff and others by voluntary sector organisations. Like most council services, the money we have to run these activities has been reduced as a result of government funding cuts, but we do still have a significant budget to spend in this area.

\*Please note, services for children under five are funded separately and are not part of this consultation.

## Future Activities

We want to make sure we are spending this money in the best possible way, to benefit the greatest number of people. Before we make any decisions on how we use this money we want to find out what you think. Please complete the survey and let us know what matters to you.

## Introduction

- 1 Our proposed priorities for spending on children and young people services and activities are listed below. Please let us know how important each of these priorities are to you?

	Very important	Important	Not important	Not very important
Happy - children and young people have fun and feel happy <i>Please select only one            item</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Healthy - children and young people live healthy lives <i>Please select only one            item</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Active - children and young people are fit and active <i>Please select only one            item</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Safe - children and young people feel safe and secure <i>Please select only one            item</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prepared - young people have the life skills to succeed <i>Please select only one            item</i>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please tell us any other priority you think we should use to decide how we spend the money we have.

**2** What sort of services or activities do you think are most important for each of the for the following ages? (Please note that services for under fives are provided by another part of the council and are not part of this consultation.)

**For children age 5 to 11**

*Please select all that apply*

- Playgrounds     Play streets (temporary road closures)     Soft play
- Sport and leisure     Performing arts     Arts and crafts     Music
- Nature activities     Reading/books     Road safety/cycle training

**For young people age 12 to 15**

*Please select all that apply*

- Careers advice and work experience     Debate and democracy
- Fitness and sport     Self-defence     Computers/IT     Music
- Reading/books     Arts, culture and events     Drama/dance/performing arts



### For young adults age 16-24

*Please select all that apply*

- |   |   |  |  |
|---|---|--|--|
| <input type="checkbox"/> Careers advice and work experience | <input type="checkbox"/> Debate and democracy     |  |  |
| <input type="checkbox"/> Fitness and sport                  | <input type="checkbox"/> Self-defence             | <input type="checkbox"/> Computers/IT                | <input type="checkbox"/> Reading/books |
| <input type="checkbox"/> Music                              | <input type="checkbox"/> Arts, culture and events | <input type="checkbox"/> Drama/dance/performing arts |  |

Are there any other activities you think are important?

**3** Do you attend any activities that are not arranged through your school?

*Please select only one item*

- Yes  No

If you answered yes, please let us know what activities you go to and where they are held

**4** Do you think there is anything that stops children and young people taking part in activities or clubs? Please let us know if you think any of the issues listed below prevent young people taking part by ticking the box.

*Please select all that apply*

- Cost of activities     Distance to travel to activities
- Concerns about safety on the way to an activity
- Concerns about safety at activities
- Concern about other people taking part in activities
- Lack of interest in what's on offer     Quality of what's on offer
- Not achieving anything through taking part
- Reputation of the organisation putting on the activity     Timing of the activities
- Mixed gender activities

Is there anything else you think prevent children and young people taking part?

## 5 How do you find out what's on for children and young people?

Please select all that apply

- online searches     Council website  
 Local online forums such as SE5 Forum or IliveinSE16     whatever website  
 Flyers through the door  
 By being involved in a local groups such as a church, TRA or playgroup  
 Southwark Life     Local newspapers     Magazines     Local radio  
 Friends and family     School     Facebook     Apps I have downloaded

## 6 If you are a parent or carer can you please tell us the ages of the children or young people you care for?

## 7 Please tell us your age?

Please select only one item

- Under 12     12-15     16 - 17     18 - 24     25 - 34     35 - 44  
 45 - 54     55 - 64     65 - 74     75 - 84     85 - 94     95+

## 8 Please let us know which part of Southwark you live in.

Please select only one item

- Bermondsey and Rotherhithe     Borough, Bankside and Walworth  
 Camberwell     Dulwich     Peckham and Nunhead

To help us make sure we are reaching all of our communities, please complete the equalities information below. Completing this section is optional. Why do we ask this information? It is important to us that we speak to as many people as we can that reflect the diverse communities in Southwark. This will ensure that everyone's needs are addressed through the plans we develop as a result of this survey.

### 1 Disability and health

Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

*Please select only one item*

- Yes, limited a little
- Yes, limited a lot
- No, not limited

Please tick the box or boxes below that best describe the nature of your impairment(s):

*Please select all that apply*

- Hearing / Vision (e.g. deaf, partially deaf or hard of hearing; blind or partial sight)
- Physical / Mobility (e.g. wheelchair user, arthritis, multiple sclerosis etc.)
- Mental health (lasting more than a year. e.g. severe depression, schizophrenia etc.)
- Learning difficulties (e.g. dyslexia, dyspraxia etc.)
- Memory problems (e.g. alzheimer's etc.)

If you wish to specify your impairment, please do so here:

### 2 Nationality

What do you consider to be your national identity?

### 3 Ethnicity

What do you consider to be your ethnicity?

*Please select only one item*

- British    English    Scottish    Welsh    Northern Irish    Irish  
 Gypsy, Roma or Irish Traveller    Other European    Other White  
 Black British    Caribbean    Nigerian    Ghanaian  
 Sierra Leonean    Somali    Other African    Other Black  
 Asian British    Indian    Bengali    Chinese    Pakistani  
 Vietnamese    Filipino    Any other Asian  
 White and Black Caribbean    White and Black African    White and Asian  
 Other mixed background    Arab    Latin American  
 Any other ethnicity

Please specify further if you wish:

### 4 Preferred language

*Please select only one item*

- English    Other

If you selected Other, please specify if you wish:

### 5 Religion or belief

*Please select only one item*

- Christian    Sikh    Hindu    Muslim    Jewish    Buddhist  
 No religion    Other

If you selected Other, please specify if you wish:

If you are over 18 it would also be helpful if you would answer the following questions.

## 6 Sex

Please select only one item

- Male  Female

## 7 Sexual orientation

Please select all that apply

- Hetrosexual/straight  Lesbian/Gay woman  Gay man  Bi-sexual

If you prefer to use your own term, please specify if you wish:

## 8 Marriage or civil partnership status

Please select only one item

- Married  Divorced  Widowed  Separated  
 Registered in a civil partnership  
 Formerly in a civil partnership that is now legally dissolved  
 Surviving member of a civil partnership  
 Never married or never in a civil partnership

## 9 Gender reassignment

Is your gender identity the same as the gender you were assigned at birth?

Please select only one item

- Yes  No

## 10 Pregnancy or maternity

Are you currently pregnant and / or on maternity leave?

Please select only one item

- Yes  No

### 11 Household income

*Please select only one item*

- under £20,000
- £20,000 to £30,000
- £30,001 to £40,000
- £40,001 to £50,000
- £50,001 to £60,000
- £60,001 to £70,000
- over £70,000

**APPENDIX 1**

Economic Wellbeing Strategy 2017-2022

**The Southwark Economic Wellbeing Strategy 2017-22: what the Council will do.****1 Employment and skills**

A full employment borough with a job opportunity for every Southwark resident who wants to work

Southwark is job-rich with more opportunities to work and build a career in a wider range of roles and sectors than ever before. Southwark and the broader London labour market continues to generate a huge number of job opportunities both at entry level and for more highly skilled applicants. Employment is a key strategic priority for the council and we support frontline programmes to sustain the high employment rate in the borough and promote a strong local economy. We aspire for all Southwark residents to have work that is fairly paid, underpinned by the council's lead on promoting the London Living Wage. We also want Southwark residents to have secure employment and the skills to progress beyond entry-level or insecure, low-paid work. We remain committed to making support into employment inclusive, recognising the gender wage gap, childcare and housing costs, and other invisible barriers to work and progression that affect our residents.

The excellent progress made towards meeting the council plan target of supporting 5,000 local people into jobs by 2018 illustrates the scale of delivery the council can achieve through our commissioning of services such as Southwark Works. The focus must remain on those groups with barriers to work that place them furthest from the labour market. This means making our influence felt over the local provision of mainstream national employment services, working with Jobcentre Plus, Department for Work and Pensions, Further Education and Higher Education organisations and others to ensure joined-up support for people who are furthest from getting a job and getting the best from all resources available to the council and its partners.

With on-going financial restraints in local government, the council remains committed to cross-borough working and devolution, and believes that services designed and delivered locally can offer more cost effective and better outcomes for local people. The council will continue to use its leadership and influence to drive effective devolution at the city and borough level and shape the opportunities for improvements in local delivery, including the Work and Health programme.

We will build on the great reputation Southwark has established as a borough of choice to learn and earn. The apprenticeship landscape has altered dramatically since 2012 and the council is leading the way to create 2,000 apprenticeships by 2018 through innovative partnerships and supporting large and small local employers, and through our award-winning work with the local supply chain. The Southwark Apprenticeship Standard sets the standard for quality apprenticeships in Southwark, addressing secure employment, payment of the London Living Wage, quality training provision, and effective mentoring and support. The Apprenticeship Levy and public



sector target for apprenticeships represent an opportunity to continue to innovate and link business support to apprenticeship creation at all skill levels and lobby for the use of the apprenticeship levy to support small businesses.

We continue to invest in young people's progression from education and provide effective pathways to training and employment to bring together businesses, schools, colleges, and universities to help ensure every young person is job-ready when they leave education or training and enter the labour market. Although the numbers of young people claiming JSA and those 'not in education employment or training' continues to fall, 18-24 year olds are still more likely to struggle to find work than older, more experienced workers, and some, including children leaving care, often need additional support. Our commitment is that every young person is inspired at school and college and is job-ready when they enter the labour market. We will work to ensure better co-ordination of the many different activities to help young people enter the world of work, ensuring no one is left behind and all have the opportunity to excel. We will continue to increase engagement with employers, schools, colleges, and other skills providers to promote a better understanding of how study and training leads to jobs. We will also respond to the changing nature of the economy and young people's increasing interest in self-employment and starting up their own business.

For today's workforce, lifelong learning and skills development is crucial to maintaining earnings in a rapidly changing labour market. We will raise the profile of older people's relationship with the labour market and explore links to adult skills, the voluntary and community sector and wider council services, enabling all to share in the wealth and opportunities available to Southwark residents.

While the demand for local labour has never been higher, a principal concern of employers remains a lack of skills suitable for the jobs available. The central London area review of skills will set out the local strategic policy direction and frame the opportunities for improved cross-borough work on skills. Southwark is in a strong position to steer, influence and deliver on the skills agenda. Of principal interest is Southwark's engagement with businesses in emerging and innovative sectors such as technology and science, media and communications, and creative industries. Our work with larger employers and universities, colleges and schools to enable our current and future business owners and workforce to thrive in the 21<sup>st</sup> century will be key.

The Southwark Construction Skills Centre at Elephant and Castle is now operating and is creating opportunities for residents to train and work in construction. The construction skills centre provides an innovative model for future local skills delivery partnerships, where Southwark has cut through the complexities in the national and regional skills funding landscape to deliver real practical solutions to the the borough's needs.

Southwark continues to attract investment and our strategic and cooperative approach to working with developers generates substantial local employment opportunities for our residents. We will continue to use Section 106 and CIL obligations to ensure new developments are fully connected to the borough and its residents. Development is now well established in Elephant and Castle with over 500 jobs created for local residents. Canada Water and the Old Kent Road are the borough's new investment areas and will provide a future series of construction and post-construction work opportunities for the for the next 10-15 years, aimed at creating **at least 2,000 new jobs in the Canada Water area and 5,000 additional jobs in the Old Kent Road area**. We remain committed to supporting developers to work in partnership with the council, bringing jobs to the borough and providing employment and sponsoring sustained

training opportunities from this growth so that all share in future prosperity.

Ambitions:

- Southwark is a full employment borough with a job opportunity for every resident who wants to work
- Every Southwark resident in work has the opportunity to develop their careers in line with their aspirations
- Jobs are sustainable, with work that is fairly paid, reflecting our commitment to the London Living Wage and pay equality
- Every Southwark resident has the skills relevant to the jobs market and employer needs
- Local skills provision and training is of the highest quality and backed by a network of providers with strong employer and community links
- Every young person will leave education or training ready for work or able to start and grow their own business
- Southwark employers offer top quality apprenticeships, from entry to advanced-level roles, and our residents are at the front of the queue to access them
- Regeneration and development continues to provide lasting jobs for residents in construction and related industries and in completed developments
- Southwark residents have access to a comprehensive support offer that supports their transition to employment
- Southwark's increased influence over devolved responsibilities and resources delivers better outcomes for residents

To achieve this we will:

- Support 5,000 residents into work by May 2018, through investment in Southwark Works and other targeted programmes, prioritising those residents furthest from the labour market
- Create 2,000 apprenticeships by May 2018, through support for employers to create quality apprenticeships under the Southwark Apprenticeship Standard, promotion of opportunities to residents, and pre-apprenticeship support
- Work with employers to encourage and support accessible, fairly-paid and sustainable job opportunities by promoting the London Living Wage and helping businesses remove barriers to recruiting local people
- Support a high-quality and accessible Further Education and skills offer in the borough, with a broad curriculum that is responsive to employer needs and provides a route to a rewarding career
- Provide effective pathways for our young people from education to training and employment, supporting effective links between employers and education providers, providing quality advice and guidance, and offering additional support for those who need it
- Work with developers and the wider construction sector to create and promote opportunities for careers in construction for residents and provide the skills required by employers through the construction skills centre
- More effectively integrate services in areas such as health, housing, benefit services, and others to better address key barriers to employment
- Work in collaboration with our key partners including neighbouring local authorities, the Greater London Authority and others to secure investment, maximise on economies and deliver better outcomes for residents
- Use our influence to secure effective and appropriate devolution of resources and responsibilities for employment and skills provision

## 2 Business

A growth borough, where business thrives and prospers

Southwark is a business-friendly borough. Connecting across the river Thames to the West End and the City, we host a significant proportion of the central London economy, covering a large part of the Central Activity Zone (CAZ) as well as some key growth areas for the capital at the Elephant and Castle, Canada Water and the Old Kent Road. We are home to over 15,000 businesses and over a quarter of a million jobs. Our proximity to the huge markets of central London combined with our growing connectivity, strong cultural sector, unique attractions and iconic developments make this a highly visible and desirable location for business. With strong representation in growth sectors such as business services, technology and creative industries, Southwark is ideally placed to take a leading role in the city's economic expansion. However, in order to maximise longer-term economic impact, the borough's strengths must be protected and developed and strong business growth must be translated into opportunity for all residents. Where businesses look to strong city governance to respond to emerging economic threats and opportunities, we must work quickly and cooperatively to do so.

We have long recognised and prioritised the importance of growing Southwark's business base and in 2012 we set out our strategic ambition that Southwark should be the place of choice to start and grow a business. As the way in which councils are funded changes through the localisation of business rates, we must continue to transform the way we work with business. Additionally, the revaluation of business rates in 2017 sets a challenge for businesses across the borough and we will work closely with our partners to manage impact. The council has an important influence over conditions for business - we can help remove barriers to business growth and nurture the supply of local jobs. We will continue to develop practical and strategic links with businesses, so shared ambitions for local economic growth and opportunities are met and dialogue can take place on key issues affecting our residents such as the Living Wage, the gender pay gap and employment rights. Overarching all this, we recognise that businesses are entering a period of uncertainty following the vote to leave the EU, which may affect investment decisions.

The Southwark Business Forum is critical to the development of our ongoing relationships with larger corporate partners. BIDs, town centre partnerships, plus the Chamber of Commerce and the Federation of Small Businesses provide alternative routes to engaging with SMEs. Effective, direct communication with business interests remains a challenge and we recognise the need to continue to engage with businesses in areas affected by redevelopment, in particular at the Elephant and Castle and the Old Kent Road.

We will continue to seek out shared priorities with businesses and develop innovative partnerships for delivery. Working with employers to secure a more demand-led skills offer, we will build on the successful example of the Southwark Construction Skills Centre. We will develop opportunities for partnerships across sectors with schools and in further and higher education so that Southwark school and college leavers are equipped with the skills, competencies and careers advice needed for our future economy. We will provide direct support to help SMEs create apprenticeships and build on our employment programmes such as SEEDS and Southwark Works to help employers recruit quality staff from their local area.

We know that it is important for small businesses to be able to contact the council without hassle, at times convenient to them, and quickly get the support or information they need. Through our Modernise strategy we will continue to develop our digital offer to businesses, building on our online business portal and innovations like our new business starter pack. And we will make it easier for local small businesses to sell to the council through our new online procurement portal.

Land for business is a scarce resource, and often hard-pressed with proposals for alternative or additional uses, such as residential development. Our recent employment land review identifies a need for two additional 'More London' scale developments in office space in the borough to meet need over the next twenty years. We will continue to protect the valuable functions of Southwark's existing economies in the CAZ, and encourage growth in areas such as Canada Water, Bermondsey and the Old Kent Road and major town centres such as Peckham and Elephant and Castle. At the same time, emerging and growing economies must be encouraged through land use policy and strategic partnerships to secure continued inward investment and business growth.

We will protect viable land for employment and maintain the right balance of business uses in our town centres, maintaining a vision for an appropriate mix of homes and employment, commercial and leisure opportunities by encouraging appropriate mixed-use developments. We will encourage business growth in Southwark's regeneration areas by pro-actively engaging with investors and developers, marketing Southwark as a place to do business. We will also work with key partners in the GLA, TfL and Network Rail to ensure the borough's connectivity, both physical and digital, continues to keep pace with the needs of business and drive growth in strategic areas of the borough.

We also recognise that just as Southwark is a key part of central London and attractive to business and higher earners, this is often reflected in a higher cost of living for residents. We will use our Housing Strategy to improve access to affordable housing, including building 11,000 new council homes, and help ensure Southwark remains a borough where people in all types of work can live.

We will use our influence to open up well-designed, well located and affordable business space, and ensure our own regeneration schemes deliver the right mix of business and employment uses to provide jobs for local people. We will encourage space for start-ups and social enterprises, target growth sectors, and protect local small businesses by encouraging the development of work space that offers design, pricing, and terms suitable for their needs. We are committed to providing 500 new creative and small business units by 2018 and we will encourage developers to include small business work space as early as possible in the planning process and set out clear requirements for its provision, particularly around the Old Kent Road.

Ambitions:

- Council decision-making takes full account of business needs, interests and opportunities, seeking advice from partners such as the Business Forum on emerging issues including the localisation of business rates and emerging issues associated with the UK's withdrawal from the EU
- Southwark continues to grow its business base and is a borough where large and small businesses thrive
- Southwark is a world-class place to do business with attractive centres where businesses choose to locate
- The borough is the place of choice for entrepreneurs to start a new business
- Businesses are valued customers of the council who benefit from responsive services that meet their needs
- High quality, flexible, well managed and affordable business space is available for start-ups and businesses that are ready to grow
- Southwark businesses are able to take advantage of growth opportunities afforded by regeneration and development in the borough
- Viable employment land is protected and developed for business growth
- Southwark employers play a full role in developing demand-led local skills provision and careers advice from schools, colleges, and universities
- Southwark's economy is adaptive to change and responds positively to the challenges and opportunities that arise, particularly as the UK leaves the EU

To achieve this we will:

- Encourage business growth in Southwark's regeneration areas by pro-actively engaging with investors and developers, marketing Southwark as a place to do business
- Protect viable employment land and encourage its development to meet current and future business needs through the use of strong and effective planning policies
- Provide 500 new creative and small business units by 2018, by encouraging developers to include workspace as early as possible in the planning process and setting out clear requirements for its provision
- Invest in our relationships with large and small businesses through the Southwark Business Forum and other key business networks including BIDs, the Chamber of Commerce and others
- Ensure our customer access strategy recognises business as valued customers, which are provided with responsive, quality services that meet their needs
- Listen to and understand the skills needs of our employers, broker relationships with local providers and ensure training provision responds accordingly
- Invest in and encourage the development of affordable and flexible workspace that meets the needs of start-up and growing businesses
- Support small businesses to grow by providing information, advice and guidance through the business portal and through targeted programmes of support such as SEEDS



### **3 Thriving town centres and high streets**

Dynamic, diverse, digital centres that are great places to visit, spend time and enjoy

In Peckham, Camberwell, Dulwich, Borough and many more, Southwark boasts some of London's most diverse and exciting town centres. Southwark's high streets continue to adapt well to changing retail behaviours, retail space is well used and demand remains high. A visit to a Southwark high street or town centre is a great experience, whether to shop, spend leisure or family time, work or do business.

Successful town centres depend on a large range of components, and the council and its partners, including BIDs, can do much to help. Council services, from markets and street scene management; parking and licensing; lettings policies, waste collection, and community safety; measures to reduce blight caused by closed shops; parks, libraries and other cultural offers, all support town centres to function well.

Attracting more and diverse jobs to our town centres keeps our town centres thriving with small businesses and the services they offer. It also means a range of jobs are available across the borough, reducing travel time and costs for employees and stimulating local spend by workers on goods and services in the daytime and evening economies. We want our high streets to provide more opportunities for employment in a wide range of businesses, including self-employment and entrepreneurship. High streets provide adaptable space, affordable to smaller and younger businesses, ideal for supporting business innovation and economic growth. They represent highly dynamic and diverse economies and we will continue to protect town centre employment and retail space. Through planning policies and regeneration activity we will protect and promote employment uses, including new workspaces, and continue to promote a vibrant mix of activities in our town centres. We will also support innovative temporary uses, such as Peckham Levels, to attract diverse entrepreneurial activities and visitors to temporarily vacant or underused spaces in town centres.

Culture plays a unique role in creating lively and welcoming places to visit and spend time during the day and night. Events, festivals, art and cultural venues bring communities together and provide a positive economic impact, attracting visitors and supporting complementary businesses and development. Southwark's evening economy is buzzing with areas such as Borough and Peckham attracting many visitors who enjoy a wide-range of leisure and cultural opportunities. We will continue to support responsible business operators who contribute towards a vibrant business and night-time economy, while ensuring that the quality of life of those who live and work in the borough is protected and enhanced.

Public and active transport connectivity and digital infrastructure play significant roles in enabling business growth in town centres. We will use our strategic influencing role with partners to drive key infrastructure projects including building capacity at Elephant and Castle station, the Bakerloo Line Extension and improving digital speed and capacity across the borough.

Making our town centres pleasant and interesting places for everyone also contributes to our wider economic objectives for growth in business and jobs. Businesses are increasingly choosing to locate in areas that can offer their employees the most stimulating and pleasant experience outside the workplace. Our regeneration programmes will continue to bring people into town centres, transforming and revitalising established centres through housing growth, investment in the public realm,

libraries, leisure centres, culture and infrastructure. We will actively promote our growing town centres to new businesses and work with established partners, including universities, to develop new economic hubs.

We are setting out ambitious plans to transform the Old Kent Road from big-box retail to new town centres supported by an extended Bakerloo Line. Elsewhere, projects provide new commercial spaces and attractive places to live, encouraging connectivity, open up new public and civic spaces, and stimulating demand for more and better goods and services. These projects include the regeneration of Elephant and Castle, Canada Water, Peckham Station and Peckham Square, Peckham Levels, new libraries, improvements to East Street, Tower Bridge Road and Lower Road, and the Low Line railway viaduct improvements . Our High Street Challenge programme has invested over £600,000 to directly support local groups and businesses to deliver their own ideas to improve high streets and town centres, including new markets at Druid Street and Albion Street, events such as Plaza Latina and Camberwell Fair, and support to grow business networks at Bermondsey and Elephant and Castle.

A key strength of our local high streets for people in Southwark is the availability of a convenient, diverse and affordable retail offer on the doorstep. We want our high streets, markets and local retail parades to remain a source of healthy, inexpensive good food. At the same time, we will continue to oppose through planning policy any increase in the number and clustering of business types that extract money from the local economy, such as payday lenders and betting shops, or represent an increased risk to public health, such as the over provision of unhealthy food. We are committed to keeping Southwark safe and will also ensure public spaces are accessible to all.

The high street connects businesses and other town centre uses, including parks, libraries, places of worship, cultural and educational facilities and other civic spaces. We will continue to facilitate effective BIDS and town centre networks, bringing together those with an interest in successful town centres.

Ambitions:

- Southwark town centres are thriving and diverse with a strong sense of identity, and are great places to visit and shop
- Businesses and their employees are drawn to high streets and town centres as great places to work and trade
- Business Improvement Districts and other self sustaining local business networks flourish, engaging with their local communities for mutual benefit and providing a voice for local businesses
- Quality space is available for a range of business uses that support a diverse town centre economy
- Every Southwark resident has access to quality, affordable, and healthy food and produce from their local high street or market
- Payday lenders, betting shops, and outlets specialising in unhealthy food are effectively regulated and controlled
- Southwark town centres and high streets are accessible and well connected, both physically and digitally

To achieve this we will:

- Revitalise and transform key town centres such as Elephant and Castle, Camberwell, Peckham, Canada Water, London Bridge, Bankside and Blackfriars, and create thriving new town centres in the Old Kent Road Opportunity Area
- Support thriving business communities in our town centres by protecting business space, encouraging growth through planning policies and effective management of our property portfolio
- Invest in our town centres, high streets, retail parades and markets through initiatives such as High Street Challenge and other targeted programmes that improve local retail environments and promote digital integration
- Support the development of new BIDS and work with existing BIDS and other town centre networks to enable them to improve their local areas
- Invest in and support a strong cultural offer that enhances the economic diversity and vitality of our town centres and high streets
- Enforce anti-clustering policies to prevent the spread of payday lenders, betting shops, and outlets specialising in unhealthy food
- Use our strategic influence to improve connectivity including building capacity at Elephant and Castle station, the Bakerloo Line Extension and digital infrastructure across the borough

#### 4 Financial wellbeing

Helping people to grow their incomes and ensuring a fair day's pay for a fair day's work

Southwark champions the Living Wage as set by the Living Wage Foundation. A fair day's pay for a fair day's work is essential in ensuring that people in Southwark can fully participate in and benefit from a high skill, high wage, and highly productive local economy.

We've set a strong track record in our support for the London Living Wage and opposition to zero hours contracts through initiatives such as the Southwark Apprenticeship Standard, the Diversity Standard, the Ethical Care Charter, and a wage subsidy scheme for long term unemployed young people (SEEDS).

We will continue to work alongside the Living Wage Foundation and support the Mayor of London's efforts to promote workers' rights and union membership, targeting exploitative employment practices that reduce people's income and job security. In particular we will seek to protect employment rights from any threats arising from the UK's exit from the EU. We have explored in detail some of the interrelated issues and set them out in our report *'Local Action Towards a Living Wage'*, and we are taking a lead nationally in showing the way the Living Wage benefits businesses, employees, and local areas which informs our actions.

Alongside wages, a secure job has a significant positive impact on an individual's physical and mental health and wellbeing, which is why we are supporting businesses to sign up to our Healthy Workplace Charter. Poverty continues to affect many people and families in Southwark both in and out of work, which can have a detrimental effect on health and wellbeing. Receiving fair pay at the Living Wage is a principal way to counter the threat of poverty, including food poverty, and gives individuals and families the best chance to get the best start in life. Southwark's Childcare Commission has highlighted the importance of family-friendly employment policies in supporting everyone to have fair access to work and we recognise the impact that affordable childcare and family-friendly policies can have on the gender pay gap. We are committed to promoting family-friendly employment policies through our own commissioning, and more widely through partnerships such as the Southwark Business Forum.

We know that the implementation of welfare reforms and the increase in low-paid work are causing difficulties for some. The challenges are often multifaceted, and can include skills, health issues impacting on the ability to work, gaps in employment history or limited exposure to the world of work, issues with housing, and managing incomes and keeping out of debt. Welfare reforms are being implemented at the same time as other reductions in budgets in social care and health. As such many of the identified challenges will have a cumulative impact on the pressures faced by vulnerable households. In addition, as access to support services moves increasingly online, confidence in digital skills is becoming essential for our residents.

Many residents are already only just coping within their existing arrangements, and as a result of economic pressures and reforms such as the benefit cap, many of these households may find themselves stretched beyond their limits. Southwark is tackling the housing crisis head-on by building 11,000 new council homes - in the meantime housing in Southwark is expensive and market rents continue to rise. There is also concern about Universal Credit acting as a disincentive to finding work or better paid

work in the borough and how residents with fluctuating incomes, on zero hours contracts, or who are self employed will cope with these changes.

Supporting individuals to understand and manage the impacts of all these welfare reform changes; to be more able to address the complex issues in their lives; and to be financially sustainable and free of debt are crucial steps to improving the lives of our residents. For many, obtaining sustainable employment will be a critical element of this journey and signposting to advice and services on work readiness, new skills and accessing support programmes will be required. Southwark will continue to work on local models that show success in offering wrap-around support focused on residents securing sustainable employment.

Southwark will continue to promote alternatives to high-interest loans, including payday loans, such as those provided by the Credit Union. We will continue to offer routes to debt advice for some of our most vulnerable residents via wider council funded advice services. The pioneering Pathways to Employment programme is piloting end to end support for groups of benefit claimants in partnership with the Department for Work and Pensions and Lambeth and Lewisham councils. The wider Voluntary and Community Sector continues to play a crucial role in providing a diverse offer of support to individuals in need. We will work with key partners to identify those vulnerable adults, the specific barriers they face, and work towards developing a universal support offer that helps improve their financial wellbeing.

Ambitions:

- Southwark is a Living Wage borough where all workers are treated fairly
- There is genuine pay equality in Southwark and for Southwark residents
- Business, trade unions and the council work together to ensure strong employee representation and fair employment rights
- Southwark residents on the lowest incomes have access to a high quality Universal Support service that offers personal budgeting, debt advice, digital skills, and transition to employment
- Southwark residents are supported to manage the impacts of welfare reform on their incomes, such as Universal Credit and the benefit cap
- Credit unions and other ethical financial services replace payday loans, doorstep lenders, and other forms of high-interest lending
- Issues affecting cost of living for our residents are fully understood across the council and our services respond accordingly
- Southwark has a sustainable, confident and resourceful voluntary and community sector with effective partnership working providing financial wellbeing services that improve outcomes for residents

To achieve this we will:

- Work with employers across the borough to persuade them of the benefits of paying employees the London Living Wage, in line with our own commitment to be a Living Wage champion
- Continue to embed and promote the principles of equal pay and family friendly work practices across all our services and lobby nationally with business and trade unions for fair wages, fair employment rights and the elimination of the gender pay gap
- Work closely with DWP and partner boroughs to deliver effective digital and personal budgeting support and ensure pathways into employment for all residents who need it
- Continue to monitor and assess the impacts of welfare reform on our residents and ensure appropriate support is available through provision of effective advice and guidance
- Work with employers to develop responses to the increased cost of living and housing in Southwark
- Support alternatives to high interest payday and doorstep lenders and encourage use of credit unions through initiatives such as the Southwark Smart Savers scheme, encouraging young people to save by depositing £20 into every credit union account opened for an 11 year old
- Support a sustainable, confident and resourceful voluntary and community sector through effective partnerships and smarter commissioning to improve outcomes for residents



# Asset Management

## Strategy for a vibrant, sustainable commercial property estate

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## Appendix I

### PERFORMANCE DATA

# 1. Introduction

It would be difficult, perhaps impossible, to fully explain the rationale underlying the current configuration of the council's commercial property portfolio. The provision of local facilities in the course of major house building programmes from the 1950's onwards, together with jobs and industry initiatives in the 80's were certainly major contributors; as have been local government reform in the 1960's, the statutory vesting of assets from strategic bodies such as the GLC and LDDC and national and local Town & Country planning requirements.

In each case, the reasons for adding to the council's growing and diverse collection of commercial assets were perfectly clear at the time. However, a comprehensive planned approach underwritten by asset challenge and performance management throughout the portfolio – asking, respectively, why does the council need these assets, and what are they delivering - was consistently absent.

## A little more understanding?

In many ways as the council presses forward with its ambitious plans to regenerate the borough, and to build new homes and schools, the significance of the commercial portfolio is often overlooked, if not entirely forgotten. Equally, and with good reason, the council has concentrated on achieving transformational efficiencies across its operational estate in recent years; particularly through the rationalising of its office buildings. This, rather than the commercial estate, has been the primary focus of the council's asset management planning.

Inevitably at a corporate level the commercial portfolio tends to be a not entirely comprehended quarter of the council's real property asset base.

Similarly, the expectations upon the estate, both outside the council and within it, are not always sufficiently well-defined to support consistent decision making; particularly in relation to premises occupied by the voluntary and community sector.

Nevertheless there are a number of positives regarding the portfolio as it stands today:

- The council has resolved that the portfolio is primarily held for income and let at market rents;
- It delivers gross revenues of £11.6 million per annum to the council's funds. In turn these are used to achieve corporate priorities;
- Governance arrangements for the portfolio and lead cabinet member responsibility for its performance is clear;
- As is responsibility for its management under the Director of Regeneration / Head of Property;
- The majority of the assets are owned freehold, introducing both flexibility and strategic potential to the management of the estate.
- The additional potential of the assets in supporting local businesses, and the third sector is also acknowledged

With these cornerstones as its starting point, this paper sets out the principles of a comprehensive strategy for the council's commercial portfolio, putting that portfolio firmly back on the corporate "map".

## 2. Summary & Action Plan

### The estate

The council holds a diverse commercial estate, including shops, business premises and miscellaneous other assets. Although only about 12.5% by rental value of the assets concerned can realistically be described as investment properties they are all managed for income nevertheless. On current projections they will generate combined revenues of approximately £11.6 million in 2016/17, primarily to the benefit of the Housing Revenue Account.

The estate also fulfils certain non-financial objectives including providing local services and facilities. For example, the majority of the shops in the retail portfolio are in parades of 9 units or fewer and are strongly locality orientated, such as those on or near housing estates. The other area of note is in providing accommodation opportunities for the third sector.

### Managing the portfolio

The council's overall vision for the borough is set out in the Council Plan. This overarching business plan describes how the London Borough of Southwark will deliver its vision of a "fairer future for all".

A more detailed but still high level framework for the use of resources is provided in the Medium Term Financial Strategy and the Corporate Asset Management Plan. Beneath these plans is a tier of more practically orientated implementation strategies, including this document in relation to the council's corporate property portfolio.

Lead corporate responsibility for the portfolio and its performance sits with the Cabinet Member for Finance Modernisation and Performance. The estate is managed by an in-house team within the Chief Executive's Department, under the Head of Property reporting to the Director of Regeneration.

2016/17 has seen much change in the team, with reorganisation and rationalisation of senior

management. Recent audits have helped identify areas of practice and procedure warranting updating or improvement and implementation plans are in place to address these.

Further consideration is given to the portfolio on an asset class by asset class basis in section 10 of this report, with performance data Appended. It is useful to note that commercial property is highly regulated by statute and in particular landlord and tenant legislation which tends to be protective towards tenants.

### VCS occupied premises

A good deal has changed since 2009 when we last looked in detail at the strategy for VCS premises. Accessing appropriate, affordable, fit-for-purpose buildings in Southwark is a greater challenge today for the voluntary and community sector than ever before. Meanwhile public resources are increasingly limited and have many competing demands placed upon them, not just from the VCS, but across all sectors.

We need to be realistic about how this can happen in a sustainable way. There are opportunities for the Council to use its property portfolio and exert property-based influence to shape provision to the sector. For its part the VCS will need to run the premises it occupies as efficiently as possible, cutting costs where it can and exploring opportunities to share resources where co-location might bring about real financial and operating benefits. Flexibility, and a willingness to adapt to new ideas will be essential.

### Rent policy and income

The estate is held primarily to generate income, with its management geared to this objective. Market rents are charged. Whilst it would be wrong to say that the council offers "cheap" rents, it does offer flexible terms and has a broad range of properties in its portfolio that are capable of yielding low incomes in their existing use. Above all, the council is a responsible and accountable landlord with procedures in place for the valuation and approval of the rents it sets.

To some degree the nature of the portfolio means it is insulated from the sharper rent movements and economic vulnerabilities seen in the institutional commercial property markets. Nevertheless there are some pressures on income that we can foresee, including transfers of assets into regeneration and house building initiatives, the changing nature of high streets and shopper behaviours, and landlord repairing cost liabilities for the council in the future.

Equally, there is scope also to obtain new assets from this source, through on- and offsite re-provision. The challenge here will be to achieve balance between securing new commercial space compared to other gains that might be realised in the course of redevelopment (new homes, cultural space, etc), and also between the existing accommodation / user base and that which follows. There are opportunities to increase incomes from non-traditional sources including advertising hoardings and telecommunications aerials, and options here are being actively explored.

### **Tackling debt**

Whilst significant inroads have been made into the management of arrears in the commercial portfolio, core debt currently stands at £1.5 million, as at October 2016.

Activities are programmed, monitored and performance managed to ensure collection, intervention or write-off is being progressed on a case by case basis. In each case the approach needs to be consistent across the different professional staff involved in the process on the Council's part and progress is closely monitored.

A full suite of procedures reflecting good estate management practice and corporate standards for managing money are set out in internal guidance.

### **Modernising the letting process**

Whilst turnover in the commercial estate tends to be fairly low, the letting of vacant units provides opportunities to establish current rent levels and adjust use mixes, to reflect local demand and the council's overarching and property specific objectives for a given parade, estate, etc. Equally, the prospect of change can be a concern to neighbouring tenants and local residents.

Therefore this area of activity in the commercial portfolio is a carefully managed one. Following from this review we will ensure that our procedures in new lettings are clear and communicated throughout the Property team. These cover preparing units to let, undertaking statutory checks on the building, marketing, tenant selection and lease completion. A new database is being implemented to help us manage the lettings process from point of instruction, through marketing, to completion.

In addition to rent reviews and lease renewals, tenancies at Will, periodic tenancies and licences are kept under review to ensure the rationale for their original grant continues to hold good and that other forms of tenure of terms of occupation would not be more appropriate.

## Curating uses and the tenant mix

Tenant selection is generally determined on the basis of rental bid/premium offered, tenant's business strategy, ability to perform lessee / occupier obligations and local impacts arising from the proposed use of the premises.

The presence of incompatible uses in a given parade can individually, and more particularly in a cumulative way where these uses proliferate, have a disproportionate adverse impact on how a locality is perceived and local amenity. With this in mind, the Council agreed in June 2015 to exclude some uses entirely from its retail parades.

The line between nurturing the retail/commercial offer and influencing market operations less successfully is a fine one; especially so at a time when high streets are changing and their purpose is being re-evaluated more profoundly than at any time previously. Even so, there is scope for the Council to more actively curate uses and occupiers within its estate to encourage interesting, sustainable commercial enclaves and a vibrant economy.

It needs to be accepted that some, perhaps most, retail/commercial locations owned by the Council

may not fit the letting scheme model. Equally, the presence of the necessary background conditions that make the approach workable will change over time and the potential for new schemes needs to be kept under review. However, as a starting point we propose to establish a pilot letting scheme based around Market Place and Southwark Park Road, SE16, consulting widely and at community level on preferred uses and developing a targeted marketing campaign.

## Asset strategy & performance

The report concludes by looking across the commercial portfolio on an asset class by asset class basis and making recommendations for each. This is followed with a summary of performance indicators and reporting arrangements to support the sustainable management of a successful portfolio of commercial assets, looking in turn at financial performance indicators, strategy and management practices.

## Implementation plan and monitoring delivery

Key Area	Critical Success Factors	Means of Delivery	Target
<b>Estate strategy</b>	Agree strategy for the management of the commercial property estate	Cabinet level approval for the strategy set out in this report	Q4 2016
	Review approach to premises occupied by the voluntary & community sector	Review and update principles agreed in 2009. Develop workstreams following from the strategic review of the relationship between the council and the third sector	Q1 2017
	A flexible approach to accommodating the VCS	Consideration of alternative to traditional lettings, e.g. management arrangements and transfer of long lease interests with rent offset etc. in respect of VCS lettings, where it is viable to do so and is demonstrated to represent Best Consideration	Ongoing
	Transparency in regards to accessibility and cost of premises	Formalisation of unlicensed occupation and outdated agreements	Ongoing
<b>Managing the portfolio</b>	Professional management of the commercial estate	Reorganisation of in-house estates team under single Head of Property	Q3 2016
	Fit for purpose estate management systems	Recruitment to vacant posts in structure	Q4 2016
		Modernisation of estate management system	To be confirmed – subject to corporate IT
	Ensure necessary disaster recovery systems & back up arrangements are in place - Head of property to liaise with corporate IT		
Introduce appropriate processes and controls	Fulfil 2016 audit action plan	Q4 2016	
Ensure landlord <b>and</b> tenant obligations are fully discharged - programme of regular management inspections	A rolling programme of inspections, recording findings on a newly installed database generating any actions arising and approvals	Ongoing	
<b>Rent policy &amp; income</b>	Maintain rents at market levels	Realistic valuations for new lettings (allowing for competitive processes), at rent review and upon renewal.	Ongoing
	Monitoring of tenancies at will and other open ended forms of tenure to ensure opportunities to maximise income are fully considered	Monitor for a) continuation b) conversion to traditional forms of tenure	Monthly monitor
	Produce a written procedure in respect of setting, approving and monitoring rent	Section 6 of this Asset Management Plan provides the procedure	Q4 2016

Key Area	Critical Success Factors	Means of Delivery	Target
<b>Tackling debt</b>	<p>Minimise rent arrears</p> <p>Manage and where necessary act on all commercial property debt, including recovery against current and former tenants where payment by agreement is not possible</p> <p>Consistent and effective decision making</p>	<p>Monthly reporting of debt on case-by-case basis to lead member for Finance, Modernisation and Performance and agree actions</p> <p>Analysis and categorisation by risk of arrears</p> <p>Prioritisation of highest and longest term debt for recovery action</p> <p>Active management of new debt arising</p> <p>Maintain a detailed "Manage Debtors" procedure note to ensure consistency of action and decision making. To cover billing, interface, receipts, debt management, monitoring communication and reports, implementation of recovery action and write off procedures.</p> <p>Periodic sampling of debt cases to ensure procedures are complied with</p>	<p>Monthly meetings</p> <p>Ongoing (and see above)</p> <p>Review every 6 months</p> <p>Monthly</p>
<b>Modernising the letting process</b>	<p>Manage landlord compliance obligations - ensure properties offered to let meet statutory requirements</p> <p>Clear letting procedures including due diligence arrangements around prospective tenant checks</p> <p>Ensure transparent and auditable consideration of applications made</p> <p>Effective market exposure of vacant property to let</p>	<p>Commission standard reports on all newly vacated premises and implement works as necessary.</p> <p>Seek to recruit buildings technical expertise to permanent staff with addition of building surveyor role to portfolio management team</p> <p>Review existing documents and ensure available internally to all commercial property estate managers and lettings staff</p> <p>Full implementation of online lettings application system and back office database with detailed reporting</p> <p>Review existing approach as part of overall review of Property content on corporate webpages</p> <p>Use of specialist lettings advisors for non-standard / high rental value assets</p>	<p>Ongoing</p> <p>Q1 2017</p> <p>Q1 2017</p> <p>Q4 2016</p> <p>Q1 2017</p> <p>As required</p>



	Monitoring and performance reporting for letting activity	Lettings activity to be included in monthly reports to the Cabinet Member for Finance, Modernisation and Performance	Monthly
<b>Curating uses &amp; the tenant mix</b>	Fully explore local expectations and aspirations for the uses permitted in the council's retail premises	Agree and introduce a pilot letting scheme for the Market Place and Southwark Park Road	Ongoing
	Keep Competition Act considerations under review	To consider in the drafting of agreements and development of further letting schemes.	Ongoing
<b>Asset strategy</b>	Asset class by asset class strategy covering all properties in the portfolio	See Section 10 of this strategy	Case specific
	Ensure consistency with other strategies	Review portfolio for hidden homes / house buildings opportunities  Develop workstreams following from VCS Strategy  Economic Wellbeing Strategy	Ongoing

# 3. The Estate

## An overview

The commercial tenanted, non-residential estate can be broadly divided into three components;

- the retail portfolio (shops);
- and business premises portfolio (studios, workshops, offices etc), and;
- a diverse group of miscellaneous properties and interests, ranging from advertising hoardings to former operational premises now let on a commercial basis.

Premises occupied by the Voluntary and Community Sector are a recognised subset within these main asset categories. There are acute pressures facing the VCS and these are discussed more fully later in this paper.

## Why does the council have a commercial estate?

The primary reason the council holds an estate of commercial premises is to generate income. Inevitably for an organisation whose corporate objectives are so fundamentally embedded at local level, the assets also fulfil a number of other objectives such as supporting local businesses, services for residents and accommodating the voluntary and community sector.

Income remains the overarching objective, nevertheless and the revenues generated are used to fund the council's objectives. As a result the indicators we look to in measuring the success (or otherwise) of this portfolio are frequently financial ones, including gross rents and managing.

## The retail portfolio

The 48 parades and 449 lock-up shops making up the tenanted retail estate generate an income of £4.33 million per annum. A more detailed breakdown is set out in Table 1, below. Just over a third of this is collected from the 100 shops in the three largest clusters; East Street, Southwark Park

Road and Jamaica Road. The capital value is £41.4 million as at 1<sup>st</sup> April 2016.

The remaining shops are generally situated in smaller parades averaging less than 10 units each. Frequently they are located on or around housing estates and the services they provide are highly locality orientated. Several of the parades are in transition, pending redevelopment as part of larger schemes.

In property investment terms the best of the shops should be regarded as lower grade, characterised by non-central locations, limited income generation and rental growth potential, non-corporate tenants and higher levels of risk to income collection.

Geographically by investment category there is a fairly broad distribution of the different types throughout the borough. SE1 and SE17 tend to contain the most investment type assets (albeit still lower grade). SE17, along with SE15, also has the highest proportion of non-investment, locality orientated assets.

Structural shifts in the way high streets and local shops function are well documented. Whilst the "off pitch" and highly localised catchments of some of the parades in the Council's portfolio serves to insulate against this to a degree, there is no doubt that retailing practices have changed (and continue to do so), migrated to other channels and found new locations, both physical and virtual.

Even so, at present the majority of the council's shops are fully let, with the rent roll standing at 92% of the full Estimated Rental Value of the portfolio (the difference is due to some vacant units and historically set rents, pending rent review or lease renewal), subject to a churn of vacancies and new lettings at about 3% per annum.

In terms of new lettings in the region of 50% are to new businesses and all (irrespective of new or established business) are on market terms, including rent that the market would typically be prepared to offer.

**Table 1: Overview of LBS's retail portfolio**

Investment Category	Parades	Units	Avg. No. Units per Parade	Floor Area (m2)	Passing Rent for Group	Indicative Rents per Unit	Capital Value for Group
<b>Locality/Transitional</b> • Taplow, SE17 • Acorn Parade, SE15 • Seeley Drive, SE24 • Crossthwaite Ave, SE5 • Vestry Rd, SE5 • Sceaux Gardens, SE5 • Dunton Rd, SE1 • Woodwarde Rd SE24 • Maddock Way, SE17 • Commercial Way, SE15 • Mortlock Close, SE15 • Commercial Way, SE17 • Asylum Rd, SE15 • Old Kent Rd, SE15 • Northchurch, SE17	13	100	8	6754	£518,434	£3,000 To £10,000	£4.7 million
<b>Intermediate</b> • Southwark Park Rd, SE16 • Walworth Rd, SE17 • Market Place, SE16 • Old Kent Rd, SE1 • Wyndham Rd, SE5 • Jamaica Rd, SE16 • Harper Rd, SE1 • East St (part), SE17 • Albion St, SE16 • Great Suffolk St, SE1 • West Lane, SE16 • Jamaica Rd, SE16 • Dockhead, SE1 • Abbey St, SE1 • Camberwell Rd, SE5 • Peckham Park Rd, SE15 • Peckham Hill St, SE15 • Long Lane, SE1 • Redcross Way, SE1 • Peckham High St, SE15	21	228	11	16647	£2,029,067	£6,000 To £16,000	£19.7 million
<b>Marginal Investment</b> • Bartholomew St, SE1 • Southwark Park Rd, SE16 • Peckham High Street, SE15 • Camberwell Road, SE5 • Waterloo Road, SE1 • Pilgrimage St, SE1 • London Rd, SE1 • Lower Rd, SE16 • East St, SE17	14	121	9	6838	£1,787,710	£10,000 to £22,500	£17 million
<b>Total</b>	<b>48</b>	<b>449</b>	<b>9</b>	<b>30,238</b>	<b>£4,335,211</b>	<b>-</b>	<b>£41.4 million</b>
<b>Top 3 Parades/Clusters by Size</b> • East St, SE17 • Jamaica Rd, SE16 • Southwark Park Road, SE16	3	99	33	8985	£1,639,160	£12,000 to £22,500	£15.8 million

**Note:** the figures exclude standalone shops, including those with residential upper parts. There are currently just over 50 of these, contributing a further £0.5 million rental income per annum. As percentages:

Investment Category	Parades	Units	-	-	Passing Rent	-	Capital Value
Locality/Transitional	22%	22%	-	-	12%	-	11%
Intermediate	51%	55%	-	-	47%	-	48%
Investment Grade	27%	23%	-	-	41%	-	41%
Top 3 Parades/Clusters	22%	30%	-	-	38%	-	38%

## Business premises

Industrial units, workshops and studios represent a diminishing element of the estate following policy shifts and a programme of sale and alternative use, the Council's own use and for new homes programmes including Southwark Regeneration in Partnership and Direct Delivery. Today the key holdings are Tower Workshops and Pullens Estate near the Elephant & Castle. The sale of a further estate, Dockley Road in SE16 has been agreed and is intended to complete before the end of the 2016/17 financial year.

Compared to private sector provision the Council's core offer of similar premises is relatively cheap and flexible lease terms are available. One consequence is that all the Council's business estates are fully let and are expected to remain so into the foreseeable future. High demand plus tightening supply elsewhere also means that tenants tend to stay and turnover is fairly light, although it needs to be acknowledged that this in itself may operate as an obstacle to company growth and close out newcomers.

The council has corporately pledged to see 500 new affordable business spaces in the borough by 2018. In most cases the creation of new units will help to realign supply to current expectations in terms of the quality and location. This corporate

performance indicator is closely monitored and the means of achieving it will be the subject of a further report.

## Other income generating assets

The retail and business premises portfolio makes up approximately 60 % by income of the total commercial portfolio. The remaining properties and interests are discussed on an asset class - by - asset class basis in the Asset Strategy considered in Section 9 of this paper.

At this stage it is useful to note the following investment grade assets which make significant revenue contributions (approximately 12.5% of total revenues from the estate), either individually or as discrete groups of assets.

The question whether they are true investment assets in a technical sense, i.e. used solely to earn rentals or for capital appreciation, or both, is possibly an academic one. The important point here is that the income streams they generate are commercially tradeable should the requirement to do so arise.

Also, although the council regards its HQ building at 160 Tooley Street primarily as an operational property, lettings to partner agencies generate income and this may be extended in lettings to third parties in the future.

Asset or Group	Income (pa)	Comments
Telecommunication Aerials	£420,000	A secure income with potential to grow at lease renewal and though the identification of new sites for the benefit, primarily, of the HRA.
Harmsworth Quay	£400,000	Ground rent on the former newspaper print works, now owned by British Land. Medium term expectation that the asset will be sold into the regeneration plan for the area. In the meantime an outstanding rent review is proceeding through arbitration, with scope for significant uplift and backdating to 2012.
Surrey Quays Shopping Centre	£269,000	A ground rent based on turnover. Future impact of Surrey Quays regeneration and a changing retailing market.
56 Southwark Bridge Road	£240,000	Centrally located office building with separate community use on part of ground floor
Advertising Hoardings	£150,000	Five hoardings currently. Scope for more sites to be established, particularly using more valuable digital installations. Discussions about extent of control over advertisement content and achieving balance between delivering corporate objectives and income generation.

# 4. Managing the Portfolio

## Corporate context

The Council's overarching plan for the stewardship of its property assets is the Corporate Asset Management Plan (AMP). The AMP aligns the use of property assets to key corporate outcomes and with the Medium Term Resource Strategy.

It provides that the council will manage its tenanted premises to maximise income with regard to new lettings, rent review, lease renewal and minimising arrears of rent. The approach set out in the asset management plan for the commercial estate is consistent with these objectives. Last approved in 2010, an update is planned for 2017/18 to ensure the core objectives of the latest Council Plan are fully reflected.

Beneath the corporate asset plan sit several more detailed strategy documents with more explicitly operational objectives, including:

- **This Asset Management Plan for the Commercial Estate;**
- **Strategy for the Management of VCS Premises** - adding an additional level of detail in relation to Council owned premises occupied by VCS tenants. Geared at supporting the VCS within the framework of financial responsibilities and diminishing resources.
- **Asset Transfer Protocol** - a practical tool for considering alternatives to traditional lettings, where this will help to achieve asset outcomes that the Council acting alone may be unable to achieve.

The strategies may be further defined with specific policies agreed under Individual Decision Making, such as the policy to exclude undesirable uses (pay day loan shops, gambling uses, etc) from the estate for the general wellbeing of the community.

## Governance & management

Corporate responsibility for asset management strategy generally, including that for the commercial portfolio, rests with the Cabinet Member for Finance Modernisation and Performance. In so doing, the portfolio's management is directly linked to the objective of ensuring sound business planning and financial probity within the council.

The strategic and operational management of the estate falls under the responsibility of the Director of Regeneration and Head of Property. The portfolio is managed in-house by Property Services, a team of Chartered Surveyors, plus administrative and business support. In terms of organisational structure the team is part of the council's Regeneration Division, which is in turn part of the Chief Executive's department.

The past year has seen a number of changes in how the estate is managed.

- A reorganisation of Property Services to bring all activity under the control of a single head of department, rather than two as had previously been the case. This has ensured a more cohesive basis for decision making about the commercial estate;
- Refreshed focus on managing debt and delivering income targets;
- New systems to support the letting process and also an expanded programme of property inspection to ensure landlord (and tenant) obligations are being observed e.g. compliance with occupier legislation, performance of lease covenants including on use, sub-letting, assignment etc.

The in-house team works solely on the council's behalf, bringing the additional benefits of a unique knowledge of the portfolio, how it might support the council's corporate objectives, and eliminates the possibility of conflict of interest issues arising where the same agent manages portfolios for one or more clients covering similar territories. It is

worth stressing that officers can not give professional advice to tenants regarding their tenancies or in other property matters.

The cost of managing the estate, including estate management and strategy, audit, service charges, invoicing and collection, insurance, rent review, lease renewal and new lettings compares very favourably with external firms undertaking similar activities, where the charge to run a comparable range of professional activity will typically be in excess of 12.5% pa of the annual rent roll.

## Managing performance

The Cabinet Member for Finance Modernisation and Performance and the Director of Regeneration receives regular monthly reports on the performance of the estate from the Head of Property. The reports provide a general update on the management of the estate and issues arising, and cover in detail all aspects of income, debt management, lettings activity and also disposals across the corporate portfolio as a whole.

In appendix 1 we have set out full details of performance arrangements for commercial estate, covering the development of asset strategy, the management of the estate and financial performance. Ongoing performance is generally examined on a time-series basis. However, we are seeking to identify suitable benchmarking sources against which performance can also be assessed.

## Estate management systems

Property Services uses the Manhattan estate management system as its core database. The Regeneration Department uses a combination of SAP and Manhattan Property Management System to generate debtor invoices. Manhattan as a bespoke Property and Facilities Management system is treated as feeder to the Council's accounting system (SAP). To ensure accuracy and consistency the postings to and from Manhattan are reconciled on a monthly basis. The version of Manhattan used is outdated, to the extent of no longer being fully supported by the software developer concerned. A project to update the system is currently underway, subject to resources.

A central database is used to manage the estate and to generate all financial transactions and reporting. The same database drives rent invoicing through the council's corporate finance systems (SAP).

A set of modules has been developed to cover in more detail property inspection, lettings, rent review and lease renewal (additional modules are

in development for disposals which will include any disposals from the commercial estate).

Earlier in the year (2016) our internal auditors recommended that a document management system should be used more robustly to ensure all key documents and key decisions are saved in one place. Also that key documents and correspondence needs to be retained and kept in the document filing system. In addition the Manhattan estate management system should be updated as soon as a lease or a transaction in respect of it is completed, and accurately reflect the lease document and any subsequent variations.

All recent key documents for the commercial estate are held centrally, with detailed information recorded in the council's non residential estate management system "Manhattan". All new agreements are recorded and stored accordingly. In each case where issues were identified by the auditors these related to historic agreements, some of which were 20 years older or more, and in some cases not originally granted by the council, where documentation was incomplete. Any anomalies identified are investigated and regularised as they arise.

Officers will continue to refine robust systems in operation for document management and maintain key tenancy data, including trigger dates for lease renewal, rent review, other rent transactions and buildings maintenance. Process checks to ensure the reliability of the data are outlined below.

## Ensuring appropriate process controls

In their January 2016 report internal auditors RSM recommended that:

- a) a documented, clear and transparent audit trail should be maintained if a decision has been taken to deviate from the council's policy to charge market rent;
- b) circumstances and criteria under which a tenancy can be granted on a Tenancy at Will Basis is documented. All tenancies at will need to be proactively monitored to ensure that they meet the criteria and are replaced with full lease agreements where circumstances have changed.

The auditors returned this summer to undertake a further review of the management of the portfolio this summer. Concluding an amber / green level of assurance, they found that whilst controls employed in the management of the portfolio are suitably designed and consistently applied across

many areas, action is nevertheless needed to strengthen the control framework to manage identified risks (income maximisation, fraud avoidance).

We have agreed a five point plan with the auditors to tackle the matters raised, and:

1. Ensure that the rationale for all new lettings and terms agreed is clear and fully documented. Over the past year Property has updated its systems for approving valuations for new lettings and other tenancy transactions, moving from a paper driven process to an end to end online one. The valuation, which fully explains the rationale for the rent set is approved by the case officer, his or her line manager and the head of property.

In practice the auditors concerns were in relation to older agreements and more complex arrangements where rents appeared to be lower than expected, but on analysis of the full circumstances of the transaction could be demonstrated to represent the best rent obtainable at the time the transaction took place. This included long leases at a nominal rent where the council had received a premium at the commencement of the lease in consideration of the rent to be foregone.

2. Introduce process checks to confirm that new rent and lease terms have been entered onto

the property management system database accurately. As mentioned above, all approvals and records are maintained electronically. Since the auditors visit a routine has been built to compare the respective data and generate an exception report for review by the head of property where a variance is found.

We use the same approach to ensure that there is sufficient safeguarding in data entry and processing to ensure that unauthorised changes cannot be made. Here also any discrepancy between approved data and that held in the Manhattan system will generate an exception. The systems themselves contain a full audit trail to a key stroke level for investigation purposes.

3. Produce a written procedure in respect of setting, approving and monitoring rent (details are contained in section 5 of this Asset Management Plan)
4. Formally document the circumstances and criteria by which a Tenancy at Will is granted (see Section 8)
5. Ensure that disaster recovery and backup arrangements are put in place and documented and are sufficiently robust across Property's business critical systems.

## 5. VCS occupied premises

The voluntary & community sector makes a significant and evolving contribution to the overall wellbeing of the borough. In so doing it can help the Council achieve its corporate objectives. However, scarcity of accommodation makes operating in London a difficult and expensive proposition for the sector.

Rising costs in a tightening financial environment have placed many organisations in an uncertain position, fuelling the challenge to do things better, differently and affordably.

### Premises

The VCS “estate” consists of a wide range of property types, locations, states of repair and tenants. As a result the terms on which these assets are occupied also tend to be quite diverse and rents and lease terms are often not readily comparable. Terms are individually negotiated for each. In some cases the rent settled on the asset will be low because this is all the property will support in the market.

Whilst the variety of property the sector occupies is diverse, the assets involved share some common characteristics and for the purposes of this paper the estate can broadly be defined as follows:

- Properties whose use is restricted to community use through legal implements such as covenants;
- Properties which the council has historically reserved for use by the VCS which are let to a single VCS tenant;
- Properties which the council has historically reserved for use by the VCS which are divided into units and let to multiple tenants.
- Properties held in the commercial estate which have been let to VCS tenants which will return to the commercial estate when the tenancy ends.

Assets may move in and out of the list of premises occupied by the sector as circumstances and overall asset strategy directs. A main exclusion from the asset group are tenant and resident halls, which are managed by Housing & Community

Services ancillary to the housing function. Even so, there is scope to look at how these sometimes under-used assets can be more extensively used for wider community benefit.

### Being transparent about the leases we grant

A new strategy looking at how the council, NHS Southwark Clinical Commissioning Group and the VCS can most effectively work together was approved by Cabinet in October 2016. This provides the basis for a series of workstreams to advance the utilisation of premises by the sector.

A key part of the challenge ahead will be to understand how the council and agencies such as Community Southwark can work together to support and improve the operating environment for VCS organisations, by encouraging the effective use of premises.

Currently the council lets premises to approximately 70 VCS agencies (these figures do not include the numerous tenant and resident halls available across the council’s residential estates). All are either properties which the council has reserved for use by the VCS or part of the council’s general commercial letting stock held to generate income.

The type of premises these groups occupy vary considerably. As a result the terms on which the properties are occupied also tend to be quite diverse. Rents and lease terms are often not readily comparable and it is probably fair to say that this has been the source of consternation and confusion over the years.

To help move on from here, and gain insightful perspectives on the estate, we are sharing with Community Southwark information about Council premises occupied by the VCS, and the basis on which they occupy, to help establish a clearer picture of how organisations can best be supported to manage financially and to utilise and share premises, and to see how current provision compares to new and emerging demand.

### ... and clear about the rents we charge



The over-riding principal remains that market rent is charged. Where it wishes to support the occupying organisation this is achieved through grant aid, rather than renting at an undervalue. A key advantage of this approach has been that support is applied only for as long as the funding department or a relevant external agency deems it appropriate to do so, and the tenant receiving this support continues to deliver the community benefits warranting it.

Leases and Landlord and Tenant law are less agile in this respect. One consequence of this has been that some tenants remain in premises under historic agreements at low or negligible rents; long after the Council might wish to support them. This operates to eliminate opportunities for income, to exclude prospective tenants who may have more to contribute or better compliment corporate objectives, and leads to perceptions of unequal treatment.

We will continue with the programme of bringing leases let on historic and sometimes ambiguous terms in line with current expectations and charging policies. However, we will also look closely at examples of best practice in other authorities and how they approach leasing to the VCS to explore what lessons learned might be portable to Southwark's premises.

### Information about premises

One clear message we took away from VCS strategy review workshops, held over the summer of 2016, was the sector's recurrent frustration at accessing information about premises. This included difficulties around both the availability of space to occupy and the knowledge base of occupiers in the sector when it came to managing buildings and discharging tenant responsibilities, particularly around health and safety.

Community Southwark has previously recommended that the council should bring together various existing advice in a single place by publishing a clear, easy to read document on its website to outline policies on rate relief, lease terms, rents (including rent subsidy and rent free periods), asset transfer and assets of community value.

In addition there may be an "easy win" in setting up a readily accessible database of premises requirements and availability, to link up organisations in need of accommodation with potential providers.

Therefore we will look with the council's Communities Division at ways to improve the availability of information about premises, in terms of the council's buildings and across the sector.

### Managing the assets

Following from the above we believe there is a real desire across the sector, particularly amongst new and smaller organisations, to build knowledge about running the buildings they occupy.

There are escalating pressures on occupiers and landlords to ensure that their premises comply with an expanding range of statutory requirements arising from health and safety considerations; inevitably with a corresponding price tag (and potentially serious liabilities for non-compliance). Therefore it will be worth bearing in mind from the outset that property "costs" are not just about the rent. Total occupation costs can include service charges, business rates, servicing debt, utility costs, repair and maintenance, insurance and management. All of these areas of expenditure need to be efficiently managed, to contain the potential operating pressures they can otherwise give rise to.

Again with Communities Division we will look at how the council can support the sector in understanding how best to manage the potentially costly property assets they use and prevent them becoming an unmanageable drain on the dwindling resources that might otherwise be channelled into delivering services.

### Facilitating supply

We want to ensure that the Council's property portfolio is deployed as effectively as possible and seek to accommodate more organisations – particularly in underused buildings, on a temporary basis pending redevelopment, and where there is scope to share space. Transparency and consistency in the leases agreed will also be important considerations.

Whilst the council is far from being the only landlord in the market nor even necessarily the landlord of choice for the VCS, it does have an important role to play in helping to understand gaps in the market and facilitating provision.

Examples:

- The transformative benefits of the council's ambitious regeneration programmes are clear to see. Nevertheless they may be accompanied by a net loss of the types of

premises that have traditionally accommodated the VCS. We will explore how planning obligations can be used to enable the sector to access affordable, fit for purpose premises in new build developments whilst acknowledging the competing demands on this source (and its dependency on an active housing market).

- Identifying and promoting co-location opportunities for VCS organisations to further develop neighbourhood and thematic clusters of interest.
- Exploring ways in which non-residential premises on housing estates can be used to benefit local voluntary and community organisations.
- Brokering voluntary sector access to public premises, across as wide a range of operating partners as possible, where co-location may be an option. In particular to ensure that the council and NHS's, property portfolio is effectively deployed to realise opportunities to share premises.

- Exploring opportunities to use parks, open spaces, schools, underused public buildings, empty properties and other community spaces, such as tenants and residents halls, community hubs and faith buildings more creatively.

### **Asset transfer**

Finally in some cases the preferred way forward may be to release buildings, or a significant degree of control over them to help lever in additional benefits that conventional leasing might not achieve for the council.

A policy is in place for consideration of management agreements, asset transfer, etc and the VCS review will encourage the further use of these approaches where the right conditions exist to do so:

<http://modern.gov.southwark.gov.uk/documents/s32533/Appendix%201%20Asset%20Transfer%20Pack.pdf>

# 6. Rent Policy & Income

## Market Rents from a Responsible Landlord

At the beginning of the financial year 2016/17 Southwark Council's Property team managed rents in charge of £11.6 million per annum, collected from over 2,000 income generating assets. This is a sizeable undertaking; and the revenues generated an increasingly important source of funding to the council's operations and the pursuit of its priorities, including the funding of grants (see below).

The council's rent policy is to charge market rents, consistently and without concession. Therefore, a commercial position is adopted in all cases, allowing for the characteristics and location of the properties and the lease terms on which they are let.

The same is true across all commercial asset classes, including premises let to the Voluntary and Community Sector. It is worth emphasising that following from the market rent principle the council does not offer concessionary rents to tenants. Where it wishes to support particular tenants or groups it does so in an entirely transparent way through the award of grants.

## So, is it "cheap"?

It is helpful to put aside the idea that council rents are necessarily "cheap" compared to those charged by other landlords. This is not the case; although they do often reflect the rather more diverse nature of the assets the council holds, compared to a typical landlord in the private sector. The properties simply will not yield any higher rent.

However, the primary advantage of renting council premises is the assurance of having a responsible, accountable landlord; but one that runs its portfolio on sound commercial principles nevertheless. Above all a pragmatic approach is taken to the management of the estate, advancing a suite of related principles geared at ensuring:

- Diversity of compatible uses to achieve sustainable, vibrant shopping parades (acknowledging that there may be some

competition between individual tenants even so);

- Exclusion of undesirable uses irrespective of their rental potential including payday lenders and betting shops;
- Investment in assets e.g. shopping parade improvement programmes, where there is an economic / community case to do so;
- A fair and transparent reflection of costs passed on through service charges for management and works to structure and common parts, etc where this is provided for in leases;
- Achieving statutory compliance in the context of the Landlord and Tenant relationship and obligations.

In commercial terms the rent policy is both effective and efficiently managed. The portfolio exhibits a low proportion of void properties, gradual increases are obtained at lease renewal, rent review and in new lettings. Income and arrears are discussed in more detail below. More detail about the performance of the portfolio, including income is provided in Appendix 1.

## Flexibility

More flexible lease terms than might normally be offered "in the market" are frequently available with a view to reconciling and accommodating the above objectives. Examples include:

- Phased rents, increasing step by step in predictable amounts;
- Alternatively the substitution of index linked (CPI, RPI, etc.) for traditional rent review mechanisms – removing the uncertainty and potential fees entailed in the process;
- Rents payable monthly rather than quarterly;
- Lease restructure

## Change in rents charged

Property agreements by their nature entail long term commitments. Consequently tenants occupying today may do so under a contract drawn up 20 or more years ago, at a rent that was determined under very different market conditions and subject to periodic review.

In each case the detail of the contracts reflect a specific deal negotiated between the parties at the point it was struck, having regard to market and a variety of other factors at that time. Nevertheless, the process today is a transparent one. Properties are let on market terms including rents, without hidden concessions to distort that market basis, determined by reference to transactional evidence. Lease terms are agreed according to best practice and the Landlord & Tenant law prevailing at the time the lease is entered into.

Almost inevitably tenants in the same parade, for example, may find themselves occupying similar premises on different terms.

Even so, it is not the case that rent fluctuations when they occur are automatically reflected throughout the entire portfolio or parts of it. This would be contractually unfounded, administratively unviable and would impact on net incomes received in terms of additional transaction costs. Whilst tenants might welcome the benefit of adjustments in a falling market, it is unlikely that the same could be said in times of rising rental levels. Acknowledging these factors, change generally takes place incrementally as local markets dictate at rent review, lease renewal (see below) or in new lettings.

## Setting the rents

The commercial estate consists of a wide range of property types, locations, states of repair and tenants/uses. As a result the terms on which different assets are let also tend to be quite diverse and leases and rents charged are often not readily comparable.

Terms are individually negotiated for each by professional surveyors having regard to a range of considerations (see below) and transactional evidence from the property market. In the vast majority of cases, negotiations are concluded locally between the parties. This may involve the tenants employing professional representation. Where the parties can't agree, leases contain third party dispute resolution clauses (expert witness or

arbitrator) which can be invoked in the event of an impasse.

The main, but by no means exclusive, variables considered in determining the rent (or licence fee) are:

Factor	Variables
Economic	<ul style="list-style-type: none"> <li>• Transaction Date</li> <li>• Prevailing Market Conditions</li> <li>• Other occupation costs (service charges, NNDR etc)</li> </ul>
Property	<ul style="list-style-type: none"> <li>• Location</li> <li>• Size</li> <li>• Quality / condition of accommodation &amp; facilities</li> <li>• Asset strategy considerations</li> </ul>
Legal	<ul style="list-style-type: none"> <li>• Type of tenure (lease, licence, etc.)</li> <li>• Security of tenure</li> <li>• Length of lease (or licence)</li> <li>• User Clause</li> <li>• Other lease terms &amp; restrictions</li> <li>• Headlease obligations (where the property is leased by the Council)</li> <li>• Repair, maintenance and compliance obligations</li> </ul>

For example, in some cases the relatively basic nature of the properties being let means that, without any subsidy or concession the rent settled on the asset will be low because this is all the property will support in the market.

Elsewhere, particularly around regeneration schemes, temporary "caretaking" occupations by the VCS may help to keep premises secured or otherwise reduce holding costs, and these tangible benefits are reflected in rents charged.

Finally, the transaction date is a key consideration. The market and rent change over time, as does best practice on lease terms. As a result two largely identical shops in the same parade.

## Safeguarding commercial data

As a result of the above, making realistic comparisons between one tenancy and another requires careful analysis of all the facts and circumstances of the letting.

The data is potentially commercially sensitive with potential to create downwards pressures on rents and additional costs in regeneration schemes. In addition some of the data refers to private individuals who are commercial tenants rather than firms, and its release may conflict with the requirements of the data Protection Act.

Therefore data about rent and lease terms is not released on a general basis other than where the council is required to do so by law, or where it may wish to do so on a confidential basis to partner organisations. Where appropriate we share data with partner agencies on a confidential basis where this will help to provide strategic perspective on the estate or aspects of it, such as in the review of the voluntary and community sector currently taking place.

The council complies with central governments "Open Data" policy requirements by already publishing data about premises including commercial properties, excluding lease terms.

## Valuation and reporting procedure

Rent pricing, taking into account the factors identified above, is a complex area and one that warrants and receives scrutiny. In the last year alone it has been the subject of two audits.

Following from the work with auditors we have developed our procedures for setting rents, and the systems we use to ensure a consistent, auditable approvals process.

The question of rental value is one of professional opinion and judgement. In all rental valuation matters we have full regard to the professional guidance set out in the Royal Institution of Chartered Surveyors Valuation Standards (the "Red Book").

To ensure consistency of approach all rental valuations are prepared using a standard form of report. The report is created, completed and approved electronically. It is submitted by the valuer and subject to two levels of approval, firstly by a principal surveyor and then by the Head of Property.

The report, the approvals process and details of the valuation and evidence supporting it are all

retained in the system (thereby being available as evidence in subsequent valuations).

Therefore a clear and transparent audit trail is recorded throughout the process. If a decision has been taken to deviate in any way from the council's policy to charge market rents (where the income is capitalised in a premium for example) this is fully explained.

## Rent review and lease renewal

As with new lettings, rent reviews and lease renewals provide the opportunity to adjust rents to market levels where it is appropriate to do so.

Both programmes are driven by data held in our estate management systems which records the dates for all lease renewals and rent reviews in order that trigger dates for any notices required and the opportunity to maximise the rent if there is an economic opportunity to do so is not missed.

Generally the council's leases provide for rent review every five years, although some long leases (typically 50 years+) granted at a premium (a one off capital payment in lieu of a periodic rent) will not include a review clause and the first opportunity to reconsider the rent will be at the end of the lease. Some leases may be considerably shorter, with lease renewals every three years or effectively on a flexible basis where the tenancy can be determined at any time (tenancies at will, for example).

The considerations at play in rent pricing for new lettings and those for, respectively, lease renewals and rent reviews can differ. This is particularly the case at rent review where the drafting of rent review clauses and extensive case law may require various hypothetical assumptions to be made about the property, how it can be used and the terms on which it can be let.

Nevertheless the principle remains the same; that in all cases the council seeks to obtain the maximum financial return from its assets and negotiations at lease renewal and rent review are conducted accordingly.

In view of the complexities in these areas of professional practice, a single Principal Surveyor reporting to the Head of Property leads on managing the rent review and lease renewal programmes. Information from other renewals, reviews and new lettings provides rental evidence in determining the new rents.



# 7. Tackling Debt

In the year to September 2016 quarter end debt in the commercial portfolio has fluctuated between £1.9 and £2.4 million. The figure is made up of rent owed on both current and terminated accounts.

Whilst this represents a marked improvement on the previous twelve months, when the figure exceeded £3 million at one point, and follows a concerted campaign with full commitment from officers and members, a renewed programme is now called for and activities need to be programmed, managed and monitored to ensure collection, intervention or other action is being progressed to drive the debt down further.

The starting point has been to look realistically and responsibly at long-entrenched debts in the portfolio, where in previous years there had been hesitancy to institute action for various and frequently complex reasons. Together the handful of cases in this category accounted for nearly 10% of all current tenant debt.

## Commercial rent debt analysed

Some analysis is needed to understand how the total debt figure is made up and the degree of financial risk it represents.

57% of all debt (about £1.2 million) is transitory in nature, whilst banking and accounting transactions are completed. This includes money held in suspense accounts pending allocation due to payment queries and processing, which in the last year has reduced from a peak of £1.2 million to approximately £765,000.

A further 3% of the debt relates to funded groups where grants are outstanding and arrangements are underway to ensure payment.

The core debt of money at risk refers to unpaid rent on live accounts where tenancies are continuing. Currently this stands at £455,000 (21% of all debt, or approximately 4% of rent in charge). It is this element that needs to be regarded as highest risk and therefore is the focus for our rent recovery actions.

Finally, 20% of the monies owing relate to terminated accounts, typically where premises have been repossessed for non-payment of rent. The opportunity of recovery is fully examined and where there is scope to do so further action is instituted. In some cases (in the order of 5% - 10%) it is concluded that there is no realistic prospect of collection and steps are taken to formally write these amounts off as bad debt.

## Managing debt

In each case the approach needs to be consistent across the different professional staff involved in the process on the Council's part. High level participation in regular debt meetings with managing surveyors is part of this.

A full suite of procedures reflecting good estate management practice and corporate standards for managing money are set out in an internal document entitled "Commercial Rents – Managing Debtors Procedures" dated 1<sup>st</sup> April 2015.

Periodic sampling of recovery cases is undertaken to ensure consistent handling or, where pragmatism calls for departure from procedure, the actions and decision making is agreed and documented.

# 8. Modernising the Letting Process

Letting vacant units provides opportunities to establish current rent levels and adjust use mixes, to reflect local demand and the council's overarching and property specific objectives for a given parade, estate, etc. Equally, the prospect of change can be a concern to neighbouring tenants and local residents.

Ultimately it is in all parties' interests that a vacant property is re-let as quickly and effectively, other than where premises are held vacant as part of a wider programme; typically in the context of regeneration projects or pending disposal with vacant possession. By this stage the properties concerned are likely in any event to be regarded as surplus assets, rather than continuing to form part of the commercial portfolio.

Therefore this area of activity in the commercial portfolio is a carefully managed one, with processes and monitoring arrangements in place. Its main elements of estate strategy, marketing, tenant selection and administration are considered in more depth below.

## Overview of the letting process

The letting process is managed within the Portfolio Management Team. Individual surveyors undertake all relevant professional work. They are supported by a dedicated lettings surveyor who runs processing, marketing, co-ordinating application papers, etc.

Procedures for new lettings are set down in an internal practice note covering:

- Termination Instructions;
- Dealing with void premises;
- Internal management of lettings activity, including review meetings;
- Marketing including viewings;
- The application process, and;
- Tenant selection.

Prior to re-letting vacant properties are assessed for condition, basic standards of statutory compliance etc. This is both to ensure the Council is not exposed to risk and liability as the owner letting the building and to streamline the progress of the lettings process by eliminating unforeseen building issues from subsequent stages.

A number of reports are arranged by the Lettings Administrator prior to marketing. These include EPC, Asbestos Report, Electrical Installation Report, A Buildings Regulations Compliance (Fire Safety) Certificate and a gas installation certificate if applicable.

Where additional works are required these are specified and commissioned to bring premises up to a compliant shell condition prior to re-letting and the completion of any new lease.

Details of properties to let are published on the Council's website. The website also provides general information about letting a property and explains the procedure for applying. Agents may be engaged to deal with the marketing of high rent or specialist premises.

Premises currently to let:

[http://www.southwark.gov.uk/directory/13/find\\_properties\\_to\\_let/category/77](http://www.southwark.gov.uk/directory/13/find_properties_to_let/category/77)

Interested parties complete a Standard Application Form online after they have viewed the property. The decision about which tenant should be selected is with the estate manager based on the tenant's business proposal for the premises, references, rent, proposed use and compatibility etc – see below under "Curating uses and the tenant mix". The estate manager will prepare a short form of report explaining the rationale for his or her decision, identifying all offers received and provides this, along with all applications received, to the Principal Surveyor for approval.

As at September 2016 we are in the final stages of introducing a new system to assist the process. This draws together all the information about applications in a single place, to assist the decision making and to ensure it is fully reportable and auditable. As it is a new system we will keep progress under review.

## Tenancies at will and criteria for their use

In some cases a Tenancy at Will may be used rather than a full lease. The use of these agreements is consistent with the Corporate Asset Management Plan, which provides for flexibility in the approach taken. In particular Tenancies at Will:



- Confer minimal rights on the tenant whilst allowing the landlord considerable flexibility;
- Are open-ended i.e. with no end date,
- Are based on a standard form of agreement requiring no further input from lawyers, which may take some time depending on the parties involved in the transaction and complexity of the case;
- Can be terminated with immediate notice.
- Are cheap and easy to prepare and simple to administer

The council's estate managers will use a Tenancy at Will where one or more of the following criteria is met pending the grant of a full lease:

- The Council is enabled to generate revenue quickly;
- Vacant units can be brought back into use in advance of the formalities for a full lease being completed;
- It is otherwise desirable for tenants to enter the property sooner (if at risk); where fitting out is to take place, for example;
- There are issues with the tenant to tenancy which need to be resolved before it is appropriate to enter into a full lease which would confer greater protection upon the tenant;
- To test out new initiatives in the retail environment without burdening either side with a full lease, in the case of "pop-up" shops etc.

Therefore the grant of a Tenancy at Will, guided by the above criteria is a matter of judgement depending on the circumstances of the asset, the proposed tenant and the objectives to be realised through the letting. Any course of estate management action, including the choice of occupation agreement, is approved through a scheme of delegation, with a clear and transparent audit trail maintained to justify the decision.

All such tenancies are recorded in the council's estate management system database and monitored to ensure they continue to meet the criteria and are replaced with full lease where circumstances have changed. As at Septemebr 2016 the portfolio included 34 Tenancies at Will. Where the rationale for their grant continues to hold good, 17 of these are continuing. 12 are to be replaced by full leases subject to negotiation and completion of legal formalities. The other 5 remain under review.

Periodic tenancies and licences are similarly kept under review to ensure the arrangements do not become open ended or are no longer appropriate.

# 9. Curating uses & the tenant mix

## Tenant selection

Although uses, particularly in retail parades, have always been carefully managed, the priority has been the maximisation of income. However this can have a negative impact on the sustainability of the investment over medium to long term, with parades being dominated by a limited range of competing businesses, but not always addressing the wider needs of the local community. In time this can lead to regular business failure, void shop units and loss of rent.

Although maximisation of incomes must still be a priority, consideration is given to the following when considering a new letting (or assignment or application for a change of use):

- Tenant mix
- Vibrant and sustainable shopping locations supporting independent trades
- Protection of neighbourhood character
- Regeneration aspirations
- Local services to communities

Consequently the criteria generally applied when deciding to grant tenancies are:

- Rental bid/premium offered;
- Tenant's business strategy;
- Ability to perform lessee/occupier obligations
- Local impacts

The objective is successful parades meeting local needs with local traders as well as maximising the investment value of the parade.

In the wider context the council's shopping parades need to be viewed in terms of supporting choice, local economy, entrepreneurship, community and influencing sense of place. The presence of incompatible uses in a given parade can individually, and more particularly in a cumulative way where these uses proliferate, have a disproportionate adverse impact on how a locality is perceived and local amenity. As the Department for Communities and Local Government's 2012 report "Parades to be Proud Of" explains, "Parades of shops have a strong link to their communities and form an integral element

of local 'place' (the sentiment is strongly mirrored in the new VCS strategy).

## Uses the council won't accept

With the above in mind, the Council agreed in June 2015 to exclude some uses entirely from its retail parades:

- Payday loan shops and associated financial services (excluding not for profit co-operatives whose purpose is to provide affordable financial services for members of the local community)
- Betting & gambling shops
- Amusement arcades

And on a discretionary basis:

- Pawnbrokers where pawnbroking is the primary or constitutes a substantial part of the business conducted from the premises (excluding jeweller's businesses where pawnbroking is conducted ancillary to the main use)

The schedule of prohibited uses is kept under review by the Director of Regeneration and may be altered and added to from time to time. Much of the initial attention has been on activities that take money out of the local economy. One area that is likely to become the focus of further attention is the promotion of healthy high streets and uses that promote healthy lifestyles.

## Towards a more curated estate

The line between nurturing the retail/commercial offer and influencing market operations less successfully is a fine one; especially so at a time when high streets are changing and their purpose is being re-evaluated more profoundly than at any time previously.

Even so, there is scope for the Council to more actively curate uses and occupiers within its estate to encourage interesting, sustainable commercial enclaves and a vibrant economy.

Granted, the most accomplished interlopers in this respect, such as the Crown Estate on Regent

Street and Howard de Walden Estates in Marylebone do have the benefit of some rather different subject matter and locational advantages to engage with. However, like these landed estates the Council shares a long term interest, and on this basis it is possible to borrow from the principles of the curated approach the key players have employed to bring about transformational change in their own estates over the last couple of decades.

Whilst the more immediate benefits might accrue to the locality, the long term commercial gain to the landlord of creating places where people want to shop, work and rent premises can be expected to satisfy the Best Value / Best Consideration requirements that the Council will need to demonstrate.

### Refreshing our approach

Where we believe the necessary conditions for doing so are present, we propose an approach where we will:

- Consult widely and at community level to identify preferred uses in the locality;
- Undertake a time-limited marketing campaign geared at attracting the preferred uses;
- In the absence of viable bids coming forward go to wider market;
- Consider the use of “pop-up” enterprises to test new ideas and use proposals in a lower-risk way.

As a starting point both the Council and the community will need to be realistic about what the choices are, and the places where Lettings Schemes are most likely to be successful. The background conditions we believe will be needed to achieve this are:

- The Council is the sole or dominant landlord of the immediate retail/commercial units and therefore potentially can exert greater influence over use considerations in the locality, compared to locations where that ownership is more fragmented.
- The assets are not part of a wider regeneration programme but may be in

areas in transition at the periphery of such schemes where significant consequential change can be anticipated;

- Complimentary initiatives are already present in the locality, such as Business Improvement Districts, retail environment investment schemes, etc
- There is expected to be a high degree of community interest in the outcome.

### A Pilot lettings scheme – the “Blue” & Southwark Park Road

It needs to be accepted that some, perhaps most, retail/commercial locations owned by the Council may not fit the letting scheme model. Equally, the presence of the necessary background conditions that make the approach workable will change over time and the potential for new schemes needs to be kept under review.

However, as a starting point we propose to establish a pilot letting scheme based around Market Place and Southwark Park Road, SE16. This fulfils our selection criteria in that:

- The Council is the dominant retail/commercial owner;
- The estate is outside any direct regeneration scheme, but nevertheless in an area that is seeing nearby schemes lever in significant change , which can reasonably be expected to continue;
- In 2014 the Blue Bermondsey Business Association secured Business Improvement District status, to increase profile and funding to the area, in which the community takes a keen interest.

### Statutory controls on use – planning update

On 8<sup>th</sup> September 2015 Planning Committee approved an immediate Article 4 Direction, withdrawing the permitted development rights for change of use from of A1 (shops) to A2 (financial and professional services) in 4 town centre protected shopping frontages.

The 4 town centres affected are Walworth Road, Peckham (Rye Lane), Camberwell (Denmark Hill) and Lordship Lane. In practice few of the Council's retail premises are affected:

- 46-66 (even) Peckham High Street
- 358-374 (even) Walworth Road
- 3-23 (odd) Camberwell Church Street
- 8-24 (even) Lordship Lane

Two existing Article 4 Directions continue to be applicable and these withdraw the following permitted development rights in Southwark's protected shopping frontages:

- A change from classes A3 (restaurants and cafes), A4 (drinking establishments) and A5 (hot food takeaways) to A2 (financial and professional services);
- Temporary changes of use for up to 2 years from classes A1 (shops), A2 (financial and professional services), A3 (restaurants and cafes) and class B1 (business) from uses falling within use classes A1 (shops), A2 (financial and professional services), A3 (restaurants and cafes), A4 (drinking establishments), A5 (hot food takeaways), B1 (business), D1 (non-residential institutions) and D2 (assembly and leisure)

These two Article 4 Directions relate to all 48 of Southwark's protected shopping frontages which are listed in the Southwark Plan 2007. The Borough's town centres and shopping frontages are reviewed in the New Southwark Plan Preferred Option.

Before leaving the question of uses it is worth being aware that restrictive user clauses have been considered in the context of the Competition Act 1998. We are tracking developments in case law and may adapt our approach in drafting leases and bringing forward lettings schemes that encourage economic development and benefit consumers accordingly.

## Improving the retail environment

There are opportunities for the council to improve its retail estate in the course of regeneration and, outside the areas these more comprehensive schemes overlook, through modest and proportionate investment.

A number of projects and pilots to improve the retail environment have been completed or are in the pipeline at Jamaica Road, Nunhead, Queens

Road, Meeting House Lane and Brayards Road. The following are in the pipeline, with schemes for Camberwell Road and Peckham station also under consideration:

- Tower Bridge Road – looking at interventions along the street, draft brief to be drawn up;
- Lower Road – with British Land who also have proposals to work with traders – brief to be issued in October;
- Harper Road – working with Public Realm looking at parking issues initially;
- East Street – working with GLA High Street fund to deliver a combined project;
- Walworth Road South – with Public Realm who have proposals for improvements to the southern end. Currently approaching the traders in our properties

The works include new shop fronts, street scene improvements, waste management, branding / profile enhancements, and tackling some inevitable issues identified once on site such as building defects and inappropriate alterations to buildings.

Where there is an opportunity to do so we aim to bring forward this investment in conjunction with other initiatives including refurbishment to bring vacant units up to an acceptable standard where necessary to bring about an element of additionality in the overall outcomes.

# 10. Asset Strategy

**Objectives & detailed proposals,  
asset-class-by-asset-class  
assessment**





# Appendix I: Performance

## 1. Managing financial performance

KEY AREA EXAMINED	MEASURING	INDICATOR	BASELINE 2015/16	PROJECTION 2016/17	PROJECTION 2017/18	REPORT TO	PERIOD	NOTES
<b>Rent policy &amp; income</b>	Commercial income generated by the estate	Total rent, service charges etc. collectable from the commercial estate	£12.3m pax	£11.6m pax	£12.2m pax	Cabinet Member Finance, Modernisation & Performance	Monthly	Decrease in rent in charge 2015/16 – 2016/17 due to loss of income from E&C advertising and from lettings to third parties at 160 Tooley Street
	Additions to income through rent review	Number of reviews completed	50	50	50			Reviews to be completed or approved "nil increase" where market dictates
	Effective handling of high value and high complexity rent reviews	Agreement of new rent and completion of rent review memorandum	N/A	Completion of key reviews - see note	Case Specific			Harmsworth Quay, Barnwell House, Dockley Road (council as tenant)
	Addition to income through lease renewal	Number of renewals completed	60	60	60			Renewals to be completed or approved "holding over" where market / strategy dictates
<b>Tackling debt</b>	Efficiency of rent collection and recovery processes	Core debt at year end	£1.7m	£1.5m	£1.25m		Quarterly	Additional detail provided in monthly income/debt reporting corporately and to Cabinet Member for Finance & Resources.
		Sampling of cases to ensure debtor procedures complied with	-	5%	5%			



## 2. Developing our asset / portfolio strategy

KEY AREA EXAMINED	MEASURING	INDICATOR	2016/17	2017/18	REPORT TO	NOTES
The estate (strategy)	Asset Strategy embedded throughout the commercial property portfolio	Agreement of this paper under Member Independent Decision Making	Report Q4 2016	Review after 6 months	Cabinet	Review 2017
	Supply of affordable Business & Creative Space	Agree approach and monitor progress	-	Report Q1 2017	Cabinet	Note that the majority of projects for delivery are outside Property teams immediate influence
	Policy for the VCS occupied estate	Develop premises workstreams from wider VCS review	Report Q4 2016	-	TBC	A broader review examining the council's relationship with the third sector was reported to Cabinet in October.
Modernising the letting process / curating uses	Efficiency of lettings processes	Complete implementation of lettings system	Testing Q4 2016	Full implementation Q2 2017	Cabinet Member Finance, Modernisation & Performance	To include procedure notes on tenant selection / due diligence processes
	Lettings policy	Explore feasibility of pilot lettings scheme for "the Blue"	Q3/4 2016	Review after 6 months		
		Consider approach to "healthy" socially cohesive use of council assets - advertising	Report Q1 2017	-	TBC	-

### 3. Managing the portfolio

KEY AREA EXAMINED	MEASURING	INDICATOR	BASELINE 2015/16	TARGET 2016/17	REPORT TO
Management & Compliance Inspections	Efficiency of estate management function, proper discharge of tenant and landlord obligations in relation to commercial leases	Put in place a simple IT solution to assist management inspections, recording and monitoring based on portfolio manager's requirements	September 2015	Full implementation April 2017	Head of Property
		Programme of inspections built into estate manager's workplans	80	100	Head of Property
Lease Terms	Reflecting current best practice and policy requirements in legal contracts	Review current lease documentation	April 2015	April 2017	Head of Property
Voids	Portfolio "health check" - are the policies and income strategies working? Efficiency of letting process.	Short term, transitional vacant premises in course of re-letting	4%	<3%	Cabinet Member Finance, Modernisation & Performance
		Long term voids	1%	1%	
Systems	Adequacy of estate management systems	Ensure necessary disaster recovery systems & back up arrangements are in place	-	March 2017	Head of Property to liaise with Head of IT

## Performance Data

ASSET GROUP	COMMENTARY	ASSETS IN GROUP	CURRENT RENT PASSING PAX  HRA	CURRENT RENT PASSING PAX  GF	OBJECTIVE	PROPOSALS	PROJECTED GROSS INCOME PAX WITHIN 3 YEARS	PROJECTED CAPITAL OVER NEXT 3 YEARS – RECEIPTS OR EXPENDITURE (sales will extinguish the corresponding income stream)
<b>AERIALS</b> Telecoms aerials, generally on high rise residential blocks	<ul style="list-style-type: none"> <li>MV typically in the region of £15k per installation depending on coverage</li> <li>Majority of existing tenancies subject to review/renewal by 2018</li> <li>Currently requires agreement at Housing Office level - unpopular option</li> <li>Future losses to regeneration schemes – Chiltern, Taplow</li> </ul>	31	<b>£420,000</b>	-	<ul style="list-style-type: none"> <li>Increase income by licencing additional locations. There is immediate demand for five new sites in the north of the borough.</li> </ul>	<ul style="list-style-type: none"> <li>Progress rent reviews and lease renewals as they become due (Subject to consultancy advice)</li> <li>Maintain commercial stance on new installations subject to consultation</li> <li>Consider scope for new installations in regeneration schemes and other new build development</li> <li>Specialist consultancy advice on rents to be obtained and discussion on other potential sites</li> </ul>	<b>£1,450,000</b> <ul style="list-style-type: none"> <li>10% uplift + £1 million new income if five new sites can be agreed subject to consultation.</li> <li>A number of sensitivities at play may limit what is achievable</li> </ul>	<b>£50,000</b> Subject to expansion of the portfolio there is scope for a series of one-off premiums on new installations. Interests saleable in event of call on capital
<b>ADVERTISING HOARDINGS</b>	<ul style="list-style-type: none"> <li>Removal of the E&amp;C hoardings, welcomed or otherwise, has removed £400,000 of income over the last year</li> </ul>	5	<b>£150,000</b>	-	<ul style="list-style-type: none"> <li>Maximise income by exploring opportunities for new / enhanced installations</li> <li>Ensure corporate restrictions are fully observed</li> </ul>	<ul style="list-style-type: none"> <li>Consider potential for new, high income, digital installations</li> </ul>	<b>£200,000</b> <ul style="list-style-type: none"> <li>Review in light of Health and Well being board recommendations and restrictions</li> </ul>	<b>£0</b> Interests saleable in event of call on capital

ASSET GROUP	COMMENTARY	ASSETS IN GROUP	CURRENT RENT PASSING PAX  HRA	CURRENT RENT PASSING PAX  GF	OBJECTIVE	PROPOSALS	PROJECTED GROSS INCOME PAX WITHIN 3 YEARS	PROJECTED CAPITAL OVER NEXT 3 YEARS – RECEIPTS OR EXPENDITURE (sales will extinguish the corresponding income stream)
SHOPS	<p><b>1) Lock up shops</b></p> <ul style="list-style-type: none"> <li>Generally in small parades of 10 or fewer units geared towards local provision on or around housing estates. Some larger clusters – East Street, Jamaica Road etc</li> <li>A fairly even distribution of reviews/renewals for all leases over the next 5 years</li> <li>Some historic reviews outstanding – may be fully rented already and no scope for uplift</li> <li>Losses to regeneration schemes – Taplow, Northchurch (but temporary affordable business uses)</li> <li>GF Assets include Hopton Street shops (several reviews due 2016/17)</li> </ul>	410 HRA 8 GF	£4,600,000	£61,000	<ul style="list-style-type: none"> <li>Retain for income</li> <li>Ensure discharge of landlord obligations including statutory compliance</li> <li>Consider development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Continue policies of active management, income collection, rent review, renewal etc</li> <li>Holistic approach to management of more concentrated parades (East Street, Jamaica Road, Southwark Park Road etc)</li> <li>Review letting process and closely monitor – turnaround times acknowledging various stages involved in process</li> <li>Review low density, standalone parades on potentially underutilised sites for release to sale/development – consider single storey units in Long Lane and Great Suffolk Street</li> <li>Minor investment in strategic shop fronts at Hopton Street</li> </ul>	<p><b>£5,000,000</b></p> <p>c. 5% uplift should be achievable in an improving market, without jeopardising viable businesses already in occupation but acknowledging also the likelihood of some tenant turnover as arrears of rent are addressed.</p> <p>Note potential for repairing and compliance obligations to erode income.</p>	£0
	<p><b>2) Shops with Residential Upper Parts</b></p> <ul style="list-style-type: none"> <li>May be mixed in parades (Albion Street, Evelina Road, Jamaica Road, Nunhead Lane), although LBS ownership typically fragmented.</li> <li>All leases subject to review/renewal within 5 years</li> </ul>	42	£480,000	-	-	<ul style="list-style-type: none"> <li>On vacation of any shops with residential upper parts review against receipts programme requirements for potential disposal.</li> </ul>	<p><b>£530,000</b></p> <ul style="list-style-type: none"> <li>See above</li> </ul>	<p><b>£250,000</b></p> <ul style="list-style-type: none"> <li>Assumes some ad hoc releases from the estate, subject to business case</li> </ul>
PETROL STATION	<ul style="list-style-type: none"> <li>Old Kent Road</li> <li>Now car wash &amp; flats – latter considered under residential, below</li> </ul>	1	£40,000	-	Retain for income	<ul style="list-style-type: none"> <li>Potential disposal.</li> <li>Potential in Old Kent Road regeneration</li> </ul>	£40,000	£0  Interests saleable in event of call on capital

ASSET GROUP	COMMENTARY	ASSETS IN GROUP	CURRENT RENT PASSING PAX  HRA	CURRENT RENT PASSING PAX  GF	OBJECTIVE	PROPOSALS	PROJECTED GROSS INCOME PAX WITHIN 3 YEARS	PROJECTED CAPITAL OVER NEXT 3 YEARS – RECEIPTS OR EXPENDITURE (sales will extinguish the corresponding income stream)
<b>INVESTMENT GRADE ASSETS</b>	Although few in number, individually they generate significant incomes.	<b>Surrey Quays Shopping Centre, SE16</b>	-	<b>£269,000</b>	<ul style="list-style-type: none"> <li>Retain for income in medium term</li> <li>Will be included in the wider Surrey Quays regeneration in the medium to long term – terms under negotiation</li> </ul>	<ul style="list-style-type: none"> <li>Note turnover rent potentially diminishing due to adverse impacts of anticipated development / regen (running down) and competition</li> </ul>	<b>£270,000</b>	As part of the wider Surrey Quays regeneration
		Council is freeholder and has let on a long lease at a turnover rent	-	<b>£400,000</b>	Progress negotiations/arbitration. Anticipate completion Q1 2017	<ul style="list-style-type: none"> <li>Rent review to be settled, with expectation of significant uplift in income.</li> </ul>	<b>£1,000,000+</b>	<b>£0</b>
		<b>Harmsworth Quays, SE16</b>	-	<b>£240,000</b>	Retain for income	<ul style="list-style-type: none"> <li>Occupation arrangement to be finalised regarding community use of part of ground floor</li> </ul>	<b>£240,000</b>	The outcome of the rent review will inform wider commercial deal on disposal
		<b>56 Southwark Bridge Road, SE1</b>	-	-	Retain for income	Consider further acquisitions through: <ul style="list-style-type: none"> <li>a) S106 negotiation (Blackfriars Road) etc</li> <li>b) Finite opportunities in LBS regeneration programme</li> </ul>	-	Interests saleable in event of call on capital
		<b>Generally</b>						
<b>BUSINESS AND INDUSTRIAL PREMISES</b> Studios, workshops, industrial units, office buildings	<ul style="list-style-type: none"> <li>Tower Workshops Riley Road, SE1</li> </ul>	45 units – approx.. 50,000 sq.ft in a central location	-	<b>£431,000</b>	<ul style="list-style-type: none"> <li>To be kept under review in view of a) increasing pressures on small business space, b) strong potential for income in existing use and, c) capital appreciation in alternative use</li> </ul>	<ul style="list-style-type: none"> <li>Hold for income / income growth potential in short to medium term</li> <li>Full options appraisal to be developed</li> </ul>	<b>£475,000</b> (without investment)	<b>£0</b>
						<ul style="list-style-type: none"> <li>Potential for rental uplift in view of scarcity of other accommodation, subject to investment in light-touch updating of external and common parts and rebranding</li> <li>Expenditure on works c. £50,000</li> </ul>	Saleable. Regeneration potential.	

ASSET GROUP	COMMENTARY	ASSETS IN GROUP	CURRENT RENT PASSING PAX  HRA	CURRENT RENT PASSING PAX  GF	OBJECTIVE	PROPOSALS	PROJECTED GROSS INCOME PAX WITHIN 3 YEARS	PROJECTED CAPITAL OVER NEXT 3 YEARS – RECEIPTS OR EXPENDITURE (sales will extinguish the corresponding income stream)
	<ul style="list-style-type: none"> <li>Dockley Road Industrial Estate, SE16 (leasehold interest)</li> </ul>	11	-	<b>£73,000</b> (after deduction of head rent)	<ul style="list-style-type: none"> <li>Regeneration potential (Bermondsey Spa)</li> </ul>	<ul style="list-style-type: none"> <li>Conclude outstanding headlease rent review</li> <li>Approval for regeneration scheme disposal</li> </ul>	<b>£50,000</b> (after deduction of higher head rent after review)	<b>disposal expected in year 2016/17</b>
	<ul style="list-style-type: none"> <li>Pullens Estate, SE17</li> </ul> <p>Note – a significant number of leases are on 15 year RPI terms</p>	70	<b>£622,000</b>	-	<ul style="list-style-type: none"> <li>Hold for income</li> <li>Requires investment to deal with fire separation and protection – project to get underway mid-2016</li> </ul>	<ul style="list-style-type: none"> <li>Retain and keep under review in view of a) increasing pressures on small business space, b) strong potential for income in existing use</li> </ul>	<b>£650,000</b>	<p><b>£0</b></p> <p>Expenditure on works c. £450,000</p> <p>Saleable (long lease basis in view of integration with residential estate) in event of call on capital</p>
	<ul style="list-style-type: none"> <li>5/5a Westminster Bridge Road, SE1</li> </ul>				<ul style="list-style-type: none"> <li>Decision required whether to sell or hold. There appear to be compelling arguments for the former stance.</li> </ul>	<ul style="list-style-type: none"> <li>Appraise options including sale.</li> <li>High operating costs / landlord liabilities around repairs</li> <li>Disproportionate holding costs compared to income while estate is retained</li> </ul>		
	<ul style="list-style-type: none"> <li>Sandgate Street Industrial Estate, SE15 (lease and leaseback arrangement)</li> </ul>	11	-	<b>£93,000</b> after deduction of headrent	For the time being the estate is predominantly occupied by the Council for occupation purposes.	<ul style="list-style-type: none"> <li>Under consideration as part of a separate Depots Review.</li> <li>May be potential for sale/redevelopment, having regard to the lease and leaseback tenurial structure.</li> </ul>		
	<ul style="list-style-type: none"> <li>Braganza Street / Kennington Workshops, SE1</li> </ul>		<b>??</b>	<b>£30,000</b>	Building is only partly let pending redevelopment	<ul style="list-style-type: none"> <li>Progress sale / redevelopment</li> </ul>	<b>N/A</b>	Under consideration for Southwark Regeneration in Partnership Scheme
	<ul style="list-style-type: none"> <li>Sojourner Truth Centre, Sumner Road, SE15</li> </ul>	24	-	<b>£75,000</b>	To review	<ul style="list-style-type: none"> <li>Exclusively a Voluntary &amp; Community Sector occupied asset, to be considered as part of a wider review of this sub-set of the commercial portfolio.</li> </ul>	<b>£75,000</b>  Subject to review	Subject to review

ASSET GROUP	COMMENTARY	ASSETS IN GROUP	CURRENT RENT PASSING PAX  HRA	CURRENT RENT PASSING PAX  GF	OBJECTIVE	PROPOSALS	PROJECTED GROSS INCOME PAX WITHIN 3 YEARS	PROJECTED CAPITAL OVER NEXT 3 YEARS – RECEIPTS OR EXPENDITURE (sales will extinguish the corresponding income stream)
	<ul style="list-style-type: none"> <li>Others (includes Rockingham Street arches and Astbury Road)</li> </ul>	11	£140,000	-	-	<ul style="list-style-type: none"> <li>Manage for income</li> </ul>		
<b>LAND</b> Sites not held for sale/surplus	<ul style="list-style-type: none"> <li>Includes Walworth Garden Farm</li> <li>Review/renewal due on all but two low-rent assets in next five years</li> </ul>	14	£15,000	-		<ul style="list-style-type: none"> <li>Miscellaneous land holdings such as these exert a disproportionate burden on management time and repairing costs, compared to income</li> </ul>	£15,000	£0 Subject to review
<b>OFFICES</b>	<ul style="list-style-type: none"> <li>Rent reviews / renewals due for all except a few low-rent, long leases within the next five years</li> </ul>	9	£120,000	-	<ul style="list-style-type: none"> <li>Hold for income</li> </ul>	<ul style="list-style-type: none"> <li>Continue to manage with regard to overall portfolio objectives</li> </ul>	£150,000	£0
<b>COMMUNITY CENTRES AND HALLS</b>	<ul style="list-style-type: none"> <li>Let to third parties on commercial terms</li> <li>Aylesbury regeneration will replace some existing facilities with new assets</li> </ul>	8	£322,000	-	<ul style="list-style-type: none"> <li>To review</li> </ul>	<ul style="list-style-type: none"> <li>Exclusively a Voluntary &amp; Community Sector occupied asset, to be considered as part of a wider review of this sub-set of the commercial portfolio</li> </ul>	£322,000 Subject to review	Subject to review
<b>NURSERIES</b>	<ul style="list-style-type: none"> <li>Let to third parties i.e. not LBS operational use</li> </ul>	3	£52,000	-	<ul style="list-style-type: none"> <li>Hold for income</li> </ul>	<ul style="list-style-type: none"> <li>Continue to manage with regard to overall portfolio objectives</li> </ul>	£60,000	£0
<b>SURGERIES AND HEALTH CENTRES</b>	<ul style="list-style-type: none"> <li>Includes Aylesbury Health centre to be reprovided</li> </ul>	11	£315,000	-	<ul style="list-style-type: none"> <li>Hold for income</li> </ul>	<ul style="list-style-type: none"> <li>Continue to manage with regard to overall portfolio objectives</li> </ul>	350,000	£0
<b>CAR PARKS etc.</b>	<ul style="list-style-type: none"> <li>Includes Copeland Road Bus Garage</li> </ul>	2	£183,000	-	<ul style="list-style-type: none"> <li>Hold for income</li> </ul>	<ul style="list-style-type: none"> <li>Hold for income</li> </ul>	£200,000	£0
<b>ELECTRICITY SUB STATIONS</b>	<ul style="list-style-type: none"> <li>Traditionally let on very low rents</li> <li>Not actively reviewed until 2015 – work in progress</li> </ul>	144	£1,023	-	<ul style="list-style-type: none"> <li>Maximisation of a highly secure income stream</li> <li>Ensure development is not frustrated by long term, indeterminable interests</li> </ul>	<ul style="list-style-type: none"> <li>Reviews, renewals and new lettings to modern rent levels. Consultants advising.</li> <li>“Lift &amp; shift” provisions in 60 – year industry standard leases</li> </ul>	£25,000	£0

ASSET GROUP	COMMENTARY	ASSETS IN GROUP	CURRENT RENT PASSING PAX  HRA	CURRENT RENT PASSING PAX  GF	OBJECTIVE	PROPOSALS	PROJECTED GROSS INCOME PAX WITHIN 3 YEARS	PROJECTED CAPITAL OVER NEXT 3 YEARS – RECEIPTS OR EXPENDITURE (sales will extinguish the corresponding income stream)
<b>OTHER TENANTED NON-RESIDENTIAL ASSETS</b>	<ul style="list-style-type: none"> <li>Miscellaneous – allotments, garden and other land, garages</li> <li>Excluding nominal value wayleaves and easements)</li> </ul>	14	<b>£18,600</b>	-	Consider agreement of “hands-off” management/lease obligations with tenants – in particular shift of repairing obligations	<ul style="list-style-type: none"> <li>Miscellaneous land holdings such as these exert a disproportionate burden on management time and repairing costs, compared to income</li> <li>Continue on tick over basis. Some allotment sites may provide sale/development opportunities and this will be kept under review, but accompanied by need for re-provision.</li> </ul>	<b>£20,000</b>	0
<b>RESIDENTIAL</b>	<ul style="list-style-type: none"> <li>Private housing and third party provision</li> <li>Hostels &amp; Miscellaneous (excluding ground rents)</li> </ul>	7	<b>£115,000</b>	-	<ul style="list-style-type: none"> <li>Hold for income</li> </ul>	<ul style="list-style-type: none"> <li>Continue to manage with regard to overall portfolio objectives</li> </ul>	<b>£125,000</b>	<b>£0</b>  Interests saleable in event of call on capital
<b>PUBLIC HOUSES</b>	<ul style="list-style-type: none"> <li>Mostly let on long leases</li> <li>Typically 20-30 years unexpired at low rents</li> <li>Exception is 186 Tooley Street at c.£63,000 pax due for review in 2015</li> </ul>	14	<b>£65,000</b>	-	<ul style="list-style-type: none"> <li>Main emphasis is on a good outcome to the 2015 review for 186 Tooley Street.</li> </ul>	<ul style="list-style-type: none"> <li>Advisors instructed in the review.</li> <li>Potential for sale to tenant.</li> </ul>	<b>£75,000</b>	



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