

## Cabinet

Tuesday 22 March 2011

4.00 pm

Town Hall, Peckham Road, London SE5 8UB

### Membership

Councillor Peter John  
Councillor Ian Wingfield  
Councillor Fiona Colley  
Councillor Dora Dixon-Fyle  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Catherine McDonald  
Councillor Abdul Mohamed  
Councillor Veronica Ward

### Portfolio

Leader of the Council  
Deputy Leader and Housing Management  
Regeneration and Corporate Strategy  
Health and Adult Social Care  
Environment, Transport and Recycling  
Finance and Resources  
Children's Services  
Equalities and Community Engagement  
Culture, Leisure, Sport and the Olympics

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Webpage: <http://www.southwark.gov.uk>

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Members of the committee are summoned to attend this meeting

### Councillor Peter John

Leader of the Council

Date: 14 March 2011



# Cabinet

Tuesday 22 March 2011  
4.00 pm  
Town Hall, Peckham Road, London SE5 8UB

## Order of Business

Item No.	Title	Page No.
	<b>PART A - OPEN BUSINESS</b>	
	<b>MOBILE PHONES</b>	
	Mobile phones should be turned off or put on silent during the course of the meeting.	
<b>1.</b>	<b>APOLOGIES</b>	
	To receive any apologies for absence.	
<b>2.</b>	<b>NOTIFICATION OF ANY OTHER ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT</b>	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
<b>3.</b>	<b>DISCLOSURE OF INTERESTS AND DISPENSATIONS</b>	
	Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.	
<b>4.</b>	<b>PUBLIC QUESTION TIME (15 MINUTES)</b>	
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules.	
<b>5.</b>	<b>MINUTES</b>	1 - 17
	To approve as a correct record the minutes of the open section of the meetings held on 8 February, 15 February (adjourned and special meetings) and 28 February 2011.	

<b>Item No.</b>	<b>Title</b>	<b>Page No.</b>
<b>6.</b>	<b>DEPUTATION REQUESTS</b>	18 - 19
	To consider any deputation requests.	
<b>7.</b>	<b>CAPITAL PROGRAMME 2010-19 QUARTER 3 MONITORING REPORT</b>	20 - 35
	To note the monitoring position for the capital programme, approve addition of budgets into the programme and to agree that given the level of reprogramming from the current financial year no new capital commitments be commenced until the approval of the capital refresh report.	
<b>8.</b>	<b>SCRUTINY REPORT - REVIEW OF KEY PERFORMANCE INDICATORS IN THE HOUSING REPAIRS SERVICE</b>	36 - 69
	To note the recommendations of the review of key performance indicators in the housing repairs service undertaken by the housing and community safety scrutiny sub-committee, with a request that the deputy leader and cabinet member for housing management report back to the overview and scrutiny committee by 17 May 2011.	
<b>9.</b>	<b>CORE STRATEGY FINAL ADOPTION</b>	70 - 83
	To recommend to council assembly the consideration of the Core Strategy - final draft February 2011.	
<b>10.</b>	<b>CANADA WATER AREA ACTION PLAN - PUBLICATION/SUBMISSION VERSION</b>	84 - 96
	To recommend to council assembly the consideration of the Canada Water Area Action Plan.	
<b>11.</b>	<b>UPDATE TO THE RESIDENTIAL DESIGN STANDARDS - SUPPLEMENTARY PLANNING DOCUMENT</b>	97 - 102
	To consider and agree for consultation the update to the residential design standards supplementary planning document.	
<b>12.</b>	<b>SOUTHWARK'S OLYMPIC AND PARALYMPIC VISION</b>	103 - 108

<b>Item No.</b>	<b>Title</b>	<b>Page No.</b>
	To approve the vision for Southwark's involvement in the 2012 Olympic and Paralympic games as the Olympics vision statement for the Council.	
<b>13.</b>	<b>ADOPTION OF THE LONDON 2012 OLYMPIC AND PARALYMPIC DESIGNATION</b>	109 - 113
	To seek agreement for the council to enter into the Host Borough Co-operation and Licence Agreement, so that the council may utilise the London 2012 Olympic and Paralympic 'host Borough' designation.	
<b>14.</b>	<b>GATEWAY 2: FRAMEWORK CONTRACTS TO PROVIDE BAILIFF SERVICES TO THE REVENUES &amp; BENEFITS AND PARKING SERVICES</b>	114 - 142
	To approve the award of a place in the bailiffs framework agreement to five suppliers.	
<b>15.</b>	<b>DISPOSAL OF 13 DESENFANS ROAD, SE21 7DN</b>	143 - 148
	To seek approval for the head of property to dispose of the council's freehold interest in 13 Desenfans Road, SE21	
<b>16.</b>	<b>SITE OF 525-539 OLD KENT ROAD, LONDON SE15 5EW</b>	149 - 153
	To seek approval for the disposal of the freehold interest in the site known as 525-539 Old Kent Road SE1 5EW ("the Site") to the Muslim Association of Nigeria (UK) ("the Association").	
<b>17.</b>	<b>MOTIONS REFERRED FROM COUNCIL ASSEMBLY</b>	154 - 160
	To consider motions referred from the 26 January 2011 council assembly on the following:	
	<ul style="list-style-type: none"> <li>• Educational maintenance allowance</li> <li>• Southwark Council tribute to heroes</li> <li>• Choices that count</li> </ul>	
<b>18.</b>	<b>MID ELMINGTON REGENERATION PROGRAMME</b>	161 - 193
	To agree an indicative implementation programme for the redevelopment of sites identified within the report.	
	<b>OTHER REPORTS</b>	
	The following items are also scheduled for consideration at this meeting:	

**19. YOUTH EMPLOYMENT FUND**

To agree initiatives for the youth fund delivery.

**20. DEVELOPMENT OF A SOCIAL LETTINGS AGENCY SCHEME**

To approve the operation of a social lettings agency scheme.

**21. ADMISSION ARRANGEMENTS FOR COMMUNITY PRIMARY SCHOOLS, NURSERY SCHOOLS AND CLASSES - SEPTEMBER 2012**

To agree admission arrangements for primary community schools, nursery schools and nursery classes admissions criteria for 2012.

**22. SOUTHWARK COORDINATED SCHEMES FOR SECONDARY, PRIMARY AND IN YEAR ADMISSIONS 2012**

To agree the Southwark Coordinated schemes for Secondary Primary and In Year Admissions 2012/13.

**DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING**

**EXCLUSION OF PRESS AND PUBLIC**

The following items are included on the closed section of the agenda. The Proper Officer has decided that the papers should not be circulated to the press and public since they reveal confidential or exempt information as specified in paragraphs 1-7, Access to Information Procedure Rules of the Constitution. The specific paragraph is indicated in the case of exempt information.

The following motion should be moved, seconded and approved if the cabinet wishes to exclude the press and public to deal with reports revealing exempt information:

“That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1-7, Access to Information Procedure Rules of the Constitution. “

**PART B - CLOSED BUSINESS**

**23. MINUTES**

**Item No.**

**Title**

**Page No.**

To approve as a correct record the minutes of the closed section of the meeting held 15 February 2011 (special) .

**24. GATEWAY 2: FRAMEWORK CONTRACTS TO PROVIDE BAILIFF SERVICES TO THE REVENUE AND BENEFITS AND PARKING SERVICES**

**25. SITE OF 525-539 OLD KENT ROAD, LONDON SE1 5EW**

**26. MID ELMINGTON REGENERATION PROGRAMME**

**DISCUSSION OF ANY OTHER CLOSED ITEMS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT**

Date: 14 March 2011



## Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 8 February 2011 at 6.00 pm at Town Hall, Peckham Road, London SE5 8UB

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**PRESENT:** Councillor Peter John (Chair)  
Councillor Ian Wingfield  
Councillor Fiona Colley  
Councillor Dora Dixon-Fyle  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Catherine McDonald  
Councillor Abdul Mohamed  
Councillor Veronica Ward

### 1. APOLOGIES

All members were present.

### 2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

The chair gave notice that the following late item would be considered for reasons of urgency to be specified in the relevant minute:

Item 10 – Policy and Resources Strategy 2011/12 -2013/14 – Revenue Budget

Additionally, the chair confirmed the receipt of 13 deputation requests relating to this item. It was agreed that all the deputations would be heard so that consideration of these representations could be given prior to any final decisions on the budget proposals.

### 3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures of interests or dispensations.

### 4. PUBLIC QUESTION TIME (15 MINUTES)

A public question was received from Ms Parra relating to issues of service delivery for the

council in a period of acute financial pressure. Ms. Parra was not in attendance.

The public question was noted and it was agreed that a response would be sent to Ms. Parra.

## 5. MINUTES

### RESOLVED:

That the open minutes of the meetings held on 20 and 25 January 2011 be approved as correct records and signed by the Chair.

## 6. DEPUTATIONS

### RESOLVED:

That the following deputation requests be heard in respect of the Policy and Resources Strategy 2011/12-2013/14 revenue budget proposals.

### UNISON

The spokesperson addressed the meeting stating their opposition to the proposed budget cuts and the enormous impact on front line services, feeling that the cabinet should 'resist' these cuts. Key issues outlined included the perceived lack of impact on senior management structures, the continued employment of consultants, materialising in various guises and an attack on terms and conditions of employment. It was suggested that the council should utilise budget reserves to limit the impact of these cuts on front line services.

Unison identified a number of other issues as part of their deputation which included:

- Asking why managers were issuing letters of redundancy when consultation was still underway
- Suggested cutting refreshments, use of mobile phones and cabs by officers
- Requested increased tax collection rates and reduction of debt
- Asked that contracts and partnerships be examined
- The use of capitalisation for redundancy
- Promise of voluntary redundancy with no movement and other such measures
- Queried the suggestion made that staff take two weeks unpaid leave to help deliver budget savings

### Community Action Southwark

The deputation outlined their concerns relating to the impact of budget cuts on the voluntary and community sector organisations. Cuts in the region of 25-30% have been notified to this sector with no identification of new opportunities/alternative funding. The deputation acknowledged the difficult position that the council were in with regard to the budget situation but felt that there was greater potential for a 'smarter implementation' of the budget programme. The deputation confirmed that a task force within the voluntary



sector had already been set up to look at different elements of the commissioning and grants programme.

### **Pupils of Boutcher Primary School**

Year 6 students at Boutcher primary school attended cabinet to make representations concerning proposed cuts to the Southwark Community Games. The children outlined their anxiety relating to these proposed cuts. It was felt that the games provided an invaluable opportunity to all children to participate in sport activity, to be fit and healthy and an excellent means of expression and social interaction. The children spoke of the skills, the development of talents and new challenges that they had acquired as a result of the games and urged cabinet to consider the funding position of this project. The games also provided fun and enjoyment to the children and young people within Southwark.

### **Local Residents on Southwark Community Games**

The deputation supported the points raised by the year 6 pupils in the previous deputation. It was explained that work of the project was undertaken within the schools (after school clubs), local parks and halls reaching out to the community, especially those on low incomes who would otherwise not be able to afford their children the opportunities provided by the project. In addition to exercise opportunities, the deputation advised that the games promoted healthy eating and tackled some of the obesity issues facing the community. Work was undertaken with older children in positive activities and engagement, avoiding them becoming bored and 'getting into trouble'. It was felt that the team work focus and challenges through the games had a major impact on the children and young people's lives. Again the local residents were able to identify some of the activities that their children had been involved with and how this in turn led to further personal and job development opportunities.

### **Southwark Arts Forum**

The forum made representations to the cabinet regarding the impact of the proposed cuts on the arts and culture sector and the consequent outcome for their members and forums. The forum outlined the contribution of Southwark towards the cultural and tourist quarter. It was explained that the model operated by the forum and their technical and networking expertise, including work within the community and schools had been adopted by other local authorities. Further to a survey of their network, it was felt undoubtedly that the proposed budget cuts would limit the access of groups to the arts. It was felt that the forum and its activities promoted health and well-being, social cohesion and provided value for money; promoting the economic health of the borough. Additionally the forum development role had recently included an examination of the opportunities for the participation of artists in the 2012 Olympics.

### **Carl Campbell Dance Company No. 7**

The dance company provided examples of their work undertaken with all sectors of the community, with a particular strength in breaking down some of the age barriers with young children and older people with all age groups anticipating fully within their activities and projects. The work of the company had also attracted high profile media coverage on various levels, including their 'recycled teenager' group which had shown Southwark in a positive light against the backdrop of negative press. The deputation felt that the project

brought dance to all ages, promoted well-being and served to encourage positive relationships within the community.

### **Homebound Library Service Users**

It was confirmed that the deputation spokesperson was unable to attend the cabinet meeting. However, the written representations made by the users were circulated and their concerns with regard to the homebound library service noted.

### **Bede House Association**

The deputation explained that Bede House was the only service within Southwark that provided a specialised support service to victims of domestic violence with a diagnosed mental health condition and who were patients of the community health teams. It was felt that the withdrawal of this service would leave these vulnerable members of the community susceptible to partner, ex-partner and carer abuse. It was suggested that any budget cut would impact disproportionately on women, children and high risk clients diagnosed with mental health conditions. The association also focused on the legal aspect of equalities impact assessments and the cascading type effect of cuts at a variety of different levels. Concerns were also identified with the commissioning process post 31 March 2011 and the absence of timetable/criteria for this process.

### **Cooltan Arts**

The deputation spokesperson confirmed that Cooltan Arts delivered a mental health service enabling people on their journey to recovery. The project believed that mental well-being was enhanced by the power of creativity, as well as providing a cost effective service. Cooltan Arts provided a proven model demonstrating tangible outcomes with a high percentage of people being able to return to employment, training or education. It was felt that the combined uncertainty of the personalisation agenda and the proposed impact of funding cuts would leave services that promoted mental health and well-being in jeopardy. The cabinet member for health and adult social care agreed to take forward funding issues/co-ordination raised by the group with the council's health and social care officers.

### **Environment and Ecology groups within Southwark**

Representatives from a variety of environment and ecology groups within Southwark made representations and argued a case for the protection of the budget programme for this area. A significant percentage cut had been identified that would have ramifications for the participation and involvement of the community within the projects. The projects also provided volunteering opportunities that enabled the volunteers to acquire work experience and a route into paid employment. It was felt that these groups with a small amount of money were able to bring huge economic, social and financial benefits for the community within Southwark. It was also suggested that these projects served the mental health needs and well being for residents who participated and enjoyed the services provided. In response to questions the deputation acknowledged the assistance that the voluntary transition fund might provide and asked that they be consulted on the criteria, while expressing the need to protect the long viability of the projects.

### **Blackfriars Settlement**

The deputation outlined the significant changes arising from the draft budget proposals on the way in which services were delivered to all ages of residents in the borough. It was felt that there would be a cumulative impact on some residents not only in terms of any voluntary sector grant cuts but also in respect of the proposals around housing tenure, rent levels and reduction in benefits. The spokesperson outlined the successful volunteering project in place and their involvement in service re-design over the coming months. In response to questions the issue of streamlining the grants programme was raised so that organisations did not have multiple officer contact and monitoring points within the council. It was confirmed that work was being undertaken by the council currently in this regard.

### **Southwark Group of Tenants Organisations**

The deputation spokesperson addressed the meeting with regard to the recent rent and service charge decisions. It was felt that the cost of these increases had placed a disproportionate burden on tenants and the poor and vulnerable within Southwark. It was argued that the tenants had to pay for 'mistakes' by the council. The deputation felt that savings could be made by the council in terms of its management structure, use of consultants and the introduction of basic measures like cutting back on the use of taxis by council officers.

### **Age Concern Southwark**

The spokesperson expressed her understanding of the difficult position the council found themselves, in the midst of budgetary pressures and cuts. The issue of equalities impact assessments were raised and the cumulative impact on the community. The spokesperson challenged the perception of day care services as being 'old fashioned' and identified the centres as vibrant and accessible services for older people, reducing the feeling of loneliness and isolation. The deputation made reference to a consultation document with regard to 100% cuts in two day care services; it was not clear what was expected of Age Concern with a limited time period for redesign.

### **Local Tenants – Housing Revenue Account**

It was confirmed that the deputation spokesperson was unable to attend the cabinet meeting. However, the written representations made by this group were circulated and their concerns noted.

### **MOTION OF ADJOURNMENT**

At 8.45pm it was moved, seconded and

### **RESOLVED:**

That the meeting stand adjourned until 15 February 2011 at 4pm (Town Hall, Peckham Road, London SE5 8UB).

**7. HOUSING REVENUE ACCOUNT - APPROVAL OF HOUSING REVENUE ACCOUNT BUDGET 2011/12**

This item will be considered at the adjourned meeting of the cabinet on 15 February 2011.

**8. QUARTER 3 REVENUE MONITORING REPORT - 2010/11**

This item will be considered at the adjourned meeting of the cabinet on 15 February 2011.

**9. SOUTHWARK AIR QUALITY IMPROVEMENT STRATEGY & ACTION PLAN 2011 - DRAFT FOR PUBLIC CONSULTATION**

This item will be considered at the adjourned meeting of the cabinet on 15 February 2011.

**10. POLICY AND RESOURCES STRATEGY 2011/12-2013/14 - REVENUE BUDGET**

This item will be considered at the adjourned meeting of the cabinet on 15 February 2011.

**CLOSED BUSINESS**

**11. MINUTES**

These minutes will be considered at the adjourned meeting of the cabinet on 15 February 2011.

The meeting adjourned at 8.45pm

**CHAIR:**

**DATED:**



## **Cabinet (Reconvened Meeting)**

MINUTES of the OPEN section of the reconvened Cabinet held on Tuesday 15 February 2011 at 4.00 pm at Town Hall, Peckham Road, London SE5 8UB (adjourned from 8 February 2011)

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**PRESENT:**

- Councillor Peter John (Chair)
- Councillor Ian Wingfield
- Councillor Fiona Colley
- Councillor Dora Dixon-Fyle
- Councillor Barrie Hargrove
- Councillor Richard Livingstone
- Councillor Catherine McDonald
- Councillor Abdul Mohamed
- Councillor Veronica Ward

### **1. APOLOGIES**

All members were present.

### **2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT**

The chair gave notice that the following late item would be considered for reasons of urgency to be specified in the relevant minute:

Item 7 – Policy and Resources Strategy 2011/12 -2013/14 – Revenue Budget

### **3. DISCLOSURE OF INTERESTS AND DISPENSATIONS**

There were no disclosures of interests or dispensations.

### **4. HOUSING REVENUE ACCOUNT - APPROVAL OF HOUSING REVENUE BUDGET ACCOUNT 2011/12**

#### **RESOLVED:**

1. That the savings required to deliver a balanced housing revenue account (HRA) for

2011/12 be noted.

2. That the proposals to deliver the savings be approved.
3. That the consultation carried out to date be noted.
4. That the further consultation and assessments that will be carried out be noted.

**5. QUARTER 3 REVENUE MONITORING REPORT - 2010/11**

**RESOLVED:**

1. That the general fund outturn forecast for 2010/11 and the forecast net movement in reserves be noted.
2. That the housing revenue account's (HRA) forecast outturn for 2010/11 and movement in reserves be noted.
3. That the treasury management activity for the third quarter of 2010/11 be noted.
4. That the third quarter general fund budget adjustments as required and detailed in Appendix A of the report be noted and approved.
5. That strategic directors continue to take further action to manage the cost of services within agreed budgets to deliver a balanced position by the end of the financial year.

**6. SOUTHWARK AIR QUALITY IMPROVEMENT STRATEGY AND ACTION PLAN 2011 - DRAFT FOR PUBLIC CONSULTATION**

**RESOLVED:**

That the draft Southwark Air Quality Improvement Strategy and Action Plan for 2011, as set out in Appendix A of the report be approved for the purposes of public consultation.

**7. POLICY AND RESOURCES STRATEGY 2011/12-2013/14 - REVENUE BUDGET**

The report had not been circulated five clear days in advance of the meeting. The chair agreed to accept this item as urgent as the council was under an obligation to set a lawful budget by the statutory deadlines and to ensure all the necessary preparatory administrative and financial arrangements were in place prior to the next financial year. All local authorities are required to set their council tax by 11 March 2011. Any delay to this date would mean the council would have to move its instalment date beyond 1 April 2011 resulting in loss of income to the council.

**MOTION OF ADJOURNMENT**

Cabinet members (as relevant to their portfolio) responded to the issues raised by the 13

deputations heard by cabinet on 8 February 2011. Following these presentations at 5.10pm it was moved, seconded and

**RESOLVED:**

That the meeting stand adjourned for 20 minutes. The meeting reconvened at 5.30pm.

Councillor Lisa Rajan presented the overview and scrutiny committee's recommendations in respect of the Policy and Resources Strategy 2011/12-2013/14 – draft revenue budget.

It was reported at cabinet that paragraph 212 of the report should be deleted to ensure consistency with overall budget proposals set out in that report.

**RESOLVED:**

1. That it be noted that the budget principles agreed by cabinet on 21 September 2010 have guided the process for budget setting.
2. That the announcement of the final grant settlement by Department of Communities and Local Government (DCLG) on 31 January 2011 be noted.
3. That a balanced budget based on a nil council tax increase for 2011/12 be agreed for recommendation to council assembly on 22 February 2011. Budget schedules are set out in Appendices A to E of the report.
4. That it be noted that subject to agreement by council assembly to the budget recommendations there will be a need to complete and invoke both statutory consultation procedures where necessary and the council's own policies and procedures as appropriate in order to implement the savings and income generation proposals detailed in Appendix C to E of the report.
5. That it be noted that the Greater London Assembly (GLA) will set its precept on 23 February and council assembly will therefore establish a committee for setting the council tax for 2011/12.
6. That the indicative balanced budgets for 2012/13 and 2013/14, based on a council tax increase of 2.5% for 2012/13 and 2.5% for 2013/14 be noted.
7. That it be noted that budget consultation took place with residents and community groups from September 2010 to 8 February 2011 and that the feedback from the consultation has been given due consideration by the cabinet.
8. That the recommendations from the overview and scrutiny committee meeting on 31 January 2011 be agreed (Appendix F)
9. That the deputations and verbal responses provided by cabinet members be noted and the following agreed:
  - a. That steps be taken to further tighten existing corporate procedures for employing consultants.

- b. To work with Community Action Southwark to develop the Council's work with the voluntary sector and implementation of the Southwark voluntary sector transition fund.
  - c. To continue to explore opportunities throughout the entire budget period, including 2013/14 to deliver sport for young people with other organisations and maximise further alternative funding.
  - d. That arts and environmental organisations be encouraged to seek opportunities to deliver commissioned services where this will meet the council's objectives and replace local funding streams.
  - e. To work with the voluntary sector to provide an alternative method of funding for council's housebound library services.
  - f. To inform all organisations who experience a cut in funding of the opportunities provided by the Southwark voluntary sector transition fund and that they be encouraged to apply to these funds, the national transition fund and adult social care innovation fund.
  - g. The overall impact on the ecology and environment grants programme, after the introduction of newly commissioned services will be no greater than 28% of the current grant budget.
  - h. Prioritise the assessment for eligibility for those residents who currently acquire day care services which are funded directly or indirectly by Southwark council in order to maximise funding entitlement.
10. That a voluntary sector transition fund be established and the criteria for the fund, subject to the council assembly agreeing the revenue budget on 22 February 2011. The proposed criteria are set out in Appendix G of the report.
11. That it be noted that £1m will be allocated each year for the duration of the three year budget to support young people, in particular for the mitigation of the high youth unemployment in the borough and the impact of the removal of education maintenance allowances. The detailed proposals to support this resource will be presented to cabinet for approval at the meeting on 22 March 2011.
12. That the need to use balances of £6.3m in order to support service delivery and deliver a balanced budget in 2011/12 and 2012/13 be noted.
13. That the provision of a contingency fund be made to mitigate risks contained within the budget for 2011-14 be noted, including:
- the ability to deliver savings of £84.3m over the three years from 2011/12. £84.3m is more than double the level of savings that have been delivered in the last three years;
  - the impact of increased demands across services;
  - the impact of fluctuations in inflation;
  - that no certainty is attached to the grant settlement after 2012/13, including the future of the grant 'floor';
  - the uncertainty on the distribution of funding to support social care and benefit health; and
  - the uncertainty on the new homes bonus grant, including how and when the grant will be distributed, the conditions of the scheme, especially beyond 2012/13, and the basis for the calculation.



14. That it be noted that negotiations continue with the Primary Care Trust (PCT) on the use of funding to support social care and benefit health.
15. That it be noted that confirmation is awaited from the government on the outcome of consultation on the new homes bonus grant.
16. That the need to absorb the impact of inflation within the cash limited budgets proposed within the report (other than that which is contractually committed) be noted.
17. That the new growth of £12.9m allocated over the three years from 2011/12 to support local priorities be noted.
18. That it be noted that there is a separate report asking for approval on savings required to deliver a balanced housing revenue account for 2011/12 (elsewhere on the agenda, item 4) be noted. This follows consultation carried out to date. In future years cabinet will align processes for housing and general revenue fund budget setting.
19. That it be noted that, given the scale and complexity of budget implementation, further work is being undertaken on the medium term resources strategy (MTRS). An updated MTRS will be considered by cabinet on 22 March 2011 in the context of the council assembly decision on a balanced budget for 2011/12.
20. That the need for enhanced budget monitoring arrangements to be in place to ensure savings plans remain on target be noted, and mitigating action be undertaken at the earliest opportunity where there is a risk of adverse variance against target.

**NOTE:** In accordance with overview and scrutiny procedure rule 22.1(a) (budget and policy framework) these decisions are not subject to call-in.

## **CLOSED BUSINESS**

### **8. MINUTES**

The closed minutes of the meeting held on 25 January 2011 were considered at the special meeting being held at the rise of this meeting.

The meeting ended at 6.03pm

**CHAIR:**

**DATED:**

**DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 23 FEBRUARY 2011.**

**THE ABOVE DECISIONS WILL NOT BE IMPLEMENTABLE UNTIL AFTER THAT DATE, WITH THE EXCEPTION OF ITEM 7 (BUDGET AND POLICY FRAMEWORK). SHOULD A DECISION OF THE CABINET BE CALLED-IN FOR SCRUTINY, THEN THE RELEVANT DECISION WILL BE HELD IN ABEYANCE PENDING THE OUTCOME OF SCRUTINY CONSIDERATION.**



## **Cabinet (Special)**

MINUTES of the OPEN section of the Cabinet held on Tuesday 15 February 2011 at 6.05pm at Town Hall, Peckham Road, London SE5 8UB

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**PRESENT:** Councillor Peter John (Chair)  
Councillor Ian Wingfield  
Councillor Fiona Colley  
Councillor Dora Dixon-Fyle  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Catherine McDonald  
Councillor Abdul Mohamed  
Councillor Veronica Ward

### **1. APOLOGIES**

All members were present.

### **2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT**

The chair gave notice that the following supplementary information would be considered:

Item 4 - Overview and Scrutiny call-in: Gateway 2 – Contract Award Approval – Home Care Services in Southwark – Supplementary Information from the Strategic Director of Health and Community Services.

Additionally, a late deputation request had also been received in respect of this item from Age Concern Southwark.

### **3. DISCLOSURE OF INTERESTS AND DISPENSATIONS**

There were no disclosures of interests or dispensations.

## DEPUTATION REQUEST FROM AGE CONCERN SOUTHWARK

### RESOLVED:

That the deputation request be heard.

The deputation spokesperson addressed the meeting and outlined concerns to what they felt were quality and market issues relating to the home care contract. It was explained that Age Concern had remained in the home care market and had developed a high level of understanding with regard to the delivery of services and demands arising.

#### 4. OVERVIEW AND SCRUTINY COMMITTEE CALL-IN: GATEWAY 2 - CONTRACT AWARD APPROVAL - HOME CARE SERVICES IN SOUTHWARK

The cabinet considered written supplementary information from the council's strategic director of health and community services in respect of the concerns identified by the overview and scrutiny committee on this contract award.

### RESOLVED:

That the decisions of cabinet from 25 January 2011 meeting as set out below be reaffirmed. An additional resolution set out in paragraph 4 in respect of monitoring was also agreed.

1. That the award of home care service contracts to the following suppliers for a period of 3 years from 6 April 2011 with an estimated cost between £10,813,500 and £30,680,688 be approved. (Contract costs are based on calculations explained in paragraphs 8 - 12 of the report).

Contract	Supplier Name
Universal Contract 1	London Care
Universal Contract 2	Enara Community Care
Specialist Contract 5 – Continuing Drinkers and Acquired Brain Injury	Enara Community Care

2. That there be no contract award for the third universal contract, as based on current trends, the council does not consider there will be sufficient demand for council-arranged care to meet the guaranteed minimum hours for three contracts.
3. That there be no contract award for the older adult support in Southwark (OASIS) service and the intermediate care and neurological-rehabilitation (neuro-rehab) service as the bids for these services are not affordable. (Alternative service options were discussed in the report.)
4. That regular contract monitoring reports be provided to the cabinet member for health and adult social care and six monthly reports to the cabinet.

**Decision of the Leader of the Council**

5. That delegated authority be given to the cabinet member for health and adult social care to approve up to 2 single year (1 + 1) extension options that can be operated at the end of the initial term of the contract subject to satisfaction with each supplier's performance and demand for services.

**NOTE:** This item is not subject to any further call-in and the decisions are now implementable

**EXCLUSION OF PRESS AND PUBLIC**

It was moved, seconded and

**RESOLVED:**

That the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of the exempt information as defined in category 3 of paragraph 10.4 of the Access to Information Procedure Rules of the Southwark Constitution.

**5. OVERVIEW AND SCRUTINY COMMITTEE CALL-IN: GATEWAY 2 - CONTRACT AWARD APPROVAL - HOME CARE SERVICES IN SOUTHWARK**

The cabinet considered the closed information relating to this item. See item 4 for decision.

**6. MINUTES**

The closed minutes of the meeting held on 25 January 2011 were approved as a correct record and signed by the chair. (These were originally scheduled for consideration at the earlier adjourned meeting)

**CHAIR:**

**DATED:**

The meeting ended at 7.40pm



## **Cabinet (Special)**

MINUTES of the OPEN section of the Cabinet held on Monday 28 February 2011 at 4.00 pm at 160 Tooley Street, London SE1 2TZ.

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**PRESENT:** Councillor Peter John (Chair)  
Councillor Ian Wingfield  
Councillor Fiona Colley  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Abdul Mohamed  
Councillor Veronica Ward

### **1. APOLOGIES**

Apologies for absence were received from Councillors Dora Dixon-Fyle and Catherine McDonald.

### **2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT**

There were no late items.

### **3. DISCLOSURE OF INTERESTS AND DISPENSATIONS**

There were no disclosures of interests or dispensations.

### **4. AYLESBURY REGENERATION - NEXT STEPS**

#### **RESOLVED:**

#### **Decisions of the Cabinet**

1. That the previous decision to progress land transactions for sites 7 and 10 (Wolverton and Missenden) and the associated issues set out in paragraph 45 of the report be noted.

2. That officers consider an appropriate route for seeking a development partner for the Aylesbury, with initial focus on phase 1b and 1c (Bradenham, Chartridge, Arklow House and Chiltern), taking into account lessons learned on Aylesbury Phase 1a and other similar projects within Southwark, as indicated in paragraphs 50 to 54 of the report.
3. That in relation to the redevelopment of sites 8 and 9 (East Street, Taplow and Northchurch), officers continue to consult with residents, the Aylesbury Health Centre, Creation and other stakeholders, as alternative options are explored.
4. That officers also explore with residents, Creation and other local partners, options to enhance the existing community hub located on Thurlow Street, near to the junction with East Street, ahead of the longer term regeneration.
5. That officers prepare a housing management and investment strategy for the Aylesbury, in consultation with residents, taking into account (a) the regeneration timetable set out in the Area Action Plan and (b) the council's Decent Homes programme.

#### **Decision of the Leader of the Council**

6. That the responsibility for agreeing the detail of the development brief for sites 7 and 10, following officer discussions with the Primary Care Trust and Creation Trust be delegated to the cabinet member for regeneration and corporate strategy.

The meeting ended at 4.31pm.

**CHAIR:**

**DATED:**

**DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, MONDAY 7 MARCH 2011.**

**THE ABOVE DECISIONS WILL NOT BE IMPLEMENTABLE UNTIL AFTER THAT DATE. SHOULD A DECISION OF THE CABINET BE CALLED-IN FOR SCRUTINY, THEN THE RELEVANT DECISION WILL BE HELD IN ABEYANCE PENDING THE OUTCOME OF SCRUTINY CONSIDERATION.**

<b>Item No.</b> 6.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Deputation Request – Elmington Resident Steering Group	
<b>Ward(s) or groups affected:</b>		Camberwell Green Ward	
<b>From:</b>		Strategic Director of Communities, Law & Governance	

## RECOMMENDATION

1. That the cabinet consider whether to hear a deputation from the Elmington Resident Steering Group in respect of the item “Mid Elmington Regeneration Programme” contained elsewhere on the agenda.

## BACKGROUND INFORMATION

2. When considering whether to hear the deputation request, cabinet can decide
  - To receive the deputation at this meeting or a future meeting; or
  - That the deputation not be received; or
  - To refer the deputation to the most appropriate committee/sub-committee.
3. A deputation shall consist of no more than six people, including its spokesperson. Only one member of the deputation shall be allowed to address the meeting for no longer than 5 minutes. After this time members may ask questions of the deputation for up to 5 minutes. At the conclusion of the questions, the deputation will be shown to the public area where they may listen to the remainder of the open section of the meeting.
4. Any relevant resource or community impact issues will be contained in the comments of the strategic director.

## KEY ISSUES FOR CONSIDERATION

5. The deputation state that the decisions on this item will fundamentally affect their lives, and they wish to express the following points to cabinet:
  - Residents needs and aspirations for the regeneration proposals and if they have been addressed by the cabinet report
  - Identification of any areas where residents aspirations have not been recognised
  - Areas of existing council policy that need to be highlighted that address residents’ aspirations



6. A report on mid Elmington Regeneration Project is contained on this agenda.

#### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Correspondence from the deputation	160 Tooley Street, London SE1 2TZ	Everton Roberts 020 7525 7221 / Paula Thornton 020 7525 4395

#### AUDIT TRAIL

<b>Lead Officer</b>	Ian Millichap, Constitutional Manager	
<b>Report Author</b>	Everton Roberts, Constitutional Officer	
<b>Version</b>	Final	
<b>Dated</b>	8 March 2011	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	No	No
Finance Director	No	No
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	8 March 2011	

<b>Item No.</b> 7.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Capital Programme 2010-19 Quarter 3 Monitoring Report	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance, Resources and Community Safety	

## **FOREWORD - COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY**

1. This report sets out the position for this year's capital programme as at the end of December 2010. Cabinet members will recall that we took a similar report in November reviewing the capital programme for the first half of the financial year, and that we asked officers to work to make more realistic profiles of expenditure in the current financial year. This work has led to the projected expenditure on the general fund programme for the year decreasing from £151.6m to £124.5m to meet the resources available.
2. In the full ten-year general fund programme, there is now £12m unallocated. This unallocated amount will inform the refreshed Capital Programme that we will now consider as a Cabinet in May and will then be submitted to the July Council Assembly for approval.
3. Given the Capital Programme refresh that will be considered by Council Assembly, the report recommends that no new capital commitments are commenced until this time without the prior agreement of the finance director and the cabinet member for finance, resources and community safety.
4. The report also sets out the quarter 3 position of the Housing Investment Programme. This is fully funded to 2016, but will need revision to deliver the pledge to make every council home Warm, Dry and Safe.
5. The report asks Cabinet to approve the reprofiled general fund capital programme budget and approve the funded additions to the programme set out in appendix C. I would therefore recommend that Cabinet, after due consideration, agree the recommendations set out below.

## **RECOMMENDATIONS**

That Cabinet:

6. Note the current monitoring position for the capital programme 2010/11 – 2018/19 for the General Fund and 2010/11 – 2015/16 Housing Investment Programme as at 31 December 2010 (appendices A and B).
7. Approve the addition of budgets into the programme, matched by additional funding secured (appendix C).
8. Agree that given the level of reprogramming from the current financial year into 2011/12, no new capital commitments be commenced until approval of the capital programme 2011/12-2020/21

report by council assembly in July 2011, without prior agreement of the finance director and cabinet member for finance, resources and community safety.

## **BACKGROUND INFORMATION**

9. The quarter 2 capital monitor was reported to cabinet on 23 November 2010. It reported a total General Fund (GF) programme for 2010-2019 of £430m with forecast resources over the same period estimated to be £443m, an overall surplus of £13m. Overall the GF programme was reported on track to spend within the approved budget. However there were still concerns raised over the profiling of spend and resources, particularly in 2010/11. The Finance Director was to seek further detail from each department on their programmes, including the robust profiling of expenditure, review of alternative funding proposals, and options for delaying expenditure in order to balance spend and resources projections for 2010/11
10. The total Housing Investment Programme expenditure for up to 2015/16 was reported in quarter 2 as £450.6m and was fully funded.

## **KEY ISSUES FOR CONSIDERATION**

### **Summary of spend and resources**

11. The quarter 3 monitor shows a total forecast spend of £436m, for the General Fund programme for 2010-19, against a revised budget of £436m (appendix A). The total forecast available resources over this period are £448m, giving an overall surplus of £12.5m.
12. The general fund programme for 2010-19 has increased by £6m from £430m reported in quarter 2 for 2010/11 to £436m. A variance of £4m is the net result of the suspension of the 19 Spa Road project £7m, and the inclusion of the Office Accommodation strategy £11m in the capital programme. These projects are within the Regeneration and Neighbourhoods department and are detailed in the section below. There have also been a number of funded budget variations which are detailed in Appendix C.
13. Overall the general fund programme for 2010-19 is on track to spend within the approved budget.
14. The quarter 2 monitor highlighted concerns over the profiling of spend and resources, particularly in 2010/11. The quarter 2 monitor identified £36m of reprogramming (20% of the original budget) and a further £31m of reprogramming has been identified in the quarter 3 monitor for 2010/11(16% of the original budget). This is a total reprogramming of approximately 36% from quarter one to quarter three. The impact of spend being reprofiled into 2011/12 is that forecast expenditure currently exceeds resources by £44m, however this will be addressed by the capital programme 2011/12-2020/21 report due to report to Cabinet in May 2011.
15. The quarter 2 report highlighted concerns over the profiling of spend and resources in 2010/11 with forecast expenditure exceeding resources by £37m. This issue has now been addressed as a result of the following actions. Departments have revised the projects within their programmes, the forecast expenditure has decreased from £151.6m reported in the quarter 2 report, to a revised position of £122.9m. Capital grants of £11.6m within Children's Services have been brought forward from 2012/13; Dedicated Schools Grant balances of £1.5m have been brought forward from 2011/12 and 2012/13; and the repayment of Housing receipts to the Housing Investment Programme has been reprofiled to future years, which has reduced the requirement in 2010/11 by £5.8m, as the Housing Investment Programme has programmed these receipts for future years. Also it is proposed to utilise supported borrowing permission up to £3m.
16. The quarter 3 monitor shows a total forecast spend of £429m for the Housing Investment Programme (HIP) for 2010-16 against a revised budget of £451m an unfavourable variance of

£22m (appendix B). The latest estimate of resources shows a reduction of £22m from £451m to £429m. Through a review of the programme spend has been reprofiled to match resources.

17. The commentary below on the latest monitoring position sets out the main achievements and potential issues arising by service department.

## **Comments on Capital Programme by Service**

### **General Fund (Appendix A)**

#### **Children's Services**

18. The Children's Services original forecast spend for 2010-11 as reported as Quarter 2 has reduced by £5.4m to £21.4m. This revision in the forecast is mainly attributable to reprogrammed project costs. Forecast revisions for the Youth Service and the Primary capital Programme contribute in part. Details of schemes contributing to the overall variance are highlighted in paragraphs 15-22 below:
19. Although the Southwark Park scheme is held in abeyance whilst alternative procurement is being assessed, the forecast for 2010/11 has been increased to meet outstanding contractual payments, claims and abortive fees on the existing project.
20. The Cherry Gardens scheme is currently being assessed by 4Futures and it is hoped to move forward in the spring of 2011 with design proposals. These would be subject to the confirmation of decisions on relocation and funding.
21. The Goose Green scheme has been delayed because of planning and listed building considerations. Further design work is being done to provide for a bulge class to meet additional numbers in the area, associated with other changes to establish a school meals kitchen and improve accessibility.
22. Robert Browning: the scheme has suffered some slippage, and was approved in November 2010. Although the contractor was able to make a start in December, the effect of the delayed start has meant that payments in 2010/11 will be lower than expected.
23. As previously reported, Michael Faraday school is operational and Eveline Lowe school will be complete by the end of this year.
24. Both schools have been further delayed on account of adverse weather conditions and this will cause payments expected in 2010/11 to be deferred into 2011/12. There are also significant contractual claims which may not be adjudicated until the end of the contract, and thus fall into the next financial year. There have also been continuing difficulties on both sites due to undiscovered items emerging late in the works programme.
25. Capital grants which were originally profiled for 2012/13 have been brought forward to improve the cash flow situation in 2010/11. These grants have been substituted for corporate resources, which will be reprofiled to 2012/13.
26. The overall Children's Services capital programme is expected to remain within budget.

#### **Health and Community Services**

27. Southwark Resource centre (formerly Aylesbury Resource Centre) is forecast to come within budget and was expected to be completed by 31 March 2011. However, the completion date has slipped and will now be around April/May 2011. A residual budget of £1.5m is now expected to roll into the 2011/12 financial year.
28. Riverside (formerly Cherry Gardens) was finished on the 20 September 2010 and the last installment less 2.5% retention fee of the overall capital cost is awaiting processing. The forecast position is an unfavorable variance of £65,270 due to unforeseen additional building works around heating & parking. The unfavorable variance can be offset against a favourable variance from the Southwark Resource centre project.
29. Mental Health SCP, Social Care SCP, Social Care IT Infrastructure, Transformation in Adult Social Care are all on target for financial year 2010/11.
30. Thames Reach Employment Academy is a passported capital grant through Health & Community Services. This has been spent in 2010/11.

### **Regeneration and Neighbourhoods**

31. The current total value of capital budget for the department over the 2010/11-2018/19 period is £42.7m and the latest capital monitor is projecting a total forecast spend of £42.6m against this budget.
32. In 2010/11, the department is currently projecting a spend of £18.9m against the profiled budget of £25.9m. Details of the total variance of £7m by divisions and its capital programmes are given below.
33. Economic Development and Strategic Partnership (ED&SP) has a capital budget for 2010/11 of £7.1m of which 55% of this budget (£3.9m) is council capital. The "Improving Local Retail Environments" programme 2010/11 budget of £3.9m is currently expected to be reprofiled with a spend of £2.0m being committed in 2011/12. This is part of a robust review of profiling of spend. The remaining 45% (£3.2m) is largely derived externally from S106 income, this funding is not limited to the financial year however spend is conditional of a number of factors including joint working with developers and other partners and the availability of match funding. There are various S106 schemes which make up the budget of £2.6m and the projected spend to 31<sup>st</sup> March 2011 is £1.9m. The variation is due to further consultation required on the Tooley Street Project and Cathedral Square.
34. The capital projects funded by S106 and completed since Q2 include the Arc Nursery, the Clink Street tunnel lighting, Dodson and Amigo estate improvements. Other schemes currently on site include Rothsay Street public realm improvements and Flat Iron Square (which is funded by LDA capital grant of £474k). The London Development Agency has confirmed that the proposed grant of £4.5m for the Bankside Urban Forest programme will not be available in full.
35. With regard to the Investment in Local Retail Environments programme (ILRE) scheme, a further two sites (Long Lane and Commercial Way) have gone on site. A further eight sites should be starting on site at the beginning of Q4. The variance is due to the requirement not to disturb Christmas trading unduly.
36. ED&SP is currently projecting total capital spend of £4.3m, against budget of £7.1m for 2010/11. The remaining spend of £2.8m will be re-profiled to 2011/12.
37. Planning and Transport is currently reflecting a total budget of £6.7m for 2010/11, of which £6.0m (90%) relates to TfL funding for the implementation of the borough's transport

improvement schemes. The delivery of some TfL funded projects will extend to the next financial year.

38. The capital budget allocated to Property Services for 2010/11 is £11.9m, of which £8.2m (69%) relates to the completion of the Canada Water Library. Review of forecast spend on the Library project has resulted in £3.6m of budgeted spend this year being deferred until 2011/12. The deferred budget will still be available to spend on the project next year.
39. The spend on the Voluntary & Community Sector Estate will be determined by the Asset Management Plan for that estate which is due to be reported to Cabinet in the Spring. It will therefore not be possible to achieve spend against that budget until priorities have been identified.
40. Cabinet agreed a revised office accommodation strategy on 23 November 2010. This recommended that a provisional capital budget of £10.7m be allocated to deliver a four-year programme of office rationalisation to ensure fit for purpose, accessible, affordable and sustainable accommodation for all staff and customers, reducing financial, reputational and human resources risks to the council and to free up as strategic regeneration sites and for disposal with the receipts available to support capital priorities. This is subject to formal agreement as part of the Council's revised capital programme. Spend will start to be set against this budget once formally agreed. As part of this strategy, the decision was taken not to progress the 19 Spa Road Project and all expenditure has ceased.
41. In 2005 the Council entered into a partnership with British Land Canada Quays (BLCQ) to undertake a wide scale regeneration programme in the Canada Water area. One element of this development is the library which the Council is currently building and which is funded through the Capital Programme. The wider regeneration programme involves a variety of infrastructure works in the area to facilitate the regeneration of the area. Under the terms of the agreement with BLCQ these infrastructure works can be funded through the total development costs account set up to kick start the regeneration. The Council is delivering a number of these works and therefore these are now being included in the Capital Programme, along with the funding for these works, which will be reimbursed from the total development costs account, which accounts for the increase in receipts.

## Environment and Housing

42. The department carried out a detailed review of the Capital Programme for the third quarter. As part of the review, projections and profiling of spend were scrutinised to arrive at a more realistic estimate of expenditure for the year. This resulted in reprofiling £9.0m of allocation to next financial year, of which £2.2m related to Non Principal Road Programme, £2.2m for Integrated Waste Solutions Programme, £1.7m for Cleaner Greener Safer projects, £0.6m for Honor Oak Remediation and £0.5m each for Amelia Street and Burgess Park.
43. Following this review, the total value of capital budget for the department over the 2010/11-2018/19 period is revised to £86.4m and is projected to spend £22.6m in current financial year against a budget of £31.9m. The progress of major schemes is outlined below. The overall forecast shows a small adverse variance of £34k (0.04%) when compared to the approved programme.

## Sustainable Services

44. The Waste PFI contract has been running for nearly two years and has already provided significant benefits to the Council, even before the new waste processing facilities are built on the Old Kent Road. Site preparation works are now complete. The construction of the new facility road access and associated works are currently in progress. The project is currently projected to be within budget. Work on the main facility commenced in June 2010 and is expected to complete by December 2011 to be fully operational during January 2012.
45. SELCHP & MUSCO Decentralised Energy Initiatives: £1m capital fund was allocated for professional services required to undertake two large scale Decentralised Energy initiatives in Southwark, (technical, legal, financial & commercial negotiation services). If successful these initiatives will deliver large scale, long term, low or zero carbon energy provision, with secure supply and stabilised energy prices for the future for a significant number of our council tenants and leaseholders. All with no capital infrastructure cost to the council. A gateway 1 procurement strategy report on SELCHP was agreed at Cabinet in January 2011. At the same cabinet it was agreed not to accept the BAFO on the MUSCO and not to proceed with the project. A review of the fees needed for the SELCHP project will now be carried out.

## Public Realm

46. Asset Management are projecting a further £2.2m reduction in committed expenditure in 2010/11, giving a total of £3.2m capital expenditure to be carried forward into financial year 2011/12. The delay in committing expenditure has arisen due to the freezing weather during December 2010.
47. Burgess Park Revitalisation Project - We are currently going through the procurement process to contract a company to undertake the first phase of works, which is due to begin by April 2011. The work will be completed by March 2012.

## Cleaner Greener Safer

48. The following table shows the current year budget and forecast expenditure for the cleaner greener safer programme. It also details the budget to be carried forward into the 2011/12 financial year as a result of an updated forecast since the quarter 2 report and budget which had been profiled as a result of earlier reports.

Community Council	Current Budget for 2010/11	Forecast for 2010/11	Variance - to be reprofiled into 2011/12	Budget Previously Reprofiled into 2011/12	Total Budget Reprofiled into 2011/12
	£	£	£	£	£
Bermondsey	720,000	535,921	184,079	248,725	432,804
Borough & Bankside	744,278	785,000	21,569	115,136	136,705
Camberwell	782,000	456,894	325,106	205,649	530,755
Dulwich	720,000	425,000	232,709	0	232,709
Nunhead & Peckham Rye	1,018,917	615,000	403,917	482,080	885,997
Peckham	780,000	577,417	202,583	827,321	1,029,904
Rotherhithe	753,000	645,000	108,000	300,565	408,565
Walworth	780,846	608,809	172,037	254,171	426,208
<b>Total Cleaner Greener Safer</b>	<b>6,299,041</b>	<b>4,655,232</b>	<b>1,650,000</b>	<b>2,433,647</b>	<b>4,083,647</b>

49. The table above shows that the cleaner greener safer programme is forecast to only spend £4.7m of the original 2010/11 budget of £8.7m, leaving a budget of £4.1m which is to be carried into 2011/12. This is before the planned budget for 2011/12 is included.

### Culture, Libraries, Learning & Leisure

50. Dulwich Leisure Centre: Phase 1 works were completed in September 2010 and the swimming pool was opened. Phase 2 is currently on site and includes a refurbished gym hall, new dry side changing areas, restoration works to the existing East Dulwich Road entrance building and finalisation of all remaining areas across the centre. The entire project is due to be completed in late spring/early summer 2011.

51. Camberwell Leisure Centre – work on the refurbishment of the Centre got underway in 2009. Latest projected expenditure for the project is £4.1m consisting of £2.m agreed Council funds with the balance being funded externally. Phase 1, which includes the new entrance; cafe; swimming pools and wet-side changing rooms, will open at the end of February. The second phase (including the gym; dayside changing rooms; Warwick Hall and the youth facility) will open in late spring/early summer.

### Southwark Schools for the Future

52. The SSF programme for the schools that have entered into contract remain largely on target. The expenditure and funding for the remaining schools in the programme will be subject to revisions as the final business cases are agreed by Partnerships for Schools.

53. The forecast for the use of contingency, funded by capital receipts, in the current year has been reduced by £1m and remains at a forecast of £100k for the council contribution to the phase 2 ICT contract.

54. The forecast use of grant funding for the schools in contract remains unchanged for the year. Milestone payments are all on track with the exception of Walworth Academy. Walworth Academy phase 2 completion is expected in January 2011 with some retention held over to 2011/12. The forecast for grant funding overall has been reduced by £100k to reflect the



uncertainty of receiving PfS funding for the council contribution to the phase 2 ICT contract within the current financial year.

55. St Michael's School funded by PFI is due for operational handover in January 2011. Upon completion, the notional asset value of £17.5m will be noted in the capital programme.

## **Finance & Resources**

56. The facilities management (FM) forecast of £3m for the Property Works Programme (PWP) and Works to Council Buildings (DDA Programme) is on budget. DDA forecasts a £45k favourable variance for 2010/11 due to slippage but this is committed in the following year. DDA works have been completed at Cherry Garden Street, Surrey Docks Water sports Centre and Dulwich Leisure Centre. In 2011/12, £240k is forecast for improvements to Tooley Street peripheral lighting. Potential works on the Tooley Street roof terrace could lead to an additional £140k being spent in 2011/12. This is included in the forecasts. The Council endeavours to achieve full DDA compliance within the resources available. There are though, non-compliance risks include building closures and H&S/compliance ramifications. The PWP is forecast to be on budget for the year, with works continuing over various locations throughout the estate.
57. The IS programme has been profiled to accommodate changes in regulatory and networking requirements. The current-year projected reprofiling of £660k is due to slippage and will be spent in subsequent years (to 2013/14). This arose from a further review, before commencement, of proposed data security works and elements of the ICT strategy which will deliver and modernise the corporate IS infrastructure. As a result of this review, a number of projects have been reprofiled to ensure they are delivered in a way that still meets strategic and business imperatives.

## **Housing Investment Programme**

58. The 2010/11 housing investment programme (HIP) aims to deliver investment of £96m into housing in Southwark. The programme has been significantly re-profiled and this figure now represents a reduced target due to a shortfall in anticipated resources in the short term. Excluding revenue expenditure relating to the programme within this figure, planned capital expenditure is £6.0m within the General Fund (a reduction of £5.7m this year) and £83.1m on the council's own stock within the HRA (a £4.7m reduction). Capital expenditure as at the end of December was £3.6m and £49.0m respectively.

## **Housing General Fund**

59. The travellers' site scheme at Burnhill Close is progressing on site. In spite of some delay the completion of the works should remain within the original approved budget. The revised scheme for the Springtide travellers' site is being worked up following consultation with residents, and will utilise the balance of grant funding already received.
60. All payments due from the Affordable Housing Fund for the scheme in progress at Canada Water have now been paid. The Ivydale Road scheme has been put back by the developing Housing Association, but will still proceed with expenditure now falling due in 2011/12 and 2012/13. Funding for both schemes is from S106 developer contributions.
61. Demand remains high for Disabled Facilities Grants within the Housing Renewal programme, with expenditure of £1.0m to date this year. Approximately half of this figure is met from government grant funding, and a bid has been made for an increase to £858k for 2011/12, although with current uncertainties around government funding, the programme for the next two years assumes the current level of £515k per year until confirmed. The scheme

for solar heating to 60 properties in Peckham, for which £420k targeted sub-regional funding has been received, is due to start in January following the successful completion of pilot schemes in November. The Renewal Area Programme has been reviewed and is the subject of a separate report to extend the life of the renewal areas by four years. This extension, together with a delayed 2011 start to the Low Carbon Zone group repair scheme, has contributed to reduced expenditure this year against corporate allocations within the housing general fund programme.

### **HRA programme (Appendix B)**

62. The HIP is resource-led, and the planned programme reflects the anticipated level of available resources. While no government borrowing approval has been given beyond the current year, the HCA have now invited bids for Decent Homes backlog funding over the next four years, and a bid has been put forward for decision in February. Any funding agreed will offset the withdrawal of borrowing approval and improve the overall resources position from that currently assumed. Meanwhile there is increased reliance on other resources including capital receipts to fund the programme. The current disposals policy is being reviewed in this light and is the subject of a separate report on the Housing Investment Strategy.
63. The HRA programme includes an annual allocation of £40m for Decent Homes, and it is anticipated that this will be maintained, although should the bid for backlog funding fail there would be increased pressure on programme resources. This may necessitate re-profiling of the planned programme to stay within the revised profile of available resources. It is estimated that the programme is on track to achieve the 1,700 target for dwellings to be made decent in 2010/11, and slightly within the £40m allocation.
64. A mid-year review of the programme has recently been completed and both expenditure and resources re-profiled where possible to ensure the programme will not spend more than the level of resources available in the current year, and to minimise the risk of such an overspend next year. The revised profiles focus on maintaining current commitments and obligations while deferring less urgent works, and indicate an overall reduction of £21.8m in the HRA programme over the current 6 year reporting period. In particular the re-profiling of landlord obligations has assisted this process by deferring £3.9m of works from this year and next into future years.
65. The programme of strategic safety works continues, funded from the allocation approved by Executive in February following the two major fires at Lakanal and Sumner Road last year. The programme of fire risk assessments has identified 36 high rise blocks requiring capital investment. Works to six blocks have been completed to date, with a further seven on site and an additional twenty three at design stage to specify the scope of works. While the anticipated profile of this expenditure is broadly in line with the original approved corporate allocation, forecast year end spend at £5.2m for 2010/11 is £1.0m up on the figure last reported, and an estimated further requirement of £12.8m in future years (which includes costs for the Aylesbury / Wendover blocks, and further FRA's identified over £30k) may impact on other areas of the programme, as it exceeds the corporate allocation and will require additional funding from HIP resources.
66. Following works to clear and make the site safe, reinstatement of the fire damage at Sumner Road will commence at the end of May 2011. A significant contribution is anticipated from the council's insurers but no specific amount has yet been agreed with loss adjusters.

67. Leasehold acquisitions continue on Aylesbury and Heygate with expenditure of £3.8m this year to date. Expenditure has however been further re-profiled with a reduced requirement of £0.6m in the current year and £2.1m next.

68. The two new build schemes under the HCA Challenge Fund programme to deliver new council homes at Brayards Road and Lindley Estate have now received planning approval. The projects have been tendered, and started on site in February 2011.

### **Community impact statement**

69. This monitoring report is considered to have no or a very limited direct impact on local people and communities, although of course the capital programme itself will deliver significant enhancements to the amenities and infrastructure of the borough.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director of Communities, Law & Governance**

70. The Capital Programme 2010-2019 satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangement to secure the continuous improvement in the way its functions are exercised, by having regards to the combination of economy, efficiency and effectiveness.

71. By agreeing the recommendations in the report the cabinet will demonstrate that it has made adequate arrangement for the proper administration of the council financial affairs

### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Capital monitoring working papers	160 Tooley Street	Funmi Kosoko 020 7525 0642

### **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix A	General Fund summary
Appendix B	Housing Investment Programme summary
Appendix C	Funded Variations

**AUDIT TRAIL**

<b>Cabinet member</b>	Cllr Richard Livingstone - Cabinet member for finance, resources and community safety	
<b>Lead officer</b>	Duncan Whitfield - Finance director	
<b>Report author</b>	Cathy Doran – Finance & resources	
<b>Version</b>	Final	
<b>Dated</b>	10 March 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	
Finance Director	No	
<b>Date final report sent to constitutional team</b>		10 March 2011

General Fund Programme Monitoring Position

Appendix A (i)

Department	2010/11									2011/12						
	Agreed Budget	Approved New Bids	Budget Virements	Budget Variations	Revised Budget	Spend to date	Projected spend remaining	Forecast	Variance	Agreed Budget	Approved New Bids	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	25,883	0	0	0	25,883	15,163	6,197	21,360	(4,523)	15,808	0	0	0	15,808	17,731	1,923
Southwark Schools for the Future	44,790	0	0	0	44,790	19,736	23,872	43,608	(1,182)	54,033	0	0	0	54,033	54,033	0
Finance & Resources	2,756	0	0	0	2,756	1,107	943	2,050	(706)	2,325	0	0	0	2,325	3,144	819
Environment and Housing	31,855	0	0	126	31,981	15,891	6,694	22,585	(9,396)	21,056	0	0	0	21,056	30,086	9,030
Health & Community Services	9,937	0	0	0	9,937	4,626	3,649	8,275	(1,662)	0	0	0	0	0	1,500	1,500
Housing General Fund	11,665	0	0	169	11,834	3,810	2,318	6,128	(5,706)	6,282	0	0	0	6,282	9,425	3,143
Regeneration & Neighbourhoods	23,795	500	0	1,698	25,993	9,432	9,451	18,883	(7,110)	9,671	1,147	0	1,200	12,018	18,986	6,968
<b>TOTAL</b>	<b>150,681</b>	<b>500</b>	<b>0</b>	<b>1,993</b>	<b>153,174</b>	<b>69,765</b>	<b>53,124</b>	<b>122,889</b>	<b>(30,285)</b>	<b>109,175</b>	<b>1,147</b>	<b>0</b>	<b>1,200</b>	<b>111,522</b>	<b>134,905</b>	<b>23,383</b>
<b>FINANCED BY:</b>																
Capital Grants Unapplied @ 31.03.10	15,371				15,371			14,328	(1,043)	0				0		0
Capital Grants Unapplied @ 31.03.10 - S106	7,889				7,889			3,000	(4,889)	0				0	4,889	4,889
Section 106 Funds - New	2,060				2,060			0	(2,060)	788				788	2,848	2,060
Corporate Resource Pool	18,850			1,086	19,936			20,252	316	24,900			1,200	26,100	20,000	(6,100)
Receipts from Accomodation strategy	0				0			0	0	0	300			300	300	0
Payback of Housing Receipts	(9,178)			169	(9,009)			0	9,009	0				0	(1,649)	(1,649)
General fund Contribution to HIP	(4,252)				(4,252)			(5,230)	(978)	(6,025)				(6,025)	(5,638)	387
Major Repairs Allowance	0		0	0	0			0	0	0		0	0	0	0	0
Supported Borrowing	0		0	0	0			3,067	3,067	0		0	0	0	0	0
Reserves & Revenue	2,722		0	0	2,722			4,816	2,094	923		0	0	923	300	(623)
SSF Capital Grant	43,608		0	0	43,608			43,508	(100)	51,783		0		51,783	51,783	0
Capital Grants	29,391		0	555	29,946			33,695	3,749	8,547		0	0	8,547	12,951	4,404
Section 106 Funds	7,327		0	123	7,450			5,349	(2,101)	3,000		0	0	3,000	4,542	1,542
External Contributions	169		0	60	229			149	(80)	0		0	0	0	80	80
<b>TOTAL RESOURCES</b>	<b>113,957</b>	<b>0</b>	<b>0</b>	<b>1,993</b>	<b>115,950</b>	<b>0</b>	<b>0</b>	<b>122,935</b>	<b>6,985</b>	<b>83,916</b>	<b>300</b>	<b>0</b>	<b>1,200</b>	<b>85,416</b>	<b>90,406</b>	<b>4,990</b>
<b>Forecast variation (under)/over Cumulative position</b>	<b>36,724</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>37,224</b>			<b>(46)</b>	<b>(37,270)</b>	<b>25,259</b>	<b>847</b>	<b>0</b>	<b>0</b>	<b>26,106</b>	<b>44,499</b>	<b>18,393</b>

Department	2012/13+							Total Programme 2010/11 - 18/19						
	Agreed Budget	Approved New Bids	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance	Total Agreed Budget @ 23/11/2010	Approved New Bids	Budget Virements	Budget Variations	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	27,447	0	0	0	27,447	30,047	2,600	69,138	0	0	0	69,138	69,138	0
Southwark Schools for the Future	103,409	0	0	0	103,409	104,491	1,082	202,232	0	0	0	202,232	202,132	(100)
Finance & Resources	1,921	0	0	0	1,921	1,808	(113)	7,002	0	0	0	7,002	7,002	0
Environment and Housing	33,348	0	0	0	33,348	33,748	400	86,259	0	0	126	86,385	86,419	34
Health & Community Services	0	0	0	0	0	0	0	9,937	0	0	0	9,937	9,775	(162)
Housing General Fund	706	0	0	0	706	3,268	2,562	18,653	0	0	169	18,822	18,821	(1)
Regeneration & Neighbourhoods	2,298	2,199	0	200	4,697	4,697	0	35,764	3,846	0	3,098	42,708	42,566	(142)
<b>TOTAL</b>	<b>169,129</b>	<b>2,199</b>	<b>0</b>	<b>200</b>	<b>171,528</b>	<b>178,059</b>	<b>6,531</b>	<b>428,985</b>	<b>3,846</b>	<b>0</b>	<b>3,393</b>	<b>436,224</b>	<b>435,853</b>	<b>(371)</b>

<b>FINANCED BY:</b>														
Capital Grants Unapplied @ 31.03.10					0	0	0	15,371		0	0	15,371	14,328	(1,043)
Capital Grants Unapplied @ 31.03.10 - S106					0	0	0	7,889		0	0	7,889	7,889	0
Section 106 Funds - New	6,163				6,163	6,163	0	9,011		0	0	9,011	9,011	0
Corporate Resource Pool	128,750			200	128,950	128,750	(200)	172,500		0	2,486	174,986	169,002	(5,984)
Receipts from Accommodation strategy		6,000			6,000	6,000	0		6,300	0	0	6,300	6,300	0
Payback of Housing Receipts					0	(4,000)	(4,000)	(9,178)		0	169	(9,009)	(5,649)	3,360
General fund Contribution to HIP	(5,000)				(5,000)	(4,409)	591	(15,277)		0	0	(15,277)	(15,277)	(0)
Major Repairs Allowance	0		0	0	0	0	0	0		0	0	0	0	0
Supported Borrowing	0		0	0	0	0	0	0		0	0	0	3,067	3,067
Reserves & Revenue	571		0	0	571	0	(571)	4,216		0	0	4,216	5,116	900
SSF Capital Grant	94,185		0	0	94,185	94,185	0	189,576		0	0	189,576	189,476	(100)
Capital Grants	16,351		0	0	16,351	4,748	(11,603)	54,289		0	555	54,844	51,394	(3,450)
Section 106 Funds	0		0	0	0	520	520	10,327		0	123	10,450	10,411	(39)
External Contributions	3,071		0	0	3,071	3,071	0	3,240		0	60	3,300	3,300	0
<b>TOTAL RESOURCES</b>	<b>244,091</b>	<b>6,000</b>	<b>0</b>	<b>200</b>	<b>250,291</b>	<b>235,028</b>	<b>(15,263)</b>	<b>441,964</b>	<b>6,300</b>	<b>0</b>	<b>3,393</b>	<b>451,657</b>	<b>448,368</b>	<b>(3,289)</b>
<b>Forecast variation (under)/over Cumulative position</b>	<b>(74,962)</b>	<b>(3,801)</b>	<b>0</b>	<b>0</b>	<b>(78,763)</b>	<b>(56,969)</b>	<b>21,794</b>	<b>(12,979)</b>	<b>(2,454)</b>	<b>0</b>	<b>0</b>	<b>(15,433)</b>	<b>(12,515)</b>	<b>2,918</b>

Housing Investment Programme - HRA

Project description	2010/11								2011/12					
	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Spend to date	Projected spend remaining	Forecast	Variance	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Decent Homes allocation	40,000,000			40,000,000	26,417,745	13,582,255	40,000,000	0	40,000,000			40,000,000	40,000,000	0
Other major works to stock	4,169,510			4,169,510	940,908	2,494,860	3,435,768	(733,742)	7,989,036			7,989,036	6,333,182	(1,655,855)
Landlord obligations	15,078,544			15,078,544	7,659,861	6,425,471	14,085,332	(993,212)	21,565,457			21,565,457	18,660,021	(2,905,436)
Regeneration schemes	11,397,957			11,397,957	6,226,229	3,441,008	9,667,237	(1,730,720)	5,951,729			5,951,729	7,573,254	1,621,525
Other programmes	5,993,865			5,993,865	1,321,138	3,088,133	4,409,271	(1,584,594)	6,774,744			6,774,744	6,640,047	(134,697)
Strategic Safety works	4,249,444			4,249,444	2,611,764	2,615,622	5,227,386	977,942	6,068,008			6,068,008	5,638,334	(429,674)
Heygate	3,329,000			3,329,000	2,728,619	1,600,381	4,329,000	1,000,000	2,061,000			2,061,000	2,411,000	350,000
Aylesbury	3,562,000			3,562,000	1,065,457	896,766	1,962,223	(1,599,777)	8,261,000			8,261,000	5,860,935	(2,400,065)
<b>TOTAL</b>	<b>87,780,320</b>	<b>0</b>	<b>0</b>	<b>87,780,320</b>	<b>48,971,721</b>	<b>34,144,496</b>	<b>83,116,217</b>	<b>(4,664,103)</b>	<b>98,670,974</b>	<b>0</b>	<b>0</b>	<b>98,670,974</b>	<b>93,116,773</b>	<b>(5,554,201)</b>

FINANCED BY:	2010/11								2011/12					
	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Spend to date	Projected spend remaining	Forecast	Variance	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Corporate Resource Pool	4,251,711	0	0	4,251,711	2,614,031	2,615,622	5,229,653	977,942	6,048,871	0	0	6,048,871	5,638,334	(410,537)
Housing receipts	14,366,226	0	0	14,366,226	7,500,000	8,317,207	15,817,207	1,450,981	38,157,000	0	0	38,157,000	14,800,000	(23,357,000)
Major Repairs Allowance	37,575,181	0	0	37,575,181	18,000,000	19,575,181	37,575,181	0	37,665,674	0	0	37,665,674	38,583,313	917,639
Supported Borrowing	12,526,000	0	0	12,526,000	12,526,000	0	12,526,000	0	0	0	0	0	0	0
Reserves & Revenue	12,056,216	0	0	12,056,216	2,362,088	2,639,991	5,002,079	(7,054,137)	12,010,374	0	0	12,010,374	27,752,772	15,742,398
Capital Grants	4,363,436	0	0	4,363,436	3,800,357	879,892	4,680,249	316,813	2,023,982	0	0	2,023,982	3,555,996	1,532,014
Section 106 Funds	3,258	0	0	3,258	1,356	0	1,356	(1,902)	100,000	0	0	100,000	100,000	0
External Contributions	2,638,292	0	0	2,638,292	2,167,889	116,603	2,284,492	(353,800)	2,665,073	0	0	2,665,073	2,686,358	21,285
<b>TOTAL RESOURCES</b>	<b>87,780,320</b>	<b>0</b>	<b>0</b>	<b>87,780,320</b>	<b>48,971,721</b>	<b>34,144,496</b>	<b>83,116,217</b>	<b>(4,664,103)</b>	<b>98,670,974</b>	<b>0</b>	<b>0</b>	<b>98,670,974</b>	<b>93,116,773</b>	<b>(5,554,201)</b>
Forecast variation (under)/over	0	0	0	0	0	0	0	0					0	0
Cumulative position													0	0

Housing Investment Programme - HRA

2010/11 Capital Programme - Quarter 3 Monitor

Project description	2012/13+						Total Programme 2010/11 - 18/19					
	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance	Total Agreed Budget @ 01/04/2010	Budget Virements	Budget Variations	Revised Budget	Total Forecast	Total Variance
	£	£	£	£	£	£	£	£	£	£	£	£
Decent Homes allocation	160,000,000			160,000,000	160,000,000	0	240,000,000	0	0	240,000,000	240,000,000	0
Other major works to stock	26,221,768			26,221,768	13,282,645	(12,939,123)	38,380,314	0	0	38,380,314	23,051,595	(15,328,720)
Landlord obligations	28,288,841			28,288,841	31,684,516	3,395,675	64,932,842	0	0	64,932,842	64,429,869	(502,973)
Regeneration schemes	9,947,819			9,947,819	8,347,786	(1,600,033)	27,297,505	0	0	27,297,505	25,588,277	(1,709,228)
Other programmes	8,730,377			8,730,377	11,102,092	2,371,715	21,498,986	0	0	21,498,986	22,151,410	652,424
Strategic Safety works	5,067,229			5,067,229	4,499,824	(567,405)	15,384,681	0	0	15,384,681	15,365,544	(19,137)
Heygate	3,053,881			3,053,881	2,750,884	(302,997)	8,443,881	0	0	8,443,881	9,490,884	1,047,003
Aylesbury	22,803,000			22,803,000	20,802,842	(2,000,158)	34,626,000	0	0	34,626,000	28,626,000	(6,000,000)
<b>TOTAL</b>	<b>264,112,915</b>	<b>0</b>	<b>0</b>	<b>264,112,915</b>	<b>252,470,589</b>	<b>(11,642,326)</b>	<b>450,564,209</b>	<b>0</b>	<b>0</b>	<b>450,564,209</b>	<b>428,703,579</b>	<b>(21,860,631)</b>

FINANCED BY:												
Corporate Resource Pool	5,397,490	0	0	5,397,490	4,527,088	(870,402)	15,698,072	0	0	15,698,072	15,395,075	(302,997)
Housing receipts	66,561,250	0	0	66,561,250	89,600,000	23,038,750	119,084,476	0	0	119,084,476	120,217,207	1,132,731
Major Repairs Allowance	154,141,989	0	0	154,141,989	157,897,608	3,755,619	229,382,844	0	0	229,382,844	234,056,102	4,673,258
Supported Borrowing	0	0	0	0	0	0	12,526,000	0	0	12,526,000	12,526,000	0
Reserves & Revenue	31,701,705	0	0	31,701,705	(2,822,327)	(34,524,032)	55,768,295	0	0	55,768,295	29,932,524	(25,835,772)
Capital Grants	6,201,777	0	0	6,201,777	3,157,614	(3,044,163)	12,589,195	0	0	12,589,195	11,393,859	(1,195,336)
Section 106 Funds	8,704	0	0	8,704	10,606	1,902	111,962	0	0	111,962	111,962	0
External Contributions	100,000	0	0	100,000	100,000	0	5,403,365	0	0	5,403,365	5,070,850	(332,515)
<b>TOTAL RESOURCES</b>	<b>264,112,915</b>	<b>0</b>	<b>0</b>	<b>264,112,915</b>	<b>252,470,589</b>	<b>(11,642,326)</b>	<b>450,564,209</b>	<b>0</b>	<b>0</b>	<b>450,564,209</b>	<b>428,703,579</b>	<b>(21,860,631)</b>
Forecast variation (under)/over						0	0	0	0	0	0	0
Cumulative position						0						



2010/11 - 2018/19 - Programme variations since Q2 Report to Q3

APPENDIX C

TOTAL PROGRAMME EXPENDITURE BUDGETS

Variation	Children's Services	Finance & Resources	Environment & Housing	Health & Community Services	Housing General Fund	Southwark Schools for the Future	Regeneration & Neighbourhoods	General Fund Programme Total	Housing Investment Programme	Total Programmed expenditure
	£	£	£	£	£	£	£	£	£	£
<b>BUDGET AS AT QUARTER 2 REPORT</b>	70,017,759	7,002,146	86,259,547	9,936,522	18,652,303	202,230,976	35,764,077	429,863,329	450,564,209	880,427,538
CHANGES IN DEPARTMENTAL RESPONSIBILITY Description of								0		0
<b>RESTRUCTURED OUTTURN BUDGETS</b>	70,017,759	7,002,146	86,259,547	9,936,522	18,652,303	202,230,976	35,764,077	429,863,329	450,564,209	880,427,538

PROGRAMME FUNDED VARIATIONS

ADDITIONS TO PROGRAMME ALREADY APPROVED										
Office Accommodation Strategy							10,785,000	10,785,000		10,785,000
19 Spa Road							(6,939,336)	(6,939,336)		(6,939,336)
<b>PROGRAMME BUDGETS - Q2</b>	70,017,759	7,002,146	86,259,547	9,936,522	18,652,303	202,230,976	39,609,741	433,708,993	450,564,209	884,273,202

Q3 VARIATIONS REQUESTED TO BE APPROVED										
Regeneration Area Schemes							43,131	43,131		43,131
DM/BC System-aka Accolaid Upgrade							15,529	15,529		15,529
Bankside Urban Forest							474,000	474,000		474,000
Webber Row Esta			900					900		900
Albert Triangle			3,378					3,378		3,378
Wyndham and Com			2,000					2,000		2,000
Southwark Park			13,000					13,000		13,000
Thames Path Sur			20,000					20,000		20,000
Surrey Square Park Improvements			846					846		846
Camberwell Leisure Centre			50,000					50,000		50,000
CCTV (TFL Project)			15,490					15,490		15,490
Maiden square site			20,000					20,000		20,000
Tourism Infrastructure & Interpretation Signage							80,000	80,000		80,000
EHI 3 Costa Street					169,044			169,044		169,044
Canada Water Development							2,485,658	2,485,658		2,485,658
<b>Total Requested to be Approved</b>	0	0	125,613	0	169,044	0	3,098,318	3,392,975	0	3,392,975
<b>REVISED BUDGETS - Q3</b>	70,017,759	7,002,146	86,385,160	9,936,522	18,821,347	202,230,976	42,708,059	437,101,969	450,564,209	887,666,178

Q3 VARIATIONS REQUESTED TO BE APPROVED										
<b>FINANCED BY:</b>										
Corporate Resource Pool					169,044		2,485,658	2,654,702		2,654,702
Grant			65,490				474,000	539,490		539,490
Section 106 Funds							138,660	138,660		138,660
External Contribution			60,123					60,123		60,123
<b>TOTAL RESOURCES</b>			125,613		169,044		3,098,318	3,392,975	0	3,392,975

<b>Item No.</b> 8.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Scrutiny Report – Review of Key Performance Indicators in the housing repairs service	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Overview and Scrutiny Committee, Housing and Community Safety Sub-Committee	

## RECOMMENDATION

1. That the cabinet notes the recommendations of the review of Key Performance Indicators in the housing repairs service undertaken by the Housing and Community Safety scrutiny sub-committee (attached as appendix 1 to this report), and asks Councillor Ian Wingfield, lead cabinet member, to bring back a report to respond to the overview and scrutiny committee by 17 May 2011.

## BACKGROUND INFORMATION

2. Overview and scrutiny committee considered and agreed the final scrutiny report at its meeting on Monday 7 February 2011.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing and Community Safety Scrutiny sub-committee / Overview & Scrutiny Committee - minutes and reports	Scrutiny Team Tooley Street London SE1 2TZ	Karen Harris Scrutiny project manager  Tel: 020 7525 0324

## APPENDICES

No.	Title
Appendix 1	Scrutiny Review of Key Performance Indicators in the Housing Repairs Service

## AUDIT TRAIL

<b>Lead Officer</b>	Shelley Burke, Head of Overview & Scrutiny	
<b>Report Author</b>	Karen Harris, Scrutiny Project Manager	
<b>Version</b>	Final	
<b>Dated</b>	28 February 2011	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	N/a	N/a
Finance Director	N/a	N/a
Chief Officers	N/a	N/a
<b>Cabinet Member</b>	N/a	N/a
<b>Date final report sent to Constitutional Team</b>		28 February 2011

# REVIEW OF KEY PERFORMANCE INDICATORS IN THE HOUSING REPAIRS SERVICE

Report of Housing & Community Safety Scrutiny Sub-Committee

February 2011



## **CHAIR'S FOREWORD**

In July 2010 the Housing and Community Safety Scrutiny sub-committee chose to investigate Southwark's Key Performance Indicators (KPIs) for the Housing Repairs Service. This is a service which thousands of Southwark residents rely upon, but which can cause them extreme inconvenience if it lets them down.

At all times during this process sub-committee members kept in mind the need to carry out a scrutiny which could make a direct contribution to improving the quality of the repairs service provided to residents. We decided to do this by focussing completely on the issue of KPIs.

It is important to understand that this scrutiny is not a general investigation into the repairs service. Sub-committee members were determined from the outset not to simply paint a picture of the day to day workings of the repairs service and how it was viewed by residents. First and foremost we wanted to understand how Southwark has been measuring its performance in this vital service area and, if necessary, to make recommendations on how to improve them.

Anecdotally we suspected there were problems with the service which were simply not being picked up by the performance data. We have deliberately focused in on a problem and gathered evidence on its causes. As you will see from the report, our initial view has been borne out by the evidence. For this reason, the report is necessarily critical of the repairs service and will not make easy reading for those responsible for constructing Southwark's repairs KPI system.

However, the sub-committee is eager to make it clear that the hard work of officers of all levels on housing repairs is acknowledged and appreciated. The sub-committee is aware that there have been long-term problems with the quality of the repairs service and that officers and contractors are working hard to improve the service. We hope that the recommendations in our report will be accepted in the constructive spirit in which they are offered.

Finally, the sub-committee wishes to thank all the officers and contractor employees who assisted in the compiling of this report. Their insight and knowledge enabled the sub-committee to gain a detailed understanding of the KPI regime and we are grateful for their help.

Councillor Gavin Edwards  
Chair, Housing and Community Safety Scrutiny Sub-Committee

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## Part 1 – Introduction

### Background to Key Performance Indicators (KPIs) in Housing Repairs

- 1.1** The repairs and maintenance service provides day-to-day repairs for Southwark Council's stock of 55,000 properties. Typically the service delivers around 120,000 repairs per year. The repairs are both internal and communal repairs around trades including plumbing, carpentry, electrical, roofing, drainage, plastering and void properties.
- 1.2** The repairs maintenance contract which commenced in June 2009 is run by two organisations: Southwark Building Services (SBS) (North of the borough) and Morrison Facilities Services (South of the borough). Morrisons is a private sector organisation. SBS is an "in-house" organisation. The contract is let for 7 years with an option to extend for a further 3 years. The contract includes "adjustments" to the contractors' profits linked to the performance in a variety of key performance indicators.
- 1.3** The quality of the housing repairs service in Southwark has been the subject of controversy for some time. Anecdotal evidence from councillors' casework has suggested serious problems with the quality of the service whilst key performance indicators (KPIs) show very strong performance across a range of areas.
- 1.4** Prior to the May local elections the 2009-2010, Scrutiny sub-committee A produced a draft report on the housing repairs service in general. Unfortunately the report was not agreed in its final form because the sub-committee's last meeting was not quorate. Nevertheless, recommendation 4 of the draft report stated "There are concerns regarding the figures for customer satisfaction. A clear analysis is required, along with a knowledge of the end to end process, to provide better use of information which would inspire tenants' and member confidence."<sup>1</sup>
- 1.5** Officers were asked to provide a preliminary report to the 2010 Housing and Community Safety sub-committee on the housing repairs service for the meeting on 6<sup>th</sup> July 2010. Included in the report were the following statements:
- "Service provider performance is easily measured and linked to a penalty/reward system."*
- "Service is already demonstrating improved performance against key indicators"*
- "Poor performance trends will be spotted early to allow early corrective action to be taken."*
- "The Quality survey call back process is intended to proactively identify where there is a breakdown in the service, and promptly take action to remedy the situation."<sup>2</sup>*
- 1.6** The issue of the high volumes of complaints and casework generated by the housing repairs service was raised with senior officers at the 6<sup>th</sup> July 2010 sub-committee meeting. They gave their view that an important reason why so many casework/complaints came up was because of the size and scope of the housing repairs service in Southwark. They suggested that the sheer number of

<sup>1</sup> Housing Repairs Review, Report of Scrutiny Sub-Committee A, March 2010

<sup>2</sup> Agenda Reports Pack, Housing Scrutiny Sub-committee, 6<sup>th</sup> July 2010

repairs carried out by contractors meant it was likely to generate casework and complaints. Their view was that the proportion of complaints compared to the number of repairs carried out was low.

- 1.7 Despite this, it is significant that the report provided to the 6<sup>th</sup> July Scrutiny meeting, officers did state that they had some concerns about some areas of service. They wrote:

*“Whilst the KPIs highlighted above look relatively positive, we have concerns around a number of areas, including;*

- *Increased pressure on a reduced Repairs and Maintenance budget*
- *Level of overdue works orders*
- *Quality of repair in some trades*
- *Call handling performance by Customer Service Centre”*<sup>3</sup>

At the meeting itself senior officers also gave their view that Southwark housing has had a legacy of decades of neglect and significant improvements in the service had been made. They asked members to bear in mind that, in long term, the service was on an upward trajectory and a lot had been achieved.

- 1.8 The head of housing management explained that there have been difficulties with the data in relation to sample size and consistency of data collection. She stated that work is underway with the call centre operator to ensure better consistency of data collection with regard to satisfaction KPIs.

Officers did not express concerns about the accuracy or reliability of the key performance indicators relating to % appointments made and kept, time taken to complete repairs or the % of repairs completed on the first visit.

- 1.9 In 2008, following the introduction of new housing repairs KPIs, Southwark entered its Housing Repairs Service for a national award in “the customer focused provision of services”. Performance statistics provided by the council lead to Southwark winning the award. *Inside Housing Magazine*, which organised the awards, concluded:

*“Where once it had a complicated and frustrating system, with just 58% of residents satisfied with the service they received, benchmarking suggests Southwark now has the best repairs service in London, with 85% customer satisfaction.”*

*“Ninety-seven per cent of repairs are now attended on time and the number of repairs completed has increased by more than 26 per cent year on year. New ways of working are generating savings of around £500,000 per year and efficiencies of £1 million a year. The number of complaints about repairs has fallen by 20 per cent. By considering residents’ needs first, the service has been transformed.”*

*“The speed and extent of the transformation was, judges felt, truly impressive.”*<sup>4</sup>

- 1.10 At the Scrutiny sub-committee meeting on 6th July 2010, the Director of Environment and Housing pointed out to the committee that there was a scrutiny uncompleted on repairs and it would be useful if the committee could use the data and information from that, as considerable officer and member

<sup>3</sup> Agenda Reports Pack, Housing Scrutiny Sub-committee, 6<sup>th</sup> July 2010

<sup>4</sup> Inside Housing, UK Housing awards, 21 November 2008, Link <http://www.insidehousing.co.uk/ihstory.aspx?storycode=6501980>



hours had already been dedicated to this. She urged members of the sub-committee to take this into account when deciding their work programme for the year.

### **The importance of key performance indicators in housing repairs**

**2.1** Southwark's part-outsourced model of repairs means the quality and extent of contract management is crucial to maintaining a high quality service for tenants. As long ago as 2002, the Audit Commission was warning local authorities with outsourced repairs and maintenance contractors that poor performance could result from untrustworthy performance management systems and information. They said:

*“Under partnering, these authorities still have little influence over contractor performance and had unjustifiably assumed that things would be better ... Some authorities forfeit their client performance management role very early, before being in a position to understand and trust the contractor's performance information systems to collect monitoring data for the partnership.”<sup>5</sup>*

**2.2** Councillors need accurate and trustworthy information on the performance of the service in order to drive improvements. It is particularly important that the Cabinet Member for Housing is able to trust performance information so that senior officers and the contractors can be held to account over weaknesses in the service. Equally, tenants need to know that their landlord is getting a real picture of the service being provided to them. Finally, the contractor themselves needs the information in order to effectively manage their own repairs operatives.

**2.3** The structure of Southwark's housing repairs contracts makes the KPIs particularly important. There are financial incentives in the contract for SBS and Morrisons to maintain high performance based on the KPIs. In the case of SBS, as an in-house service provider, the profits would be returned to the council. If the KPIs are unresponsive and do not reflect the real level of performance, the contractor's incentive for improving service is removed. The contractor may rest on their laurels knowing that profits will not be reduced by poor performance.

**2.4** Equally, Southwark Council has a strong interest in maintaining accurate repairs KPIs in order to achieve value for money. The structure of the repairs contract means that KPIs which artificially inflate performance levels could cost the council very significant amounts of money. Southwark's contract with Morrisons could see the council paying extra according to a formula based on 8 KPIs. Inaccurate KPIs could lead to Southwark paying extra for a poor service. Particularly in the current financial climate, such a situation would clearly be unacceptable.

**2.5** However, the issues raised in paragraphs 2.3 and 2.4 have been further complicated by Southwark's failure to implement the KPI based incentives contained in the contract (See section entitled “The Housing Repairs Contract and the KPIs” on page 27)

**2.6** When they work well, the reputational impact of key performance indicators can concentrate the minds of contractors and senior officers on improving a service. Companies such as SBS and Morrisons will win contracts with other public sector organisations based on improvements they have delivered elsewhere. In this sense, publicly available KPIs can help to focus senior officers and contractors on delivering a better service. Conversely, a serious and damaging situation arises when KPIs show high performance irrespective of the real quality of service being provided.

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<sup>5</sup> Housing Repairs and Maintenance: Learning from Inspection, The Audit Commission, January 2002

## The scope of the report

**3.1** To ensure that we were able to focus on systemic problems, rather than become distracted by huge amounts of data, the sub-committee decided to concentrate our investigation on the following Key Performance Indicators.

1. % of Repairs completed on time
2. Average number of working days taken to complete a repair
3. % of appointments made and kept
4. % of tenants satisfied with last repair
5. % of repairs completed on first visit
6. Overall satisfaction with the repairs service

As a result, the scope of this scrutiny report does not include communal repairs, large scale maintenance work, gas and electricity repairs or Decent Homes investment work. However, many of the lessons learned from this investigation may well be applied to these wider areas of service.

**3.2** Initial investigations were also done into the amount of time it took for repairs calls to be answered by the customer call centre. “Mystery shopper” calls made to the customer call centre by sub committee members found the average time taken to answer calls recorded in the KPIs (1 min and 16 seconds for 2009/10) appeared to be, on the whole, accurate. The time taken to answer calls is recorded electronically by the CSC itself.

**3.3** At the start of the scrutiny process the sub- committee set out to answer the following questions:

1. Is there a gap between real performance (the actual tenant and leaseholder experience) in housing repairs and the performance presented by existing KPIs?
2. Is the Housing Repairs Service accurately measured by existing KPIs?
3. Is the Housing Repairs Service measuring the correct areas of performance in order to gain an accurate picture of real performance?
4. How much officer time and resource is invested in measuring performance and could this be done more efficiently?

**3.4** Over the course of this investigation the sub-committee decided that answering questions 1 and 2 was of more importance than questions 3 and 4. We therefore focused our efforts on answering these questions. However, the sub-committee did move on to answering an additional question, which was: What are the principles of a successful Key Performance Indicator regime that would replace Southwark’s current system?

## Part 2 – Scrutiny of housing repairs KPIs

### Southwark's current housing repairs KPIs

Table 1 shows the KPIs under scrutiny from September 2010:\*

KPI		Sep-10	Method of collection
% of Repairs completed on time	Year To Date	91.9%	Calculated from iWorld report ("PIRepairs") from repairs completed in the month
	Monthly KPI	92.3%	
Average number of working days to complete all repairs	Year To Date	8.9	Calculated from iWorld report ("PIRepairs")
	Monthly KPI	8.3	
% of appointments made and kept	Year To Date	99.9%	Calculated from iWorld report ("PIRepairs")
	Monthly KPI	99.9%	
% of Tenant satisfied with last repair carried out	Year To Date	92.5%	Satisfaction survey
	Monthly KPI	88.6%	
% of Repairs completed on first visit	Year To Date	78.5%	Calculated from OptiTime single trade jobs
	Monthly KPI	80.8%	
% of residents who are satisfied with overall service	Monthly rate	88.60	Satisfaction survey

\* The September KPIs have been used in the table above because this is the last month for which all of the indicators were available in the form that they were in at the start of the scrutiny process. Officers changed two of the KPIs in November 2010. See the section "Changes to the KPIs pre-empting this report"

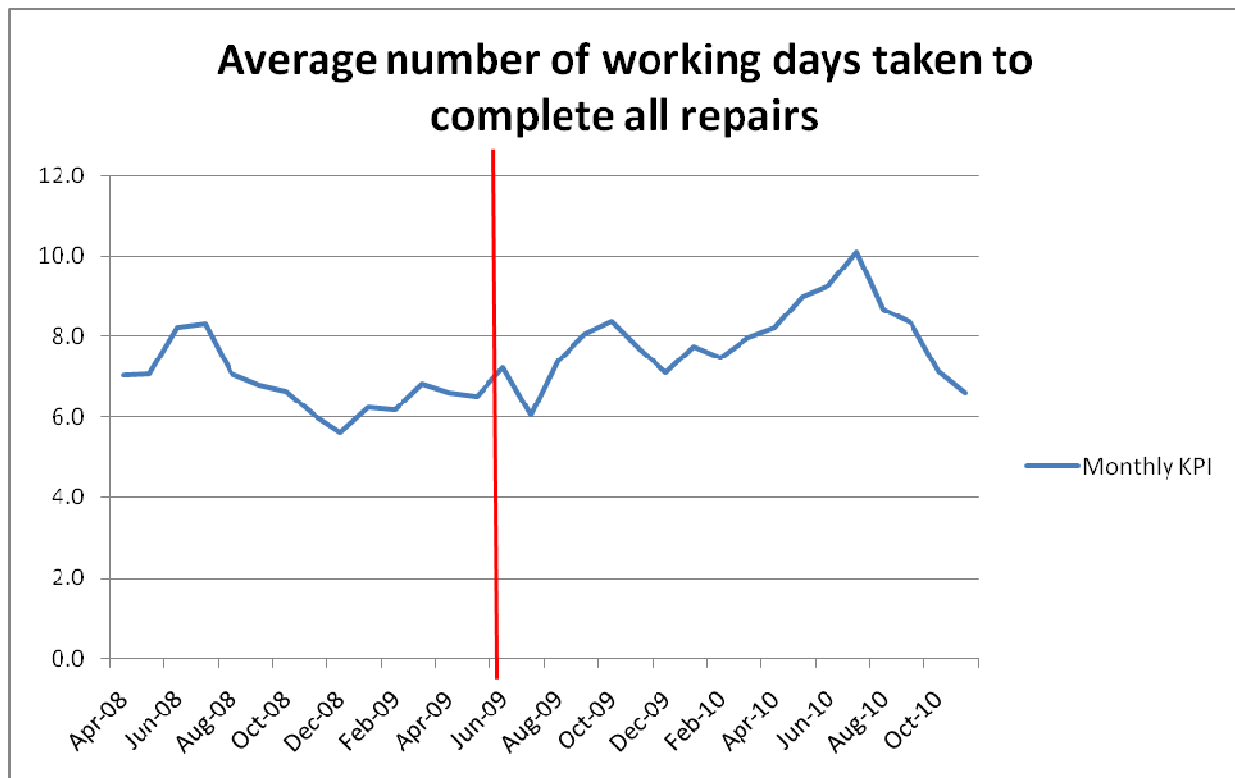
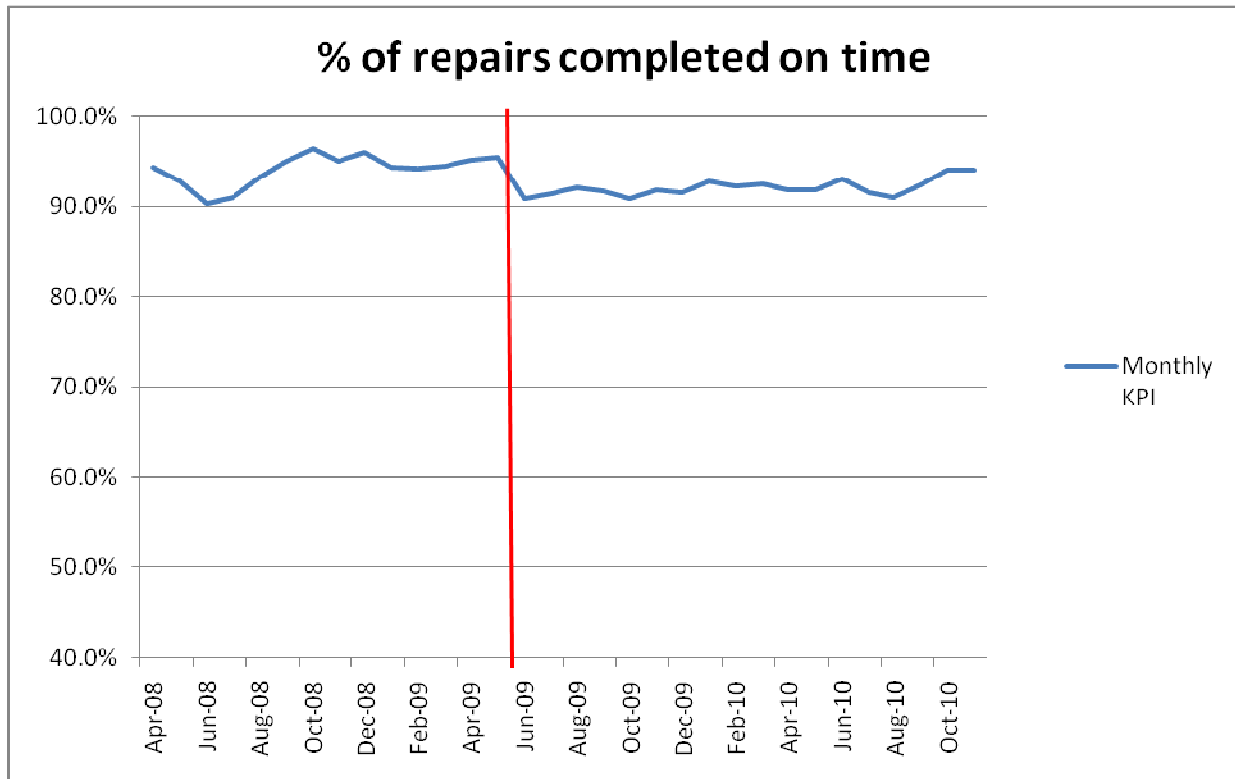
Table 2 gives the full set of figures for the KPIs under scrutiny.

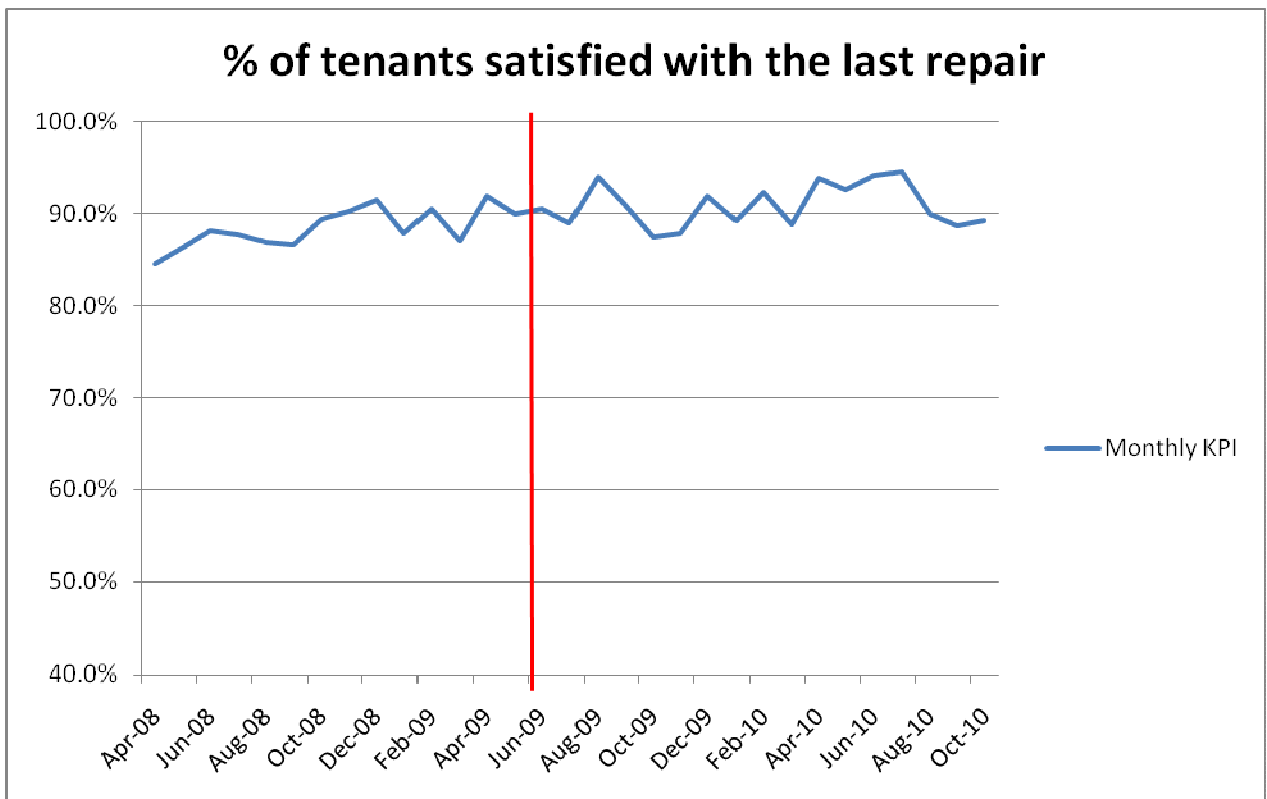
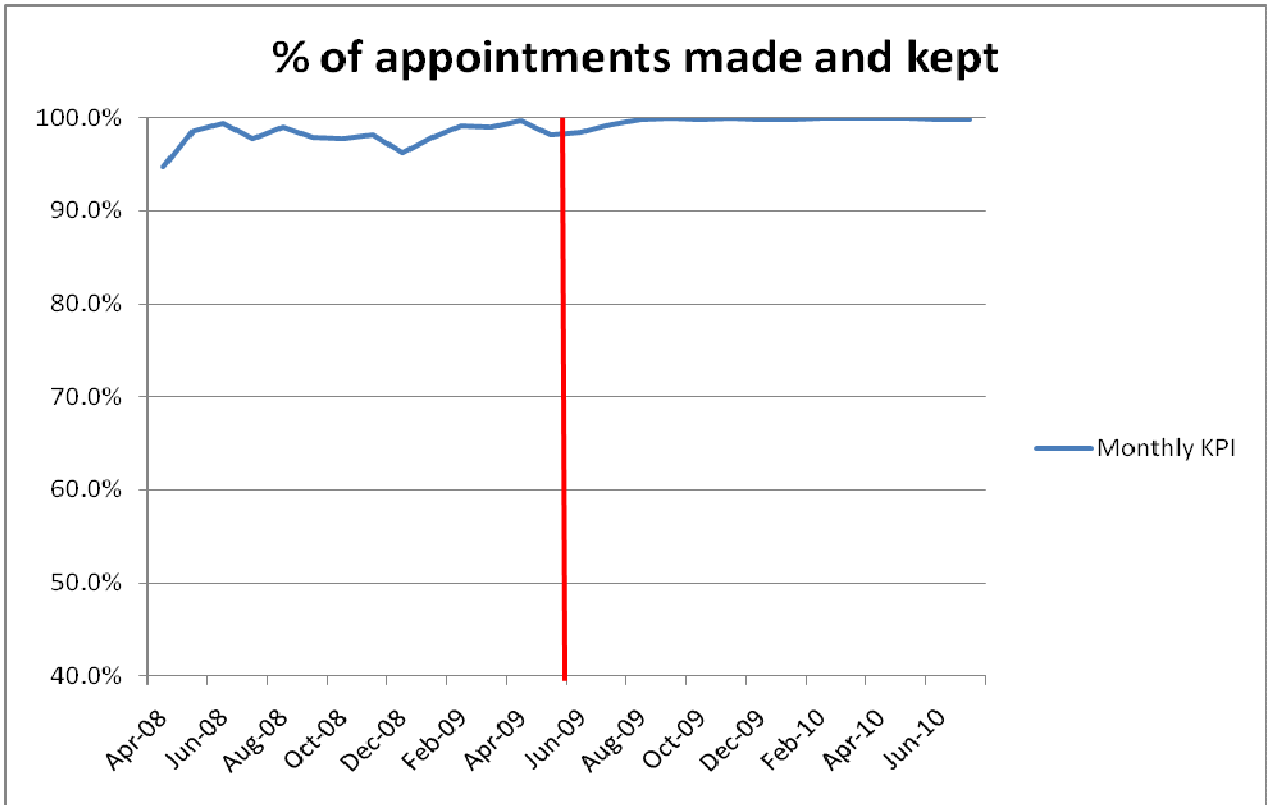
Table 2

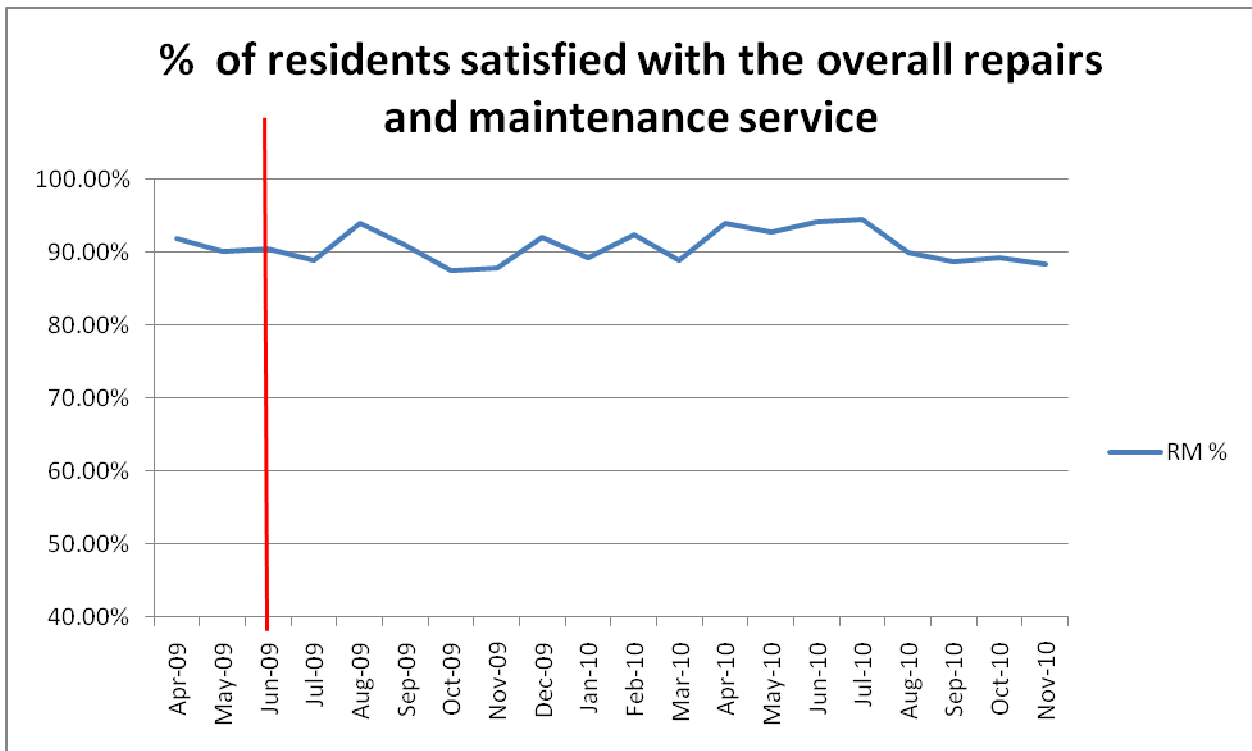
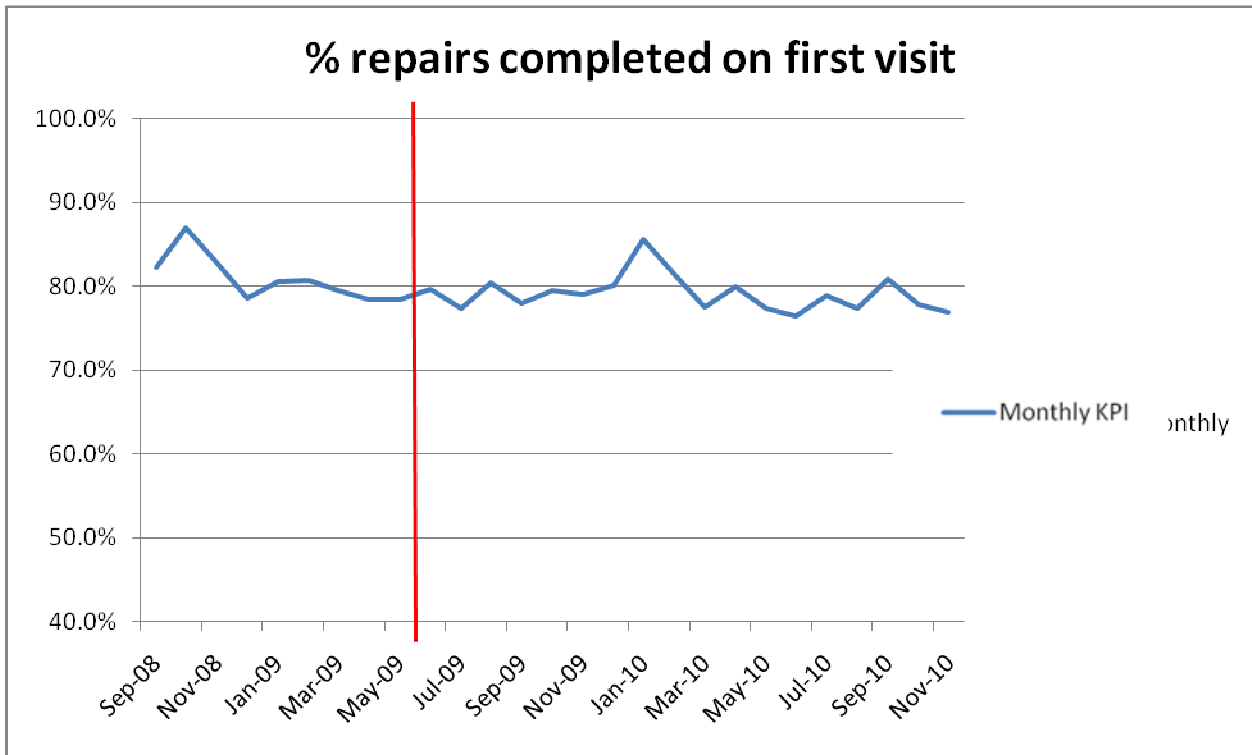
Date	% of Repairs completed on time		Average number of working days to complete all repairs		% of appointments made and kept		% of Tenant satisfied with last repair carried out		% of Repairs completed on first visit		% of residents who are satisfied with overall service
	Year To Date	Monthly KPI	Year To Date	Monthly KPI	Year To Date	Monthly KPI	Year To Date	Monthly KPI	Year To Date	Monthly KPI	Monthly rate
Apr-08	94.3%	94.3%	7.1	7.1	94.7%	94.7%	84.5%	84.5%			
May-08	93.6%	92.8%	7.1	7.1	96.4%	98.5%	85.6%	86.4%			
Jun-08	92.4%	90.2%	7.5	8.2	97.4%	99.5%	86.4%	88.2%			
Jul-08	92.1%	91.0%	7.7	8.3	97.5%	97.8%	86.5%	87.7%			
Aug-08	92.3%	93.2%	7.6	7.1	97.8%	99.1%	86.6%	86.8%			
Sep-08	92.7%	95.0%	7.4	6.8	97.8%	98.0%	87.0%	86.6%	82.3%	82.3%	
Oct-08	93.4%	96.4%	7.3	6.6	97.8%	97.7%	86.9%	89.3%	83.1%	87.1%	
Nov-08	93.6%	95.1%	7.2	6.1	97.9%	98.2%	87.3%	90.2%	83.1%	82.8%	
Dec-08	93.8%	96.0%	7.0	5.6	97.7%	96.2%	87.6%	91.5%	82.6%	78.7%	
Jan-09	93.9%	94.3%	6.9	6.2	97.7%	97.9%	87.7%	87.9%	82.4%	80.6%	
Feb-09	93.9%	94.1%	6.9	6.2	97.9%	99.1%	87.9%	90.5%	82.2%	80.7%	
Mar-09	93.9%	94.5%	6.9	6.8	98.0%	99.1%	87.8%	87.0%	81.9%	79.6%	
Apr-09	95.1%	95.1%	6.6	6.6	99.6%	99.6%	91.9%	91.9%	78.5%	78.5%	91.87
May-09	95.3%	95.4%	6.6	6.5	98.9%	98.1%	91.2%	90.0%	78.5%	78.5%	90.00
Jun-09	93.9%	90.9%	6.8	7.2	98.7%	98.5%	91.1%	90.5%	78.9%	79.6%	90.52
Jul-09	93.3%	91.4%	6.6	6.1	98.9%	99.2%	90.7%	88.9%	78.5%	77.4%	88.92
Aug-09	93.1%	92.0%	6.7	7.4	99.1%	99.8%	91.2%	93.9%	78.9%	80.4%	93.92
Sep-09	92.8%	91.6%	6.9	8.1	99.3%	99.9%	91.1%	90.9%	78.7%	78.0%	90.88
Oct-09	92.5%	90.9%	7.2	8.4	99.4%	99.8%	90.7%	87.4%	78.8%	79.5%	87.41
Nov-09	92.4%	91.8%	7.2	7.7	99.4%	99.9%	90.3%	87.9%	78.9%	79.1%	87.86
Dec-09	92.3%	91.6%	7.2	7.1	99.5%	99.9%	90.5%	91.9%	79.0%	80.1%	91.94
Jan-10	92.4%	92.7%	7.3	7.8	99.5%	99.9%	90.4%	89.2%	79.7%	85.7%	89.19
Feb-10	92.4%	92.2%	7.3	7.5	99.6%	99.9%	90.5%	92.3%	79.8%	81.5%	92.31
Mar-10	92.4%	92.5%	7.4	8.0	99.6%	100.0%	90.3%	88.9%	79.6%	77.5%	88.87
Apr-10	91.8%	91.8%	8.2	8.2	99.9%	99.9%	93.9%	93.9%	79.9%	79.9%	93.90
May-10	91.8%	91.9%	8.6	9.0	99.9%	99.9%	93.1%	92.6%	78.7%	77.4%	92.60
Jun-10	92.2%	93.0%	8.8	9.3	99.9%	99.9%	93.7%	94.1%	78.0%	76.5%	94.10
Jul-10	92.0%	91.5%	9.1	10.1	99.9%	99.8%	94.0%	94.5%	78.2%	78.8%	94.50
Aug-10	91.8%	91.0%	9.0	8.7			93.1%	90.0%	78.2%	77.4%	90.00
Sep-10	91.9%	92.3%	8.9	8.3	99.9%	99.9%	92.5%	88.6%	78.5%	80.8%	88.60
Oct-10	92.2%	94.0%	8.7	7.1	DISCONTINUED	DISCONTINUED	92.1%	89.3%	78.4%	77.9%	89.30
Nov-10	92.4%	94.0%	8.4	6.6					78.2%	76.9%	88.40

## Graphs for KPIs under scrutiny

Vertical line = the June 2009 start of the housing new housing repairs contracts







- 4.1 Southwark's own key performance indicators currently show very strong performance for housing repairs in a range of areas. These are the statistics which allowed officers to claim in their paper put before the sub-committee in July 2010:

*"Service is already demonstrating improved performance against key indicators"*

*"Poor performance trends will be spotted early to allow early corrective action to be taken."*

- 4.2 Although cross London benchmarking information is difficult to come by, the KPIs above put Southwark in the upper quartile of Housing Repairs services in the capital, and often at the very top. As already mentioned, in 2008 these figures prompted *Inside Housing* to write that "Southwark now has the best repairs service in London".
- 4.3 Members of the sub-committee commented in particular on the very high levels of satisfaction with the service and the almost perfect performance in repairs operatives keeping appointments.
- 4.4 Members also commented on the surprising consistency of the performance shown by the KPIs over a considerable period of time (since September 2008). Though there are variations, there is generally very little change in the level of performance. This is particularly surprising given the upheaval caused by the start of an entirely new contract in June 2009. Members of the committee concluded that this indicated one of two possibilities:
- a) Southwark's housing repairs service has performed at a consistently high level since September 2008; or
  - b) The KPI system is unresponsive to variations in performance and will reflect similarly high levels of performance come what may.

## **How are the KPIs compiled?**

- 5.1 The level of satisfaction with the service (both overall and with the last repair) is compiled via a rolling telephone survey. All residents who have recently had a repair completed are called and asked a series of questions.
- 5.2 Significantly, customers whose repair call is not recorded as complete on the system are *not* called as part of the survey. See section "Listening exercise on out- bound satisfaction survey calls" on page 16 for more information on this.
- 5.3 The overall satisfaction question is "How would you rate the overall quality of service provided to you?" Residents are asked to rate the service they have received between 1 and 5:
- 1 is "Very Poor"
  - 2 is "Poor"
  - 3 is "Satisfactory"
  - 4 is "Good"
  - 5 is "Very Good"

Any resident rating the service "3" or above is deemed to have indicated that the service is satisfactory.



- 5.4** “The % of repairs completed on time”, is defined as the contractor completing the repair within the target time, which vary according to the priority set. i.e. 2 hours, 24 hours.
- 5.5** Information to compile all of the following KPIs is reported by the contractor themselves.
- % of Repairs completed on time
  - Average number of working days taken to complete a repair
  - % of appointments made and kept
  - % of repairs completed on first visit
- The contractor operatives report this information via their mobile, electronic “iWorld” system.
- 5.6** The sub-committee expressed its surprise and concern that so much of the information required to compile the KPIs and calculate payments came from the contractors themselves without being cross- checked or verified. Subsequent investigation found that these concerns were more than justified.
- 5.7** Officers have pre-empted the completion of this report and have changed the way two of the KPIs are measured. As a result several of the *published* KPIs for November are different from those laid out in table 2 above. The sub-committee considers that these changes, although welcome and in-line with several recommendations of this report, are relatively minor and not of the order that is required for an accurate KPI system. See the section entitled “Changes to KPIs Pre-empting this scrutiny report” on page 20
- 5.8** The sub-committee expressed concern that the original numbering system used to measure satisfaction was not structured in a format consistent with data collection industry standards. For example Mori’s standard format is to have 4 options, structured in such a way that forces the responder to choose between a positive and a negative opinion. Even before listening to examples of calls made during the satisfaction survey, sub-committee members expressed their view that this numbering system was likely to skew results in favour of higher satisfaction rates. See section on “KPI monitoring survey” on page 21 for more information on this.

## The “HQN Report”

- 6.1** In a report provided by officers to the 6<sup>th</sup> July 2010 meeting Officers stated:
- “We anticipate that Housing Management will be subject to an Audit Commission inspection sometime in the near future. In preparation for this we recently commissioned an external audit of our Repairs service . . . The inspection highlighted a number of areas that require improvement, and we have produced an action plan to address the identified gaps.”*
- 6.2** Following up on this statement the sub-committee asked to see a copy of the external audit. We were then provided with a report produced the external consultancy firm, HQN.
- 6.3** The HQN report was critical of the repairs service in general terms and stated that if the service were to receive an Audit Commission inspection immediately it would be given a zero star rating. The report went on to make further revealing observations, including:

*“Quality of repairs – during the time we were in the call centre, we observed that a number of telephone calls were from customers who were concerned with the quality of the repair. During a two hour period we listened to a total of 16 calls, 13 of which specifically [sic] relating to a repair. Out of those 13, five were concerning dissatisfaction with the work undertaken. This is 38.4%.”*

*“Levels of pre- and post-inspections not robustly monitored. Staff interviewed did not know the levels generally and there is a lack of information in the performance monitoring information.”*

- 6.4** The Sub-Committee considers the HQN report to be strong preliminary evidence that there is something deeply amiss with the housing repairs KPIs. It is impossible not to notice the disparity between HQN’s zero star rating and the strong performance reflected in the KPIs. Even allowing for the methodological peculiarities of Audit Commission inspections (which HQN had sought to imitate), the contrast is striking.

## Casework and Complaints

- 7.1** Table 3 shows statistics regarding complaints and members enquiries about the Housing Repairs Service since 2007.

Table 3

### Members’ enquiries and complaints\*

	Total complaints	Total member enquiries	Total
2007	2291	943	3234
2008	1623	724	2347
2009	1754	746	2500
2010 (up to 30th Jul 2010)	1686	727	2413

\*These figures do not include any complaints and members enquiries which are not reported through the icasework system.

**7.2** The sub-committee recognises that it is difficult to take solid conclusions from these complaints and members enquiries statistics. A number of factors will affect these figures such as the accessibility of the complaints system and the casework practices of individual councillors. However, the sub-committee did feel that the overall numbers involved were high enough to place a further question mark over the accuracy of the KPIs.

It seems unlikely that a housing repairs service in which 94% of tenants had expressed satisfaction with would generate this number of complaints and members' enquiries.

## **Listening exercise on in- bound calls to the Housing Repairs Hotline**

- 8.1** The sub-committee listened to 50 randomly selected recordings of telephone calls from residents to the housing repairs hotline. The listening exercise was extremely revealing as to the real standard of service being provided via the repairs contractors.
- 8.2** Though there were a small number of exceptions, customer call centre operatives were, on the whole, polite and helpful to residents calling in and reporting repairs. Clearly those answering phones operate in a pressurised and difficult working environment and the sub-committee felt that calls were generally handled well.
- 8.3** However, we found that 42% of the calls we listened to related to problems with repairs which had previously been reported. This is a similar percentage to that commented on in the HQN report. It is also an extremely high figure given that KPIs consistently report that 90%+ of residents are satisfied with their last repair and 79% of response calls are entirely completed on the first visit.
- 8.4** 32% of the calls we listened to related to missed appointments by the contractor.<sup>6</sup> Again, this is at odds with the KPI which consistently reports that 99% of appointments are kept.
- 8.5** In the calls we listened to, call centre operatives were regularly required to call a contractor back to a repair that had already been recorded as "completed" via the iWorld system. This suggests serious problems with contractor operatives regularly reporting calls as complete when they are not. This was confirmed during the interview with representatives of the contractors. See section on the interview with the contractors on page 15.
- 8.6** Further to paragraph 7.5, call centre operatives would usually give a *new* call reference number to the resident when the call related to a repair which had already been reported. As a result:
- KPIs will reflect multiple completed repairs when in fact only one repair has been carried out;
  - KPIs will show repairs being completed within their target time, when they have taken longer to complete.
  - Southwark council will pay for multiple repairs when it should only have paid for one. (unless Southwark issues a default notice to the contractor)
- 8.7** Just a few examples of the issues being faced by residents picked up in the listening exercise can be seen in table 4 below.

Table 4

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<sup>6</sup> There is some overlap between the % of calls regarding missed appointments and the % of calls relating to problems with repairs that had already been reported.

Call Number	Description of issue in call
5	Call is to find out why operative did not turn up for an appointment. Plumber did not turn up to fix a leak.
8	"Morrisons were supposed to work in the flat last week." Operative who came "had no idea of the job they were going to do". Job is to replace the bath. Contractor said he was going back to his office to re-book the call. No call came.
20	A leak had been reported. Contractor went upstairs to fix it. Leak stopped for a while, but then restarted. Water leaking is now coming through the light.
21	Call back from customer about a lock that has not been properly fixed. Operator says "Back office on that one said it wasn't a missed appointment". Tenant – "I've got a letter saying it was."
23	General repair on bathroom. Customer stayed in all day but contractor never turned up.
26	Appointment booked for today to fix a blocked sink. Customer got a call saying they were on their way, but nobody turned up. New job raised. According to call centre officer the job was "cancelled" on system.
49	Emergency call for an electrician. Way beyond two hour wait. "Where is the contractor?"

## Listening exercise: out-bound satisfaction survey calls

- 9.1** The sub-committee listened to 50 random calls made by the call centre as part of the rolling customer satisfaction survey. Three key observations were made:
- 9.2** Firstly, these calls are made to all customers who have repairs recently recorded as "completed", i.e.  
<sup>a</sup> contract operative had reported that they have completed the repair. Despite this, 16 of the 50 people who were called said that their repair was not fully complete. This strongly supports the suggestion (See para 8.5) that contract operatives are, with some regularity inaccurately reporting calls as complete when they are not. Such a practice seriously undermines the KPIs.
- 9.3** Secondly, it was clear from listening to the satisfaction survey that tenants did not understand that, when they gave a rating of "3" rating out of 5, they were stating they were satisfied with the service. The rating system was rarely explained to tenants before they gave their answer. In three examples tenants heavily and angrily criticised the quality of the service they had received in the

early part of the survey, and then went on to give a rating of 3 or above – which would show as “satisfied” in the KPIs

- 9.4** Thirdly, the survey results were further skewed in favour of a higher satisfaction rate by the practice of only calling people with *recently completed repairs*. The polling organisation brought in to carry out the monitoring survey (see section on KPI monitoring survey) made precisely the same criticism of Southwark’s methods. By theoretically excluding from the survey all tenants whose repairs are incomplete, Southwark is failing to capture the views of many people who are experiencing delays and problems with their repairs. It would be much fairer to call all customers who had reported a repair for whom the target time for the repair’s completion has passed.
- 9.5** Examples of the issues raised in some of the calls can be seen in table 5. In all cases, the repair has been recorded as complete by the contractors.

**Table 5**

Call number	Description of call
4	The resident states that she is not happy with the repair because the water pressure is still low. But rates the overall service as good. (4)
12	Temporary repair is complete, but not fully complete. Call centre operative asks in a leading way: "You're satisfied with the work, yeah?" and "You're happy with the service as it is?"
18	This repair is not complete. Operative says "so the repair was done but you weren't satisfied with the quality of the work. Is that OK?"
24	Customer reports that the repair hasn't been done, but an electrical test has.
25	Customer is very unhappy with the work and the repair hasn't been completed. 4 months and the repair is not complete. Call centre officer asks "If the repair's not been done I can't do a survey" and ends the call. As a result this person’s dissatisfaction will not be included in KPIs.
26	Window repaired on the outside, but not on the inside. The repair is clearly not complete. Water is coming through her walls.
38	Repair is not complete. Original call was put in 6 weeks ago. Then the customer received a call asking when they want someone to come out.
40	The repair is not complete. "But you're satisfied with the work that has been done". Customer rates the service as "Not Very good" but operative says, "OK, very good"
41	Call is not complete. Window has just been boarded up.
42	Window has only been secured. The call is not complete. Resident - "It is not really repaired". Call centre - "I know, but the survey's about boarding up and making safe." When asked what could be done to improve the service, customer says "You could come back and fix it."
45	Repair not complete. Someone has come out “but he never done nothing”.

## Case Tracking exercise

- 10.1** As part of a case-tracking exercise, the sub-committee asked officers to investigate 8 cases from the listening in exercise. We wanted to know how and why particular problems had arisen and whether or not the KPI regime was flexible enough to pick up and reflect these problems. The table below shows the outcome of these investigations.
- 10.2** As the table shows, the source of many of these issues appears to be contractor operatives reporting that repairs have been completed when they have not, cancelling repairs for no reason and reporting that they have attended appointments that they have not. This confirms the observations made by the sub-committee as part of the listening in exercise.
- 10.3** These findings show the pitfalls that arise when so much ownership and control of KPI information is devolved to the contract operatives themselves. There appears to be very little oversight of their reporting activities, even by the management of Morrisons and SBS themselves. This is a conclusion that was confirmed following interviews with representatives of the contractors themselves. (See section “Interview with representatives of contractors, SBS and Morrisons p24”).

**Table 6**

Source	Issue	Officer Report	Housing Sub Committee comments
Call number 5 on the CD	An appointment had been made for a plumber to come and fix leak. The plumber did not turn up,	<p>The tenant had to call several times.</p> <ul style="list-style-type: none"> <li>• SBS repeatedly cancelled the job or put it to complete without recommendations</li> <li>• CSC incorrectly raised new job rather than nil value recall</li> <li>• The contractors did not self-report it as a missed appointment</li> <li>• The tenant was given the number to make a formal complaint but did not.</li> </ul>	A shocking example of mis-reporting by the contractor both about the completion of the job and attendance at appointments. By tracking this case, clear and unequivocal evidence of false reporting by a contractor operative has been gathered. By putting the job "to complete" the KPIs will be inflated to show multiple completed repairs within the target time, instead of the real situation, which is a series of missed appointments and repeated failure to complete the repair.
Call number 8 on the CD	Customer says that the contractor was supposed to work in the flat last week. They report that the contractor who came had no idea of the job they were going to do. Replace the bath. Contractor said he was going back to his office to re-book the call. Supposed to have been done in November.	<ul style="list-style-type: none"> <li>• The bath does not need replacing,</li> <li>• It was not Morrison who attended but asbestos contractor who later returned to complete the work</li> </ul>	
Call number 20 on the CD	Leak reported. Contractor went upstairs to fix it. Leak stopped but then restarted. Water leaking through the light.	<ul style="list-style-type: none"> <li>• The first leak was fixed temporarily</li> <li>• It is not council policy to recall out-of hours jobs so the CSC acted correctly in raising a new job</li> <li>• The works orders were completed on time</li> <li>• The leak was caused by major works contractors in the upstairs flat who fixed the leak permanently</li> </ul>	The Sub Committee feels that temporarily fixing something should not be recorded as a completed repair. All repairs should be considered incomplete until the problem has been completely resolved. Recording multiple completed repairs, when in fact only one repair has been carried out creates a false impression of the service being delivered.

<p>Call number 21 on the CD</p>	<p>Recall on a lock that has not been properly fixed. Operator says "Back office on that one said it wasn't a missed appointment". Tenant - "I've got a letter saying it was."</p>	<ul style="list-style-type: none"> <li>• The CSC acted correctly by raising a recall and logging a missed appointment to be investigated</li> <li>• The contractors did not agree to pay compensation as they claimed they had attended but needed to refer the work to a specialist contractor</li> <li>• The work to renew the door was then completed within target</li> <li>• The tenant answered the survey incorrectly saying that first the appointment was kept, but then adding that they had attended in the afternoon rather than the morning</li> </ul>	
<p>Call number 23 on CD</p>	<p>General repair on bathroom. Customer stayed in all day but contractor did not turn up.</p>	<ul style="list-style-type: none"> <li>• Contractor cancelled the first job incorrectly</li> <li>• The contractor did not self-report this as a missed appointment, and the tenant was unavailable for a survey.</li> <li>• CSC acted correctly in raising a new job to the out-of-hours service</li> </ul>	<p>More evidence of misreporting by contractor operatives. The routine misreporting of attendance at appointments, the completion of repairs and the cancellation of work is clearly a major problem. It is understandable that the CSC raised a new job under the out of hours service, but the KPIs should be flexible enough to record this as a single repair which has been subject to a missed appointment.</p>
<p>Call number 26 on CD</p>	<p>The contractor had made an appointment to fix a blocked sink. Customer got a call saying they were going to come and fix it, but nobody turned up. New job raised. Customer will need to wait for confirmation of appointment. Job was "cancelled" on system.</p>	<ul style="list-style-type: none"> <li>• Contractor cancelled the jobs without giving explanation</li> <li>• CSC gave incorrect information and were not very sympathetic</li> <li>• Previous recommendations from the contractor had not been communicated for follow-on works to be organised, as per agreed procedure.</li> <li>• The tenant had to phone several times to get this repair resolved</li> </ul>	<p>More evidence of misreporting by contractor operatives.</p>



Call number 49 on the CD	Emergency call for Electrician. They not turn up in two hours	<ul style="list-style-type: none"><li>• The work was completed, but after 6 hours rather than 2 hours, and only after the tenant called the CSC back.</li><li>• The contractor incorrectly reported the job as complete on time by post-reporting</li></ul>	More evidence of misreporting by contractor operatives.
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## Interview with representatives of contractors, SBS and Morrisons

- 11.1** Representatives from the contractors SBS and Morrisons attended a meeting of the Sub-committee on 29<sup>th</sup> November 2010. Their responses to our questions were blunt, honest and self-critical. Both contractors were asked if they felt KPIs were a true reflection of their organisation's performance in Southwark. In response, contractor representatives stated:

**Contractor representative 1 stated:**

"From what I have seen, we are currently providing a zero to one star service by Audit Commission standards."

"We are a long way from where we need to be."

"I know my operatives are not this good"

**Contractor representative 2 stated:**

"I don't recognise the performance of my operatives in these statistics."

"Real partnering with the council is not happening"

"We are under-performing and I want us to work with [our contract partners] and council officers to improve the situation. In order to do that we need to identify the areas of weakness, and these figures don't allow us to do that."

- 11.2** The interview revealed serious and continuing weaknesses in the management of repairs contract operatives in Southwark, which is leading directly to inaccurate KPIs. One contractor representative spoke about some of his contract operatives routinely failing to carry out the work they, but reporting some of this work as complete.

The contractor representative went on to speak about some of his operatives carrying out work, but doing so "Not really with any incentive to do anything at all." The representative explained that this was because of the payment structure under which some operatives worked.

- 11.3** The Chair then asked what disciplinary action would be taken against a contract operative who was found to have misreported information about attending an appointment or completing a repair. One of the representatives stated that managers and supervisors found it too difficult to deal with operatives who were found to have done this because they were effectively represented and Southwark Human Resources were too weak in dealing with disciplinary issues. In conclusion he said "To be honest, it's just easier to ignore it."

- 11.4** The statements in this interview gave, in the view of the committee, final confirmation to many of the problems that had been found via other investigations, in particular that there is an ongoing problem with false reporting of attendance at appointments and completion of repairs at contract operative level.

## KPI Monitoring Survey

- 12.1** A key part of the scrutiny investigation was to carry out a survey which tested the accuracy of the existing KPIs. Initially, the sub-committee intended to carry out our own survey funded through resources secured via the scrutiny budget. However, following the launch of this investigation, Housing officers had decided to carry out their own survey to test the accuracy of the KPIs. Helpfully, they offered to give the sub-committee input into the questions which were asked. As a consequence, the survey is not precisely in line with the questions which the sub-committee would have asked in such a survey, but it did provide very useful information.
- 12.2** The information below is based on the interim results from the survey provided to the sub-committee on 23<sup>rd</sup> December 2010. The interim results come from 360 completed surveys, mainly carried out via telephone.
- 12.3** This survey was conducted randomly on all residents who had recently reported a repair. On reflection, the sub-committee feels that a more accurate way of surveying would be to include only those who had reported a repair for which the target completion time had passed. It is worth noting that of the 360 people surveyed, only 219 said that their repair was complete.
- 12.4** Three of the questions directly tested the KPIs. The table below shows the results along with a comparison with the relevant KPIs.

**Table 7 – Comparison of KPIs with survey results**

	<b>A</b>	<b>B</b>	<b>C</b>		
	<b>Southwark KPI % (Nov 2010)</b>	<b>2010 Survey (% of those who answered question)</b>	<b>2010 Survey (% of all surveyed)</b>	<b>% Difference between A and B</b>	<b>% Difference between A and C</b>
<b>Was the last appointment kept?</b>	99.9	83.5	78.9	-16.4	-21
<b>Was the repair completed on the first visit?*</b>	78.2	79	48.1	0.8	-30.1
<b>Overall satisfaction</b>	88.4	69.4	69.4	-19	-19

\*of the 360 people surveyed, 219 said that their repair was complete. This is the reason for such a large difference between B and C for this KPI.

- 12.5** The results of another two questions are of interest, but which do not directly test the existing KPIs. They are questions 14 and 17:

Question Q14 Single-Coded. Answered by 219 out of 360

Q.14 How long did it take from your initial contact with the repairs service to the repair being complete?

READ OUT - SINGLE CODE

		219	360
	Tot/Ans	%/Ans	%/Resp
1. Less than 24 hours	73	33.3	20.3
2. 2-3 days	62	28.3	17.2
3. 4-6 days	26	11.9	7.2
4. 7-8 days	29	13.2	8.1
5. 9-10 days	4	1.8	1.1
6. 11-15 days	4	1.8	1.1
7. 16 to 20 days	1	0.5	0.3
8. 21 days or more	17	7.8	4.7
Don't Know	3	1.4	0.8

Question Q17 (3) Single-Coded. Answered by 340 out of 360

Q.17 Thinking now about the repairs service you received (so far). Do you agree or disagree with ....

The quality of the repairs work was satisfactory

READ OUT - SINGLE CODE

		340	360
	Tot/Ans	%/Ans	%/Resp
1. Agree strongly	187	55.0	51.9
2. Agree slightly	51	15.0	14.2
3. Neither agree nor disagree	20	5.9	5.6
4. Disagree slightly	7	2.1	1.9
5. Disagree strongly	64	18.8	17.8
Don't Know	11	3.2	3.1

**12.6** Of the three KPIs that are directly tested by this survey, two firm conclusions can be taken:

- The survey tells us that the KPI on appointments made and kept is inaccurate. Only 79.9% stated that the contractor turned up for the appointment as opposed to the 99.9% shown in the KPIs.
- The real level of satisfaction with the repairs service is clearly much lower than the 90%+ figures that have regularly been quoted in the KPIs. The survey shows a much lower figure of 69.4%.

## The housing repairs contract and the KPIs

- 13.1** The Repairs maintenance contract which commenced in June 2009 is run by two organisations: Southwark Building Services (SBS) (North of the borough) and Morrison Facilities Services (South of the borough). The contract is let for 7 years with option to extend for further 3 years. The contract includes possible “adjustments” to the contractors profits linked to their performance against a variety of key performance indicators. Further details of these adjustments cannot be revealed due to the commercial sensitivity of this information. However, the reductions or increases in payments on either contract could potentially involve significant amounts of money.
- 13.2** Through this scrutiny process the sub-committee has discovered that Southwark Council, in agreement with both contractors, has not implemented the financial incentives based on the KPIs. The explanation for this can be seen below. The following quote is taken from an email exchange between the Chair of the sub-committee and an officer involved in the management of the contract. The incentives have not been implemented:

*“Because of the difficulty of measuring the KPI's in a way that actually reflects the service being provided we have reported them but have not adjusted payments up or down. I understand that you have come across this problem during your Scrutiny investigation. KPI's are now being measured in a more "realistic" way. Unfortunately this does not align with the provisions of the contract and it has not been possible to either incentivise or penalise the contractor.*

*There have also been significant difficulties with the integration of the various computer systems used by the Council and the contractors which have rendered some of the KPI almost unachievable.”*

- 13.3** The sub-committee believes that this state of affairs should not be allowed to continue. The financial incentives were placed in the contract for a good reason: to push the contractor to improve their performance. It is not acceptable for this contract to continue to operate with no financial incentives governing performance.
- 13.4** A key body in the management of the repairs contract is the “Core Group”. This is a body made up of Housing Officers and representatives from the contractors which meets on a regular basis to review performance information and resolve outstanding issues.

## Changes to KPIs pre-empting this scrutiny report

- 14.1** Officers have pre-empted the completion of this report by changing the way several of the KPIs are measured. The changes relate to two of the KPIs covered in this report. They are:
- a) The KPI on appointments made and kept is no longer compiled using information provided by contractors using the iWorld system. Instead officers take this figure from answers given in the satisfaction survey.
  - b) The answer options for the question on overall satisfaction with the service provided has been changed. In place of the original options, the following are now used:

- Very Good
- Good
- Neither satisfied nor dissatisfied
- Poor
- Very Poor

The middle rating was previously "satisfied". Southwark is now only counting those who said the service was "Good" or "Very Good" as satisfied.

- 14.2** Officers were asked via email why it was felt necessary to change the way in which the appointments made and kept KPI was calculated. The answer given was:

*"It was felt that relying on the contractor's self-reporting for missed appointments was not as reliable as the tenant's point of view."*

- 14.3** The sub-committee considers that these changes, although welcome and in-line with several recommendations of this report, are relatively minor and not of the order that is required for an accurate KPI system.

## **Payments to customers for missed appointments**

- 15.1** A further observation throws yet more doubt on the accuracy of appointments made and kept KPI. There is a large disparity between this KPI and the number of payments that Southwark has paid to customers as compensation for missed appointments. The year to date figure for appointments made and kept is 99.9% - an almost perfect level of performance that suggests a mere handful of appointments have been missed. And yet, since the repairs contract was launched in June 2009, more than 1441 compensation payments for missed appointments have been made.

## **Walworth Community Council**

- 16.1** During this scrutiny process the Chair of Walworth Community Council invited the Chair of the Housing and Community Safety Scrutiny Sub-committee to a meeting in Walworth. The Chair attended a meeting of Walworth Community Council on 10<sup>th</sup> November 2010 and gave a presentation on the work of the sub-committee.
- 16.2** Walworth Community Council area was a particularly useful area of Southwark in which to discuss this scrutiny process because of the high density of social housing in the community council area. Verbal feedback from local people attending the meeting provided very useful background information which informed the subsequent work of the sub-committee.
- 16.3** Most usefully of all, the Community Council carried out an electronic voting exercise in which all those attending (approximately 60 people) voted on their answers to various questions relating to the KPIs. The full results are in the table below.

### **Results from voting exercise at Walworth Community Council meeting, 10<sup>th</sup> November 2010**

**1. When you have contacted the customer service centre, was the customer service representative helpful?**

Yes 55%

No 45%

**2. Was the appointment kept?**

Yes 50%

No 50%

**3. Did the contractor turn up at the agreed time?**

Yes 42%

No 58%

**4. Do the contractor show you proper identification & wear a uniform ?**

Yes 38%

No 62%

**5. Was the contractor polite and tidy?**

Yes 47%

No 53%

**6. Is the repair fully complete?**

Yes 43%

No 57%

**7. Was this particular repair completed correctly in the first visit? By the contractor?**

Yes 25%

No 75%

**8. If the contractor needed to make another appointment, did they arrange this while still at your home?**

Yes 15%

No 85%

**9. If completed are you satisfied with the quality of work carried out ?**

Yes 41%

No 59%

**10. How would you rate the overall quality of service provided to you ?**

Very good 7%

Good 17%

Neither good nor bad 31%

Poor 24%

Very poor 21%

- 16.4** The sub-committee accepts that voting exercises such as this are not scientific. Though the vast majority of those attending the Community Council meeting were council tenants, by no means all were. However, the results do make interesting reading. In particular, the very low levels of satisfaction and % of appointments kept have little similarity with the KPIs.

## Part 3 – Conclusions and Recommendations

### Assessment of the accuracy of key performance indicators

- 17.1** Southwark’s housing repairs KPIs currently provide little or no insight into the actual quality of service being provided by SBS and Morrisons. The KPI system, as it is currently constituted, relies on two sources of information (contract operative’s iWorld system and the satisfaction survey) neither of which can be relied upon. Consequently, those who suspected that these KPIs were too good to be true at the beginning of this scrutiny process, have been proved correct.
- 17.2** The information entered into the council’s iWorld system by contract operatives is regularly and routinely incorrect. By the contractors own admission, their operatives report that repairs have been completed, or appointments kept when, in fact, they are not. The satisfaction survey is flawed in a number of ways, not least because the survey excludes those that have not had a repair recently completed.
- 17.3** The sub-committee has come to this conclusion on the basis of the considerable amount of evidence gathered during this scrutiny process, which should be taken as a whole. However, the sub-committee puts particular weight on the following findings:
- The interim results from the newly commissioned repairs survey which show significantly lower levels of satisfaction, appointments kept, etc, than are shown in the KPIs
  - The stark admission of the contractors themselves that the KPIs are not based on reliable information.
  - The HQN Report’s assessment of Southwark Housing Repairs as a zero star service
  - The high proportion of missed appointments found during the listening in exercise on in-bound calls to the repairs hotline
  - The high proportion of calls left incomplete, but reported by the contractors as complete, found during the listening in exercise.
  - The high proportion of respondents to the satisfaction survey who stated that their repair was not complete, even though the survey is supposed to only include those who have recently had a repair completed
  - The evidence of mis-reporting of the completion of work and attendance at appointments by contract operatives found during the case-tracking process
  - The fact that Southwark and the contractors agreed, after the contract was signed, not to implement the profit adjustment mechanisms based on the KPIs. The reason for this, by officers’ own admission, has been “the difficulty of measuring the KPI’s in a way that actually reflects the service being provided”
  - The fact that officers have already made changes to two of the KPIs (overall satisfaction rating and appointments made and kept) pre-empting this report.
- 17.4** So extensive and apparent is the evidence that Southwark’s KPIs are unreliable and inaccurate, it is very surprising that the system has been allowed to continue in its current form for so long. A culture has developed at Southwark in which the key performance indicators have ceased to be an effective tool for managing contractor performance. The KPIs are used to compile performance reports which are examined by the senior management team, and yet, the information is so unreliable, it is unlikely to assist senior managers in identifying areas of weakness. KPIs have often been used for boosting the reputation of the Council among tenants and the local government community, and convincing members that the service is performing strongly. KPIs have been regularly put before councillors and tenants in recent years in order to refute accusations of poor performance. Southwark has even gone so far as to claim awards based on the KPIs.



- 17.5** Whether or not officers have known or suspected that their KPIs were inaccurate is a moot point. Until this scrutiny process began Southwark was operating a “don’t ask, don’t tell” policy with regard to their accuracy. This has had a hugely detrimental effect on the quality of the service which is being provided to tenants. Contractor performance has been allowed to drift to the point where missed appointments are commonplace and repairs are left cancelled or incomplete. This cannot be allowed to continue.
- 17.6** The sub-committee also feels that the contractors, Morrisons and SBS, need to take more responsibility for the accuracy of the KPIs. They are currently far too “hands off” in the management of their operatives behaviour in reporting KPI information. A primary reason often given for outsourcing public services is that the private sector has far better people management skills than the public sector. The sub-committee felt that Southwark’s repairs service is not currently benefiting from this often cited advantage and this needs to change.
- 17.7** Based on these observations the sub-committee wishes to make a number of recommendations which would improve the accuracy of the KPIs *and* encourage a more challenging performance management regime for SBS and Morrisons.

## Recommendations

### Culture change in Housing Repairs

1. There needs to be a new culture of openness and transparency between officers, members and tenants with respect to the Housing Repairs Service. Some of the information presented by officers to the sub-committee at the outset of the scrutiny process painted a very positive picture of the repairs service – a picture which has been found to be inaccurate. Officers at all levels should be encouraged to be open and frank about the state of the housing repairs service.
2. Key performance indicators should be primarily used as a tool for producing improvement in the repairs service. Since September 2008, when the new system was introduced, KPIs appear to have been used, in the main, to project a positive image of the service to members and tenants. This “presentational” approach needs to come to an end. A significant example of the “presentational” approach to KPIs is the award which Southwark applied for and won in November 2008 based on “new benchmarking information”. Acceptance of awards such as these needs to be carefully considered and based on sound performance information. Given what has been discovered through this scrutiny process, this is clearly not the case for Southwark’s award in 2008.

Consequently, the sub-committee recommends that Southwark should not apply for such awards in the future unless the application is based on reliable performance data.

3. It has become clear that a key body in the management of performance information is the “core group” made up of senior officers and representatives from the contractors. The sub-committee suspects that some of the problems that have been uncovered and dealt with had the core group taken a more challenging approach to the quality of contractor performance. To encourage this approach, the sub-committee recommends that the Cabinet Member for Housing should become a member of the core group
4. A representative from Tenants Council should also sit on the Core Group.

## Getting a clearer picture of real performance

5. The KPI system needs to follow repairs from start to finish. A single reference number should be given to each newly reported repair and that number should be used as a reference until the repair is *fully* complete.
6. Call centre operatives should be trained to raise “call backs” to all repairs which relate to a continuation of an existing problem. So, for example, if a tap has been reported as fixed but the customer calls back and says it has started leaking again, the operative should ask contractors to return to the property under the original repair reference number. The KPIs should reflect this as a single repair.
7. Currently, if a window has been damaged, the contractor can attend, board it up and then report the repair as complete. The listening in exercise showed several examples of the contractor doing this, then promising to return but failing to do so. To prevent this from happening, temporary repairs should not be reported as “completed repairs”.
8. Appointments made and kept should no longer be measured through the iWorld system operated by individual contractor operatives. This scrutiny has found that some operatives are routinely reporting that they have attended an appointment when they have not. Instead this KPI should be measured through the satisfaction survey.
9. The completion of repairs should no longer be reported solely through the council iWorld system. Instead this should be replaced by a system which allows the customers to verify whether or not the call is complete. When the job is complete the contractor should report this using his/her mobile device as they do now. As soon as the contractor reports a job as complete a text message should be automatically sent to the customer requesting confirmation to the housing department that the repair is complete. If the customer replies “Yes” or fails to respond within a set period the call is confirmed as complete. If the customer responds by saying the repair is not complete, a housing department call centre operative should then phone the customer, verify the situation and, where necessary, re-open the repair. Representatives from SBS and Morrisons have confirmed that such a system is realistic, affordable and could be implemented through partnership with the council.
10. The method of collecting statistics for customer satisfaction needs to be fundamentally changed. The following changes should be made to the satisfaction survey:
  - a) The practice of asking for a rating of the service between 1 and 5 and assuming that anything above 3 is satisfied should no longer be used. The satisfaction survey should be conducted according to polling industry standards by giving the options Very Good, Good, Poor, Very Poor. Only counting those who said the service was "Good" or "Very Good" should be treated as satisfied for the purposes of this KPI
  - b) The practice of only surveying people who have had recently completed repairs should end. Instead, all tenants for whom the target completion date of their repair has passed should be surveyed.
  - c) Call centre operatives conducting the survey should be empowered to refer continuing problems with a repair back to contractors. So, for example, if the officer conducting the satisfaction survey discovers during their conversation with the tenant that contractors have not turned up for an appointment, they should be able to re-open the call, book a new appointment and insist that operatives return to complete the repair.

## The housing repairs contracts

11. Southwark is currently failing to implement any of the financial incentives, calculated according to the KPIs, contained within their housing repairs contracts. As a result neither of the contractors has any financial incentive to improve their performance. The sub-committee accepts advice from officers that the incentive system contained in the contracts has not been implemented due to technical difficulties and a realisation by all three parties that some of the minimum targets are unachievable in the short term. This is a very unfortunate state of affairs, but it should not be an excuse to have no incentives whatsoever.

If it is possible for all parties to depart from their contracts and agree that no financial incentives should be implemented, it should be equally possible for all parties to agree a new and realistic performance management regime which incentivises the contractors to meet minimum levels of performance.

In the spirit of partnership which all parties have expressed their belief in during this scrutiny process Southwark Council, SBS and Morrisons should negotiate a new performance management regime.

12. Inaccuracies in reporting of complete repairs appear to lead to Southwark paying for more work than is in fact being carried out. Under the current system Southwark has to raise a default notice in order re-order repair work which has been reported as completed at zero cost. The sub-committee is not convinced that enough default notices are being issued to discourage poor performance. Further to recommendations 5 and 9, Southwark should introduce a policy of raising a default notice for *all* incomplete repairs which the contractor has reported as complete.

## Contractor management of operatives

13. The sub-committee recognises that contractor operatives do a difficult job in often testing circumstances. The sub-committee believes that many contractor operatives report their attendance at appointments and the completion of work in a scrupulous and honest manner. However, it is impossible to ignore the widespread evidence gathered through this scrutiny process of misreported performance information which could only have come from contract operatives. It is therefore vital that SBS and Morrisons make it clear to their employees that mis-reporting information in this way is completely unacceptable and will lead to serious disciplinary action where it is found to have occurred. Through the "Core Group" Southwark Council should insist that both SBS and Morrisons:

- implement a thorough training programme for all of their supervisors and managers working on the Southwark contract on administering disciplinary procedures against operatives who have been found to have misreported repairs information.
- senior contractor managers should make clear to operatives, through whichever means are deemed most effective, that there will be a zero-tolerance policy on the mis-reporting of repairs information.

## Further Review and Overview

14. The sub-committee recommends that the implementation of the recommendations of this sub-committee should be reviewed after 6 months.

# Agenda Item 9

<b>Item No.</b> 9.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Core Strategy Final adoption	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Regeneration and Corporate Strategy	

## **FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY**

1. The Core Strategy is the key part of the local development framework, the system of planning introduced under the Planning and Compulsory Purchase Act 2004. It gives the area action plans and supplementary planning documents their overall sense of direction and explains the borough's vision for change and improvement for the next 15 years until 2026.
2. It has been through extensive public consultation in several phases over the last 3 years culminating in an Examination in Public held in July 2010. The inspector who carried out the examination produced his report in January and declared the strategy 'sound', meaning that he was satisfied that, among other things, it was based on robust evidence, had taken full account of sustainability and other national and regional policy and had been properly consulted on. He has recommended some changes which are binding on the council in that we can either adopt the Core Strategy with these changes or not adopt it.
3. Disappointingly, he has recommended that the improved internal space standards for new homes we urgently need should not be included in this overarching strategic document. He has not rejected the standards themselves but requires that we use the lower tier documents - area action plans, supplementary planning documents etc. – to set them. That is why we are making some of the changes to the Canada Water Area Action Plan and the Residential Design Standards SPD which are being considered on this agenda.
4. He also recommended that the Core Strategy should not be used to designate protection of open spaces and their recognition as Sites of Importance for Nature Conservation (SINCs) so these are also to be followed up in other documents.
5. It is a not insignificant achievement to produce a sound Core Strategy within 3 years and its adoption by Council Assembly will provide an invaluable corporate strategic statement to take forward our programmes and make regeneration work for people.

## **RECOMMENDATIONS**

That Cabinet provide recommendations for Council Assembly to:

6. Consider the binding report of the Planning Inspector on the Core Strategy - final draft Feb 2011 (appendix B) incorporating the binding recommendations of the Inspector.
7. Consider the final Core Strategy 2011 (appendix A), sustainability adoption statement

(appendix C), consultation report (appendix D) sustainability appraisal (appendix E), equalities impact assessment (appendix F) and appropriate assessment (appendix G).

8. Consider the comments of Planning Committee on the Core Strategy 2011 (appendix H – TBC) and the Inspector’s report (appendix B)
9. Adopt the Core Strategy – final 2011 (appendix A) incorporating the binding recommendations of the Inspector

## **BACKGROUND INFORMATION**

10. The Core Strategy provides the overarching planning framework for Southwark. It is a spatial plan which delivers the vision and objectives for Southwark as set out in the sustainable community strategy ‘Southwark 2016’. Looking forward to 2026 sets out the kind of place we want Southwark to be. This shows the areas where we expect growth, locations for employment uses, and Southwark’s approach to maintaining a stable and balanced community through the delivery of schools, affordable housing, and protection of open space and leisure facilities. Like all development plans, the Core Strategy must be consistent with national planning guidance and in general conformity with the London Plan. It must show how Southwark will deliver its regional housing target, as well as targets set for the opportunity areas (Elephant and Castle and Bankside, Borough and London Bridge) and our area for intensification (Canada Water). The Core Strategy focuses on implementation and shows how and when development in strategic areas will be delivered. It also addresses how the transport and social infrastructure which are needed to support growth will be provided.
11. Legislation (the Planning and Compulsory Purchase Act 2004), national guidance (Planning Policy Statement 12) and local planning guidance set out the requirements for the preparation of a core strategy. We have complied with these requirements. Preparation of the core strategy has taken place over a number of stages:
  - The first stage involved preparing and consulting on the sustainability appraisal scoping report (July to September 2008).
  - The second stage involved consulting on issues and options (October until December 2008). These set out two different approaches that could be taken forward for development in Southwark.
  - The third stage involved a consultation on preferred options (April to July 2009). These established a direction for policies such as the amount of new housing, tenure, transport, open spaces, schools and health facilities.
  - The fourth stage proposed the same document for both the publication and submission to the Secretary of State for examination in public. This document was then published and representations as to its soundness were made until February 26 2010. At the end of this period the same version of the document and representations received as to its soundness were submitted to the Secretary of State for independent examination. The council had consulted on all of the issues, options and the preferred option during previous stages. Council Assembly approved the Core Strategy for publication/submission following consideration of all of the consultation and evidence for consideration and deemed it sound. Representations were provided to the Secretary of State for consideration and duly considered by the Inspector as part of the examination process.
  - The submission core strategy was subject to an examination in public held by a planning inspector appointed to act on behalf of the Secretary of State. The inspector considered representations made by interested parties to test the

- soundness of the draft core strategy. This involved the inspector asking further questions about issues and examining relevant evidence.
- Following the Examination in Public, the Inspector asked for clarification of the evidence in support of the proposed extension of the suburban density zones. We submitted further evidence on this and invited everyone on the Core Strategy database to comment on this further evidence. Consultees had three weeks to comment on the further evidence, and their comments were submitted to the Inspector in November 2010.
12. We received the Inspector's draft report on 29 January 2011. We completed a 'fact check' of the Inspector's Report, in accordance with paragraph 4.29 of PPS12. The fact check provided an opportunity to identify any factual errors and to ask for clarification on any conclusions that were unclear. It did not provide any scope to question the Inspector's conclusions. The fact check was forwarded to The Planning Inspectorate on 3 February 2011
  13. The Inspector issued his final report on 3 February 2011, which contained an assessment of the Core Strategy's soundness along with recommendations and the reasons for them, as required by s20 (7) of the 2004 Act. The Inspector also confirmed that the documents submitted alongside the Core Strategy (appendixes C to G) show that the requirements in the Regulations regarding consultation have been met.
  14. The Inspector has concluded that there should be three minor amendments. These binding amendments are incorporated into the final Core Strategy (appendix A). These binding amendments along with the changes proposed through our consolidated table of changes which are incorporated into the final draft of the Core strategy will make the Core Strategy sound and will satisfy the requirements of s20 (5) of the Planning and Compulsory Purchase Act 2004 and accords with the advice of PPS12.
  15. The three binding amendments are:
    - i. Minor changes to the wording of the density policy – strategic policy 5 (Providing new homes) of the Core Strategy. The Inspector did not agree the boundary of the Canada Water Action Area Core. Sites 24-28 Quebec Way and Quebec Way Industrial Estate are currently located in the urban density zone. The Canada Water Action Area Core boundary and whether these sites should be part of the urban area or the suburban area will be decided through the Examination in Public into the Canada Water Area Action Plan. The Inspector has agreed in principle that that remainder of the area proposed as suburban through the core strategy should be suburban..
    - ii. Delete the table of minimum dwelling sizes in strategic policy 7 (Family homes) as set out in the table below.
    - iii. Delete the proposed changes to the proposals map for new open spaces and new Sites of Importance for Nature Conservation (SINCs). We cannot allocate new open spaces or SINCs through the Core Strategy as shown in the map and table two below.

Table one – minimum dwelling sizes. To be deleted.

<b>Number of Bedrooms</b>	<b>Minimum overall gross internal area (sqm)</b>
Studios	36
1 bedroom	50

2 bedrooms	70
3 bedrooms	86
4+ bedrooms	95

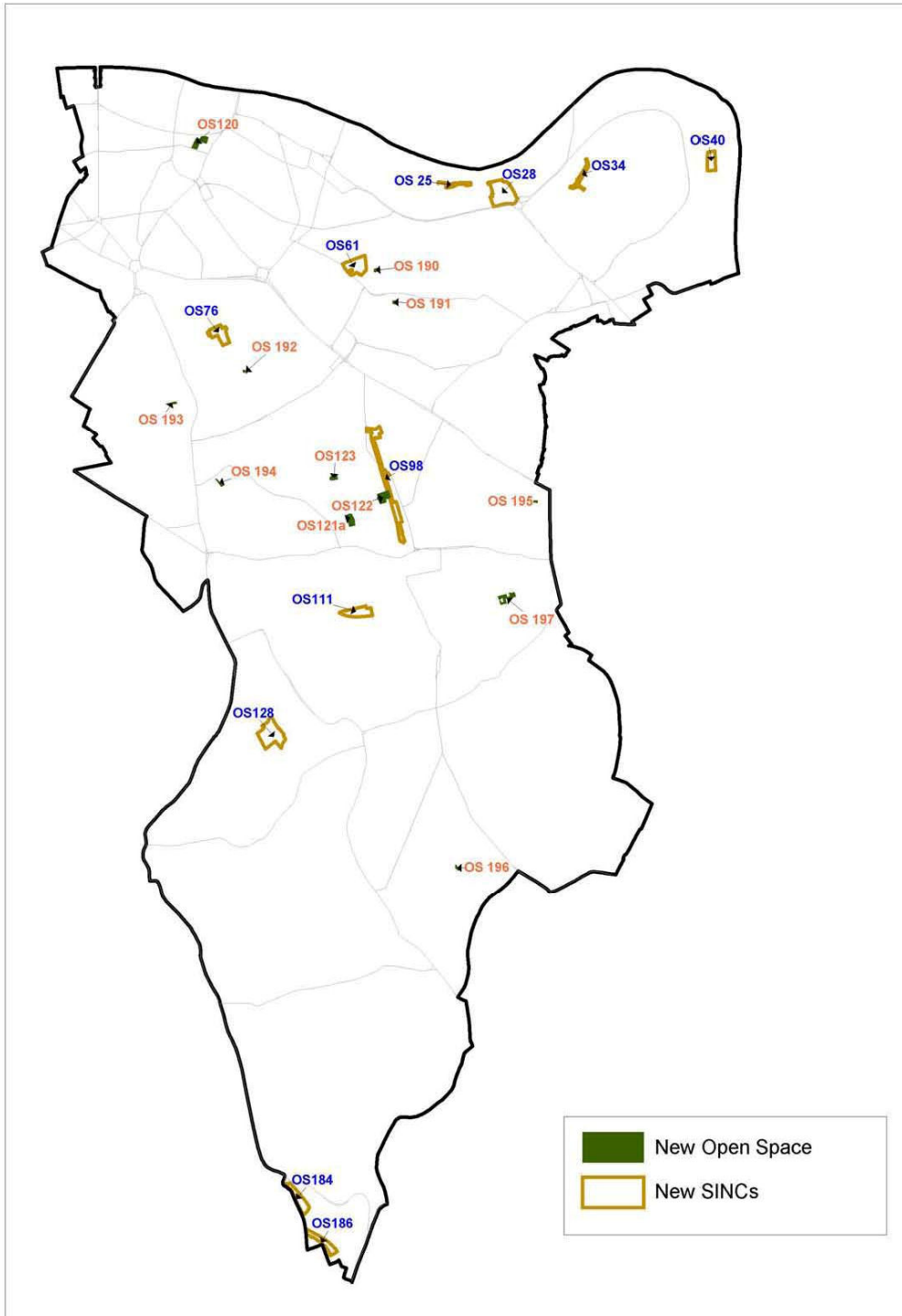
Table Two – Proposed new open spaces and SINCs to be deleted

**Proposed open spaces**

<b>Schedule_ID</b>	<b>Name</b>	<b>Designation</b>
OS121a	Central Venture Park	Other Open Space
OS123	Calypso Park	Other Open Space
OS 190	Alscot Road Allotments	Other Open Space
OS 191	Reverdy Road Allotment Gardens	Other Open Space
OS 192	Aylesbury Road Allotments	Other Open Space
OS 193	Fielding Street Allotments	Other Open Space
OS 194	Caspian Street Allotments	Other Open Space
OS 195	Brimmington Estate Allotments	Other Open Space
OS 196	Dunston Road Allotments	Other Open Space
OS 197	Brayards Green	Other Open Space
OS122	Jowett Street Park	Borough Open Land
OS120	Cross Bones Graveyard	Borough Open Land

**Proposed SINCs**

<b>Schedule_ID</b>	<b>Name</b>	<b>Designation</b>
OS 25	Cherry Gardens	Site of Importance of Nature Conservation
OS111	Warwick Gardens	Site of Importance of Nature Conservation
OS128	Greendale Playing Fields	Site of Importance of Nature Conservation
OS184	Long Meadow	Site of Importance of Nature Conservation
OS186	Gypsy Hill Railway Cutting	Site of Importance of Nature Conservation
OS28	King Stairs Gardens	Site of Importance of Nature Conservation
OS34	Deal Potters Walk	Site of Importance of Nature Conservation
OS40	Durand's Wharf	Site of Importance of Nature Conservation
OS61	Bermondsey Spa Park	Site of Importance of Nature Conservation
OS76	Nursery Row Park	Site of Importance of Nature Conservation
OS98	Surrey Canal	Site of Importance of Nature Conservation



16. These amendments are binding on the council. Appendix A shows the updated Core Strategy to take into account these binding changes. Appendix B is the Inspector's final report and sets out the reasons for these changes.

#### KEY ISSUES FOR CONSIDERATION

17. The Core Strategy has been examined in public by an independent inspector and we have received a binding report. The Inspector's overall conclusion is that the Core Strategy is sound and therefore there are no significant issues that need to be addressed.



18. Prior to and during the examination in public we provided the Inspector with a list of proposed changes to the Core Strategy to provide factual updates or minor amendments arising from the consultation period. These were minor changes. The Inspector agreed with the council that these changes would improve the document and has confirmed that they should be incorporated into the final Core Strategy. These are set out in appendix A of his final report (appendix B of this report).
19. The Inspector has also proposed changes that he considers are necessary to ensure that the Core Strategy is sound. The council 'is bound' to make these changes on adoption of the Core Strategy. These changes are set out in appendix B of his final report (appendix B of this report). The changes have a number of implications for the council.
20. The change to the wording of the density policy (strategic policy 5) is a minor change which does not impact on the overall strategic policy. The lack of decision on the Canada Water core area boundary and the deferral of this issue to the Examination in Public on the AAP means that sites 24-28 Quebec Way and Quebec Way Industrial Estate are currently located in the urban density zone. The Inspector has agreed in principle that that remainder of the area proposed as suburban through the core strategy should be suburban.
21. The Core Strategy sought to prescribe minimum flat sizes in order to drive up the quality and standard of residential development. However, the inspector deleted the minimum dwelling sizes, stating that the approach made no allowance for levels of intended occupancy within different dwelling types. The inspector also stated that floor space standards could be placed reasonably in a supporting development plan document. We are recommending that a table of dwelling sizes be inserted into the Canada Water Area Action Plan and Affordable Housing SPD and that there is an update to the Residential Design Standards supplementary planning document (SPD). We may also need to consider whether to include this within our planning documents such as the Elephant and Castle Opportunity Area OAF/SPD
22. In his report on the core strategy, the inspector has not accepted the council's proposal to designate SINC's, as in the case of dwelling sizes, stating that it would be more appropriate to do this in lower tier documents such as AAP's. Three open spaces were proposed as SINC's in the core strategy: Durand's Wharf, Deal Porter's Walk and King's Stairs Gardens. The council considers that there is sound evidence to designate these as SINC's and is proposing to designate these in the AAP. Their removal will have an impact on other planning documents being prepared such as Canada Water AAP, Peckham and Nunhead AAP and the Elephant and Castle OAF/SPD as they will need to include new protection for SINC's and open spaces. We are recommending changes to Canada Water Area Action Plan to designate further SINC's.

### **Community impact statement**

23. The purpose of the Core Strategy is to facilitate regeneration and deliver the vision of Southwark 2016 in a sustainable manner ensuring that community impacts are taken into account.
24. Sustainability appraisals have been prepared at each stage to ensure the wider impacts of development and the strategic objectives of the Core Strategy are addressed as set out in appendix D. This is available on the website and in the members' offices.

25. Equalities Impact Assessments been prepared at each stage to ensure the wider impacts of development and strategic objectives of the Core Strategy are addressed as set out in appendix E. This is available on the website and in the members' offices. At each stage, participation has been monitored and analysed to see whether any particular groups have not been engaged and whether this can be addressed at the next stage as set out in the consultation report appendix C. This is available on the website and in the members' offices.
26. The appropriate assessment (appendix G) has been carried out under the EU Habitats Directive assessing the impact of the publication/ submission version on EU Protected wildlife habitats. This is available on the website and in the members' offices.
27. We also set out our final sustainability adoption statement (appendix C) which summarises all of the consultation and shows how we have met the Regulations.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Communities, Law & Governance**

#### **Functions and Responsibilities**

28. Under Part 3F of the Southwark Constitution, it is the function of Planning Committee to comment upon the adoption of local development framework documents (LDF's) and to make recommendations to Cabinet in relation to LDF documents such as the Core Strategy.
29. Under Part 3B of the Constitution, Cabinet has responsibility for formulating the Council's policy objectives and making recommendations to Council Assembly. More specifically, the function of approving preferred options of DPDs, which form part of the LDF, is reserved to Cabinet (Para 20, Part 3C).
30. The Core Strategy is now at the adoption stage. By virtue of Regulation 4(1), paragraph 3(d) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 ("the 2000 Regulations") (as amended by the Local Authorities (Functions and Responsibilities) (Amendment) (No 2) (England) Regulations 2005 - Regulation 2, paragraph 4) the approval of a DPD is a shared responsibility with Council Assembly and cannot be the sole responsibility of Cabinet.
31. Accordingly, members of Cabinet are requested to consider the content and recommendations of the binding Inspector's Report in respect of the adoption of the Core Strategy and accompanying documents, and recommend to Council Assembly that the Core Strategy be adopted together with the accompanying sustainability appraisal.
32. Under Part 3A, paragraph 9 the function of adopting development plan documents is reserved to Council Assembly. Accordingly, Council Assembly will upon recommendations from Planning Committee and Cabinet be requested to adopt the AAP with the Inspector's binding recommendations.
33. The recommendations of the Inspector are binding upon the Council. The Council must either (i) adopt the recommendations, thus the Core Strategy, in full as recommended by the Inspector or commence a process of consultation and production afresh.

### Examination in Public

34. Regulation 7 of the Town and Country Planning (Local Development) (England) Regulations 2004 ('the Regulations') provides that a Core Strategy must be a development plan document ("DPD"). The Core Strategy is identified in the Council's revised Local Development Scheme, which was approved in May 2008.
35. As set out in the report, the Core Strategy was subject to an examination in public (EiP) by a planning inspector appointed by the Secretary of the State in July 2010.
36. The purpose of the independent examination is set out in section 20(5) of the 2004 Act. This is required to determine whether the submitted DPD has been prepared in accordance with certain statutory requirements under s19 & s24(1) of the 2004 Act and the associated regulations (*The Town and Country Planning (Local Development) (England) Regulations 2004; SI.2004 No. 2204*); and whether it is sound.
37. In making an assessment of soundness, the Core Strategy was examined against the requirements set out in Planning Policy Statement 12 (2008) – *Local Spatial Planning* (PPS 12) – namely as to whether it is justified, effective and consistent with national policy.
38. The Inspector concluded in his binding decision dated 28 January 2010 that the Core Strategy is considered to be sound subject to his recommended amendments set out in his report. Members' are advised that the Inspector findings are binding upon the council. Therefore, the Core Strategy must be adopted in a form which incorporates the Inspector's recommendations. If members were not minded to accept the Inspector's recommendations, the entire process would need to be re-commenced and fresh consultation undertaken.

### Sustainability Appraisal

39. Section 19(5) of the Planning and Compulsory Purchase Act 2004 requires sustainability appraisal of the economic, social and environmental sustainability of plans in DPDs. Accordingly, a sustainability appraisal was prepared to ensure the wider impacts of the Core Strategy policies are addressed. The Sustainability Appraisal provides a sound evidence base for the plan and forms an integrated part of the plan preparation process. The iterative Sustainability appraisal in respect of the Core Strategy has informed the evaluation of reasonable alternatives namely promoting growth areas and housing growth. The Council has opted for a combined approach which the Inspector deemed "*justified and consistent with national policy*". It will also provide a means of proving to decision makers, and the public, that the plan is the most appropriate given reasonable alternatives.
40. The iterative Sustainability Appraisal has fully informed the preparation of the Core Strategy and is recommended for adoption by Members. The SA should be expressly adopted along with the Core Strategy and must have a separate adoption statement pursuant to Environmental Assessment of Plans and Programmes Regulations 2004 (16) (3) and (4) which summarises "*...how environmental considerations have been integrated into the plan or programme... the reasons for choosing the plan or programme as adopted, in light of other reasonable alternatives dealt with, and the measures decided concerning maintaining...*" (Article 9(1), SEA Directive)

### Equalities

41. Positive equalities obligations are placed on local authorities, sometimes described as

equalities duties with regard to race, disability and gender.

42. Gender equality duties were introduced by the Equality Act 2006, which amended the Sex Discrimination Act 1975. The general duties in summary require local authorities to have due regard to the need to:
  - (a) “eliminate unlawful discrimination and harassment and;
  - (b) promote the equality of opportunity between men and women.”
43. Race equality duties were introduced by the Race Relations Amendment Act 2000 which amended the Race Relations Act 1976. The general duties in summary require local authorities to give due regard to the need to:
  - (a) “eliminate unlawful discrimination and harassment;
  - (b) promote the equality of opportunity; and
  - (c) promote good race relations between people of different racial groups”
44. Disability equality duties were introduced by the Disability Discrimination Act 2005 which amended the Disability Act 1995. The general duties in summary require local authorities to carry out their functions with due regard to the need to:
  - (a) “promote equal opportunities between disabled persons and other persons;
  - (b) eliminate discrimination that is unlawful under the Act;
  - (c) eliminate harassment of disabled persons that is related to their disabilities;
  - (d) promote a positive attitude towards disabled persons;
  - (e) encourage participation by disabled persons in public life; and
  - (f) take steps to take account of disabled person’s disabilities even where that involves treating disabled persons more favourably than other persons.”
45. Section 71 of the Race Relations Act 1976, section 49A(i) of the Disability Discrimination Act 1995 and section 76A of the Sex Discrimination Act 1975, require local authorities to act in accordance with the equalities duties and have due regard to these duties when we are carrying out our functions, which is particularly important in the context of the Core Strategy as it will be important to ensure and continue to monitor that it does foster the creation of mixed communities.
46. Throughout the production process of the Core Strategy from Issues and Options, Preferred Options to a publication / submission, the council has undertaken thorough iterative Equalities Impact Assessment (EqIA) involving the council’s Equality and Diversity Panel including assessment of borough’s demographics and the potential impacts of the plan on its diverse communities with particular regard to its equalities duties. The council’s EqIA processes extend beyond its current statutory equalities duties to incorporate religion/belief, sexual orientation and age. It is notable that the Inspector’s Report deemed the council’s iterative EqIA process to be “*adequate for the strategic vision contained in the CS*”.

### **General Conformity of the Core Strategy**

47. Section 24(1)(b) of the Planning and Compulsory Purchase Act 2004 requires that local development documents (LDDs) issued by the Council, such as the Core Strategy, must be in general conformity with the spatial development strategy, namely the London Plan (consolidated with alterations since 2004). On submission of the final draft of the Core Strategy to the Secretary of State for independent examination, the Council sought the Mayor’s opinion in writing as to whether the Core Strategy was in general conformity (Reg 30, the Regulations). Following negotiation in relation to

certain matters relating to student housing and transport, the Council and the GLA reached common ground. Accordingly the Mayor and the Inspector following examination have both confirmed that the Core Strategy is in general conformity with the London Plan and its emerging draft replacement. The purpose of the independent examination is to ensure legal compliance with the legislative framework, including consultation and soundness of the Core Strategy (Section 20(5)(b) of the Act).

### Soundness of the Core Strategy

48. Under the Planning and Compulsory Purchase Act 2004 S 20(5)(a) the Inspector has examined the Core Strategy on behalf of the Secretary of State to ensure that the plan complies with stature and is otherwise sound. Section 20(5)(b) of the Act requires the Inspector to determine whether the plan is 'sound' and:
- a. Has been prepared in accordance with the Local Development Scheme;
  - b. Is in compliance with the Statement of Community Involvement and the Regulations;
  - c. Has been subject to Sustainability Appraisal;
  - d. Has regard to and is consistent with national policy;
  - e. conforms generally to the London Plan;
  - f. Has regard to other relevant plans, policies and strategies such as other DPDs which have been adopted or are being produced by the Council;
  - g. Has been subject to an Appropriate Assessment pursuant to the Habitats Directive to ensure that the Core Strategy or any of its policies are not likely to have any significant discernible impacts on European protected species;
  - h. Has regard to any sustainable community strategy for its area; and
  - i. Has policies, strategies and objectives which are coherent, justified, consistent and effective.
49. Subject to his binding recommendations and amendments, the Inspector was satisfied that the Core Strategy is sound and complies with statutory requirements.

### Human Rights Considerations

50. The decision to adopt the Core Strategy potentially engages certain human rights under the Human Rights Act 2008 (the HRA). The HRA prohibits unlawful interference by public bodies with conventions rights. The term 'engage' simply means that human rights may be affected or relevant. In the case of the Core Strategy, a number of rights may be engaged: -
- **The right to a fair trial (Article 6)** – giving rise to the need to ensure proper consultation and effective engagement of the public in the process;
  - **The right to respect for private and family life (Article 8)** – for instance the Core Strategy has opted for a combined growth areas and housing growth approach which impacts on housing provision, re-provision or potential loss of homes. Other considerations may include impacts on amenities or the quality of life of individuals;
  - **Article 1, Protocol 1 (Protection of Property)** – this right prohibits interference with individuals' right to peaceful enjoyment of existing and future property / homes. It could be engaged, for instance, if the delivery of any plan necessitates CPOs;
  - **Part II Protocol 1 Article 2 Right to Education** – this is an absolute right enshrining the rights of parents' to ensure that their children are not denied

suitable education. This is a relevant consideration in terms of strategies in the plan which impact on education provision.

51. It is important to note that few rights are absolute in the sense that they cannot be interfered with under any circumstances. 'Qualified' rights, including the Article 6, Article 8 and Protocol 1 rights, can be interfered with or limited in certain circumstances. The extent of legitimate interference is subject to the principle of proportionality whereby a balance must be struck between the legitimate aims to be achieved by a local planning authority in the policy making process against potential interference with individual human rights. Public bodies have a wide margin of appreciation in striking a fair balance between competing rights in making these decisions.
52. This approach has been endorsed by *Lough v First Secretary of State* [2004] 1 WLR 2557. The case emphasised that human rights considerations are material considerations in the planning arena which must be given proper consideration and weight. However, it is acceptable to strike a balance between the legitimate aims of making development plans for the benefit of the community as a whole against potential interference with some individual rights.
53. Public bodies have a wide margin of appreciation in striking a fair balance between competing rights in making these decisions. The approach and balance between individual and community rights set out in the publication/submission is within justifiable margins of appreciation.
54. The council has undertaken robust public participation, iterative sustainability and equalities assessments throughout the production of the Core Strategy as well as engaging with the issue of human rights at each decision making process. Therefore the Core Strategy is not deemed to interfere with any human rights which may be engaged and strikes the appropriate balance between making strategic policies for its communities against any potential interference. In deciding upon the adoption of the Core Strategy, members are reminded to have regard to human rights considerations and strive to strike a fair balance between the legitimate aims of making development plans for the benefit of the community against potential interference with individual rights.

#### **Adoption Process – Procedural Requirements**

55. Members' are advised that should the Core Strategy be adopted by Council Assembly, following the recommendation of Cabinet, a number of statutory requirements will need to be complied with by the council. These requirements are set out in Regulations 35 and 36 Town and Country Planning (Local Development)(England) Regulations 2004 (as amended by the 2008 Regulations) and must be complied with as soon as reasonably practicable after the date of adoption.
56. In summary, Regulation 35 (1) requires that the Council complies with section 20(8) of the Planning and Compulsory Purchase Act 2004 to publish the Inspectors recommendations and reasons as follows :
  - (a) That the recommendations of the Inspectors report be deposited for the purposes of public inspection at the same venue that the pre-submission proposal documents were deposited;
    1. That Inspectors recommendations be published upon the council's web-site; and

2. That notification of publication be provided to those persons who requested to be notified of the recommendations publications.
57. Regulation 36 further provides that the council make available for inspection the following documents at the same place where the pre-submission documents were deposited:
- a) The Core Strategy;
  - b) An adoption statement, and
  - c) The sustainability appraisal report
  - d) Publish the adoption statement on the council's web-site;
  - e) Give notice by local advertisement of the adoption statement and details of where it can be inspected
  - f) Send the adoption statement to any person who has asked to be notified of the adoption of the Core Strategy; and
  - g) Send the Core Strategy and adoption statement to the Secretary of State.

### **Application to the High Court**

58. The Core Strategy has been prepared in accordance with the relevant legislation and regulations. If adopted this final version will establish the strategic planning policy framework for Southwark. Under Section 113 of the 2004 Act, any party aggrieved by the adoption of the Core Strategy may make an application to the High Court within 6 weeks of the publication of the adoption statement. Such applications may only be made on limited grounds namely that: -
- a) The document is not within the appropriate power and / or
  - b) That a procedural requirement has not been complied with.
59. Officers believe this risk is minimal. The Core Strategy has been prepared in accordance with the relevant regulations and guidance, due process has been followed as endorsed by the Inspector's finding of soundness.

### **Saved UDP Policies**

60. If this Core Strategy is not adopted planning applications in the council's area will continue to be assessed against saved policies of the Unitary Development Plan, namely the Southwark Plan 2007 and such other DPDs and AAPs as have been adopted by the Council, for example the Aylesbury AAP.

### **Departmental Finance Manager**

61. This report asks Cabinet to consider and adopt the binding report of the planning inspector on the core strategy and agree the draft affordable supplementary planning document.
62. Although there are no financial implications directly attributable to this report, any costs arising from the implementation of this report should be reported for approval by the Cabinet

**BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Southwark Statement of Community Involvement 2008	Planning Policy Team	Sandra Warren 020 7525 5380
Southwark Plan 2007	Planning Policy Team	Sandra Warren 020 7525 5380
Core Strategy Issues and Options 2008	Planning Policy Team	Sandra Warren 020 7525 5380
Core Strategy Preferred Option 2009	Planning Policy Team	Sandra Warren 020 7525 5380
Core strategy Publications/Submission 2009	Planning Policy Team	Sandra Warren 020 7525 5380

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix A	Core strategy final version and proposals map changes (available on the internet and circulated separately to members)
Appendix B	Inspector's report on the Core Strategy (available in the members offices and on the internet)
Appendix C	Sustainability adoption statement (available in the members offices and on the internet)
Appendix D	Core strategy publication/submission version consultation report (available in the members offices and on the internet)
Appendix E	Core strategy publication/submission version sustainability appraisal (available in the members offices and on the internet)
Appendix F	Core Strategy publication/submission version equalities impact assessment (available in the members offices and on the internet)
Appendix G	Core Strategy publication/ submission version appropriate assessment (available in the members offices and on the internet)
Appendix H	Planning Committee comments – to be inserted



## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Fiona Colley, Cabinet Member for Regeneration and Corporate Strategy	
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Author</b>	Julie Seymour, Head of Planning Policy	
<b>Version</b>	Final	
<b>Dated</b>	9 March 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Departmental Finance Manager	Yes	Yes
Cabinet Member	Yes	No
<b>Date final report sent to Constitutional Support Services</b>	9 March 2011	

<b>Item No.</b> 10.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Canada Water Area Action Plan - Publication/Submission Summary Report	
<b>Ward(s) or groups affected:</b>		Rotherhithe, Surrey Docks	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Cabinet Member for Regeneration and Corporate Strategy	

**FOREWORD – COUNCILLOR FIONA COLLEY, REGENERATION AND CORPORATE STRATEGY**

1. The Canada Water Area Action Plan sets out the strategy to transform the legacy of the 1980s out of town style retail park into a true town centre. It was submitted for examination in early 2010 but quite rightly needed to wait while the examination of the Core Strategy took place.
2. Because of changes to the Core Strategy required by the examination inspector (referred to elsewhere on this agenda), it is necessary to make further changes to the Canada Water plan to ensure that our improved residential floorspace standards are met and to designate sites of importance for nature conservation (SINCs). Before we submit these changes to the secretary of state, we need to give people an opportunity to comment on them.
3. At the same time we are presented with other issues that need our attention. We still need to expand the availability of school places in the area to keep up with the planned growth in population. The announcement that Daily Mail and General Trust may soon be relocating away from Harmsworth Quay means that there are new development opportunities in the town centre affecting not only that site but the sites surrounding it which need to be investigated and planned for.
4. While we would like to press ahead to adoption of the plan as soon as possible, these issues must be worked through and further work to be carried out over the next 6-9 months will ensure that we have a robust plan that will serve the community's needs.

**RECOMMENDATIONS**

That the Cabinet provide recommendations for Council Assembly to:

5. Consider the further changes to the Canada Water AAP Publication/Submission Version (Dwelling sizes and sites of importance for nature conservation) (appendix A) including comments from Planning Committee, the plan for publicising the further changes (appendix B), sustainability appraisal (appendix C) and equality impact assessment (appendix D).
6. Agree to publish the further changes to the Canada Water AAP Publication/Submission Version (Dwelling sizes and sites of importance for nature conservation) before submission to the Secretary of State.
7. Approve the further changes to the Canada Water AAP Publication/Submission Version (Dwelling sizes and sites of importance for nature conservation) for

publication and submission to the Secretary of State for Communities and Local Government provided no substantive changes are necessary following consultation, and

8. Delegate the approval of any minor non-substantive amendments resulting from its meeting or consultation on the further changes to the Canada Water AAP Publication/Submission Version (Dwelling sizes and sites of importance for nature conservation) to the Director for Regeneration and Neighbourhoods in consultation with the Cabinet Member for Regeneration and Corporate Strategy before submission to Secretary of State.
9. That the Cabinet note the update on two further factual changes in circumstances at Canada Water which may necessitate further revisions to the Canada Water AAP:
10. The recent announcement by Daily Mail & General Trust that it is consulting on a proposal to relocate its printworks from Harmsworth Quays to a site in Thurrock;
11. The Department for Education has advised the council that a new secondary school in Rotherhithe would no longer receive funding support through Building Schools for the Future
12. Officers have proposed to the Planning Inspectorate that the council publishes amendments to the AAP which address these issues in November 2011 and that the examination-in-public be delayed to ensure that any amendments can be considered by the Planning Inspector.

#### **BACKGROUND INFORMATION**

13. The council is preparing an area action plan (AAP) for Canada Water and the Rotherhithe area. The AAP comprises localised policies which help shape the regeneration of Canada Water. Like the core strategy it is a spatial plan and concentrates on how change will be managed and achieved. It will be a development plan in the council's local development framework (LDF) and will be used as the basis for determining planning applications. Together with the core strategy and other local development framework documents, it will replace the Southwark Plan.
14. The draft AAP was approved at council assembly on 27 January 2010 for publication and submission to the Secretary of State for examination in public in March 2010. This followed several stages of consultation. During the first stage, completed in February 2009, the council consulted on issues and options for the future growth of the area. At the second stage, completed in November 2009, the council consulted on the preferred options for the AAP. At the final stage, the council published the AAP and invited the public to make representations on its soundness. This took place between January and March 2010. The document was then submitted to the Secretary of State for independent examination on 26 March 2010.
15. The council is now proposing to put forward focused revisions to the AAP for consideration by the Inspector. These arise from the inspector's binding report on the core strategy, which was received on 28 January 2011.
16. The core strategy proposed minimum dwelling sizes. However, these were deleted by the inspector on the grounds that they would be more appropriate in

lower tier documents such as AAPs. He also suggested that the format in which the council had presented the minimum dwelling sizes was too inflexible and was not justified by the evidence base.

17. The core strategy also sought to designate new sites of importance for nature conservation (SINCs). The inspector did not accept the proposed SINCs, as in the case of dwelling sizes, stating that it would be more appropriate to do this in lower tier documents such as AAPs.
18. These recommended changes in the inspector's report, have resulted in the need to make several focused changes to the AAP. These changes relate to:
  - Incorporating minimum dwelling sizes in the AAP in a revised format;
  - Designating new sites of importance for nature conservation (SINCs) through the AAP and providing a more detailed strategy for Open Spaces.
19. These changes, while limited in scope, are nevertheless considered to be significant changes to the plan. As a result and in accordance with Regulations 26 and 27, the council will publish these revisions and invite representations on their soundness and / or give participants the opportunity to confirm whether they maintain their existing representations, would change their representations or make new representations.
20. The January 2010 publication/submission draft AAP was accompanied by a sustainability appraisal and an equalities impact assessment. These have been updated to reflect the impacts of the further changes proposed. The council also published a consultation report. This will be updated to incorporate the representations received on the soundness of the changes and prior to submission to the secretary of state.
21. It should also be noted that there have been two recent changes in circumstances which will impact on the AAP. These are:
  - The recent decision by Daily Mail & General Trust (DGMT) plc to consult staff on moving their printing press from Harmsworth Quays to Thurrock.
  - The Department for Education has advised the council that a new secondary school in Rotherhithe would no longer receive funding support through Building Schools for the Future
22. These changes may necessitate further revisions to the Canada Water AAP. Officers have proposed to the Planning Inspectorate that the council consults on any revisions to the plan associated with these changes over summer 2011 and formally publishes amendments in November 2011.
23. It had been anticipated that the examination in public would take place in April 2011. However, the council has proposed to the inspector that the EIP is delayed to ensure that any amendments can be considered by the Planning Inspector. However, officers cannot at this stage confirm that the Inspector will agree to this course of action, or that it will be possible to address these issues within the period of any postponement of the examination in public of the Canada Water AAP.
24. The further changes to the Canada Water AAP Publication/Submission Version (Dwelling sizes and sites of importance for nature conservation) are due to be

reported to Planning Committee for comment on 21 March 2011. An addendum setting out the comments will be circulated prior to Cabinet on 22 March.

## **CONSULTATION**

### **Representations on the further changes**

25. The council will invite the public to make representations to the Inspector on the Further changes to the Canada Water AAP Publication/Submission Version (Dwelling sizes and sites of importance for nature conservation) in accordance with the statement of community involvement and the Town and Country Planning (Local Development) (England) Regulations 2004 (as amended in 2008). The further changes will be published for a period of 6 weeks commencing on Friday 22 April and closing on Thursday 2 June. The further changes will be made available on the website, in libraries and council offices. An advertisement will be put into the press and the council will write to contacts on the Planning Policy database to advise of the consultation. A plan for publicising the further changes is included in appendix B.

### **Previous consultation**

26. Consultation has been carried out at all previous stages of preparing the AAP in accordance with the Consultation Strategy for Canada Water and our Statement of Community Involvement. The consultation report is available as a background paper to this report.

27. In response to the previous invitation to submit comments on the soundness of the publication/submission draft a total of 268 representations were received (Regulation 28 responses) from 29 organisations and individuals. These are summarised in the consultation report.

## **KEY ISSUES FOR CONSIDERATION**

28. In this report, the Cabinet is being asked to recommend to Council Assembly that the publication version of the AAP is revised to incorporate minimum dwelling sizes and to identify three additional sites of importance for nature conservation.

### **Dwelling sizes**

29. The Core Strategy sought to prescribe minimum flat sizes in order to drive up the quality and standard of residential development. However, the inspector deleted the minimum dwelling sizes, stating that the approach made no allowance for levels of intended occupancy within different dwelling types. The inspector also stated that floor space standards could be placed reasonably in a supporting development plan document. We are therefore proposing to add minimum dwelling sizes to the AAP making an allowance for the intended occupancy within different dwelling types. The dwelling sizes relate dwelling sizes to occupancy levels, which is consistent with the London Plan. The proposed dwelling sizes are set out in appendix A.

30. At Core Strategy preferred options stage the council consulted on how many homes with 2 or 3/more bedrooms should have larger unit sizes than the minimum (10% larger than: 60sqm for a 2 bed flat; 75sqm for a 3 bed property and 90sqm for a 4 or more bed property). The dwelling sizes proposed for the

Canada Water AAP are broadly in line with this option and a further round of consultation on the option is not considered necessary.

### **Sites of importance for nature conservation (SINCs)**

31. In his report on the core strategy, the inspector has not accepted the council's proposal to designate SINCs, as in the case of dwelling sizes, stating that it would be more appropriate to do this in lower tier documents such as AAPs. Three open spaces were proposed as SINCs in the core strategy: Durand's Wharf, Deal Porters Walk and King's Stairs Gardens. The council considers that sound evidence can be presented to the inspector to justify the designation of these spaces as SINCs in the AAP. The proposed SINCs are set out in appendix A.
32. The council consulted on a proposal to designate King's Stairs Gardens, Deal Porters Walk and Durand's Wharf during the issues and options AAP consultation and also at Core Strategy preferred options stage. A further round of consultation on the proposal is not considered necessary.

### **Factual changes in circumstances affecting Canada Water**

33. The report recommendations also ask the Cabinet to note two recent factual changes of circumstance which may affect the AAP. The Daily Mail and General Trust plc have recently announced that they will consult staff on moving their printing press from Harmsworth Quays on Surrey Quays Road to a greenfield site in Thurrock. While a final decision has not been taken, the council would like to ensure that the AAP puts sufficient guidance in place to provide a framework for the redevelopment of Harmsworth Quays if the opportunity arises.
34. A relocation of Harmsworth Quays would also provide opportunities on neighboring sites, including the Leisure Park, Mulberry Business Park and Site E. Amendments associated with the redevelopment of Harmsworth Quays are likely to affect a number of the AAP policies, including the amount of housing to be provided in the AAP core area, the amount of business space, cycling and walking routes and transport impacts.
35. The council has proposed to the Planning Inspectorate that it consults on redevelopment option for Harmsworth Quays during summer 2011. If the Planning Inspectorate agree to this course of action, it is anticipated that the council will publish any revisions to the plan and invite representations on their soundness in November 2011, prior to submission to the Secretary of State,.
36. Since the AAP was submitted the Department for Education has advised the council that a new secondary school in Rotherhithe would no longer receive funding support through Building Schools for the Future. However, it is still anticipated that a new school will be required in the Rotherhithe AAP area within 10 years, subject to the progress of public and private regeneration and the associated increased school age population. The council will explore the impact on the AAP of this issue. If significant changes to the AAP are required, the council has proposed to the Planning Inspectorate that these would be brought forward on the same timeline as changes associated with Harmsworth Quays.

### **Financial implications**

37. This report is seeking cabinet agreement to the recommendations outlined above in relation to the Canada Water Area Action Plan.
38. There are no immediate resource implications arising from this report as any additional work required to complete the final Canada Water Area Action Plan for publication will be carried out by the relevant Policy team staff resources without a call on additional funding.
39. However, future development schemes emerging from the final approved Canada Water Area Action Plan will be subject to separate reports which will provide detailed and robust analysis of the financial implications of the individual schemes.

### **Sustainability appraisal**

40. The sustainability impacts of the further changes (Dwelling sizes and sites of importance for nature conservation) have been assessed through the sustainability appraisal. By setting out minimum room size standards, the AAP will encourage a wider mix of accommodation helping to meet the needs of different residents and ensuring more people have the opportunity to live in a decent home. The designation of sites as Sites of Importance for Nature Conservation will contribute to the Sustainability Appraisal's SDO 13 'To protect and enhance open spaces, green corridors and biodiversity' as these sites will be further protected for their biodiversity value.
41. The further changes will not impact on any EU protected habitats and therefore it will not be necessary to update the appropriate assessment of impacts on such habitats undertaken with the AAP.

### **Equalities impact assessment**

42. The equalities impacts of the further changes (Dwelling sizes and sites of importance for nature conservation) have been assessed through the equalities impact appraisal. The EqIA found that the minimum dwelling size standards would benefit all residents, in terms of the quality of accommodation provided, but in particular those with protected characteristics.
43. Maintaining a network of well used, high quality open spaces will benefit all residents including those with protected characteristics by ensuring everyone has access to outdoor space. The designation of sites as Sites of Importance for Nature Conservation will raise the profile of these areas in terms of their contribution to biodiversity and role as an ecological resource.

### **Community impact statement**

44. As is noted above, the council has updated the equalities impact assessment and sustainability appraisal to take account of the changes proposed. Both the changes relating to sites of importance for nature conservation and the incorporation of dwelling sizes scored positively.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Communities, Law & Governance**

45. The main report sets out the key considerations in determining to approve focused post-submission revisions to the Canada Water AAP (Publication /

Submission version). The purpose of this section is to outline the relevant procedural and legal matters for members' consideration in approving the proposed further revisions to the Canada Water AAP. Having being deemed sound, the Canada Water AAP was approved by Council Assembly to be published and submitted for examination in public on 27 January 2010.

46. The Council's Core Strategy was also subject to examination in public in July 2010, following which the Inspector's binding report was issued on 28 January 2011 ("**the Report**"). The report has consequential policy implications resulting in the current proposed further revisions to the submission version of the Canada Water AAP. Hence members are now requested to consider and approve these further consequential changes to the submitted Canada Water AAP.
47. The Council is required by Section 20(2)(b) of the Planning and Compulsory Purchase Act 2004 ("**the 2004 Act**") to submit plan documents which it deems sound. This has been reinforced by the courts in the *Blyth Valley BC v. Persimmon Homes (North East) Ltd, 2008* case. The rationale is that the plan should be informed by early extensive public participation, justified and founded on a robust evidence base (Planning Policy Statement 12, 2008, para 4.52).
48. Regulation 7 of the Regulations provides that Area Action Plans must be development plan documents (DPDs). Accordingly, the Canada Water AAP will form part of the statutory development plan once adopted. The status of the Canada Water AAP as a DPD also means that the stringent legislative processes for the preparation of DPDs must be followed. The preparation process is divided into four stages: -
- Pre-production – survey and evidence gathering leading to decision to include the Canada Water AAP in the Local Development Scheme;
  - Production – preparation of (i) issues and options and (ii) preferred options in consultation with the community, formal public participation on these, and preparation and submission of the Canada Water AAP and accompanying sustainability appraisal in light of the representations on the preferred options;
  - Publication and submission – this entails pre-submission publication for a period of 6 weeks to allow for soundness representations which are forwarded to the Inspectorate together with the submission AAP
  - Examination in public (EiP) – the independent examination into the soundness of the AAP; and
  - Adoption – the Inspector's binding report and followed by a decision of Council Assembly as to adoption.
49. The Canada Water AAP Submission / Publication version has been through the production process and public participation in a manner that is compliant with legislative requirements and the Council's Statement of Community Involvement. Members should bear in mind that the Council has actually made a decision to publish and submit an AAP which it deems sound. The Canada Water AAP is now with the Inspectorate pending examination in public. However further focused changes are now proposed to the AAP as a result of factual developments. Whilst members may consider and endorse the recommended further changes, whether or not they are incorporated into the AAP and deemed sound in the overall context of the AAP will be a matter for the Inspector conducting the examination in public into the AAP.
50. The Canada Water AAP Submission/Publication as proposed by this report incorporates amendments to room sizes and Sites of Importance for Nature



Conservation SINCs that arise as a result of the Inspectors Core Strategy Report. The report notes two other material changes relating to potential future redevelopment of Harmsworth Quays and Secondary School provision. At this stage it is unclear whether further amendment of the AAP is possible to reflect these changes. Until the Inspector gives a view on this officers cannot commit to any further amendment of the AAP.

51. It should be noted that there are no express provisions within the 2004 Act or the Town and Country Planning (Local Development) (England) Regulations 2004 (**‘the Regulations’**) (as amended) which provide a procedure for post-submission amendments to development plan documents such as this AAP. The Planning Inspectorate responsible for examination of development plan documents, recognise in their guidance document *“Examining Development Plan Documents: Learning from Experience”*, Sept 2009 that post-submission changes do occur. However, the guidance advises that post-submission changes which necessitate further evidence gathering and a consequent delay to EIP exceeding 6 months is unlikely to be acceptable and the AAP should be withdrawn.

### **Relevant Guidance**

52. The Planning Advisory Service in its Plan Making Manual (“PMM”) offers pragmatic guidance as to the approach to such post-submission changes. If *“focused changes”* are proposed which affect a specific part of the plan and no more than two topic areas, as is the case with the proposal to make revisions to (i) dwelling sizes and (ii) SINCs in the AAP, the PMM recommends the following approach: -

- a. prepare an addendum to the published plan setting out the proposed changes;
- b. review the sustainability appraisal and implications of the proposed changes;
- c. consult people and organisations on the addendum and publish the changes to allow representation to be made on the amended draft plan.

53. The PMM further advises in the case of significant changes that: -

*“...Although the plan is not required to go through another Regulation 25 consultation, it would be necessary to consult the specific consultation bodies previously notified...The new material contained within the plan would be subject to a sustainability appraisal and this would form part of the submission material. Once the local authority is satisfied with the altered development plan document (incorporating the changes) it would then resolve to publish (and submit) the altered plan under new Regulation 27 for formal representations. At the time that the local authority publishes the new development plan document, it would explain to those who have already made representations what the changes are (the differences between the first version and the second version). In light of these changes, the local authority would ask people to either:*

- *confirm their representation still stands*
- *indicate any changes*
- *withdraw their representation...”*

### **Soundness Considerations**

54. The key issue for members in approving the proposed revisions is to consider whether they are sound in the overall context of the Canada Water AAP. In

particular in considering the issue of soundness the key questions are whether the proposed further changes: -

55. Have previously been subject to adequate public participation in accordance with the Statement of Community Involvement and Regulation 25;
56. Have been subject to and are supported by the revised Sustainability Appraisal;
57. are consistent with national policy and in general conformity with the London Plan;
58. have regard to other relevant plans, policies and strategies such as other DPDs which have been adopted or are being produced by the Council;
59. have been subject to an Appropriate Assessment pursuant to the Habitats Directive to ensure that they are not likely to have any significant discernible impacts on European protected species;
60. have regard to any sustainable community strategy for the Canada Water area; and
61. are coherent, justified, consistent and effective in the overall context of the Canada Water AAP

### **Consultation / Soundness Representations**

62. As the proposed further changes to the AAP are focused, as per the PMM advice, they should not materially impact the choices made (preferred options) in the AAP so as to require fresh public participation in accordance with Regulation 25 and the Council's SCI (which requires consultation for a period of 12 weeks). Furthermore, in the main body of the report it is noted that the changes in question relating to dwelling sizes and SINCs have been subject to public consultation at Issues and Options / Preferred Options Stages. In addition SINCs also formed part of the Preferred Options consultation in respect of the Core Strategy. It is now proposed that the focused changes are subject to a revised iterative sustainability appraisal and equalities impact assessment. This will be followed by a six week representations period, pursuant to Regulation 27, during which consultation bodies and members of the public will have the opportunity to consider the changes, whether these affect their existing soundness representations or whether they raise new representations.

### **Sustainability Appraisal**

63. Section 19(5) of the Planning and Compulsory Purchase Act 2004 requires sustainability appraisal of the economic, social and environmental sustainability of plans in DPDs. Accordingly, a sustainability appraisal was prepared to ensure the wider impacts of the Core Strategy policies are addressed. The Sustainability Appraisal provides a sound evidence base for the plan and forms an integrated part of the plan preparation process. The iterative Sustainability Appraisal has fully informed the preparation of the Canada Water AAP and has been revised appropriately in the context of this round of proposed changes.

### **General Conformity**

64. Section 24(1)(b) of the 2004 Act requires that local development documents (LDDs) issued by the Council, such as this AAP, must be in general conformity with the spatial development strategy, namely the London Plan (consolidated with alterations since 2004). On submission the Canada Water AAP to the Secretary of State for independent examination January 2010, the Council sought and received the Mayor's opinion in writing that the AAP was in general conformity (Reg 30, the Regulations). The purpose of the independent examination is to ensure legal compliance with the legislative framework, including consultation,

soundness of the AAP and general conformity ((Section 20(5)(b) of the Act). The latter is determined as a matter of law and policy practice.

65. Members should note the term general conformity is not defined anywhere within the legislative framework. However, the Court of Appeal decision of *Persimmon Homes (Thames Valley) Ltd & Oths v Stevenage Borough Council* [2005] EWCA 1365 considered the judicial construction of the term and offers authoritative guidance. The terms allows for a 'balanced approach' favouring 'considerable room for manoeuvre within the local plan'. The word 'general' is designed to allow a degree of flexibility in meeting London Plan objectives within the local development plan. The fact that the statutory regime also makes provision for the possibility of conflict between the London Plan and local plan to be resolved in favour of the latter subject to general conformity envisages that 'general conformity' requirement allows for flexibility at local level and not strict compliance with every aspect of the London Plan (Section 46(10) of the 1990 Act as substituted by the Act). This is provided that the effectiveness of the London Plan strategic objectives on housing are not compromised and there is local justification for any departure.
66. In light of the proposed changes to the CWAAP, the issue of general conformity has been considered afresh and the changes are considered to be in general conformity. It is noted the Mayor will have the opportunity to comment further on this issue.

### **Equalities**

67. Positive equalities obligations are placed on local authorities, sometimes described as equalities duties with regard to race, disability and gender.
68. Gender equality duties were introduced by the Equality Act 2006, which amended the Sex Discrimination Act 1975. The general duties in summary require local authorities to have due regard to the need to:
- (a) "eliminate unlawful discrimination and harassment and;
  - (b) promote the equality of opportunity between men and women."
69. Race equality duties were introduced by the Race Relations Amendment Act 2000 which amended the Race Relations Act 1976. The general duties in summary require local authorities to give due regard to the need to:
- (a) "eliminate unlawful discrimination and harassment;
  - (b) promote the equality of opportunity; and
  - (c) promote good race relations between people of different racial groups"
70. Disability equality duties were introduced by the Disability Discrimination Act 2005 which amended the Disability Act 1995. The general duties in summary require local authorities to carry out their functions with due regard to the need to:
- (a) "promote equal opportunities between disabled persons and other persons;
  - (b) eliminate discrimination that is unlawful under the Act;
  - (c) eliminate harassment of disabled persons that is related to their disabilities;
  - (d) promote a positive attitude towards disabled persons;
  - (e) encourage participation by disabled persons in public life; and

- (f) take steps to take account of disabled person's disabilities even where that involves treating disabled persons more favourably than other persons."

71. Section 71 of the Race Relations Act 1976, section 49A(i) of the Disability Discrimination Act 1995 and section 76A of the Sex Discrimination Act 1975, require local authorities to act in accordance with the equalities duties and have due regard to these duties in carrying out functions, which is particularly important in producing new policies such as the Canada Water AAP. It will be important to ensure and continue to monitor that it does foster the creation of mixed communities.
72. Throughout the production process of the Canada Water AAP from Issues and Options, Preferred Options to a publication / submission, the Council has undertaken iterative Equalities Impact Assessment (EqIA) involving the Council's Equality and Diversity Panel including assessment of borough's demographics and the potential impacts of the plan on its diverse communities. Notably the Council's EqIA processes extend beyond its current statutory equality duties to incorporate religion/belief, sexual orientation and age. The Council has reassessed the EqIA in the context of the proposed changes and does not consider that the proposed changes would disadvantage any group with protected characteristics. On the contrary the changes would result in improved space standards for dwellings and enhanced protection of open spaces as SINC's.

### Human Rights

73. The decision to make submit for consideration by the Inspector further changes to the Canada Water AAP potentially engages certain human rights under the Human Rights Act 2008 (the HRA). The HRA prohibits unlawful interference by public bodies with conventions rights. The term 'engage' simply means that human rights may be affected or relevant. Few rights are absolute in the sense that they cannot be interfered with under any circumstances. 'Qualified' rights, including the Article 6, Article 8 and Protocol 1 rights, can be interfered with or limited in certain circumstances. The extent of legitimate interference is subject to the principle of proportionality whereby a balance must be struck between the legitimate aims to be achieved by a local planning authority in making new policies providing for growth against potential interference with individual human rights. Public bodies have a wide margin of appreciation in striking a fair balance between competing rights in making these decisions.
74. In the case of the CWAAP, a number of rights may be engaged: -
- **The right to a fair trial (Article 6)** – giving rise to the need to ensure proper consultation and effective engagement of the public in the process. It is considered that in relation to the two key issues (i) dwelling sizes and (ii) SINC's to date there has been effective public consultation in accordance with the Council's SCI. The further changes will be subject to a further opportunity to make soundness representations for a period of six weeks following Cabinet's decision;
  - **The right to respect for private and family life (Article 8)** - The proposed changes to the Canada Water AAP propose changes to dwelling sizes which impacts positively on housing provision. Other relevant considerations may include impacts on amenities or the quality of

life of individuals by prospective development. These issues have been considered throughout the iterative plan making process and in the lead up to the Council's decision to submit the AAP in January 2010. The proposed further changes do not raise new matters which would amount to unlawful interference with Article 8 rights;

- **Article 1, Protocol 1 (Protection of Property)** – this right prohibits interference with individuals' right to peaceful enjoyment of existing and future property / homes. It could be engaged, for instance, if the delivery of any aspect of the plan necessitates CPOs or as a result of particular site allocations. The revisions proposed do not raise such implications and would not result in unlawful interference;
- **Part II Protocol 1 Article 2 Right to Education** – this is an absolute right enshrining the rights of parents' to ensure that their children are not denied suitable education. This is a relevant consideration in terms of strategies in the AAP which impact on education provision. However, whilst the main report provides an update in relation to provision of secondary education facilities at Canada Water, the changes proposed do not impact on education provision.

### Functions and Responsibilities

75. Having submitted the Canada Water AAP Submission / Publication version, members are now requested to approve further changes to the submitted plan. Members are reminded to have regard to the considerations set out in this report in coming to a decision. It should be noted that whether the changes are accepted is a matter for the Inspector tasked with the examination in public. Whilst there is no process for approving post-submission changes, members are advised to follow the same decision making processes when deciding to submit a plan for examination.
76. Under Part 3F of the Southwark Constitution, Planning Committee has the function of commenting upon successive drafts of local development framework documents (LDF's) and making recommendations to Cabinet.
77. Under Parts 3B and 3C of the Constitution, the Cabinet has responsibility for formulating the Council's policy objectives and making recommendations to Council Assembly. More specifically, the function of approving the preferred options of development plan documents is a function reserved for full Cabinet (Para 20, Part 3C).
78. By virtue of Regulation 4(1), paragraph 3(d) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 ("the 2000 Regulations") (as amended by the Local Authorities (Functions and Responsibilities) (Amendment) (No 2) (England) Regulations 2005 (Regulation 2, paragraph 4) the approval of a DPD / AAP is a shared responsibility with Council Assembly and cannot be the sole responsibility of Cabinet. If accepted by the Inspector the proposed further changes would impact on the detailed policies in the final version of the AAP. In coming to a decision to approve the proposed changes, members of Cabinet and Council Assembly are advised to have regard to the recommendations, the relevant supporting documents and the contents of this report.

**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
Canada Water publication/submission draft	Planning and Transport	Julie Seymour
Canada Water consultation report	Planning and Transport	Julie Seymour
Canada Water AAP appropriate assessment	Planning and Transport	Julie Seymour
Core Strategy April 2010	Planning and Transport	Julie Seymour
Statement of Community Involvement	Planning and Transport	Julie Seymour

**APPENDICES**

No.	Title
Appendix A	Further changes to the Canada Water AAP Publication/Submission Version (Dwelling sizes and sites of importance for nature conservation) (circulated separately to members)
Appendix B	Plan for publicising the Further changes to the Canada Water AAP Publication/Submission Version (Dwelling sizes and sites of importance for nature conservation) (available on the internet)
Appendix C	Canada Water AAP sustainability appraisal (available on the internet)
Appendix D	Canada Water AAP equalities impact assessment (available on the internet)

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Fiona Colley, Regeneration and Corporate Strategy	
<b>Lead Officer</b>	Stephen Platts, (Acting) Director of Regeneration and Neighbourhoods	
<b>Report Author</b>	Julie Seymour, Head of Planning Policy	
<b>Version</b>	Final	
<b>Dated</b>	14 March 2010	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director / Departmental Finance Manager	Yes	Yes
Cabinet Member	Yes	Yes
<b>Date final report sent to Constitutional Support Services</b>	14 March 2011	

<b>Item No.</b> 11.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Update to the Residential Design Standards - Supplementary Planning Document	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Regeneration and Corporate Strategy	

### **FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY**

1. The regeneration of Southwark continues to deliver high quality new housing including a high proportion of affordable housing much needed by the community. Clear planning guidance setting demanding standards for developers has been one of the council's most important tools to achieve this. A Residential Design Standards Supplementary Planning Document (SPD) was adopted by the council in 2008.
2. The SPD needs to be revised to ensure that it maintains the high standards that we demand, in particular to reflect the improved internal room sizes that we are now requiring in new developments. As referred to in the report on the Core Strategy, we have been prevented from including these standards among our strategic policies by the examination inspector so we must take them forward in other documents.
3. Some other amendments are needed to accommodate changes resulting from the outcome of the Core Strategy examination and the revised SPD will be published for consultation.

### **RECOMMENDATIONS**

That Cabinet

4. Consider and agree for consultation:
  - The update to the Residential Design Standards Supplementary Planning Document (appendix A) including comments from Planning Committee
  - The consultation plan (appendix B)
  - The Equalities Impact Assessment (appendix C)
  - Note the comments from Planning Committee (TBC)

### **BACKGROUND INFORMATION**

5. Our existing Residential Design Standards supplementary planning document was adopted by the then Executive in September 2008.
6. Within section 2.3 of the SPD there is a table of minimum room sizes to ensure an adequate amount of space is provided in residential development. This update will introduce additional standards for minimum dwelling sizes within the SPD.

7. The amendments will remove the word 'local' from section 4.3 when considering appropriate student providers to be consistent with core strategy changes required by the Mayor.
8. We are also updating references to policies to reflect the new core strategy and saved Southwark Plan policies. The text summarising our approach to residential density and dwelling mix has also been updated to reflect Core Strategy and area action plan changes. This includes transferring appendix 2 from the Southwark Plan to the SPD to provide guidance on how density is calculated.
9. The update will be incorporated into the 2008 adopted SPD and will become part of the Local Development Framework and will be a material consideration in planning application decisions.

## **CONSULTATION**

10. The Planning and Compulsory Purchase Act 2004 (as amended by the Planning Act 2008) and our Statement of Community Involvement 2007 requires consultation to be ongoing and informal to guide the overall approach to consultation planning policy documents.
11. The consultation plan (appendix B) sets out the consultation that will be carried out on the update to the SPD. This is in accordance with the adopted Statement of Community Involvement.
12. The council will consult for a period of 12 weeks from 11 March to 2 June 2011.
13. Note the comments from Planning Committee (TBC)

## **KEY ISSUES FOR CONSIDERATION**

14. Once adopted, the update will provide further guidance to Policy 4.2 (Quality of residential accommodation) of the Southwark Plan (2007) and Strategic Policy 7 (Family homes) of the Core Strategy (April 2011)
15. The Core Strategy sought to prescribe minimum flat sizes in order to drive up the quality and standard of residential development. However, the inspector deleted the minimum dwelling sizes, stating that the approach made no allowance for levels of intended occupancy within different dwelling types. The inspector also stated that floor space standards could be placed reasonably in a supporting development plan document. The inspector's binding report inserts new wording into the Core Strategy to say that we intend to identify the standards we will require within a subsequent planning document and that in the interim we will expect development to follow the standards within the Residential Design Standards SPD. We are therefore proposing this update to the Residential Design Standards SPD to set out the standard we expect development to meet or exceed. The new table makes an allowance for the intended occupancy within different dwelling types. The dwelling sizes relate dwelling sizes to occupancy levels, which is consistent with the London Plan.
16. The updated standards will ensure that all new development is built to a high quality of design with good living conditions. They will help to ensure that an adequate amount of space is provided to create pleasant and healthy living environments. It will ensure that there is sufficient space for everyone in the home



to have space to play, work and study, and for privacy and quiet whilst also having sufficient space for storage and circulation within the home.

17. The requirement for a local student providers to provide evidence of interest in section 4.3 is being opened up to all student providers. This is required for consistency with the Core Strategy due to a change required by the Mayor to provide a more strategic approach.

### **Community impact statement**

18. The purpose of the Core Strategy is to facilitate regeneration and deliver the vision of Southwark 2016 in a sustainable manner ensuring that community impacts are taken into account. The update to the Residential Design Standards SPD will help to facilitate this.
19. An equalities impact assessment scoping report (appendix C) has been carried out alongside the preparation of the update to the SPD to assess the impact the update to the SPD will have on the different equality target groups.
20. We have tested the sustainability impacts of the minimum room sizes as part of the Core Strategy sustainability appraisal. The proposed change to the SPD will provide further guidance to the Core Strategy policy 7. In addition the standards used are in line with those in the draft replacement London Plan, which itself was subject to a sustainability appraisal. As such a further sustainability appraisal of the proposed SPD amendment is not required.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director of Communities, Law and Governance**

21. This report is being brought before Members' of the Cabinet under Part 3C of the Southwark Constitution 2010/11. The decision to adopt SPDs for consultation is normally reserved to Individual Members under part 3D, paragraph 18. However, officer consider that there are cross-cutting issues affecting Housing, the Environment and Regeneration and it was therefore considered more appropriate for this SPD to be adopted for consultation by full Cabinet.
22. The updated Residential Design Standards SPD is now at consultation stage, accordingly, Members' of Planning Committee are requested to consider the documents set out in section 2 of this report and to comment on the updated Residential Design Standards SPD to Cabinet.
23. SPDs are local development documents under the new legislative framework established under the Planning and Compulsory Purchase Act 2004 and will form part of the planning framework for the borough. They may cover a range of issues, both thematic and site specific which expand upon policy or provide further detail to policies in development plan documents. They must not be used to allocate land. SPDs do not have development plan status and as such the presumption in favour of the development plan in section 38(6) of the 2004 Act does not apply to SPDs. This draft SPD complies with these principles.
24. SPDs have replaced supplementary planning guidance (SPGs) which were formerly adopted under PPG12 as informal non statutory guidance which set out more detailed guidance on the way development plan policies will be applied in particular circumstances. If consistent with the development plan and prepared in consultation with the public whose views are taken into account before the SPG

was finalised, PPG12 advised that substantial weight could be placed on an SPG as a material consideration.

### **Procedural Requirements**

25. Under the new system, a detailed procedure for the adoption of SPDs is set out in Part 5 of The Town and Country Planning (Local Development) (England) Regulations 2004. Until an SPD has been adopted to replace an existing SPG, the SPG and guidance in PPG12 continues to apply. PPS12, the successor to PPG12, does not state how much weight should be given to new SPDs but it is likely that given their preparation under the new procedures involves proper public consultation, once adopted substantial weight may be placed on SPDs as a material consideration, in the determination of planning applications where relevant.
26. SPDs will not be subject to independent examination; however the legislation requires that they should be subjected to rigorous procedures of community involvement. PPS12 set out the criteria an SPD must conform with:
  1. It must be consistent with national and regional planning policies as well as the policies set out in the development plan documents contained in the local development framework;
  2. It must be clearly cross-referenced to the relevant development plan document policy which it supplements (or, before a relevant development plan document has been adopted, a saved policy);
  3. It must be reviewed on a regular basis alongside reviews of the development plan document policies to which it relates; and
  4. The process by which it has been prepared must be made clear and a statement of conformity with the statement of community involvement must be published with it.
27. All the matters covered in SPDs must relate to and set out the further detail of policies in a development plan document or a saved policy in a development plan. They must therefore conform to the relevant development plan document (or saved policies), and thereby be consistent with national planning policy and generally conform, in London, with the spatial development strategy.
28. This SPD has been prepared in accordance with the Southwark Plan 2007, which is the adopted development plan for Southwark and which has been prepared so that it is in general conformity with the London Plan – the Mayor’s spatial development strategy. At present, the Southwark Plan as the most recent adopted development plan document prevails in accordance with S38(5) of the Planning and Compulsory Purchase Act 2004. Southwark’s Core Strategy was considered by an independent Inspector during an Examination in Public held in July 2010. The Inspector has issued his binding report and deemed the Core Strategy to be sound. His report was received on 28 January 2011 and it is likely that Southwark will adopt the Core Strategy.
29. Now the Inspector’s binding report has been received, the Core Strategy, together with the suggested changes by the Inspector carries considerable weight. In the period before the Core Strategy is formally adopted, whilst the Southwark Plan remains the relevant statutory development plan, where the Core Strategy suggests a different approach when determining a planning application, the Core Strategy is a significant material consideration that should be taken into account.

30. Local planning authorities must comply with European Union Directive 2001/42/EC which requires formal strategic environmental assessment of certain plans and programmes which are likely to have significant effects on the environment. The directive applies to local development documents where formal preparation began after July 21 2004. It will also apply to all local development documents, as well as local plans/unitary development plans continuing under transitional arrangements whose preparation began before that date and, which are not adopted by July 21 2006. The directive has been incorporated into English law by virtue of the Strategic Environmental Assessment Regulations 2004. Local planning authorities must comply with these regulations as well as the regulations under Part 2 of the Act when preparing local development documents.
31. In addition, section 39 of the 2004 Act requires local development documents to be prepared with a view to contributing to the achievement of sustainable development. The 2004 Act requires regard to be had to national policies and guidance on sustainable development. The government's four aims for sustainable development are set out in PPS1 Creating Sustainable Communities paragraph 1.13. These are:
- Maintenance of high and stable levels of economic growth and employment.
  - Social progress which recognises the needs of everyone.
  - Effective protection of the environment.
  - The prudent use of natural resources.

### **Sustainability Appraisal**

32. The Planning and Compulsory Purchase Act 2004 and Regulation 17 of the above regulations also requires sustainability appraisal (SA) of all emerging DPDs. The Town and Country Planning (Local Development)(England) (Amendment) (Regulations) 2009 provide that a SA report is no longer required if the respective issues are addressed at a higher policy level.
33. A sustainability appraisal was been carried out on the previous adopted version of the SPD. In addition the minimum dwelling sizes were tested through the sustainability appraisal for the Core Strategy and replacement London Plan.

### **Consultation – Procedural Requirements**

34. Members' are advised that should the Cabinet grant approval for consultation on the updated Residential Design Standards SPD, a number of statutory requirements will need to be complied with by the council before the SPD can progress to the next stage, ultimately for adoption. These requirements are set out in Part 5 of the Regulations (Regulations 16,17,18 and 19 Town and Country Planning (Local Development) (England) Regulations 2004 (as amended by the 2008 Regulations) and must be complied with prior to adoption.
35. The proposed consultation process for this SPD is set out in the Consultation Plan which accompanies it and confirms with the policies contained in Southwark's Statement of Community Involvement (including a 6 week period of informal consultation, followed by six weeks of informal consultation).

### **Finance Director**

36. This report asks the Cabinet to consider and agree the update to the Residential Design Standards supplementary planning document.

37. Although there are no financial implications directly attributable to this report, any costs arising from the implementation of this report should be reported for approval by the Cabinet

## BACKGROUND DOCUMENTS

Background paper	Held at	Contact
Core strategy draft final February 2011	160 Tooley Street	Sandra Warren 0207 525 5471
Residential Design Standards supplementary planning document 2008	160 Tooley Street	Sandra Warren 0207 525 5471
Statement of Community Involvement 2008	160 Tooley Street	Sandra Warren 0207 525 5471

## APPENDICES

No.	Title
Appendix A	Draft update to the Residential Design Standards supplementary planning document (circulated separately to members)
Appendix B	Consultation Plan (available on the website)
Appendix C	Equalities Impact Assessment (available on the website)

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Fiona Colley, Cabinet Member for Regeneration and Corporate Strategy	
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Author</b>	Julie Seymour, Head of Planning Policy	
<b>Version</b>	Final	
<b>Dated</b>	9 March 2011	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	No
<b>Date final report sent to Constitutional Support Services</b>	9 March 2011	

<b>Item No.</b> 12.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Southwark's Olympic and Paralympic Vision	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Veronica Ward, Culture, Sport, Leisure and the Olympics	

### **FOREWORD – COUNCILLOR VERONICA WARD, CABINET MEMBER FOR CULTURE, SPORT, LEISURE AND THE OLYMPICS**

1. As Cabinet Member, I am asking that cabinet, after consideration of the officers' report set out from paragraph 3 onwards approve the recommendation below.

### **RECOMMENDATION**

2. That the Council replaces the existing 'Olympic Vision Statement' that was ratified on 20 August 2008 with a newly created 'Southwark's London 2012 Olympic and Paralympic Vision'.

### **BACKGROUND INFORMATION**

3. On the 20 August 2008 via the Individual Decision Making process an 'Olympic vision statement' was adopted that identified a number of areas of opportunity linked to key Council performance indicators around increasing physical activity, increasing engagement in cultural activity and reducing health inequalities.
4. The previous vision is now out of date and needs to be refreshed. The London 2012 Olympic and Paralympic Games represent a major opportunity for Southwark's communities and young people. The Council's challenge is to exploit this potential for all our communities but also to ensure that we minimise any disruptive effect, to ensure front line services are maintained and that there is a continuity of everyday business.

### **KEY ISSUES FOR CONSIDERATION**

5. Attached to this report is a refreshed vision (Appendix 1), which identifies a number of areas of opportunity. These are reflected in the refreshed project structure and action plan, of which in summary they are:
  - Engaging young people - Opportunity to grow
  - Healthy Southwark – Get active and improve our health
  - The Paralympics – Inspiring Southwark
  - Volunteering and employment – Supporting residents and business
  - Southwark Experience – Presenting our best
  - Public services – Business as usual
  - Our legacy

### **Policy implications**

6. The decision will positively contribute to the sustainable community strategy, Southwark 2016 that recognises that the London 2012 Olympic and Paralympic Games offers the opportunity to raise the profile of sport, culture and exercise and to enhance Southwark's facilities.

### **Community impact statement**

7. This vision is anticipated to raise awareness of and interest in the 2012 Games and Southwark's 2012 projects and initiatives in all of Southwark's communities. The work plan is designed to ensure that there are opportunities for all of our communities to participate in Olympic related activity.

### **Resource implications**

8. The vision is not just for Southwark Council but for Southwark. We are working with many partners to develop and deliver projects and programmes at no additional cost to the council.
9. The 2012 Games does not have any specific additional Council budget allocated to it. Any activity related to the vision will need to come from existing budgets or through external funds.
10. Officer time is required to deliver the vision and the project structure has been identified and agreed.

### **Consultation**

11. Consultation has been carried out with relevant internal departments including:
  - Legal
  - Culture, Libraries, Learning and Leisure
  - Finance

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director of Communities, Law & Governance (SB032011)**

12. Officers from the Contracts Section of Legal Services have reviewed this report and confirm that it does not have any specific legal implications.

#### **Finance Director**

13. This report requests the Cabinet to replace the existing 'Olympic Vision Statement' that was ratified on 20 August 2008 with a newly created 'Southwark's London 2012 Olympic and Paralympic Vision'. The report does not include any financial information, but states that projects and programmes arising from this vision will need to be delivered at no additional cost to the council. It is too early to estimate the likely costs of implementing each of the action plans outlined in paragraph 5. If any of the opportunities are taken up, a detailed costing and a risk analysis should be carried out for each project. If it is not possible to provide these programmes and projects at no additional cost to the council, a further report should be presented to identify how the project will be funded and seek appropriate approvals.

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Veronica Ward, Culture, Sport, Leisure and the Olympics	
<b>Lead Officer</b>	Gill Davies, Strategic Director Environment and Housing	
<b>Report Author</b>	Paul Cowell, Events, Film and 2012 Manager	
<b>Version</b>	Final	
<b>Dated</b>	10 March 2011	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
<b>Date final report sent to Constitutional Officer</b>	14 March 2011	

## Appendix 1

### Southwark's London 2012 Olympics and Paralympics Vision

#### Engaging young people - Opportunity to grow

London 2012 brings once in a lifetime opportunities to inspire our young people. We will encourage and support as many young people as possible to get involved in cultural, sporting and volunteering activities that support learning, skills and personal development. We will celebrate our young people and support them to get involved through their school, youth group and local community. From this we will work with our partners to ensure a meaningful legacy is created for our young people from London 2012.

Our priorities are:

- *For 100% of schools to be signed up to the Get Set London network*
- *For 100% schools to have Olympic and Paralympic action plans*
- *To develop a full volunteering program for young people linked to Olympic activity.*

#### Healthy Southwark – Get active and improve our health

Both the Olympics and Paralympics are international beacons for health and vitality. Southwark aims to use that message to inspire all our communities to understand the importance of our wellbeing and to be positive in taking steps to improve our lifestyles to stay fit and healthy.

Our priorities are:

- *Increase participation in Change 4 life campaign*
- *Execute the Health Factor Challenge*
- *To help improve the attitude to healthy living of Southwark's residents.*

#### The Paralympics – Inspiring Southwark

The Paralympics will inspire the nation and Southwark wants to ensure that its communities have the opportunity to participate in Paralympic and disability focussed programmes. Working with our schools, sports groups, facilities and cultural organisations we will create activity that will be accessible and inclusive to all.

Our priorities are:

- *To ensure inclusivity throughout Southwark's 2012 programmes*
- *To actively promote projects and initiatives to disability groups and organisations*
- *To celebrate and showcase disability arts and sports through Southwark's 2012 programmes*

#### Volunteering and employment – Supporting residents and business

London 2012 means major regeneration for the capital and there are over 80,000 volunteering opportunities linked with London 2012. Working with our partners we will support local business to access this investment, maximise job opportunities and promote all the London 2012 volunteering programmes alongside local projects and initiatives.



Our priorities are:

- *To support and drive a volunteering legacy from the Olympics*
- *To support Southwark's volunteers for the Olympics.*
- *Maximise and promote Inspire mark opportunities.*

### **Southwark Experience – Presenting our best**

London 2012 will provide a wealth of entertainment and spectacle to inspire our residents. With millions of visitors expected in London and Southwark we have the chance to welcome the world to our culture, heritage and newly refurbished leisure facilities. We will celebrate our communities and support people to get involved as possible to get involved in cultural, healthy and sporting activities in London, we will ensure that our parks and public realm look their best, and will provide up to date and relevant information to help residents and visitors enjoy the mass of events and activity.

Our priorities are:

- *To make Southwark look and feel its best ready for games time.*
- *To produce a cultural guide, promoting the best of Southwark's cultural offer throughout the games period.*
- *To keep visitors and residents informed and up to date with games times information and events outside of the Olympic park.*

### **Public services – Business as usual**

We must understand the vastly increased activity in London and Southwark, its impact on our core services and minimise any disruptive effect. We will work to ensure an efficient and mutually supportive approach to operational delivery so that we have continuity of everyday business, amelioration of negative impacts and a safe and inclusive environment for our residents and visitors. We will work hard to minimise the impact on resources by identifying and drawing down external funding to ensure that front line services are maintained and opportunities are taken in the run up to, during and after London 2012.

Our priorities are:

- *To ensure that Southwark Council is prepared for business as usual throughout the summer of 2012*
- *To ensure a safe and inclusive games for residents and visitors of Southwark*
- *Produce and test an agreed strategic and operational continuity plans for the Games period*

### **Our legacy**

*London 2012 is an opportunity for us to create a true legacy for the communities and young people of Southwark. Southwark Council plans to invest in some important community resources and facilities across the borough to ensure London 2012 impact on all our communities.*

Our priorities are:

- *To support and drive a lasting Olympic legacy in Southwark from the 2012 games.*
- *To fund a series of capital projects that will encourage participation in sport throughout the borough.*

- *To secure external support and resources to compliment the council's internal Capital Legacy Fund*

<b>Item No.</b> 13.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Adoption of the London 2012 Olympic and Paralympic designation	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Veronica Ward, Culture, Sport, Leisure and the Olympics	

### **FOREWORD – COUNCILLOR VERONICA WARD, CABINET MEMBER FOR CULTURE, SPORT, LEISURE AND THE OLYMPICS**

1. As Cabinet Member, I am asking that Cabinet, after consideration of the officers' report set out from paragraph 6 onwards to approve the recommendations below.

### **RECOMMENDATION**

2. That the Council enters into the Host Borough Co-operation and Licence Agreement, so that the Council may utilise the London 2012 Olympic and Paralympic 'host Borough' designation.

### **BACKGROUND INFORMATION**

3. In October 2009, the London Organising Committee of the Olympic Games (LOCOG) via London Councils offered all London local authorities the opportunity to refer to themselves as 'Host Borough for London 2012'. This would enable Councils to refer to themselves in this manner in publicity, speeches and correspondence as well as to use the designated 'Host Borough' logo.
4. Under the terms of the Host Borough and Licence Agreement any London local authority that agrees to the terms of the Host Borough and Licence Agreement may utilise the 'Host Borough' designation for relevant corporate uses including website pages, publications, flags, signage, etc.
5. The example designation logos are at Appendix 1.

### **KEY ISSUES FOR CONSIDERATION**

#### **Impact of using the Olympic branding**

6. Using this branding is advantageous to the Council, as it will increase its profile as an Olympics supporter and enhance potential input from the Games organisers, their supporters, funders and sponsors.

### **Use of the Olympic designation**

7. Councils signing up to the Licence Agreement are able to use the designation on web and hard copy publications that are dedicated wholly or predominantly to the 2012 Games thus enhancing all 2012 related information, documents and promotion.
8. It should be noted that under the terms of the Licence Agreement, specific London 2012 inspired events, projects or programmes are not allowed to use the designation. This means that the designation could not be used for existing Council events such as our events in parks and public places whether of a cultural or sporting nature. For these projects, an alternative scheme is available and this is application for the Inspire Mark. The reason for this is to prevent commercial organisations from taking advantage of the designation. Where appropriate, the Council will apply for the Inspire Mark.

### **Policy implications**

9. The brand would be used alongside and as an addition to Southwark Council's corporate brand.
10. The Corporate Communications team will monitor the use of the designation using similar guidance structures that are used to monitor the corporate brand.
11. Using the designation would raise the profile of the Council's own work toward London 2012, both internally to staff, and externally to communities, businesses, visitors, students, the organisers of London 2012 and potential supporters and funders.
12. The License Agreement imposes a number of standard obligations on the Council including an obligation to cooperate with LOCOG and a commitment to take measures to ensure the success of the 2012 Olympic Games, such as to provide enhanced public services due to the staging of the 2012 Games (e.g., enhanced street cleaning, co-operation with torch relay and road race, controls on street trading and advertising, etc.).
13. If any enhanced public services are required these would be subject to separate co-operation agreements that would address service levels and delivery costs. LOCOG has confirmed that the London 2012 City Operations Group will be responsible for working through the services that will be required during the 2012 Games. LOCOG is not in a position to detail the exact contributions and services that will be made from the Council; the commitment to provide these services is defined loosely in the Licence Agreement. LOCOG has acknowledged that this commitment does leave a degree of uncertainty and has recognised that the Council cannot commit to anything outside of its control or which would commit the Council to any unplanned expenditure. They have confirmed that the only remedy available to LOCOG if the Council fails to comply with this provision would be termination of the Licence Agreement.
14. In light of the above, the benefits of agreeing to the Licence Agreement are considered to exceed any possible costs associated with entering into it. If costs arise, they will be negotiated and subject to a separate agreement. If the costs were significant and not affordable, either or both parties could terminate the agreement.

### **Community impact statement**

15. This decision has been judged to have no negative impact on local people and communities and is expected to raise awareness of and interest in the 2012 Games.

### **Resource implications**

16. The possible costs of agreeing to the Licence Agreement, such as the possibility of needing to provide enhanced public services as is set out in paragraph 12 above are likely to be low as the Borough is only hosting a minimal number of events for the 2012 Games and it is considered that these costs can be managed within existing budgets.
17. Officer time will be required to monitor and offer guidance on the use of the designation but it has agreed that this can be held within existing resources. Please refer to Finance Director and Head of Communication comments at paragraphs 17 & 18.

### **Consultation**

18. Consultation has been carried out with relevant internal departments including:
- Legal
  - Corporate Communications
  - Culture, Libraries, Learning and Leisure

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director of Communities, Law & Governance**

19. The Strategic Director of Communities, Law & Governance notes the content of this report.
20. This report requests the Cabinet to approve the Council entering into the attached Host Borough Co-operation and Licence Agreement with the London Organising Committee of the Olympic Games.
21. The terms of the Licence Agreement are not negotiable and advice has been provided to the relevant Council Officers as to the obligations that would be incurred by the Council under the terms of the Licence Agreement, the most onerous of which is the commitment to provide enhanced public services (if necessary) to ensure the success of the 2012 Games. Clarification of this commitment has been sought from LOCOG and is set out in paragraph 12 above.
22. Section 2 of the Local Government Act 2000 enables a local authority to do anything which it considers is likely to achieve the promotion of improvement of the economic, social or environmental well-being of the area. It is considered that entering into the Licence Agreement is compatible with this statutory power.

#### **Finance Director (Env/ET/130111B)**

23. The Head of Service has confirmed that any costs associated with the proposals can

be contained within the existing budgets. Therefore, there are no financial implications as a result of approving the proposed agreements.

### Head of Communications (RC032011)

24. It should be noted that the use of logos etc. is very strictly controlled and regulated by the details of the licence and that the licence could be revoked if there was any breach.
25. As a borough there is also the option to give notice on the licence.

### APPENDICES

No.	Title
1	Olympic Logos

### AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Veronica Ward, Culture, Sport, Leisure and the Olympics	
<b>Lead Officer</b>	Gill Davies, Strategic Director of Environment and Housing	
<b>Report Author</b>	Paul Cowell, Events, Film and 2012 Manager	
<b>Version</b>	Final	
<b>Dated</b>	10 March 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Communications	Yes	Yes
<b>Cabinet Member</b>	Yes	
<b>Date final report sent to Constitutional Officer</b>	14 March 2011	

Appendix 1

Olympics Logo



<b>Item No.</b> 14.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Gateway 2 – Contract Award Approval Framework contracts to provide bailiff services to the Revenues & Benefits and Parking Services	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance, Resources and Community Safety	

**FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY**

1. This report asks the Cabinet to approve the setting up of a framework agreement with the five companies named in the closed report, for the provision of bailiff and debt collection services. This framework is predominantly for the use of two business units – Revenues & Benefits and Parking Services – but it has been constructed in such a way that any section of the Council will be able to use it, providing their requirement falls within the scope of the original specification.
2. The recommendation has four principal benefits to the Council:
  - Increased capacity for the collection of Council Tax and Business Rates arrears.
  - Increased capacity for the collection of unpaid Penalty Charge Notices for parking offences.
  - Better overall control of the Council’s debt collection activities through the proposed joint framework management board.
  - An efficient procurement approach that eliminated duplication of effort by combining the needs of two business units.
3. I have also looked at the risks of the proposal, which are graded low to medium, and consider that the analysis in that section of the report gives sufficient assurance for the Council to proceed with the award.
4. The Revenues & Benefits Service will be coming back in house on 1 April 2011, and so a decision is needed at this meeting so that the framework agreement is ready for use in April 2011.
5. This proposal offers a largely cost-neutral means by which the Council can reduce its outstanding arrears in a number of areas and, consequently, increase its income stream during a period of financial strain. I am therefore asking the Cabinet, after consideration of the officer’s report set out from paragraph 6 onwards, to approve the recommendation set out below.

**RECOMMENDATION**

6. That Cabinet approve the award of a place in the Bailiffs Framework Agreement to the five suppliers named in the closed report for a period of four years, at a nominal annual cost of



£1.35M between them, being a total cost of £5.4M over the four years (see paragraph 8 for reasons a nominal cost is used):

## **BACKGROUND INFORMATION**

7. An essential part of the work done by the Revenues & Benefits Service and Parking Services is the collection of money owing to the Council. Some debtors try to avoid paying the money owed and enforcement activities have to be undertaken. These activities include the use of external bailiffs to contact debtors and persuade them to pay their debts. For the reasons that follow, neither of these two business units currently have formal contracts with any bailiff companies, and this procurement seeks to remedy that situation.
8. In terms of fees, most interactions between local authorities and bailiff companies are heavily regulated, and fees are collected from the debtor, meaning the Council does not, in effect, pay for these services (other than VAT). The only exception is where pre-legal debt collection activities occur. In this case, a percentage of the debt collected is paid as commission, the figures quoted by the companies being 10-15%. The value of this framework is therefore a nominal value, based upon the fees charged by the bailiffs to the debtors in the 2009/10 financial year.

## **Revenues and Benefits**

9. The Council let the Revenues & Benefits contract originally in 1998 to Cipfa Services Ltd (CSL) now known as Liberata UK Ltd. In 2003 the Executive approved the renewal of the contract with a 2 year rolling contract period which has been extended year on year since then.
10. On 19 May 2009 the Executive approved the decision to allow the Liberata contract to expire. The Executive further agreed to receive a Gateway 1 providing a recommendation of the preferred option for delivery of the Revenues & Benefits service from 1 April 2011.
11. On 29 September 2009 the Executive received the Gateway 1 and accepted the recommendation within it to bring the Revenues and Benefits service back in house.
12. Since the Revenues & Benefits service is being brought back in-house, it will be necessary to replace various 3<sup>rd</sup> party contracts that Liberata UK Ltd currently hold on the Council's behalf. One of these is the arrangement with a number of bailiff companies to enforce Liability Orders in relation to the non-payment of Council Tax and Business Rates. The Liberata contract ends on the 31 March 2011 (paragraph 46 explains what will happen between this date and the start of this framework).

## Parking Services

13. The Council currently operates three parking services enforcement contracts with the same supplier, Apcoa, which together provide the following services:
- Parking enforcement (including school crossing patrols).
  - Clamping, removal and car pound.
  - Parking business support.
  - Abandoned vehicles.
14. These parking services enforcement contracts are due to expire on 30 June 2011, and a Gateway 1/2 will be going to Cabinet in April 2011 to request an extension of the original contracts until the beginning of February 2012. The Gateway 1 for the procurement of new contracts is due to go to Cabinet shortly.
15. The current parking services enforcement contracts do not include bailiff services, and these have hitherto been obtained on a non-contractual basis. However, it is proposed that a more formal framework of bailiff companies be put in place to coincide with the procurement of new parking services enforcement contracts. For this service the framework does not need to be in place until the new parking services enforcement contracts begin but, due to a delay in that procurement, will be utilised earlier (see paragraph 47).

## Structure of the framework

16. It was recognised that the requirements and timescales of the two services were such that a combined procurement could be pursued, with Revenues & Benefits taking the lead due to the higher volumes and values involved, and the fact that its deadline was earlier.
17. It was subsequently requested that the specification be written in such a way that other sections of the council should be able to call off debt collection services and this has been done.
18. The Gateway 1 outlining the planned procurement process was approved by Cabinet on 20 July 2010.

## Framework conditions

19. This framework has no extension due to EU rules, which limit framework agreements to 4 years.
20. Contract prices are fixed for the duration of the framework agreement.

## Timetable of procurement process followed

Activity	Complete by:
Forward Plan (if Strategic Procurement)	10/06/2010
Approval of Gateway 1: Procurement Strategy Report	20/07/2010
Invitation to tenders	07/12/2010
Closing date for return of tenders	17/01/2011
Completion of evaluation of tenders	01/02/2011
F&R DCRB Review Gateway 2: Contract award report	10/02/2011
E&H DCRB Review Gateway 2: Contract award report	17/02/2011

<b>Activity</b>	<b>Complete by:</b>
CCRB Review Gateway 2: Contract award report	24/02/2011
Draft Report to Constitutional Support for Agenda Planning	28/02/2011
Agenda Planning Meeting	08/02/2011
Final report to Constitutional Support for Cabinet	11/03/2011
Approval of Gateway 2: Contract Award Report	22/03/2011
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	06/04/2011
Alcatel Standstill Period – not applicable to part B service	n/a
Contract award	11/04/2011
Place award notice in Official Journal of European Union (OJEU).	13/04/2011
Add to Contract Register	15/04/2011
Contract start	18/04/2011
Contract completion date	17/04/2015

## **Description of procurement outcomes**

### **Services provided**

21. The new framework will provide the following services:

- Execution of Liability Orders for Council Tax, Business Rates or BID Levy
- Execution of Bail, No Bail or Committal Warrants with respect to Council Tax and Business Rates
- Execution of Warrants for Penalty Charge Notices
- General Debt Collection activities
- Tracing of debtors

22. The first two of these are relevant solely to the Revenues and Benefits service, and replace services currently provided via Liberata. The third service is relevant solely to Parking Services and replaces and regulates the current ad hoc arrangement. The last two services will be available to all parts of the Council and may include the collection of Sundry Debt, Housing Benefits overpayments, Rent arrears, and other debt types that require the service as detailed in the framework specification.

23. Services will be provided by means of call off contracts initiated by Nominated Officers within individual business units (see paragraph 52)

### **Risks**

24. A number of contract risks were identified as part of the procurement and the framework agreement, specification and procurement process were designed, as far as possible, to mitigate them. See Appendix 1 for a list of the key risks and the mitigation put in place.

## **Benefits**

25. The framework provides a comprehensive professional debt collection and enforcement service for the Council. Management of the framework via a board made up of all users of the framework services enables the Council to take a joined up view of this aspect of its revenues collection, whilst individual management of call off contracts allows business units control of the day to day monitoring of debt collection. By doing a single procurement and using a single framework there has been a saving of time and cost in the procurement itself, plus the ability to reduce the costs of the service through volume of work available. This latter has been reflected in the pricing schedules submitted, where certain activities that might have been charged for have been included free as part of the overall service.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy implications**

26. The procurement of this framework agreement in the form it has taken is aimed at minimising the amount of unpaid debt owed to the Council. Performance in collection needs to be improved and therefore it is important that efficient bailiff services are engaged to enforce collectable debt. The greater the proportion of legitimate income that can be collected, the better able the Council will be to protect frontline services for the people of Southwark.

### **Tender process**

27. The procurement for this framework followed a restricted route, which is a two stage process. The first stage is a short listing process which requires companies expressing an interest to complete a pre-qualification questionnaire (PQQ) for assessment. The second stage invites those companies selected at the first stage to submit tender proposals.
28. The Council initially advertised through a voluntary OJEU notice, the Council's own website and the South London Press, which resulted in twenty two expressions of interest.
29. A pre-qualification questionnaire was sent to all those who expressed an interest. The deadline for the return of completed PQQs was 5pm on 10 September 2010. A total of fourteen PQQs were completed and returned.
30. The PQQ consisted of 7 groups of questions, each designed to test a specific area of capability within the bidding organisation. See Appendix 2 for an extract from the PQQ evaluation methodology.
31. The bidders were first assessed on technical capability against a pre-determined scoring matrix. There were 45 points available, and bidders were required to achieve a minimum of 33 points to pass through to the next assessment. The questions were individually scored by representatives from the three main service areas – Council Tax, Non-domestic Rates, and Parking – and the individual scores were then averaged to give a final result.
32. Those bidders who passed the technical assessment then went on to be assessed for economic and financial standing, business probity/ethical standing, Health and Safety, Equalities and Diversity, Quality Assurance, and Environmental considerations.
33. Based upon the PQQ assessment scores, nine companies were short listed:
34. The deadline for the return of tenders was 5pm on 17 January 2011.

35. Of the nine bidders who reached the short list, eight went on to submit tenders and one dropped out shortly before the tender return date, citing business strategy and the needs of current contracts.

### **Tender evaluation**

#### **The Tender Panel**

36. The Tenders were evaluated by a panel of six people, who were:

- The Revenues Manager, Client Services
- The NNDR Transition Manager, Client Services
- The Parking Services & Development Manager
- The Contracts Manager – Parking
- The Finance Manager (DCE Department), Finance & Resources
- The Project Manager (Bailiffs Procurement), Client Services

#### **Evaluation Method**

37. The tenders were evaluated on quality and price, with a weighted model 70:30 (quality : price) being applied. Reasons for the emphasis on quality were outlined in the Gateway 1.

38. Appendix 3 details the evaluation methodology adopted for this procurement and includes the criteria against which the tenders were assessed.

39. The tender evaluation panel read the Method Statements submitted by the bidders and made initial individual quality scores. The panel then attended presentations and clarification meetings with each of the bidders. Finally, the panel met together to discuss their findings and agree final scores.

40. One of the bidders did not achieve the required quality threshold of 42 points (see Appendix 3) and was therefore not included in the final rankings.

41. As part of the tender bidders were required to complete a pricing schedule, giving details of costs for each of the services outlined in the specification. These were scored using the mathematical formulae outlined in Appendix 3 and the results were checked and agreed by the tender evaluation panel as part of its final deliberations.

### **Results**

42. The final evaluation scores, including both quality and pricing, are given in the closed report

### **Summary**

43. Given the scores, and in compliance with the rules set out in the Assessment Methodology supplied to the bidders, it is recommended that the five bidders with the highest scores be awarded places in the framework to supply bailiff and other enforcement services to Southwark Council.

### **Plans for the transition from the old to the new contract**

44. The framework does not directly replace any existing contract.

45. In the case of Revenues & Benefits, where bailiff services are part of the Liberata contract, which is due to end 31 March 2011, a complete transition programme is in place to manage the move of the service back in house.
46. With regard to the Liability Orders in possession of bailiffs at the end of the Liberata contract, those where payment arrangements have been made will be left with the bailiff until the end of the payment arrangement. All other Liability Orders will be returned to the Council, where a rationalisation process will take place to ensure they are in good order before being reallocated via the framework agreement. All new Liability Orders arising after the 1 April 2011 will be allocated under the framework agreement rules.
47. In the case of Parking Services, all new cases which arise after the 1 June 2011 will be dealt with by using the framework agreement. Those cases assigned to existing bailiff companies prior to 1 June 2011 will remain with them until they have been completed. Parking Services have agreed to a staggered start to the framework so that mobilisation can begin with Revenues & Benefits, which have the more urgent need.
48. Other sections of the council that wish to use the framework will be able to do so as soon as they have nominated a member for the Framework Management Board and named a Nominated Officer to deal with the bailiff companies.

### **Plans for monitoring and management of the contract**

#### Framework management

49. The framework will be managed by a Framework Management Board, consisting of representatives from each of the business units within the Council who are calling off work from the framework.
50. The purpose of the Framework Management Board will be to:
- Ensure the framework rules are complied with by both the contractors and the Council, including arranging regular audits of the client bank accounts to ensure everything is in order.
  - Take an overview of the performance levels of the contractors. This includes periodically evaluating the performance of all five contractors against KPIs and deciding whether any contractors that fall short should be temporarily suspended until the relevant processes and procedures have been sufficiently reviewed and improved.
  - Discuss and agree any Change Controls that affect the framework as a whole.
  - Offer peer advice to any business unit that wishes to call off services from the framework.
51. The Framework Management Board will meet monthly on a date and time to be agreed between them. At the inaugural meeting, the Board will elect/appoint a chair, define the complete Terms of Reference, and decide the administrative details, including nominating a secretary to the board.

#### Contract management

52. Each call off of services from the framework forms a separate contract between the supplier of those services and the business unit requesting them. Call offs will be made in accordance with the arrangements given in Appendix 4 on the standard form shown, which will be the official record between Council and supplier that a contract exists.

53. Each business unit that calls off services from the framework will do so via a single named Council Officer (the 'Nominated Officer'). The Contract Manager of each contractor will be notified of the name and contact details of the Nominated Officer as soon as the business unit joins the Framework Management Board.
54. If a Nominated Officer is replaced, all contractors currently being used by that business unit will be informed of the change before the new officer calls off any services.
55. A Nominated Officer may temporarily appoint a substitute to cover holidays etc., but must ensure that all relevant contractors are informed of the name of the substitute and the period of substitution.
56. Each business unit will allocate its own work using the appropriate process as outlined in Appendix 4, and will maintain its own performance statistics if these are required for the allocation of work. These statistics will be made available to the Framework Management Board as part of its performance overview role.

#### **Performance bond/Parent company guarantee**

57. The risk assessment at Gateway 1 stage concluded that either a performance bond or parent company guarantee was needed for this framework. It is confirmed that the successful bidders will provide this within thirty days of the contract start and the costs are included in the cost of the tender.

#### **Community impact statement**

58. The services being sought through this procurement involve the difficult process of collecting debts from those who are unwilling to pay and, inevitably, this may involve a degree of confrontation. The specification was, therefore, developed in such a way as to ensure that all suppliers understand the standards of behaviour expected from them in their interactions with the public and the circumstances in which it would be unwise, on the grounds of vulnerability, to proceed with the enforcement of debt collection.

#### **Economic considerations**

59. The procurement was advertised locally in the South London Press and via the Southwark Council website to enable local companies to apply.
60. It is anticipated that the successful companies will be using local sub-contractors such as locksmiths, van hirers and auctioneers as part of their service delivery.

#### **Environmental considerations**

61. The bidders were examined at the PQQ stage on their environmental policy and procedures. All five successful bidders gained ratings of Good or above and it is anticipated that they will have no trouble providing the CO<sub>2</sub> data required.

### **Market considerations**

- 62. All those bidders who submitted PQQs are recognised bailiff companies, and all have a history of working for local authority clients.
- 63. The recommended bidders are private organisations
- 65. The recommended bidders have between forty seven and three hundred and eighty six employees:
- 66. The recommended bidders have a national area of activity, as required by the specification, but will mainly be working within Southwark for Revenues & Benefits and within the M25 for Parking.

### **Staffing implications**

- 67. Although currently Parking Services have an officer who spends part of his time managing the bailiffs, it is envisaged this role will expand in the new contract period. Parking Services will appoint a dedicated bailiff manager and a contract monitoring officer to assist; this will be essential for Parking Services to maximise its revenues. The additional staffing resource will be covered by savings identified within the parking enforcement service procurement programme.
- 68. As for Revenues & Benefits, this will essentially be a new service with an organisation structure that includes an officer whose duties cover the necessary activities. This post was included in the bid model that accompanied the recommendation to return the service in house and will be covered by the service budget.

### **Financial implications**

- 69. There will be no financial implications in the use of bailiff services relating to Council Tax, Business Rates and Parking services. The contractors will pass on costs incurred in executing Liability Orders and Warrants directly to the debtor and control of this will be maintained through effective contract management.
- 70. Neither the Revenues & Benefits Service nor Parking Services have attempted professional pre-legal debt collection before, and are therefore unsure about the volume of cases that will be involved. Payment for this service will be a percentage of the debt collected, the quoted rates being 10-15%. Collecting the debt by this method means that court costs can be avoided, and it is anticipated that the overall cost of collecting this portion of debt will actually drop. The situation will be monitored by the two business units and early debt collection will only be expanded if it proves cost effective.

### **Legal implications**

- 71. See the concurrent from the Strategic Director of Communities, Law & Governance.



## **Consultation**

72. Officers from Revenues & Benefits and from Parking Services have worked together on this procurement. Additionally, other sections that might have an interest in using the framework were consulted and some additional wording has been placed into the specification to cover their needs. Potential users of the framework were also asked to submit detailed descriptions of any additional services they wanted included in the specification. None were submitted, and it is assumed that the services specified cover all the requirements of those who want to use the framework.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Communities, Law & Governance**

73. This report seeks the approval of the Cabinet to the award of a place in the Bailiffs Framework Agreement for a period of four years to the five suppliers named in the closed report.

74. The nature of this service means that it is a 'part B' service under the Public Contract Regulations 2006, so there is no requirement to tender these contracts in accordance with the full application of those regulations. It is however necessary for the council to tender the contract in accordance with its own Contract Standing Orders (CSOs), and to comply with the general EU principles regarding transparency and non-discrimination.

75. On the basis of the information contained in this report, it is confirmed that this procurement was carried out in accordance with CSOs and those general EU principles. Paragraphs 27 to 43 of this report confirm that the procurement followed the EU Restricted Procedure. The tenders were evaluated on quality and price, with a weighted model 70:30 (quality: price) being applied and the best value tenders are recommended for acceptance. A contract award notice will need to be posted in the OJEU within 48 days of the award of the contract.

76. The nature and value of the contracts to be awarded (noted in paragraph 6) are such that they are treated as Strategic Procurements under CSOs and therefore CSO 4.5.2 (i) requires the Cabinet to authorise the award of this contract, after taking advice from the Corporate Contracts Review Board. CCRB considered the report on 24 February 2011.

77. The nature and value of the contracts also mean that they qualify as a Key Decision. The Council's Constitution provides that a decision taker may only make a Key Decision in accordance with the requirements of the Executive Procedure Rules, Access to Information Rules and the Protocol for Key Decisions set out in the Constitution. Those rules require that a Key Decision may not be taken unless the matter is on the Forward Plan.

78. CSO 2.3 provides that a contract may only be awarded if the expenditure has been included in approved revenue or capital estimates or has been otherwise approved by, or on behalf of the Council. Paragraphs 69 and 70 of this report confirm how the proposed contract will be funded.

### **Finance Director**

79. This report recommends the award of a place in the Bailiffs' Framework Agreement to five suppliers. This forms part of the programme to bring the Revenues and Benefits service back in house from 1 April 2011, which is anticipated to increase levels of income from Council Tax and NNDR to the Council. The report confirms that there will be no financial implications in terms of costs to the Council, as those incurred will be passed on directly to the debtors.

**Head of Procurement**

80. This report is seeking approval from Cabinet for the award of the Bailiffs Framework Agreement to five providers for a period of four years.
81. The report advises that the framework has been set up to cover the requirements of the Revenues & Benefits Service and Parking Services, and confirms that the specification has been written in such a way that other sections of the council will be able to call off debt collection services if required. This enables a cross section of departments to benefit from the use of the framework.
82. The report advises that the tender process followed was carried out in line with the requirement of the Council's contract standing orders (CSO's) and procurement guidelines.
83. The tenders were evaluated using a weighted model 70:30, in favour of quality. Reasons for the emphasis on quality were outlined in the Gateway 1.
84. The report confirms that the evaluation methodology communicated to the tenderers (appended to the report) was followed and the five top scoring providers have been recommended.
85. The report outlines how the framework will operate and be managed. A cross departmental management board will be set up to ensure that the requirements of all participating departments are met. Individual contracts drawn down from the framework will be monitored and performance information will be used ongoing to inform work allocation decisions during the life of the framework.

**Strategic Director of Environment**

86. The Strategic Director of Environment confirms that officers from the Parking Services have been fully involved in the process to date and are supportive of the proposed outcome. The Parking Management have been consulted on the content of this report and the report was also agreed by the Environment DCRB.

**BACKGROUND DOCUMENTS**

<b>Background documents</b>	<b>Held At</b>	<b>Contact</b>
Gateway 1 – Bailiff services - Final	Client Services	P. A. Johnson 0207 525 1518
Pre-Qualification Questionnaire v2.1	Client Services	P. A. Johnson 0207 525 1518
Instructions for Completion of PQQ v2.1	Client Services	P. A. Johnson 0207 525 1518
Specification v2.2	Client Services	P. A. Johnson 0207 525 1518
Assessment Methodology v2.1	Client Services	P. A. Johnson 0207 525 1518
Framework Agreement v5	Client Services	P. A. Johnson 0207 525 1518
Invitation to Tender v1.1	Client Services	P. A. Johnson 0207 525 1518

**APPENDICES**

<b>Appendix number</b>	<b>Title of appendix</b>
1	Key Contract Risks
2	Extract from PQQ Evaluation Methodology
3	Tender Evaluation Methodology
4	Framework call-off arrangements

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance, Resources and Community Safety		
<b>Lead Officer</b>	Duncan Whitfield, Finance Director		
<b>Report Author</b>	P. A. Johnson, Project Manager (Bailiff Procurement)		
<b>Version</b>	Final		
<b>Dated</b>	10/03/2011		
<b>Key Decision?</b>	Yes	<b>If yes, date appeared on forward plan</b>	10/06/2010
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>	
Strategic Director of Communities, Law & Governance	Yes	Yes	
Finance Director	Yes	Yes	
Head of Procurement	Yes	Yes	
<b>Contract Review Boards</b>			
Departmental Contract Review Boards	Yes	Yes	
Corporate Contract Review Board	Yes	Yes	
<b>Cabinet Member</b>	Yes	Yes	
<b>Date final report sent to Constitutional Support Services</b>			10.03.2011

## APPENDIX 1 – Key Contract Risks

Risk	Mitigation
<p>That individual bailiff staff will fraudulently retain money paid over to them that rightly belongs to the Council.</p>	<ol style="list-style-type: none"> <li>1. The framework agreement contains a clause specifically making the supplier liable for safeguarding the Council against fraud.</li> <li>2. The framework agreement contains a requirement for the supplier to hold Professional Indemnity Insurance to cover any mishandling of money.</li> <li>3. The specification requires that any supplier staff who collect money on behalf of the Council should use numbered receipt books.</li> <li>4. As part of their tenders, the bidders were required to detail their fraud prevention and detection processes.</li> </ol>
<p>That individual bailiffs will damage the reputation of the Council by acting in an unsavoury or illegal manner with debtors.</p>	<ol style="list-style-type: none"> <li>1. The specification includes a Code of Conduct which the supplier staff are expected to follow.</li> <li>2. As part of their tenders, the bidders were required to detail their disciplinary procedures, which are designed to prevent this kind of activity.</li> <li>3. Bidders were also required to detail their Complaints procedures.</li> </ol>
<p>That suppliers will only collect sufficient money to cover their costs, thus depriving the Council of income.</p>	<ol style="list-style-type: none"> <li>1. The specification requires that any partial payments shall be applied 50/50 between the supplier and the Council.</li> <li>2. The specification requires that goods shall only be removed where a substantial part of the debt will be cleared by doing so.</li> <li>3. The specification states that the Nominated Officer will review any case where debt still remains after goods have been sold.</li> </ol>
<p>That suppliers will not perform to their best ability and will therefore deprive the Council of income that could have been recovered.</p>	<ol style="list-style-type: none"> <li>1. The specification outlines a method of work allocation that relies heavily on collection rate statistics. This is to encourage competition in order to obtain maximum possible debt collection.</li> <li>2. The specification includes KPIs , the first of which gives target collection rates. The Framework Management Board will monitor performance against the KPIs.</li> <li>3. As part of their tenders, the bidders were required to explain in great detail how they managed the performance of their staff.</li> <li>4. Bidders were also required to put forward ideas and innovations on the subject of how they could help the Council to increase collection rates.</li> </ol>

## APPENDIX 2 – Extract from PQQ Evaluation Methodology

The type of assessment for each section is given in the following table, in the order in which they will be assessed:

Section	Area of Assessment	Method
H	Technical capacity and capability	See 2.1
B	Economic and financial standing	Pass/Fail
A	Business probity / ethical standing	Pass/Fail
D	Health and Safety	Minimum score
C	Equalities and diversity	Pass/Fail
G	Quality assurance	Simple score
F	Environmental considerations	Simple score

If it is necessary to narrow the number of successful companies down to twelve for the shortlist, the following weightings will apply to the scores achieved in the chosen sections:

Section	Area of Assessment	Weighting
H	Technical capacity and capability	3
D	Health and Safety	2
G	Quality assurance	3
F	Environmental considerations	1

### 2.1 Assessment of Technical capacity and capability (Section H)

The company needs to satisfy part 10 and gain a minimum of 75% (i.e. 33 points) on parts 1 to 9 to pass this section of the PQQ and go on to the next evaluation.

The following information should be available for assessment for the Technical section.

Part	PQQ #	Area of assessment	Points available
1	H1.0	Assessment of potential employees.	5
2	H2.0	CRB checking.	5
3	H3.1	Supervision and management of staff bailiffs	5
4	H3.2	Supervision and management of self-employed bailiffs. (If no self-employed bailiffs, this will get the same mark as 3.1)	5
5	H4.0	County Court certificates and driver's licences.	5
6	H5.0	Adequacy of staffing levels - total	5
7	H5.0 E1.2	Adequacy of staffing levels – against current contracts shown in question E1.2.	5
8	H6.0 H6.1	Commission and incentives	5
9	H7.0	Legislative Changes, new technology and best practice.	5
10	H8.0	Required experience.	Pass/Fail

Apart from part 10, each part of the assessment will be given a mark from 0 to 5, as shown in the chart below. Part 7 also uses information from question E1.2:

Assessment	Score	Basis of score
No Submission	0 points	No submission was made
Very Poor	1 points	Unacceptable, an unsatisfactory response
Poor	2 points	Only some of the requirements met
Acceptable	3 points	A satisfactory response, which meets the basic requirements.
Good	4 points	Good response, which meets all requirements and gives some confidence
Excellent	5 points	Outstanding response, exceeds expectations, adds value, full confidence and includes innovation

## 2.2 Health and Safety (Section D)

The following information should be available for assessment for Health and Safety. Each part represents a specific percentage of the overall assessment, as shown in the table. The company needs to show a compliance with the requirements of at least **75%** to pass this section:

Part	PQQ #	Area of assessment	%age
1	D2.0	Statement of General Policy on Health and Safety ( <b>signed</b> by senior director/partner and <b>dated</b> )	5%
2	D2.0	Organisation for carrying out the Policy (i.e. division of duties, delegation of responsibilities, structure chart)	10%
3	D2.0	Arrangements for carrying out the Policy (this should include an Index plus a selection of Safety Procedures which address specific hazards related to the work)	15%
4	D3.0	Consultation (how do you consult with your workforce, i.e. safety committees/forums)	5%
5	D4.0	Health and Safety Training (i.e. records of training provided to managers and employees, i.e. training matrix and examples of training certificates)	10%
6	D5.1/ D5.2	Details of arrangements for receiving Health & Safety advice (i.e. safety professionals or consultants)	5%
7	D6.0	Accident Reporting Procedure	5%
8	D6.1	Accident Statistics for last three years	5%
9	D7.0	Procedures/protocols for dealing with or diffusing violence and aggression.	10%
10	D8.0	Risk Assessment Procedure	5%
11	D8.1	Three <b>completed</b> Risk Assessments relevant to this contract (need to provide and pass all three to achieve 15%)	15%
12	D9.0	Enforcement Notices (i.e. Improvement Notices, Prohibition Notices or Prosecutions in last five years)	5%
13	D10.0	Ensuring self-employed bailiffs know the processes/procedures.	5%

### 2.3 Quality Assurance (Section G)

This section will be assessed on the information about your quality management requested in question G1.0. Your response to this question will be marked between 0 and 5 as follows:

Assessment	Score	Basis of score
No Submission	0 points	No submission was made
Very Poor	1 points	Unacceptable, an unsatisfactory response
Poor	2 points	Only some of the requirements met
Acceptable	3 points	A satisfactory response, which meets the basic requirements.
Good	4 points	Good response, which meets all requirements and gives some confidence
Excellent	5 points	Outstanding response, exceeds expectations, adds value, full confidence and includes innovation

This result will be given a weighting on 3 if used to narrow the number invited to tender.

### 2.4 Environmental Considerations (Section F)

This section will be assessed on the information about your environmental management requested in questions F1.0 to F3.0. Your response to each of these questions will be marked between 0 and 5 as follows:

Assessment	Score	Basis of score
No Submission	0 points	No submission was made
Very Poor	1 points	Unacceptable, an unsatisfactory response
Poor	2 points	Only some of the requirements met
Acceptable	3 points	A satisfactory response, which meets the basic requirements.
Good	4 points	Good response, which meets all requirements and gives some confidence
Excellent	5 points	Outstanding response, exceeds expectations, adds value, full confidence and includes innovation

This means there will be a maximum available result of 15 for this section. This result will be given a weighting of 1 if used to narrow the number invited to tender.

## APPENDIX 3 – Tender Evaluation Methodology

### 1. Assessment Method

#### Weightings

Submissions will be assessed on the basis of Quality and Price. A weighted model will be applied, with Quality forming 70% of the assessment and Price forming 30%.

#### Thresholds

To be considered, bidders are required to achieve at least 42 points from the 70 points available for the quality part of the evaluation.

The five bidders who score the highest points overall will be admitted to the framework. If fewer than five bidders achieve the minimum quality score given above the framework will proceed with the number of bidders that pass.

If there is a tie to get into the top five places, the ranking of the pricing scores will be used to decide it.

### 2. Quality Assessment

#### Method Statements

Each Method Statement has been weighted according to its importance to the Council's running of the contract. Responses to each of the Method Statements, as set out in the guidance notes, will be assessed against the Council's requirements.

#### Scoring

Each sub-criterion will be marked out of 5 and the score multiplied by the weight shown under Evaluation Criteria below. The following table will be used as a basis for scoring the quality part of the Tender:

Assessment	Score	Basis of score
No Submission	0 points	No submission was made
Very Poor	1 points	Unacceptable, an unsatisfactory response
Poor	2 points	Only some of the requirements met
Acceptable	3 points	A satisfactory response, which meets the basic requirements.
Good	4 points	Good response, which meets all requirements and gives some confidence
Excellent	5 points	Outstanding response, exceeds expectations, adds value, full confidence and includes innovation



### Evaluation Criteria

The following table shows the weightings to be used for the quality evaluation for each sub-criterion, and the total for each Method Statement:

MS	Method Statement	Sub criteria	Weight	
1	Performance management	Training & development	4	18
		Disciplinary procedures	4	
		Rewards & Incentive schemes	3	
		Office procedures	3	
		Managing performance	4	
2	Security management	Building security	2	12
		Financial security, including payments	2	
		Data security & security breaches	2	
		Audit requirements and procedures	2	
		Prevention and detection of fraud	2	
		Business Continuity / Disaster Recovery	2	
3	Complaints	Reach Council's Complaints standards	1	5
		Contractor's Complaints Policy	2	
		Interface with Council Procedures	1	
		Monitoring & Analysis	1	
4	Collection rates	Additional Activities	5	20
		Tracing Procedures	5	
		Initiatives, Ideas and Improvements	10	
5	Contract management	Public telephone lines	1	15
		Transfer of cases and payments	1	
		Managing the Council's money	2	
		Certificated bailiffs	1	
		Client website	2	
		Supporting IT systems	2	
		Client management team	2	
		Supplied letters, notices & other docs	2	
		Supplied reports	2	
		TOTAL		70

### 3. Clarification

The evaluation mark will be based on the bidder's written tender, but this will be clarified (and its veracity and accuracy verified) by the following methods:

- By responses to clarification questions (if any)
- Through a clarification meeting
- Written feedback from referees

The initial evaluation will be based upon the bidders written tender, however there is a possibility that during the assessment process there may arise uncertainties in what bidders have stated in their submissions. The evaluation process has a built-in opportunity to attend to uncertainties, through a process of clarification. These will be identified by evaluators as they are assessing the submission.

Clarification requests will be dispatched in written form in a template (which will be sent to all evaluators). Bidders should return the completed template as soon as possible, and certainly before the date they are given for the presentation mentioned in Method Statement 4. The presentation will be followed by a 30 minute meeting to allow the evaluators to follow up on the clarifications and to ask any further questions arising from them or from the presentation itself.

There needs to be a careful distinction between clarifications and omissions, and the process is about clarifying ambiguities or uncertain commitments and not about providing an opportunity to address something that has not been addressed in the written submission. This would be unfair to the other bidders. The process is primarily about getting certainty of commitments, e.g. where a potential conflict has arisen between what is apparently being proposed and what is required in the specification.

The evaluators will have assigned initial marks based upon their review of the bidder's response document. They will then make a final evaluation, taking into account any clarifications ascertained from the method above, and reach a final score. The scoring will be checked for consistency and moderated where required. Overall scores will be calculated to ascertain the bidder's overall percentage score.

#### **4. Price Assessment**

##### Scoring

The Evaluation Panel will assess the price submissions for this framework. Each of the service areas given in the Pricing Schedule will be evaluated separately as described below.

##### 4.1

The following method will be applied to those items in the pricing schedule that lend themselves to direct comparison (i.e. items 3.1.1, 3.1.2, 4.1, 4.2, 4.3 and 5):

The lowest rate will be given a maximum score of 5 and the higher rates will receive a score that is relative to the lowest using the following formula:

$$(\text{lowest rate}/\text{higher rate}) \times 5$$

For example, if the lowest rate is 25 and a higher rate is 40, the calculation will be as follows:

$$25/40 = 0.625$$

$$0.625 \times 5 = 3.125$$

This would be rounded to 2 places as 3.13

##### 4.2

For the adjustment to the debt collection rates (item 3.2), it will first be necessary to calculate a single rate to compare. This will be done by assuming one of each of the items quoted is to be added to the basic service given in section 13 of the Specification. The extra percentages will be added to give a total percentage for the test requirement. The total percentages will then be scored using the method in 4.1 above.

## 4.3

For the lists of reasonable cost items at 1.2 (Ctax and NNDR), 1.3 and 2.2, each item on the list will be compared using the formula at 4.1 above. The marks will then be added up and divided by the number of items in the list to give an average.

Where a bidder has included a charge under 'Other' that is not included by any other bidder, and therefore not capable of comparison, it will be allocated a nominal mark of 2.

### Evaluation Criteria

As with the quality part of the evaluation, pricing scores will be weighted to achieve the final result. The following table shows the weightings that apply to the relevant Services and Debt Types of the Pricing Schedule:

#	Service	Para	Debt type	Weight
1	Liability Orders	1.2	Council Tax – Reasonable costs	1
		1.2	NNDR – Reasonable costs	1
		1.3	BID Levy	1
2	Warrants of Execution	2.2	Penalty Charge Notices	3
3	Debt Collection	3.1.1	Revenues and Benefits	5
		3.1.2	Penalty Charge Notices	5
		3.2	Other	2
4	Arrest Warrants	4.1	Bail	3
		4.2	No Bail	3
		4.3	Committal	3
5	Tracing	5	All	3
			TOTAL	30

### **Method Statement Questions - Southwark Council Bailiff Framework**

Bidders are asked to complete 5 Method Statements. Each Method Statement question contains a number of bullet points which are areas that should appear within the response, but the response is expected to be wider and more comprehensive than just these points.

For Method Statements 3 and 5, bidders are asked to supply additional material to support their answer. These additional items will be marked as separate sub-criteria and appear in the table of evaluation criteria at 3 above. For Method Statement 4, bidders are asked to prepare a 15 minute presentation that may be used to add depth to their answer. It will not be marked separately and should, therefore, not introduce matter that is not referred to in the written reply.

To assist the evaluation process, each Method Statement should be included in a separate section of the Tender and clearly labelled with the number and title. Written material should be in Arial 11 point and each page numbered. There should be no more than 30 sides of A4 in total as a response to the Method Statement questions, but bidders may allocate this allowance as they please across the questions. This limit does not include the additional material requested for Method Statements 3 and 5, which should be placed in appendices B to D, suitably labelled. The Pricing Schedule should be in Appendix A.

### **Method Statement 1 – Performance Management**

Describe how this contract will be managed with regard to performance, covering the following areas:

- Training and development
- Disciplinary procedures
- Rewards and incentive schemes
- Office procedures
- Managing performance

### **Method Statement 2 – Security Management**

Describe how the following security matters will be dealt with on this contract:

- Keeping contractor buildings secure
- Securing payments and financial transactions
- Securing data and dealing with breaches of data security
- Audit requirements and procedures
- Prevention and detection of fraud
- Business Continuity and Disaster Recovery

### **Method Statement 3 – Complaints**

Describe how you will manage any complaints arising from this contract, to include the following areas:

- How you are going to ensure your complaints policy reaches the Council's complaint standards or better. (A copy of the Council's Corporate Complaints Policy can be obtained from our website [www.southwark.gov.uk](http://www.southwark.gov.uk) .)
- How you anticipate the interface between your procedure and the Council's procedure will work. For example, what would happen if a complaint was made direct to the Council about the activities of a bailiff employed by your company?
- How you monitor the outcomes of complaints and what trend analysis occurs.

Please also supply the following item:

1. A copy of your Complaints Policy

### **Method Statement 4 – Collection Rates**

Describe how you will help the Council to improve and maximise the collection rates of debts. Areas to consider in this reply are:

- What additional activities could be undertaken between the final standard actions given in the specification (e.g. final warning letter) and the case being returned as unsuccessful.
- What procedures and systems you would utilise to ensure debtors are successfully traced.

- Any initiatives, ideas or improvements that may improve collection rates. (Remember to describe whether these are specific to a single area, e.g. PCNs, or applicable to all types of debt.)

The following will also be required as part of this Method Statement:

1. A 15 minute presentation to demonstrate the initiatives, ideas or improvements suggested under the third bullet point above. N.B. this presentation will act as verification of the written submission. Please do not introduce any ideas into the presentation that are not also in the written submission.

### **Method Statement 5 – Contract Management**

Describe the contract management arrangements that will be in place. Include, as a minimum:

- Details of public telephone lines available for enquiries; hours of operation, out of hours and call back options, type of line (e.g. local rate), number of lines.
- Details of how you will transfer cases and payments to and from the Council.
- Details of how you will manage the Council's money while it is in your possession.
- Details of how you will ensure that a certificated bailiff is present when levying distress.
- Details of any client website facilities the Council may use for accessing information, updating information, contacting contractor staff.
- Details of all IT systems that will be used to support the contract, e.g. customer management/telephone answering systems, financial systems, etc.
- Details of the client management team and their availability to the Council. Including career and qualification details of the key staff that will be working on this contract. At the minimum, this should be for the Contract Manager and the Director Client Relationship Manager.

Please also supply the following items:

1. Samples of all standard letters, notices and other documents that will be used to provide the services under this contract. N.B. Southwark Council reserve the right to require alterations to any of these documents before they are used, at no cost to the Council.
2. Samples of the standard reports that will be sent to Southwark Council as part of reporting performance, debt and stage analysis and any other that you currently provide regularly to Clients.

At a minimum, these should include the reports given in Appendix 4 of the Specification, or the nearest equivalent.

N.B. Southwark Council reserve the right to require alterations and/or additions to any of these reports prior to the start of the contract, at no cost to the Council.

## Pricing Schedule - Southwark Council Bailiff Framework

Bidders are asked to complete all sections of the schedule of rates below. For clarity, this has been divided up by the type of service required as shown in the specification. Please note that the prices quoted within this pricing schedule will remain in force throughout the four years of the framework agreement, apart from where statutory costs are increased by amendments to the legislation.

The Council anticipates that the execution of Liability Orders, whether for Council Tax, Business Rates or BID Levy, will be charge free to itself, except for the payment of VAT on the fees charged to the debtor. The Council also anticipates that Warrants of Execution will be processed charge free to itself. In both these cases, it is expected that the contractor will obtain their fee directly from the debtor.

### 1. Liability Orders

#### 1.1. Statutory Charges (Council Tax and NNDR)

Certain of the charges applicable to the recovery of Council Tax and Business Rate debt are defined by law under the following two pieces of legislation:

- The Council Tax (Administration and Enforcement) Regulations 1992
- The Non-Domestic Rating (Collection and Enforcement) Regulations 1989

These charges are shown in the following table and will be charged as shown:

Description	CTax	NNDR
First visit to property without execution	£24.50	£24.50
Second visit to property without execution	£18.00	£18.00
Close possession – per day	£15.00	£15.00
Walking Possession	£12.00	£12.00

#### 1.2. Reasonable Costs (Council Tax and NNDR)

The contractor is also allowed to charge reasonable costs for other activities involved in the recovery of Council Tax and Business Rates. Please enter in the table below the fees you would like to charge to the debtor for the items indicated. Please note that the costs quoted should be totally inclusive, e.g. the cost for van calls should include such things as waiting time, but should not include VAT.

	Description	CTax	NNDR
1.2.1	Levy fees (order executed)		
	Charges for van calls:		
1.2.2	a) Goods not removed		
1.2.3	b) Goods removed and stored		
1.2.4	Charges for goods in storage, per day (goods sold)		
1.2.5	Charges for goods in storage, per day (goods returned to debtor)		
	Charges for:		
1.2.6	a) Credit Card		
1.2.7	b) Debit Card		
1.2.8	Any other charges to debtor (please specify)		

### 1.3. BID Levy

There are no statutory charges for Liability Orders related to the recovery of BID Levy debt. Please enter in the table below the fees you would like to charge to the debtor for the items indicated. Please note that the costs quoted should be totally inclusive, e.g. the cost for van calls should include such things as waiting time, but should not include VAT.

	Description	BID Levy
1.3.1	First visit to property without execution	
1.3.2	Second visit to property without execution	
1.3.3	Close possession – per day	
1.3.4	Walking Possession fees	
1.3.5	Levy fees (order executed)	
	Charges for van calls:	
1.3.6	a) Goods not removed	
1.3.7	b) Goods removed and stored	
1.3.8	Charges for goods in storage, per day (goods sold)	
1.3.9	Charges for goods in storage, per day (goods returned to debtor)	
	Charges for:	
1.3.10	a) Credit Card	
1.3.11	b) Debit Card	
1.3.12	Any other charges to debtor (please specify)	

## 2. Warrants of Execution

### 2.1. Statutory Charges

The level of charges that are applicable for certain activities involved in the recovery of road traffic debt are defined in the Enforcement of Road Traffic Debts Order 1993. It is stated that for visits, the balance that can be charged is based on a percentage of the outstanding sum due.

The table below contains the charges that are to be used in Southwark. It should be noted that VAT cannot be charged on the outstanding penalty charge.

Activity	PCN £95	PCN £125	PCN £155	PCN £185
Preparing and sending a letter of intended action	£11.20	£11.20	£11.20	£11.20
1 <sup>st</sup> Visit	£29.97	£38.14	£46.54	£54.94
2 <sup>nd</sup> Visit	£38.06	£48.81	£56.70	£58.81
3 <sup>rd</sup> Visit	£48.72	£57.27	£59.82	£62.05
Attendance to Remove	£141	£141	£141	£141

### 2.2. Reasonable Costs

The contractor is also allowed to charge reasonable costs for other activities involved in the recovery of road traffic debt. Please enter in the table below the fees you would like to charge to the debtor for the items indicated. Please note that the costs quoted should be totally inclusive and that VAT should also be included. Also note that all contractors executing Warrants for PCN debt will be expected to have commensurate charges, and a cap of £500 will be imposed.

	<b>Activity</b>	<b>Charge</b>
2.2.1	Vehicle Clamping	
2.2.2	Vehicle/Goods Removal	
2.2.3	Aborted Removal	
2.2.4	Charges for:	
	a) Debit Card	
	b) Credit Card	
	c) Dishonoured Payment	
2.2.5	Charges for goods in storage, per day	
2.2.6	Any other charges to debtor (please specify)	

### 3. Debt Collection

#### 3.1. Services as Specified

Please read Sections 13 and 14 in the specification and quote for the debt collection services as specified. This quote should be in the form of a percentage of debt recovered.

	<b>Service</b>	<b>%age</b>
3.1.1	Debt Collection – Revenues and Benefits (section 13)	
3.1.2	Debt Collection – Penalty Charge Notices (section 14)	

#### 3.2. Service Adjustments

Because other parts of the Council may not wish to use the debt collection service exactly as specified in sections 13 or 14, you are requested to give itemised charges for the activities within the debt collection service, to be applied as increases or decreases the cost of the service as specified in section 13. If you are prepared to do all forms of debt collection for the same percentage rate, please put zero in each of the rows.

	<b>Service</b>	<b>%age</b>
3.2.1	Initial letter	
3.2.2	2 <sup>nd</sup> and any subsequent letter	
3.2.3	Per telephone call or text message	
3.2.4	Per visit	
3.2.5	Verifying address or finding new address, as part of debt collection	
3.2.6	Arranging and monitoring a payment arrangement	
3.2.7	Any other charge (please specify)	



#### 4. Arrest Warrants

Please read sections 8 to 11 on Arrest Warrants and give your charges for executing these, as specified, in the following table. The charge should be per warrant.

	<b>Service</b>	<b>Cost</b>
4.1	Bail Warrant (section 9)	
4.2	No Bail Warrant (section 10)	
4.3	Committal Warrant (section 11)	

#### 5. Tracing

Various of the services specified have tracing activities included within them. In this section, you are asked to detail how you would charge for these activities as a stand-alone service, such as that required by Parking Services prior to the appointment of a new Parking Enforcement Contractor. The charge should be per batch of addresses allocated.

## Appendix 4 – Framework call-off arrangements

### 4.1 Allocation of Liability Orders

Allocation will be as follows:

- For each of the first three months, the five contractors will, as far as possible, be allocated an equal number of Liability Orders. These may be Council Tax, Business Rates, BID Levy or a combination of the three.
- By the end of the three months, the initial Liability Orders should have been returned to the Council. A first ranking of the contractors will then be made, based upon the collection rate on these orders. For the next three months the top two performers will each receive 40% of the orders allocated, the third performer will receive 20%, and the lowest two will receive none.
- Collection rate will be decided as follows:

$$\frac{[\text{Amount collected}] \times 100}{[\text{Debt available for collection}]}$$

- At the end of six months, all the initial Liability Orders should have been returned to the Council. A second ranking of all five contractors will be made, based upon the collection rates of all cases allocated in the first three months.
- The two lowest performers will become reserves and will be given guidance by the Nominated Officer as to where performance needs to be improved. Reserves will get a chance to change places in the ranking at the next six monthly review.
- The Revenues and Benefits section will re-evaluate performance every six months, and the rankings will be readjusted if necessary. The proportions allocated may also be adjusted to reflect volume of work and/or the gap between the performances, as may the number of contractors who are considered 'active' for the purposes of this work.
- In order to enable the reserves to be re-evaluated at the six monthly review, they will each be allocated a batch of Council Tax Liability Orders and Business Rates Liability Orders three months before the review. This will enable them to complete the batches before the review. The three active contractors will be allocated similar batches at the same time and all five contractors will be evaluated only on those batches.

### 4.2 Allocation of Warrants of Execution

Allocation will be as follows:

- Months 1-3 (Q1) – An equal number of warrants will be issued to all five bailiff companies during the first 3 months.
- Month 4 – Collection rates for warrants allocated in Month 1 will be compared and no warrants will be allocated to the two lowest performing contractors (B4 and B5).
- Collection rate will be decided as follows:

$$\frac{[\text{Amount collected}] \times 100}{[\text{Debt available for collection}]}$$

- Month 5 – Collection rates for warrants allocated in Q1 will be compared for remaining three contractors and the lowest performer (B3) will have their allocation of warrants reduced from 33% to 10%, the rest being spread equally between the other two.
- Month 6 – Collection rates for warrants allocated in Q1 will be compared for all five contractors. The top two performers will each receive 45% of the warrants allocated, the third performer will receive 10%, and the lowest two will receive none.
- Month 7 – Collection rates for warrants allocated in Q1 will be compared for all five contractors. The two lowest performers will become reserves and will be given guidance by the Nominated Officer as to where performance needs to be improved. They will also each be given a single batch of work to enable them to be evaluated at the next six-monthly review.
- Parking Services will re-evaluate performance every six months, and the rankings will be readjusted if necessary. All five contractors will be evaluated at this review, and it will only consider the single batch of work given to each of them immediately after the previous review.

#### **4.3 Allocation of Tracing and Arrest Warrant cases**

- The two contractors offering the lowest prices for the Service being used, as given in their Pricing Matrices, will be allocated work on a rotation basis.

#### **4.4 Allocation of Debt Collection cases**

- The three contractors offering the lowest prices for the Service, as given in their Pricing Matrices, will be allocated work on a rotation basis.
- If the collection rate for any of the active contractors falls below the Minimum Acceptable Collection Rate for the debt type being collected, they will cease to be active and the next cheapest contractor will take their place.

#### **4.5 Notes**

- 4.5.1. Because of the nature of the court process, the proportions given above in paragraphs 4.1 and 4.2 are unlikely to be precise. The aim will be to keep as close to these proportions as possible, especially over the longer term.
- 4.5.2. For Tracing and Debt Collection Services, each business unit will use its own rotation cycle when allocating cases. Over time this should balance out. It would be too unwieldy to attempt to rotate these Services across the whole Council.
- 4.5.3. In paragraphs 4.3 and 4. 4 above, if a number of contractors are offering the same price for a Service, and that is the lowest, then all of those contractors will be allocated work on a rotation basis, even if there are more than the number stated in the paragraph.
- 4.5.4. Although the above methods of allocating work allow for business units to use only a subset of the five contractors in the framework, it is entirely possible that any particular contractor may be 'active' with regard to one Service and passive or in reserve with regard to another. Consequently, although no level of work is guaranteed to any participant in the framework, it is possible that each of them may be able to obtain some work from the Council.

- 4.5.5. The arrangements detailed above have been designed to allow contractors to compete for particular types of work in a fair and appropriate manner, consistent with the needs of the business unit and the nature of the work involved.
- 4.5.6. A separate evaluation of performance exists at the level of the Framework Management Board. This is to allow for the suspension from the framework of any contractor that consistently fails to perform to the Key Performance Indicators. In practice, the most important KPIs will be measured by the above arrangements. However, it is essential that a method exists to suspend any contractor that achieves collection targets at the cost of the Council's reputation or any other unwise practice. Contractors suspended from the framework will be given the opportunity to demonstrate to the Framework Management Board that processes and procedures have been amended to eliminate the problem.

#### 4.6 Call-off Form

- 4.6.1. The following short form will be used by business units to call-off work, and will accompany the cases allocated to a Contractor:

<b>Call-off of Bailiff Services by Southwark Council</b>		
<b>Contracting Business Unit:</b>	<b>Contractor:</b>	
<b>Invoice Address:</b>		
<b>Nominated Officer:</b>	<b>Contract Manager:</b>	
<b>Signature:</b>	<b>Signature:</b>	
<b>Type of Service to be provided:</b>	<b>No of cases:</b>	<b>Total value of cases:</b>
<b>Details or Notes:</b>		
<b>Council Reference:</b>	<b>Start date:</b>	<b>Return Date:</b>

<b>Item No.</b> 15.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		13 Desenfans Road, SE21 7DN – Disposal of Freehold Interest	
<b>Wards affected:</b>		Village	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Cabinet Member for Finance, Resources and Community Safety	

### **FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, FINANCE, RESOURCES AND COMMUNITY SAFETY**

1. This report proposes the disposal of the council's freehold of a residential street property at 13 Desenfans Road in Dulwich Village, in line with the council policy agreed by the then Executive in 2009. The receipts from this property will be usable in the Housing Investment Programme to contribute towards the council's commitment to make every council home warm, dry and safe.
2. I am therefore asking that cabinet, after due consideration of the report outlined below, approve the following recommendations.

### **RECOMMENDATIONS**

That the Cabinet authorises

3. The Head of Property to dispose of the council's freehold interest in 13 Desenfans Road, SE21 (the "Property"), for a sum that equates to the best consideration that can reasonably be obtained.
4. That the Cabinet approves the earmarking of the capital receipt for the purposes of funding the Housing Investment Programme.

### **BACKGROUND INFORMATION**

5. On the 17 March 2009 the then Executive received a report from officers entitled 'Capital income generation for the Housing Investment Programme and Hidden Homes'. Amongst the recommendations of this report the Executive noted the funding gap to meet its investment needs for its housing stock, to deliver a Southwark Decent Homes Standard for all tenanted homes. Further to this the Executive noted the considerations for different funding options which were identified in the April 2008 Executive report (Southwark's Decent Homes Standard), and agreed the disposal of empty homes (voids) – in line with paragraphs 16-25 of the March 2009 report.
6. The property has been identified as suitable for disposal, as it meets the value requirements of the criteria set out in the 17 March 2009 Executive report
7. Executive further resolved on the 17 March 2010 'that 100% of the receipts generated

from the additional disposal of voids and land proposed by this report are used to fund both the housing investment programme to deliver Southwark's Decent Homes Standard and to deliver new housing through a Hidden Homes strategy and potentially some new build'.

8. In the case of 13 Desenfans Road, the property comprises an unoccupied two storey Edwardian semi-detached house. It is in a fair condition, internally and externally but would benefit from some updating of the kitchen and bathroom. The property is identified in red outline on the attached Ordnance Survey extract, at appendix 1.
9. The property is currently empty, and at risk of deterioration and being squatted.
10. The property is held in the Housing Revenue Account (HRA).
11. Authority to sell is delegated to the Head of Property in individual cases where the sale price is below a set council threshold. The sale price of this property will exceed this limit and Cabinet approval is therefore required.
12. The Property has been declared surplus to the council's requirements by the Director of Regeneration and Neighbourhoods.

#### **KEY ISSUES FOR CONSIDERATION**

13. In accordance with the principles and policy of good asset management laid down by government, together with local authority regulations, councils are required to dispose of surplus property assets subject to best consideration requirements. The sale of this property will comply with these requirements.
14. The property is currently being marketed through Spencer Kennedy who are a long established Dulwich based firm of estate agents. The property will be actively marketed for a minimum of twenty eight days before any bids will be considered by the council. Depending on the level of interest informal tender may be used to identify the highest bidder. However, if the Head of Property considers that another method of sale will yield a higher capital receipt, then he may revert to an alternative means of sale.
15. The sale of the property to owner occupiers, developers and/or investors should ensure that it is quickly brought back into beneficial use.
16. This report recommends that the receipt from the sale of the property be earmarked for the Housing Investment Programme.

#### **Policy implications**

17. The disposal of this property will generate a substantial capital receipt, which will be used to provide capital funding in support of the council's key priorities. This includes the provision, refurbishment and redevelopment of affordable housing. This assists the council in meeting its commitment to regeneration and sustainability in housing as demonstrated through the 2009-2016 Southwark Housing Strategy.
18. The disposal of this property is consistent with the recommendations contained within the report considered by Executive on the 17 March 2009 entitled 'Capital Income Generation

for the Housing Investment Programme and Hidden Homes'

### **Effect of proposed changes on those affected**

19. The sale of properties within the HRA stock will have a negative impact on the number of Council properties available to let. However, this will be offset by gains through the Hidden Homes programme and investment to retained stock, especially where decent homes have not yet been delivered.
20. Increased investment into Southwark's stock to provide warm, dry and safe homes will have a positive impact on disadvantaged and minority communities, who are statistically more likely to be council tenants than the general population as a whole.

### **Community impact statement**

21. As this individual property sale is considered to be non-contentious, consultation is thought not to be appropriate.

### **Resource implications**

22. This report recommends the disposal of the above mentioned property to the highest bid reasonably obtainable on the open market. The property has been declared surplus to the council housing requirement.
23. There will be no loss of rental income as the property is void currently. There are no recurring costs currently.
24. As this property is being disposed of under the void strategy, set out in the report to Executive on 17 March 2009, the impact of loss of rental potential and on subsidy has been considered within the cumulative impact on the Housing Revenue Account of this strategy.
25. Disposals expenditure would include reasonable incidental management and legal charges which would be reimbursed from receipts, as well as sales and marketing costs as a percentage of the value of the receipt which is standard.
26. There are no other risks or costs involved.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director of Communities, Law & Governance**

27. As the property falls within the council's housing portfolio, the disposal can only proceed in accordance with Section 32 of the Housing Act 1985 for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required.
28. A number of general consents have been issued in the General Housing consents 005. Consent A5.1.1 of the general consent for the disposal of Part II dwelling-houses states that a local authority may, subject to the provisions of that consent, dispose of one vacant house or vacant flat or vacant converted house to any individual for a consideration equal to its market value, provided that the purchaser (alone or with others) has not, under the consent in the paragraph A5.1.1 acquired another dwelling-house from the authority

previously in the same financial year.

29. The report confirms that the property is vacant. The Head of Property will need to ensure that the disposal price is equal to its market value.
30. In order to comply with Consent A5.1.1 the council will also need to ensure that that purchaser confirms in the agreement for sale that has not (alone or with others) purchased another property from the Council in the same financial year.
31. The report indicates in paragraph 12 that the property has been declared surplus to the council's requirements by the Director of Regeneration and Neighbourhoods.
32. Cabinet may proceed with the approval of the recommendation.

### Finance Director

33. The Finance Director supports the disposal of this property and notes that the capital receipt is to be earmarked for the Housing Investment Programme. The impact of this disposal on the Housing Revenue Account has been considered as part of the overall void strategy impact assessment.

### BACKGROUND DOCUMENTS

Background Papers	Held	Contact
13 Desenfans Road, SE221	Development Team Property Division, 160 Tooley Street, SE1 2QH	Paul Davies on 020 7525 5529

### APPENDICES

Number	Title
Appendix 1	OS plans, indicating the property - highlighted in red



**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Richard Livingstone, Cabinet Member for Finance, Resources and Community Safety	
<b>Lead Officer</b>	Stephen Platts, (Acting) Director of Regeneration and Neighbourhoods	
<b>Report Author</b>	Paul Davies, Principal Surveyor	
<b>Version</b>	Final	
<b>Dated</b>	9 March 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Date final report sent to Constitutional Support Services</b>	9 March 2011	

# Draft pdf source

TITLE.

13 Desenfans Road, SE21 7DN.

Appendix 1



DRAWING No.

LBS\_2557

DRAWN BY.

MMANKTELOW  
Property Division

DATE.

7/2/2011

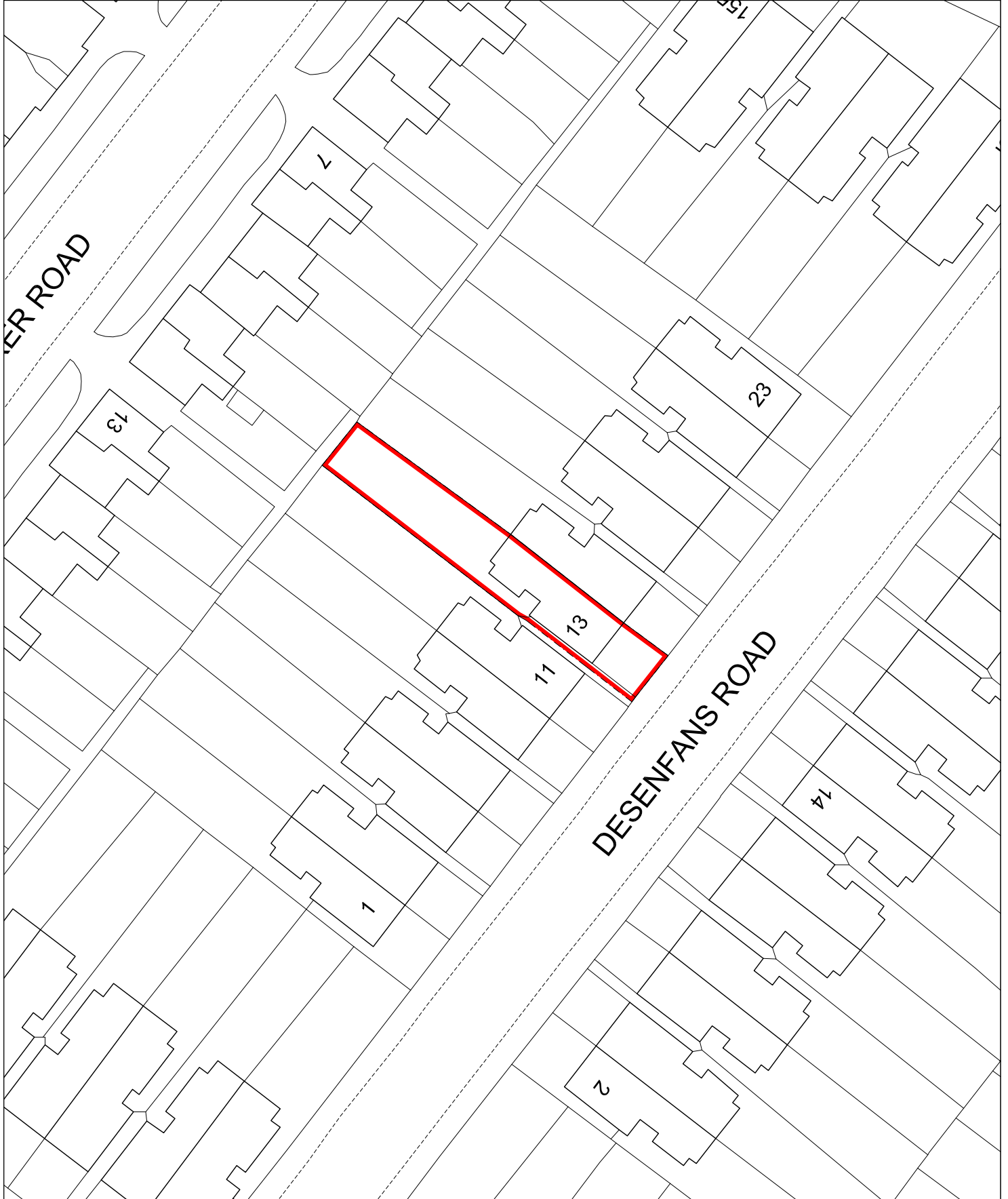
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<b>Item No.</b> 16.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting name:</b> Cabinet
<b>Report title:</b>		Site of 525-539 Old Kent Road SE1 5EW	
<b>Ward or groups affected:</b>		South Bermondsey	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Cabinet Member for Finance, Resources and Community Safety	

### **FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, FINANCE, RESOURCES AND COMMUNITY SAFETY**

1. This report asks Cabinet to agree to the disposal of its freehold interest of the site of the old Esso petrol station on the Old Kent Road to the Muslim Association of Nigeria so that they can construct a new mosque, replacing their current premises further west along the Old Kent Road.
2. The site is currently overgrown and an eyesore. The sale of this land will generate a significant capital receipt for the authority. It would also allow the Muslim Association of Nigeria to move from their current premises that creates some significant pressure on car parking on the neighbouring housing estate.
3. As cabinet member, I am asking that cabinet, after due consideration of the report outlined below, approve the following recommendations.

### **RECOMMENDATIONS**

That Cabinet agrees:

4. The council dispose of its freehold interest in the Site known as 525-539 Old Kent Road SE1 5EW (“the Site”) to the Muslim Association of Nigeria (UK) (“the Association”) for the consideration reported in the closed version of this report, subject to the Association obtaining a satisfactory planning consent to construct premises for religious worship purposes.
5. To note the agreement between the council and Esso Petroleum in relation to the disposal of the Site and the division of the proceeds of sale as set out in paragraphs 10 and 11 of this report.
6. To delegate authority to the Head of Property to agree the detailed terms and appropriate mechanics to effect the transaction.

### **BACKGROUND INFORMATION**

7. The site is shown edged red on the plan at Appendix A. It comprises an area of 1,740m<sup>2</sup> or thereabouts. It is vacant land fronting the Old Kent Road at its junction with Marlborough Close and is opposite a retail park that includes Comet, Halfords and McDonalds. At the turn of the twentieth century, the site accommodated public baths but these were demolished between the First and Second World Wars. The land remained unused until the early 1960s when a

petrol filling station was constructed thereon. This use continued until 2008 when the station was demolished and the land has been vacant since.

8. The council holds the freehold interest of the site. The interest is however subject to a lease in favour of Esso Petroleum. That lease does not expire until 2061 and has no provision for early termination. The rent payable is fixed until expiry.
9. The Muslim Association of Nigeria (UK) currently have premises further north at 365 Old Kent Road. This is the former Duke of Kent Public House. This provides inadequate capacity at times resulting in worshippers being accommodated in the street. This is unsatisfactory for not only the worshippers concerned but for neighbouring occupiers too. Should the Association acquire and provide new worship premises on the subject site they will close the existing premises and provide a wider range of facilities and services from the new property.

### **KEY ISSUES FOR CONSIDERATION**

10. Esso no longer consider the site a viable trading option and the length and terms of their lease limits the value of the site to them. Likewise, the existence of the lease limits the value of the site to the council. Therefore, for both parties to maximise the value of their interests it was agreed that the site would be marketed on the basis of the sale of the freehold with vacant possession and if a sale resulted the consideration would be divided equally. Esso and the council will ultimately merge their interests enabling both to share in the 'marriage value' arising. See paragraph 16 of the closed report.
11. Having reached agreement in principle regarding the division of proceeds Esso marketed the site by way of an informal tender. The result of the tender exercise is set out in paragraph 9 of the closed report. Having analysed the bids Esso and the council agree the bid from The Muslim Association of Nigeria (UK) best satisfies the parties' aspirations.
12. The bid from the Association is subject to them securing a planning consent for a religious worship building and car parking on the site. This will delay full receipt of payment for the site but enables both Esso and the council to maximise the value of their interests. Furthermore, the Head of Property is satisfied that the bid set out in the closed report represents the best consideration that can reasonably be obtained.
13. The site is designated in both the Southwark Plan and the Core Strategy for regeneration (the half fronting Old Kent Road) and industrial (the rear half fronting the industrial park). Advice from Planning suggests that subject to detail, a religious worship use for the site can be recommended in principle. Since Old Kent Road is a trunk road (maintained by TfL and not the Council) careful consideration must be given to traffic access and egress matters as part of any planning application.
14. All three parties are in discussion as to what mechanism is appropriate to effect the sale in the event of a planning consent. One possibility is for the Association to purchase Esso's lease and then the council's freehold. Another option discussed is for the Association to simultaneously purchase Esso and the council's interest. As this issue remains unresolved it is recommended the Head

of Property be given delegated authority to determine the appropriate mechanism and relevant details of the proposed transaction.

15. As part of the transfer, Esso will carry out environmental remediation to a standard certified as fit for the proposed use.

#### **Policy implications**

16. The proposal will produce a significant capital receipt that will be available to supplement the capital programme.
17. The site is currently overgrown and a visual eyesore; its regeneration will improve the environment and visual appearance of this part of Old Kent Road.

#### **Community impact statement**

18. The proposal will result in the present over subscribed facility at 325 Old Kent Road being relocated to a larger site that will be better able to accommodate their use. This will benefit both the Association and the neighbours of the existing facility.

#### **Resource implications**

19. These are set out in closed report.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director of Communities, Law & Governance**

20. The Cabinet is advised that the provisions of Section 123 of the Local Government Act 1972 provide that except with the consent of the Secretary of State, a Council shall not dispose of non housing land, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained. It is noted at paragraph 17 of the closed report that the Site is held in the Commercial Property Holding Account, so is not held for housing purposes. It is further noted at paragraph 10 of this report that the Head of Property is satisfied that the sum that the council will receive for the Site is the best consideration that can reasonably be obtained. Cabinet may therefore approve the recommendations set out in paragraphs 4-6 of this report.

#### **Finance Director**

21. These are set out in the closed report.

### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Correspondence file	Property Services 160 Tooley Street SE1	Patrick McGreal 0207 5255626

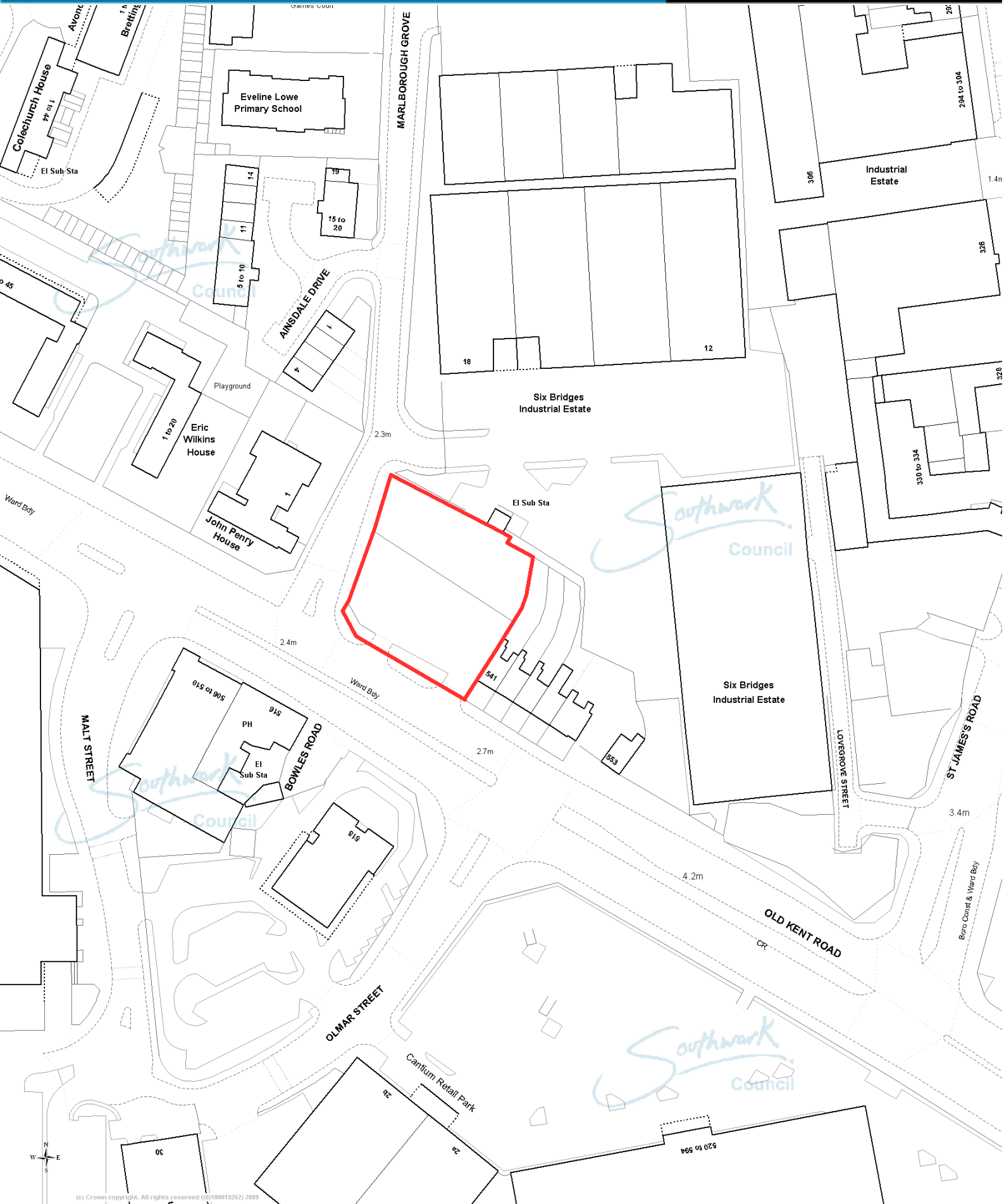
## APPENDIX

No.	Title
Appendix A	Land ownership plan

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Richard Livingstone Cabinet Member Finance, Resources and Community Safety		
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive		
<b>Report Author</b>	Patrick McGreal Property Services		
<b>Version</b>	Final		
<b>Dated</b>	9 March 2011		
<b>Key Decision?</b>	Yes		
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>	
Strategic Director of Communities, Law & Governance	Yes	Yes	
Finance Director	Yes	In closed version	
<b>Cabinet Member</b>	Yes	Yes	
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	9 March 2011		

Date 4/2/2011



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<b>Item No.</b> 17.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Motions Referred from Council Assembly	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Law, Communities & Governance	

## RECOMMENDATION

1. That the cabinet considers the motions set out in the appendices attached to the report.

## BACKGROUND INFORMATION

2. Council assembly at its meeting on Wednesday, 26 January 2011 agreed a number of motions and these stand referred to the cabinet for consideration.
3. The cabinet is requested to consider the motions referred to it. Any proposals in a motion are treated as a recommendation only. The final decisions of the cabinet will be reported back to the next meeting of council assembly. When considering a motion, cabinet can decide to:
  - Note the motion; *or*
  - Agree the motion in its entirety, *or*
  - Amend the motion; *or*
  - Reject the motion.

## KEY ISSUES FOR CONSIDERATION

4. In accordance with council assembly procedure rule 2.9(6), the attached motions were referred to the cabinet. The cabinet will report on the outcome of its deliberations upon the motions to a subsequent meeting of council assembly.
5. The constitution allocates responsibility for particular functions to council assembly, including approving the budget and policy framework, and to the cabinet for developing and implementing the budget and policy framework and overseeing the running of council services on a day-to-day basis.
6. Any key issues, such as policy, community impact or funding implications are included in the advice from the relevant chief officer.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Motions submitted in accordance with council assembly procedure rule 2.9 (6).	160 Tooley Street London SE1 5LX	Lesley John Constitutional Team 020 7525 7228



**LIST OF APPENDICES**

<b>Number</b>	<b>Title</b>
Appendix 1	Educational maintenance allowance
Appendix 2	Southwark Council tribute to heroes
Appendix 3	Choices that count

**AUDIT TRAIL**

<b>Lead Officer</b>	Ian Millichap, Constitutional Manager	
<b>Report Author</b>	Lesley John, Constitutional Officer	
<b>Version</b>	Final	
<b>Dated</b>	14 March 2011	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Chief Executive	Yes	No
Strategic Director of Children's Services	Yes	Yes
Strategic Director of Environment & Housing	Yes	No
<b>Cabinet Member</b>	No	No
<b>Date final report sent to Constitutional Team</b>	14 March 2011	

**APPENDIX 1****Educational Maintenance Allowance**

At council assembly on Wednesday 26 January 2011 a motion on the withdrawal of the educational maintenance allowance was moved by Catherine McDonald and seconded by Councillor Patrick Diamond. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

**Recommendation**

1. That council assembly notes that over 20,000 young people in Southwark have benefitted from the educational maintenance allowance ('EMA') which provides financial support to young people from financially disadvantaged backgrounds and enables them to afford to remain in post-16 education.
2. That council assembly also notes that before the 2010 general election both the Conservative and Liberal Democrat parties promised to retain the EMA.
3. That in the circumstances council assembly bitterly regrets the Conservative/Liberal Democrat coalition government's decision to withdraw the EMA to new students from January 2011 and existing students from July 2011.
4. That council assembly believes that the withdrawal of the EMA will have a significant and disproportionately adverse impact on the educational and life chances of thousands of young people in Southwark and will result in many more young people leaving full-time education at the age of 16.
5. That council assembly also notes and regrets the Conservative/Liberal Democrat coalition government attacks on young peoples' education through increasing university tuition fees, ceasing Bookstart and the withdrawal of the sport in schools programme and calls on the government to reconsider its approach and to invest in our young peoples' future rather than reduce services to them.
6. That council assembly also notes and regrets that the government's Adviser on Access to High Education, Rt Hon Simon Hughes MP, avoided the chance to prevent this attack on young people's education by voting with the government to abolish the EMA and by failing to vote against the trebling in university tuition fees.

That council assembly calls upon the cabinet and the relevant cabinet members:

7. To oppose the abolition of the educational maintenance allowance by the Conservative and Liberal Democrat coalition government from the 1 January 2011.
8. To lobby the Conservative and Liberal Democrat coalition government and the newly appointed advocate for access to higher education, Simon Hughes MP, to reconsider the abolition of the education maintenance allowance.
9. To secure the support of the three Southwark Members of Parliament to oppose the abolition of the education maintenance allowance.
10. To use all appropriate means to publicise the withdrawal of the EMA to young people in higher education in Southwark, particularly those from low-income families who rely on the allowance to remain in education and to ensure Southwark's young people are informed of any alternative financial provision in place to help them to continue in post 16 education.

**Comments of the Strategic Director of Children's Services**

Southwark Council is committed to providing the best possible life chances for children and young people.

Educational attainment is a very important factor in influencing earning potential, as well as future health and well being. Ensuring young people are able to access further and higher education is a key priority.

Reflecting the high levels of poverty we know exist in the borough, around 40% of Southwark's 16-18 year old residents currently receive EMAs.

Through discussion with further education providers and feedback from young people, we are anticipating the abolition of the EMA will have a significant impact locally, adding to the numbers not in employment, education and training. Results from a recent survey carried out at Southwark College suggest that the potential drop out rate could be as high as 30%. Many more reported that their continued study would be dependent on securing part time employment.

As a council we are working across departments and with external agencies to ensure that all resources are meeting the needs of all of our young people and are focusing on those who are the most vulnerable.

The Council is setting up a Youth Fund, which will be aimed, in part, to mitigate some of the impact of the government's abolition of EMA.

We are also in the process of restructuring our advice and guidance services for young people. One key objective of the new service will be that young people are informed of any further support available to help them continue in education.

**Southwark Council tribute to heroes**

At council assembly on Wednesday 26 January 2011 a motion on Southwark Council tribute to heroes was proposed by Councillor Denise Capstick and seconded by Councillor Paul Kyriacou. The motion was agreed and stands referred to the cabinet as a recommendation.

**Recommendation**

1. That council recognises and thanks the people of Southwark for all they have done to support the armed forces and to raise funds for Help for Heroes and Homes for Heroes.
2. That council notes that currently all servicemen and women who die in Afghanistan, are brought to Bermondsey before making their final journey to their resting places.
3. That council agrees to work with the relevant parties involved to facilitate an appropriate tribute from Southwark to recognise those who lose their lives whilst serving our country and make their final journey from our borough.

### Choices that count

At council assembly on Wednesday 26 January 2011 a motion on choices that count was proposed by Councillor Anood Al-Samerai and seconded by Councillor Columba Blango. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

### Recommendation

1. That council notes that London 2012 Olympics and Paralympics are now only a few months away. It notes that 2012 offers our residents and particularly our young people a unique opportunity to become involved - from volunteering at a big art institution or theatre to sports and dance events and learning new skills. It believes that 2012 is about London as a world city and that Southwark reflects the world in our communities. It believes it is an opportunity not to be missed.
2. That council notes that the administration has recognised the importance of 2012 and set up a modest structure to coordinate the priority areas we have identified:
  - Engaging young people
  - Getting active, being healthy
  - Promoting volunteering and providing opportunities for business and employment
  - Offering the Southwark experience - our world class arts and culture centres linking with the community
  - Communications
  - Public services operations.
3. That council believes that to succeed in setting up specific memorable projects, key organisations in the borough should be involved and that these relationships are important for the promotion of Southwark and its economy. It notes that the Olympic Legacy Fund is being set up with the intention of raising further outside money to fund capital projects which will improve access to and increase participation in physical activity and keep Olympic values alive after 2012. It notes that the community will be asked to submit ideas for high profile projects.
4. That council believes that the community games is important for our young people and for our aspirations for 2012.
5. That council is determined to maximise the benefits of 2012 against a backdrop of Government cutbacks to sport – which it believes are incredible in themselves as we build up to the Olympic year. It notes that the cuts include:
  - Working Neighbourhood Fund which funded part of the community games
  - The Schools Sports Partnership
  - The end of free swimming for young people
  - Cuts to sporting bodies.

6. That council notes that the authority also faces unprecedented cuts to its settlement from government, forcing serious cuts across all services.
7. That council notes, however, that a substantial sum has been identified to secure the games and to build up young peoples' sports for 2012 events. It notes that the administration will seek funding sources to secure the games for the future beyond 2012.

<b>Item No.</b> 18.	<b>Classification:</b> Open	<b>Date:</b> 22 March 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Mid Elmington Regeneration Programme	
<b>Ward(s) or groups affected:</b>		Camberwell Green Ward	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Regeneration and Corporate Strategy	

## **FOREWORD – COUNCILLOR FIONA COLLEY, REGENERATION AND CORPORATE STRATEGY**

1.

- a) The regeneration of the Elmington estate began with the demolition of four towers and surrounding blocks 10 years ago. Unfortunately, changing circumstances have meant that the road to completing this regeneration has not been as smooth as any of us would have liked. In the meantime, it is the residents of the Elmington estate who have had to live with the physical reminders of these stalled plans in the shape of vacant sites and deteriorating homes.
- b) It is no surprise then, that throughout the consultation process for the regeneration proposals contained within this report, residents have impressed upon myself and other Cabinet members, their strong concern that the Council makes real progress in making change happen, and that the changes are of benefit to all Elmington residents. I have been particularly struck by their concern to ensure that vulnerable residents are protected and helped through the rehousing and refurbishment process.
- c) I am therefore pleased to present this report to Cabinet, recommending an implementation programme for the redevelopment of the sites containing 1-27 Benhill Road; 29-59 Benhill Road; 1-20 Houseman Way; 21-29 Houseman Way; 30-51 Houseman Way; 90-106 Benhill Road; 30-72 Lomond Grove; 1-20 Broome Way and 1-12 Flecker House and setting out the range of rehousing and other support packages that we intend to put in place for Elmington residents throughout this next phase of the Elmington regeneration. I am confident that the proposals contained within this report will result in a regeneration programme that balances our desire to meet the local aspirations of Elmington residents and also our broader, borough wide responsibilities to the residents of Southwark.
- d) Finally, I would like to note that whilst the bulk of this report refers to the proposals for redevelopment, the regeneration of the mid-Elmington estate will not be complete until both Drayton and Langland House have been refurbished. These two blocks were identified for refurbishment in October 2009 and while we must await the outcome of the Council's Housing Investment Programme review before providing the residents of these blocks with the comfort of a start date for these works it should be noted that Ward Councillors have impressed upon us the importance of our residents in these blocks knowing they are not forgotten.

## RECOMMENDATIONS

That the Cabinet:

2. Agrees the indicative implementation programme set out at table 8 of this report for the redevelopment of sites C, D, E and G encompassing Camberwell Area Housing Office; 1-27 Benhill Road; 29-59 Benhill Road; 1-20 Houseman Way; 21-29 Houseman Way; 30-51 Houseman Way; 90-106 Benhill Road; 30-72 Lomond Grove; 1-20 Broome Way and 1-12 Flecker House, by way of a land disposal.
3. Notes the involvement of resident representatives to date and the future involvement in the bid evaluation as part of the land disposal process as set out at paragraph 62.
4. Confirms the allocation of Housing Investment Programme resources to forward fund environmental improvements, leasehold acquisition, Home Loss and Disturbance payments to Council tenants and leaseholders and the costs of decommissioning empty homes across sites D, E and G.
5. Agrees the following rehousing options for Elmington Council tenants displaced by redevelopment:
  - a) A permanent move via Homesearch with priority for displaced council tenants to any relets within the footprint of the Elmington estate – see appendix 1. Where replacement housing is available during the rehousing period, council tenants will be prioritised to band 1 for a permanent move to them via Homesearch
  - b) Where replacement housing is unavailable during the rehousing period, council tenants will be offered a permanent move via Homesearch with the option to return to the estate within 5 years of their first move. The five year time period will start at the end of the identified rehousing period for each block in order to avoid penalising households who have moved early in the process. After the 5 year period is over, a review of the progress made on the scheme will be undertaken and resident rehousing opportunities will be re-examined. Band 1 priority will be given to displaced council tenants for any replacement housing forthcoming on the footprint of the Elmington estate and any relets and affordable homes for purchase (subject to qualification set by the provider) in the same area.
  - c) That where households are underoccupying, residents be offered the option to bid for properties one bedroom above their rehousing need.
6. Agrees to offer qualifying resident Elmington leaseholders displaced by redevelopment:
  - a) The same range of council assistance options as has been made available to Aylesbury leaseholders, as outlined at paragraphs 47 to 53.
  - b) Priority for acquisition or part acquisition of new replacement housing forthcoming on the footprint of the Elmington Estate
  - c) Priority for acquisition or part acquisition of any relets arising in the same area (subject to qualification criteria set by the provider).



7. Notes that refurbishment of Proctor House, Brisbane Street and Flatman House is underway and that programming of Drayton House and Langland House for refurbishment will be undertaken in the Council's new Housing Investment Programme.
8. Agrees that Council officers compile with the Elmington Resident Steering Group an appropriate community impact monitoring framework that can be updated regularly as part of the regeneration project.

## **BACKGROUND INFORMATION**

9. The regeneration of the Elmington estate has been ongoing since 2001 when four towers and additional surrounding low rise blocks were demolished. Following the completion of 136 new council homes, changes to the council's finances meant that the additional new council homes planned for the remainder of the vacant sites on either side of Edmund Street (sites A and B) for Phase 2 of the regeneration could not be completed, leaving 15 households that had opted to return to the sites following a temporary move unable to do so. In May 2009, the council's Executive agreed a revised strategy for Phase 2 of the regeneration, which was to dispose of the sites on the private market for housing development.
10. It had been recognised by the council that a number of the Elmington blocks surrounding the regeneration scheme had not yet been brought up to the Decent Homes standard and were costly and difficult to refurbish due to the nature of their construction, and in particular the presence of Asbestos behind the windows. Works had been planned for 14 of the surrounding blocks but had not been undertaken due to the high investment need of the blocks.
11. The blocks were grouped together into site packages and an options appraisal was carried out considering whether the council should pursue:
  1. Redevelopment of all sites
  2. Refurbishment of all sites to the Southwark Decent Homes standard
  3. A mixed option of redevelopment and refurbishment
12. Following the completion of the options appraisal and consultation with residents, the council's Executive agreed a mixed option of redevelopment and refurbishment for the 14 low rise Elmington blocks in October 2009. This constitutes Phase 3 of the Elmington regeneration. Table 1 below outlines which blocks were designated for refurbishment and which for redevelopment, grouped together by site and as indicated in the map at appendix 2.

**Table 1: Elmington Phase 3 preferred option**

<b>Site</b>	<b>Block</b>	<b>Refurbish/ Redevelop</b>
C	Camberwell Area Housing Office	Redevelop
D	1-27 Benhill Road	Redevelop
	29-59 Benhill Road	Redevelop
E	1-20 Houseman Way	Redevelop
	21-29 Houseman Way	Redevelop
	30-51 Houseman Way	Redevelop
	90-106 Benhill Road	Redevelop
F	Drayton House	Refurbish
G	30-72 Lomond Grove	Redevelop
	1-20 Broome Way	Redevelop

Site	Block	Refurbish/ Redevelop
	1-12 Flecker House	Redevelop
H	61-91 Brisbane Street	Refurbish
J	1-12 Proctor House	Refurbish
K	1-12 Flatman House	Refurbish
	1-14 Langland House	Refurbish

13. In February 2010 the council Executive agreed to the disposal of sites A and B to the council's preferred developer. Detailed negotiations are ongoing with the preferred developer and it is expected that exchange of contracts will take place soon, enabling the developer to be named openly. It is currently estimated that new homes will not complete on sites A and B before 2014/15.
14. The council has since been in touch with the 15 households awaiting a return to Elmington sites A and B to ask them to update their rehousing choice. The households were asked to express a preference for one of the following options:
- Remain where they are and make their current residence their permanent home
  - Receive band 1 priority for two years commencing 1 August 2010 in order to find an alternative permanent home
  - Continue to wait for a new property on sites A and B, recognising that due to the nature of the land disposal the council cannot guarantee that the homes built on sites A and B will be tailored to their housing or other needs.
15. The council has received responses from 13 of the 15 households. Four households have indicated that they would like to continue to wait for a new home on the sites A and B; 7 have indicated that they would like to be rehoused via Homesearch and 1 resident would like to make her current home permanent. One household has opted for one of the named tenants to remain in their current home and the other to find another, more appropriate home via Homesearch. Follow up work will continue with the 2 households who have not responded thus far.

## KEY ISSUES FOR CONSIDERATION

16. The following report provides an update on progress made in further developing and implementing a detailed regeneration programme since the council Executive decision in October 2009. Consideration will first be given to the refurbishment elements of Phase 3 and then to the redevelopment elements. The redevelopment section will set out the options considered for the redevelopment of the Elmington sites C, D, E and G and how a recommended redevelopment programme has been arrived at. Reference will be made to resident input and consultation throughout.

## Refurbishment programme

17. It was agreed by council Executive in October 2009 that 1-24 Drayton House, 61-91 Brisbane Street, 1-22 Proctor House, 1-12 Flatman House and 1-14 Langland House would be refurbished as part of the Housing Investment Programme.
18. At the time that council Executive considered the proposals for continuing the regeneration of the Elmington estate, Proctor House, Flatman House and Brisbane Street were already part way through the tendering process for Decent Homes works as they had already been identified for works to commence in 2009/10 as part of the council's 5 year investment programme. The 5 year

investment programme was set in 2006 and is now known as the council's 2 year investment programme. A decision was taken not to halt progress on these works unless council Executive confirmed an alternative course of action was advisable. Progress has continued on these blocks since the decision of October 2009 and refurbishment works are now anticipated to start on site in March 2011. Works will likely complete in early 2012.

19. Although all Elmington low rise blocks had been identified as needing work in the five year investment programme set in 2006, neither Drayton House nor Langland House had been programmed and carried over into the council's 2 year investment programme. Residents of these blocks have been informed that their blocks will be refurbished, but have not yet been given a date for when works will commence.
20. The council is in the process of reviewing its housing investment strategy. Consultation over the council's approach to housing investment is underway. This report does not therefore provide dates for the refurbishment of these two blocks as the new programme will follow on from decisions made concerning the revised investment strategy. It is anticipated that a report outlining the new programme will be considered by Cabinet in May 2011.

### Redevelopment programme

21. The sites that have been identified by council Executive for redevelopment are listed in table 2 below and are illustrated at Appendix 2.

**Table 2 - Redevelopment site information**

Site	Blocks	Leaseholders	Tenants
C	Camberwell Area Housing Office	N/A	N/A
D	1-27 Benhill	10	20
	29-59 Benhill		
E	1-20 Houseman Way	9	51
	21-29 Houseman Way		
	30-51 Houseman Way		
	90-106 Benhill Road		
G	30-72 Lomond Grove	12	42
	1-20 Broome Way		
	1-12 Flecker House		
<b>Total</b>		<b>31</b>	<b>113</b>

22. In developing a detailed redevelopment programme for the regeneration, consideration has been given to:
  - Resident aspirations for the Elmington estate
  - The financial and rehousing resources available to the council.
  - The current financial and economic context

### Resident aspirations

23. In order to garner resident aspirations for the Elmington estate a consultation day was held at Cambridge House on Saturday 23 January 2010. The day was attended by 34 residents and comprised a morning where they were able to pose their questions about forthcoming works and redevelopment to their blocks to officers from across the council. Following on from the stalled redevelopment of

the Four Towers and a number of setbacks to planned refurbishment programmes in the past, a recurring concern for residents was the likely timeframe for both redevelopment and refurbishment. In the afternoon officers used the Royal Institute of British Architects consultation tool 'Building Futures' to garner ideas about residents' overall aspirations for the Elmington Estate.

24. Residents had a broad range of concerns about the estate and its future as well as a broad range of aspirations for the area. General themes throughout the day were that residents were keen for the area to remain residential although they were concerned that there would be less housing opportunity in the area in the future and some concern that refurbishment would not materialise. The residents also indicated that they would like to see more job opportunities in the area for local and young people and support for local business. There was also appetite for environmental improvements such as better public lighting in the area.
25. Following on from this initial event, consultation structures were established with residents to ensure their continuing input into the regeneration proposals. An Elmington Resident Steering Group (ERSG) was established after the May elections and first met in July 2010. It was initially proposed that this group be supported by a Community Initiatives Subgroup to work towards developing non-housing related projects to achieve community benefit, but thus far there has been insufficient interest in this group from residents to sustain it.
26. The ERSG has met regularly since July 2010 to consider items associated with the regeneration of the estate. The ERSG is an open group that co-opts voting members once they have attended a few meetings. Positions on this group are held open for representatives of both the Mid-Elmington and Poets Corner Tenant and Resident Associations, as well as the Chair of the East Camberwell Area Forum. A record of Elmington RSG meetings and subjects under consideration can be seen at table 2.

**Table 2: Elmington RSG meetings**

<b>Meeting date</b>	<b>Agenda items</b>
20 July 2010	Terms of reference Initial discussion re: project
3 August 2010	Rehousing options (leaseholders) Decent Homes update
17 August 2010	Rehousing programme (tenants and leaseholders) Communications
7 September 2010	Decent Homes update Consideration of items to appear in draft Cabinet report for November
17 September 2010	Decent Homes update Redevelopment programme update Discussion concerning Cabinet report
4 October 2010	Rehousing and refurbishment programming
18 October 2010	Refurbishment update Resident petition
8 November 2010	Appointment of independent Resident Advisor Redevelopment proposals Refurbishment works Discussion concerning Cabinet report
22 November 2010	Redevelopment Discussion concerning Cabinet report
6 December 2010	Rehousing

Meeting date	Agenda items
	Leaseholder meeting
10 January 2011	Project update Resident survey responses ERSG governance
2 February 2011	Presentation to Councillors Colley and Wingfield
14 February 2011	Project update Benhill nature garden Draft cabinet report and recommendations
23 February 2011	Follow up meeting with Councillors Colley and Wingfield

27. An initial draft redevelopment programme was taken to the ERSG on 17 August 2010. This programme was designed to ensure compliance with the council's published Lettings Policy, which allows for two rehousing options for residents displaced by regeneration:
- a) a move into replacement housing built as part of the scheme
  - b) a move into an existing property elsewhere in the borough.
28. Taking into consideration the poor condition of the blocks, and the length of time it would take to build out new homes on the estate, the programme presented to the ERSG prioritised moving residents as quickly as possible to enable them to find permanent homes elsewhere within the borough. The ERSG expressed concern that Elmington residents may not realise that the proposed redevelopment programme would mean that residents would be permanently rehoused without the ability to return to the estate and without priority for new homes forthcoming on the footprint of the estate. It was agreed that the Council would consult individually with all residents of the blocks identified for redevelopment and ask them to choose between two Lettings policy compliant redevelopment programmes:
- a) A compressed programme, which is the programme that had been initially presented to the ERSG and allowed residents to be moved offsite as quickly as the borough's decant capacity can allow
  - b) A second, cascaded programme, which would postpone the rehousing of residents until new homes had been built for them to move directly into.
29. The two draft redevelopment programmes were posted to 144 individual households in the blocks concerned and residents were asked to express a preference for one over the other by returning a slip to the council. In addition to this, survey questionnaires were posted to Elmington tenants and leaseholders in the blocks identified for redevelopment, asking them to provide further information about their household and their concerns about the regeneration programme. Residents had the option of returning their response slips and surveys by freepost or having them collected. In order to raise response rates, residents were encouraged to respond to these surveys via individual visits by the Southwark Young Advisors, a youth group funded by the council's Joint Security Initiative (JSI).
30. In order to further encourage responses to the survey, a further information day was held on Saturday 11 September, where residents were presented with the two draft rehousing and redevelopment programmes and were again asked to express a preference for one over the other. They were also provided with

supporting information to aid them in making their decision, including information about the rehousing process and the differences between being a council and Housing Association tenant. The responses received were overwhelmingly in favour of the faster rehousing and redevelopment programme. Detailed analysis of the survey results can be found at appendix 3.

31. Following on from the consultation carried out above, Elmington residents independently raised concerns about the 'regeneration offer' proposed by the council. In particular they were concerned that they were being displaced as part of the regeneration scheme with no mechanism being put in place by which they could return to the area. Residents gathered 60 signatures for a petition seeking:
- Clarity over the standard of refurbishment to be undertaken to all blocks identified for redevelopment including Drayton House and Langland House, in particular on: new kitchens and bathrooms; washbasins in single WCs at the ground level; new double glazed windows; new condensing boilers; full re-wiring with additional sockets in the kitchen; blocking up all internal holes; removal of all asbestos panels; flat roof repairs and improved insulation; adaptations to homes with disabled residents; new multilock security front doors; defensible space to be created at ground floor level; introduction of a comprehensive estate parking scheme.
  - Priority rehousing for residents in new properties constructed on Edmund Street and Harris Street
  - The option to return to the area for residents
  - Band 1 priority for both the existing head of a household and any new household arising from the household wishing to be rehoused separately
  - The same range of housing and council assistance options for resident leaseholders as was accorded to the Heygate and Aylesbury estate regeneration projects
  - Additional support and options for leaseholders wanting to remain in the area but who are unable to purchase a suitable property on the open market in Southwark.
  - Regeneration activity to be introduced that includes youth engagement, employment activities, training and apprenticeship activities, schemes to encourage volunteering, outreach work, quick win environmental projects and capacity building with elderly and vulnerable households.
  - Involvement of residents in the selection process for a developer.
  - A design competition as part of any redevelopment option
32. The ERSG discussed the contents of the petition in October 2010 and has been working with council officers to ensure that the regeneration proposals address as many of the points raised by the petition as possible within the council's financial and other constraints.
33. In order to enable residents to work with the council, the ERSG requested the appointment of an Independent Resident Advisor to work with residents to ensure that they understood the regeneration offer. In November 2010 Open Communities were appointed to this role, and given the following brief:
- 'to work with members of the ERSG and residents to interrogate the regeneration proposals that the Council is proposing for the Elmington Estate prior to Cabinet approval of a regeneration programme for the estate'.*
34. Since their appointment Open Communities has worked intensively with tenants and residents in order to achieve the above and have conducted resident

surgeries, carried out face to face interviews with residents and a postal survey to gauge resident support for the council's current regeneration proposals.

35. Open Communities conducted a resident survey of the blocks affected by the regeneration proposals for the Elmington estate over November and December 2010.
36. Overall, 33 per cent of residents responded to the survey. This figure represents a response rate of 37% among Southwark tenants and 20% among leaseholders.
37. Analysis of survey results showed that:
  - Residents' main concern about the regeneration proposals was to know when it would start.
  - There is a high level of awareness of the proposals amongst respondents – 68 per cent of residents were aware of the current proposals.
  - 70% of respondents in blocks identified for demolition thought that demolition was the right option for their block.
  - Respondents have a positive view of the Elmington estate, showing particular appreciation for their neighbours, the area and transport links.
  - Respondents were most negative about the state of repair of their homes and difficulty heating their homes.
  - A significant number of residents were interested in a single move.
  - 80 per cent of respondents from blocks identified for demolition wanted to remain Council tenants as rents were perceived to be lower and space standards better. For the 20 per cent of respondents who would prefer to be Housing Association tenants, the reasons given were the modern nature of their housing stock and a better standard of landlord service.
  - Around 10 per cent of respondents indicated that their household contained a member with a serious disability.
  - Leaseholders generally wanted more information about the offer that the Council is willing to give them for their property.
38. Members of the ERSO met with the Cabinet members for Housing and Regeneration on 2 February 2011 to discuss how their aspirations have been addressed by the current proposals in this report. In addition to the issues raised in the petition, residents asked for:
  - additional leasehold assistance options to be offered including an Equivalent Value Transfer; Leasehold option to return and for the Council to offer an equity share product for leaseholders – this is addressed at paragraph 54
  - guarantees on rent levels – this is addressed at paragraph 84
  - a defined and dedicated support package for elderly, disabled and vulnerable residents – this is addressed at paragraph 56
  - separate rehousing options for adult members of a household – this is addressed at paragraph 43
  - 1 bedroom above need for households when they are rehoused – this is addressed at paragraph 45
  - independent financial assessments of leaseholders for council assistance – this is addressed at paragraph 49
  - Further information to be provided to leaseholders concerning Compulsory Purchase Order processes – this is addressed at paragraph 88

## MEETING RESIDENT ASPIRATIONS

### The rehousing offer

39. Residents have overwhelmingly indicated that moving quickly out of their current accommodation is a priority for them. In their responses to our survey and in the signed petition, residents have also indicated that between 40 and 50 per cent of residents would like to remain within the Elmington area; they have also expressed their concern over the council's ability to continue to repair their homes whilst they wait for rehousing.
40. Residents are particularly concerned about the condition of their windows. The presence of asbestos behind the panels in blocks of this type means that at best, the council can carry out patch repairs; windows cannot be replaced without significant work being carried out at significant cost to the council, and disruption to residents. There is not sufficient resource with the area repairs budget to enable these works to be carried out at present. The repairs team has indicated that should the condition of the windows in a block deteriorate further, or more resource become available, this position would be revisited.
41. Council Lettings policy does not allow for council tenants to be moved off site and then be given the option to return to the site. However, given the poor condition of the blocks in question, and the concern expressed by council tenants who wish to remain within the area, there is a case to be made for making an exception to the current lettings policy in order to enable those members of the community who wish to remain, to do so, without them having to remain in poor quality accommodation.
42. It is therefore proposed that Elmington council tenants displaced by redevelopment activity be offered the following options:
  - a) A permanent move via Homesearch with priority for displaced residents to any relets within the footprint of the Elmington estate – see Appendix 1. Where replacement housing is available during the rehousing period, residents will be prioritised for a permanent move to them via Homesearch.
  - b) Where replacement housing is unavailable during the rehousing period, council tenants will be offered a permanent move via Homesearch with the option to return to the estate within 5 years of their first move. The five year time period will start at the end of the identified rehousing period for each block in order to avoid penalising households who have moved early in the process. After the 5 year period is over, a review of the progress made on the scheme will be undertaken and resident rehousing opportunities will be re-examined. Band 1 priority will be given to displaced council tenants for any replacement housing forthcoming on the footprint of the Elmington estate and any relets and affordable homes for purchase (subject to qualification set by the provider) in the same area.
43. The above options would enable Elmington residents being displaced by redevelopment to be prioritised for any voids arising on the wider Elmington estate and any new supply coming forward, through the Homesearch Choice Based Lettings system. This would mean that where Elmington residents have bid for properties forthcoming on the Elmington estate, they will receive additional priority for them above other Southwark residents. On occasions where Elmington residents have not expressed an interest in a property on the estate, other residents on the housing list will access these properties through



Homesearch in the usual way. Given the demands on council stock, it is not proposed that a further exception to current lettings policy be sought for adult members of households to be rehoused separately. Such cases will continue to be considered on a case by case basis.

44. Taking into account the rehousing approach above and changes in the council's wider rehousing programme the Elmington rehousing programme has been drafted as appears at appendix 4. This rehousing programme was considered by the ERSG in December 2010. Concerns were raised by the ERSG about the level of support that would be offered to vulnerable households throughout the removal process; it has since been confirmed that once vulnerable households have been identified, the council's removal service for those households will incorporate packing and unpacking.
45. Current Lettings Policy allows households to bid for homes that are one bedroom above their need as part of the rehousing process, apart from where a household is assessed as being in need of a 1 bedroom property, in which case they are not eligible for a 2 bedroom property. Residents have asked for equal treatment with residents of the Aylesbury for whom an exception to the current Lettings Policy was made, enabling those eligible for a 1 bedroom property to bid for a 2 bedroom property should they wish. In the interests of equitable treatment, it is recommended that Elmington residents be granted the same exception to the current Lettings Policy.
46. It should be noted that whilst the council will be able to offer one bedroom above rehousing need to residents moving into council properties, it cannot be guaranteed that this will be offered to residents moving back to properties on the Elmington footprint once they have been developed as the new landlord will have their own lettings and allocations policies, and with the passage of time, households' circumstances may have changed.
47. In addition to the above, Elmington residents have expressed a wish to receive council assistance options for resident leaseholders as has been offered to resident leaseholders on the Aylesbury estate. This would require that a further exception be made to council Lettings policy. Currently, council Lettings policy offers resident leaseholders the option of reversion to a council tenancy if they are found to be unable to afford the ongoing costs of homeownership in the borough.
48. In practise, this can be a blunt tool for the purposes of leasehold assistance, meaning that the council may have no option other than to offer a Council tenancy to resident leaseholders with significant equity.
49. The package of council assistance that has been offered to resident Aylesbury leaseholders consists of a range of options following on from a financial assessment that is undertaken by the council's Home Ownership Service (HOS). Leaseholders have asked if this function can be outsourced to an independent provider. It is doubtful whether the scale of work concerned would be of interest to a private provider. In addition to this, the financial assessment undertaken by the HOS is rigorous and transparent and aimed to ensure that leaseholders unable to afford the costs of home ownership are not placed into financial hardship by entering into home ownership at an unaffordable level. There is a transparent and open appeals process that is open to Leaseholders undergoing this financial assessment. For these reasons, it is proposed that these assessments continue to be undertaken by the HOS.

50. For the purposes of carrying out the affordability assessment, amongst other factors, a “Southwark vacant stock market valuation” is used in determining the applicant's ongoing financial ability to afford the future costs of home ownership in a property suitable for their assessed housing need. This valuation will ultimately have an effect on the rehousing recommendation that is made. Mean valuations are calculated based on desktop valuations of vacant council-owned properties that were previously advertised on the council's choice-based lettings system over the immediately preceding three months before finalising the affordability assessment and which could also have been purchased by a qualifying homeowner.
51. Once assessed, if resident leaseholders are found to be able to afford:
- a) Less than 25% of the costs of home ownership then they are recommended for a council/RSL tenancy. Leaseholders who become Council tenants will have the same rehousing options as those listed at paragraph 39.
  - b) 25% to less than 100% of the costs of home ownership, then they are recommended for shared ownership (purchase of vacant property from council owned stock)
  - c) 100% to 110% of the costs of home - then they are recommended for full ownership (purchase of vacant property from council owned stock) although they can access the shared ownership option if desired
52. Although offering the above range of options to resident leaseholders would mean a loss of council stock available for council tenants and will require an exception to current Lettings Policy it offers the following benefits:
- a) Leaseholders who wish to maintain equity are able to do so, thereby reducing the risk to the council of a delay to securing vacant possession
  - b) Where leaseholders opt to transfer their equity to another council property it reduces the upfront cost to the council of leasehold acquisition as the council is not required to forward fund outright purchase
  - c) Where leaseholders are found to be unable to afford homeownership in Southwark, the council is already committed to offering them a council property, so no more additional properties will be lost from council stock this way than would be via the current Lettings Policy.
  - d) The council would retain first option to acquire any properties sold on a shared ownership basis to leaseholders, meaning that this stock would not necessarily be lost to the council indefinitely should the council wish to exercise this right of pre-emption.
53. For the reasons above, it is therefore recommended that Elmington resident leaseholders displaced by redevelopment are offered the same range of council assistance options as has been offered to Aylesbury residents. A number of resident leaseholders have expressed a desire to remain in the area, and it is therefore recommended that resident leaseholders are given the same priority for forthcoming relets on the wider Elmington Estate and new supply as tenants, subject to qualification.

54. Residents specifically asked for consideration of three other options for leaseholders including Equivalent Value Transfer, the option to return to the site for leaseholders and a shared equity product to be offered to leaseholders unable to support shared ownership of a council property. Following investigation into these options it was found that it is not practicable for the council to offer Equivalent Value Transfer (EVT) or an equity share option for the following reasons:
- EVT: In order to justify the use of a council property for a home owner, leaseholders must be in financial need of assistance before qualifying to part own a council property. If they are in financial need then the option of transferring their equity to another council property is already open to them making the offer of an Equivalent Value Transfer unnecessary.
  - Shared equity: This option is financially unviable for the council as it would require the council to forgo rental income on any properties taken up in this manner for an unspecified period. In addition to this, the council does not have dispensation to dispose of its properties on these terms. It currently has a general consent to dispose of its properties on shared ownership terms. Officers are not aware of any council having been granted consent by government to dispose of their properties on a shared equity basis.
55. It is appreciated that not all leaseholders will be displaced at a time when replacement housing is available on the footprint of the Elmington estate. However, the council is not able to offer leaseholders the option to return to the site by way of temporary housing as it is assumed that most leaseholders will make their own way into the private market when displaced by redevelopment unless they are found to be in need of financial assistance. There are also considerable uncertainties around whether leaseholders would want to buy into new development. However, the council will seek to ensure that leaseholders displaced in this way are alerted to the initial marketing of the new properties that are developed.
56. It is also noted that the survey conducted by Open Communities in December 2010 identified a number of vulnerable households and households containing residents with disabilities. Residents who are vulnerable will be identified during the housing registration process and their particular rehousing requirements will be noted. Once registered onto Homesearch, officers will monitor bidding activity and provide support to households to enable them to successfully bid on the Homesearch system. Once residents have found a suitable property, those residents who are found to be in need of packing assistance will receive packing and unpacking assistance from the council's removal partner. Residents will also receive advice and support on how to complete the documentation required to reclaim the statutory payments of Homeloss and Disturbance.

### **Site disposal strategy**

57. Officers have given consideration to the best method of site disposal to facilitate meeting the aspirations of residents expressed at the consultation event at Cambridge House, responses to resident surveys, the Elmington resident petition, work of the ERSG and also to ensure deliverability.
58. Providing council tenants with the option to return to the Elmington Estate means that there is less urgency around the speed of the chosen disposal strategy than would be the case if the council were working within the current Lettings policy.

59. In the current economic climate disposal by land transaction will provide the benefit of being fast to execute, economic in terms of officer and consultant resources and more attractive to developers than a procurement exercise. A procurement exercise would require significant expenditure upfront by developers as part of the bidding process and would allow developers less flexibility in responding to the fast changing economic and financial climate as it is more proscriptive. It is believed that resident requirements in terms of the affordability of new homes and the number and mix of new homes can be provided via the planning process. It is therefore recommended that sites C, D, E and G be disposed of by way of land transaction.
60. It is noted that there are a number of environmental improvements that residents have requested that could be met by way of a S106 obligation from a developer, including:
- creation of defensible space at ground floor level for retained blocks that currently do not have it
  - a review of estate wide parking arrangements
61. The council will look to engage the successful development partner on the issues above.
62. It is also noted that residents would like to be involved in the selection process for the successful developer via a design competition. The council does not intend to hold a design competition although achieving high quality design will be an integral part of the bid evaluation process. The developer selection process will be a competitive process where competing proposals for the site are put forward. The council will seek to involve residents in the evaluation process in the same way as residents have been involved in developer selection on sites 7 and 10 for the Aylesbury estate. Resident representatives will be:
- consulted on the invitation pack sent to prospective bidders
  - involved in the non-financial evaluation of the bids received.

#### **Available rehousing and financial resources**

63. The council recognises finite capacity for Residents in Regeneration Schemes moves and manages this through its Supply and Demand Model. All of the blocks identified for redevelopment as part of the Elmington regeneration scheme have been programmed into the supply and demand model in line with the timescales set out in appendix 4.
64. There will be new affordable housing supply brought forward on the Elmington estate as part of the build out of sites A and B in Phase 2 of the regeneration programme and the redevelopment of sites C, D, E and G as part of Phase 3. Sites A and B were approved for disposal to a preferred development partner by the council in February 2010. Using estimates supplied by our preferred development partner and modelling based on the size of sites C, D, E and G and planning policy requirements, estimates of the number of new homes that will be built on the Elmington have been compiled – see table 5 below. It should be noted that these figures are estimates only and the Council will not know with confidence what these numbers will be until detailed planning submission stage.

**Table 5 – Estimated forthcoming housing supply by site**

<b>Site</b>	<b>Market</b>	<b>Social rented</b>	<b>Intermediate</b>
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A and B	176	72	22
C	9	0	0
D	22	8	4
E	52	21	8
G	46	19	7
<b>Total</b>	<b>302</b>	<b>120</b>	<b>41</b>

65. There are 115 tenant households within the blocks identified for redevelopment that will need to be rehoused, in addition to the 4 Phase 2 households that have indicated they would like to return to the site.
66. Desktop analysis has been undertaken to determine actual levels of rehousing need amongst the blocks identified for refurbishment on the estate using housing benefit records, tenancy checks undertaken in 2010, information gathered from live applications on the housing register and the surveys conducted by the council and Open Communities. Information from these sources covers just under 70 per cent of the households in the redevelopment blocks. When considering the results of the analysis below, it should be noted that:
- Housing benefit records of household composition are accurate only at the time that they are taken; it was not possible to identify how recent these records are.
  - Household composition may change over time.
  - It is not possible to identify from the data examined where there is potential to split households into smaller, separate households
67. The results of the analysis indicate a likely rehousing need within the redevelopment blocks as follows:

**Table 6 – estimated rehousing need**

<b>Bedneed</b>	<b>Number</b>	<b>50% return rate</b>	<b>Phase 1 option to return</b>
1	39	20	
2	22	11	2
3	34	17	1
4	15	8	1
5	4	2	
6	1	1	
<b>Total</b>	<b>115</b>	<b>58</b>	<b>4</b>

68. A comparison of rehousing need and anticipated forthcoming affordable housing supply appears at table 7 below.

**Table 7 – estimated forthcoming affordable supply by bedsize.**

<b>Bedsizes</b>	<b>Current demand</b>		<b>Forthcoming supply</b>	
	<b>Sites D,E, G 100% return rate and Phase 1 option to return</b>	<b>D, E, G 50% return rate and Phase 1 option to return</b>	<b>Total new social rented homes</b>	<b>Social rented homes to which Southwark can nominate (minimum)</b>
<b>1</b>	39	20	26	13
<b>2</b>	24	13	27	20
<b>3</b>	35	18	48	36
<b>4</b>	16	9	8	6

<b>5</b>	4	2	2	2
<b>6</b>	1	1	0	0
<b>7</b>	0	0	0	0
<b>Total</b>	<b>115</b>	<b>62</b>	<b>111</b>	<b>82</b>

69. As can be seen from table 6, assuming that estimates of housing need are reasonably accurate it is currently estimated that even if all council residents on the Elmington wished to return there is a reasonably good fit between need and supply, with the exception of the number of four bedroomed homes.

### **The current financial context**

70. The government announced a number of changes to the way in which the social homebuilding programme will be financed as part of its Comprehensive Spending Review on Wednesday 20 October 2010, including:
- A reduction in capital subsidy for new affordable homes of 60%
  - The introduction of a new tenure called 'affordable rent', which will give housing associations the flexibility to offer time limited tenancies at up to 80 per cent of market rents for new affordable lets.
71. The above announcements have made the availability of Homes and Community Agency grant funding for the Elmington less likely. This is because there will be significantly less funding available, and because the council has competing priorities, including the Aylesbury and Elephant and Castle housing schemes.
72. Following on from the announcements there was some discussion of the potential implications of the introduction of a new form of tenure for the ability of current Elmington residents to return to the Elmington estate. There was a great deal of concern that residents would not be able to afford homes let at 80 per cent of market rents. However, currently, homes let at 80 per cent of market rates would be characterised as intermediate homes for the purposes of planning, and so it is still reasonable to expect a mix of homes forthcoming similar to the one that appears at table 5. Under current planning policy, homes would need to be let at target rents in order to qualify as social rented homes and to be planning policy compliant.

## **RISK ASSESSMENT**

### **Financial viability**

73. In order to provide development partners with vacant possession of the sites identified for redevelopment it will be necessary for the Housing Investment Programme to forward fund leasehold acquisition, Homeloss and Disturbance costs to leaseholders and tenants.
74. There is a significant risk that the Housing Investment Programme will not be able to recoup its investment if Homes and Community Agency funding is not forthcoming for the development of sites D, E and G. This should be viewed within the context of the alternative cost to the HIP of £6.5million to refurbish these blocks.

### **Gaining vacant possession**

75. In order to ensure that vacant possession of the tenanted sites is secured in good time the council has staggered the proposed rehousing of residents within

the blocks identified for redevelopment to ensure that residents are not all competing for similar properties.

76. The council will seek to serve Notices Seeking Possession (NSP) for all the council tenanted properties within the three development sites. The Council will seek to do this on development grounds (Ground 10). In order to obtain a court order for possession under Ground 10, the council must demonstrate that it intends, within a reasonable time of obtaining possession, to demolish or reconstruct the building or part of the building or carry out work on the building and cannot do so without securing vacant possession.
77. The council will be selling the land on which these blocks sit to a developer for demolition and redevelopment. This cannot be done without securing vacant possession of the sites. In order to ensure that NSPs are not served unnecessarily, the council will seek NSPs only once a development partner has been selected for the sites. The council will make arrangements for the blocks to be demolished in good time to meet any contractual obligations with a development partner.
78. It is currently estimated that there are 15 resident leaseholders in the Elmington blocks affected by the redevelopment. It is believed that a number of these households are retired and will therefore be unable to raise a mortgage or pay market rents on shared equity products as they no longer have a steady income beyond their pension.
79. The council will seek to acquire leasehold properties by way of voluntary agreement with leaseholders and will put in place a range of council assistance options (outlined at paras 47 to 53) for leaseholders in order to facilitate this voluntary agreement. However, disposal and redevelopment of the sites to a developer will be dependant on securing vacant possession. Delays to securing vacant possession could have financial penalties for both a development partner and the council. In order to ensure that vacant possession of leaseholder dwellings is secured in good time, the council will seek a Compulsory Purchase Order (CPO) on all three sites as a backstop. The CPO will only be used as a measure of last resort. In order to secure a CPO it is necessary to show that:
  - There is funding in place for the scheme
  - There are no obstacles to securing planning consent
80. To ensure that both of these requirements are met, the redevelopment programme ensures that CPO proceedings are not instigated until a developer has been selected and a detailed planning application has been submitted for approval.
81. Residents have been made aware of the council's intention to pursue a CPO and officers will seek Cabinet approval to make one or more Compulsory Purchase Orders in due course. Information concerning CPO processes will be made available to affected leaseholders in good time.

### **Meeting resident aspirations**

82. Residents have expressed concern throughout the consultation period that the council will fail to deliver a regeneration scheme on the estate, given the progress made in its previous endeavours to do so. This has made achieving resident buy-in into the scheme difficult. It may be that residents will only feel

confident in expressing what they want for the area when they are convinced that the council intends to deliver its scheme.

83. It is preferable to reduce this risk by ensuring that any potential changes in resident opinion are made known to the council as soon as possible. It is therefore recommended that the council continues to engage with residents regularly throughout the regeneration process, and that it seeks to deliver some 'quick wins' on the estate, such as improvements to the Elmington nature garden. For work of this kind to be sustainable, residents would also need to be involved in establishing sustainable management processes for the nature garden. This will contribute to residents' engagement with the regeneration process.

### **Deliverability**

84. Under a land transaction, the council can not specify requirements of developers beyond what is required for planning approval; it cannot therefore, guarantee rent levels forthcoming on the new development. There is therefore a risk that should planning requirements change significantly, disposal by way of land transaction will not be able to secure a mix of new homes that is affordable to Elmington residents and deliverable for development partners within the new funding regime for new social homes. The council will be seeking a development partner that will be willing to work to achieve the council's aims and goals, however, if this is not possible then a review of the disposal strategy will be undertaken and Cabinet will be presented with an alternative option.
85. Although all of the desired outputs that have been specified by residents during the consultation process could be provided via the preferred disposal method it should be noted that anything that residents would like that is beyond a planning requirement is not enforceable by contract.
86. The elements to be provided through the Section 106 process cannot be guaranteed via a land disposal and the elements provided will be determined through negotiation with a developer.
87. There is a risk that successful developers will be unable to build out new homes in a timely fashion. The council will consider developer capacity to deliver as part of the developer selection process. In addition to this, triggers for the granting of building leases and drawdown of the freehold will be attached to key milestones such as planning consent and building completion.
88. There is risk that without the council arranging for the demolition of the blocks on sites D, E and G itself, a court would not be satisfied that the requirements for Ground 10 had been met. Applying for Notices Seeking Possession on Ground 10 is the council's current procedure and the risk of this occurring is mitigated by phasing the rehousing programme so that the council is only seeking vacant possession of each site within a reasonable timeframe of anticipated demolition.

### **Conclusion and Recommended Approach**

89. Having considered:
- The desired outcomes expressed by residents throughout the resident consultation process, in particular their desire to remain in the area.
  - The poor condition of the existing Elmington blocks identified for redevelopment
  - Available rehousing capacity and



- Resources available within the Housing Investment Programme,
90. It is clear that without asking residents to continue to remain in blocks that are in poor condition for a significant period of time, and which would require significant investment to maintain, it is not possible to enable residents to remain in the area within the council's current Lettings Policy. It is also clear that the risks of failing to obtain Vacant Possession are significantly reduced by offering leaseholders who are found to be unable to purchase homes on the open market a range of council assistance options. This range of assistance options will not result in a greater loss of council stock to leaseholders than would be the case under current Lettings Policy.
91. Within the current uncertain economic and financial climate it is proposed that sites C, D, E and G are disposed of in a manner that enables developers to respond flexibly to changes in the market and legislative environment.
92. In order to reduce the risks to delivery of the scheme presented by delays in securing vacant possession of sites D, E and G it is also advisable to pursue a Compulsory Purchase Order.
93. For these reasons above it is recommended that Cabinet agrees the recommendations of this report. It should be noted that the redevelopment timetable set out at table 8 is an indicative redevelopment programme only based on the information that is available currently. Should any of the assumptions made alter as the redevelopment progresses this will have an effect on the overall timetable.

**Table 8: Indicative redevelopment programme**

Action	Timeline
Stop letting to homes on the Elmington Estate	Forthwith
CLG dispensation to use Council properties for shared ownership	Application sent off after Cabinet approval.
Demolition notices served	In response to Right To Buy applications
Compulsory Purchase Order obtained	One year post planning permission on sites D, E and G.
<b>Redevelopment of site C</b>	
Marketing of the site	Spring 2011
Expressions of interest	Summer 2011
Shortlisting of developers	Autumn 2011
Disposal report to Cabinet	Autumn 2011
Exchange of contracts	Spring 2012
Vacant possession	Spring 2013
Planning application submitted	Autumn 2013
Planning consent received	Spring 2014
Works start on site	2014
Completion	2015

<b>Action</b>	<b>Timeline</b>
<b>Redevelopment: D, E and G</b>	
Marketing of the sites	Summer 2011
Expressions of interest	Autumn 2011
Shortlisting of developers	Winter 2011
Disposal report to Cabinet	Winter 2012
Exchange of contracts	Autumn 2012
Planning application submitted	Winter 2013
CPO made	Winter 2013
Planning consent received	Autumn 2013
CPO confirmed	Winter 2014
General Vesting Declaration served	Spring 2014
No objections/ with objections VP achieved (leaseholders)	Spring 2014/Spring 2015
Site D & E Start on site	2014/15
Site D & E Complete	2016/17
Site G Start on site	2014/15
Site G Complete	2017/18
<b>Rehousing site D</b>	
Issue letters of notice of intent to residents	March 2011
Leaseholder financial assessments start	March 2011
Referencing & registration of residents	May 2011
Letters advising of bid activation dates	May 2011
Activation date	June 2011
Letter of intent to serve Notice Seeking Possession	August 2012
NSP served	November 2012
End of bidding period and move to direct offers	December 2012
Vacant possession (tenants)	November 2013
<b>Rehousing site E</b>	
Issue letters of notice of intent to residents	March 2011
Leaseholder financial assessments start	May 2011
Referencing and registration of residents	November 2011
Letters advising of bid activation dates	November 2011
Activation date	December 2011
Letter of intent to serve Notice Seeking Possession	February 2012
NSP served	May 2012
End of bidding period and move to direct offers	January 2013
Vacant possession (tenants)	September 2013
<b>Rehousing site G</b>	
Issue letters of notice of intent to residents	March 2011
Leaseholder financial assessments start	November 2011
Referencing and registration of residents	July 2012
Letters advising of bid activation dates	August 2012
Activation date	September 2012
Letter of intent to serve Notice Seeking Possession	December 2012
NSP served	March 2013
End of bidding period and move to direct offers	September 2013
Vacant possession (tenants)	April 2014
<b>Resident Consultation</b>	

Action	Timeline
RSG Meetings	Monthly
Newsletter to Elmington residents	Regularly
Elmington features in Southwark Housing News	When appropriate
Series of resident activities surrounding forthcoming redevelopment and opportunities for community benefit	When appropriate

### Community impact statement

94. There is a well established community living on the Elmington estate currently. The information gathered from the survey undertaken by Open Communities in December 2010 indicates that close to 50% of residents have lived on the estate for more than 10 years, with 35% of residents having lived there for more than 20 years. It is likely that these residents have established significant connections and built up support networks with other residents in the area. Offering these residents the option to return to the Elmington estate will contribute to enabling those connections to remain established.
95. Analysis of Census data from 2001 (the latest we have available) of the four output areas within which the affected Elmington blocks sit reveals that the dominant tenure in the area is social rented at 75% of all households. This compares to a boroughwide average of 44% (using Housing Requirements Study data from 2010). New development forthcoming on the footprint of the Elmington area will provide a minimum of 35% affordable housing as is required by planning. These homes will continue to be provided at an appropriate level of affordability for Southwark residents. The properties that are built on the Elmington will not be ringfenced for Elmington residents. Where Elmington residents bid for properties that are made available on Homesearch they will receive priority, but where no bids are received from Elmington residents, properties will not be held vacant, they will be let to other bidders on Homesearch.
96. New development will introduce a significant number of new homes available for shared and homeownership for Southwark residents. Additional community benefit will arise from developer contributions as a part of the redevelopment process, the precise nature of which will be subject to negotiation with the developer.
97. The survey carried out by Open Communities in December 2010 indicated that the largest ethnic group living on the estate was white British at 34% of respondents. The next largest groups are Black British (including Caribbean) at 28% and African at 20%, with smaller populations of Irish, White Other, Bangladeshi and Asian other at 4% or less. This is broadly reflective of the information gathered from analysis of 2001 Census data, indicating that the ethnic makeup of the estate has not changed significantly over the last 9 years. It is not anticipated that the regeneration proposals will have a disproportionate effect on any one particular ethnic group. However it is recognised that it is likely that there are households living on the estate for whom English is not the first language. Indications of the availability of translation services for those who need them will be made available on all literature sent to Elmington households concerning the regeneration.
98. 2001 Census data indicates that roughly 13% of council tenants in the area are of retirement age. Open Communities interviewed a number of households as

part of their survey process in December 2010. The survey by Open Communities found that there are considerable support needs for many elderly and disabled residents to make the process of moving less daunting. Many elderly residents reported that they were concerned about the moving process and the practicalities of how it will work, particularly where they have not moved themselves for over 20 years, and when they were much younger and fitter. There were examples of elderly parents being cared for by both sons and daughters across the estate.

99. Around 10% of households indicated they had a household member with a serious disability. This is likely to be an under-reporting of disability. Households with disabled residents proposed for refurbishment were concerned about the effect of the works on disabled residents. The information provided to individual residents before the refurbishment process should identify where there are households with disabilities or mental health problems to make sure they get the support they need before and during the refurbishment works.
100. Tenants with disabled household members in blocks proposed for demolition were concerned that they would be offered suitable accommodation with adaptations to enable independent living. This included ground floor accommodation, stair lifts and wheelchair accessible accommodation. Southwark, along with many other boroughs has a low level of supply of accommodation for people with disabilities. Where there are household members with a disability early engagement is needed to assess their needs and to allay their fears, and to make use of the separate register for adapted properties.
101. It is considered that the council's existing rehousing process, as set out at paragraph 56, will provide the necessary support required by disabled and elderly households to address the above concerns.
102. Information pertaining to religious belief has been gathered from analysis of Census data. This reveals that the majority of residents in the area are Christian (66%) with Muslim and Hindu households making up less than 10% of the population in the area. It is not anticipated that any of the proposals contained in this report will have a disproportionate impact on these groups.
103. The Open Communities survey asked respondents if they were employed, whether they were looking for work and whether they were interested in training to set up their own business. Most residents who responded were employed (56%) and a further 24% were looking for work. Making a broad comparison with boroughwide figures taken from the Census, this would seem to indicate that employment levels are lower amongst Elmington residents than the borough average (70%). It should be noted that the sample provided by respondents to the Open Communities Survey is relatively small. However, residents responding to the survey expressed interest in training concerning how to start up their own business.
104. The regeneration proposals within this report do not attempt to address issues of worklessness directly. However, it is likely that there will be employment and business opportunities that arise as part of the redevelopment activity taking place within the area. Current Southwark planning policy places a requirement on developers to source local labour and materials when developing in an area. It should also be noted that there is significant regenerative activity anticipated in the broader Camberwell area that Elmington residents will be able to benefit from.

105. Residents of the blocks identified for regeneration are currently occupying homes that do not meet the government standard for decency. The regeneration of the Elmington Estate will enable residents currently living within these homes to move into better quality accommodation. In offering residents the option to return to the estate residents will be able to move into better quality accommodation, earlier, than would be the case by working within the current Lettings Policy.
106. The regeneration proposals contained within this report assume that the services offered by the Camberwell Area Housing Office are located elsewhere as part of broader reviews of service provision through housing offices and of other office accommodation and customer service provision through the revised office accommodation strategy. The impact of this relocation is therefore not assessed here.
107. The Elmington RSG has expressed concern to monitor the impact of the regeneration on residents on the estate throughout the process to ensure that where particular members of the community experience disproportionate impacts, every effort is made to reduce these. It is therefore proposed that Council officers agree with the Elmington RSG an appropriate community impact monitoring framework that can be updated regularly as part of the regeneration project.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Property**

108. The Head of Property concurs that the recommendation in paragraph 2 of the report is the most appropriate method of regenerating Sites C, D, E and G of the Elmington Estate.
109. In consideration of the proposed implementation programme and residents aspirations, land disposal is the most appropriate method to regenerate Phase 3 of the Elmington Estate. One of the key requirements outlined in the report is to seek a quick solution to regenerating the estate. With disposal of sites in the open market, regeneration will be bought forward quickly, as best consideration and inward investment without cost to the council. Developers will bear the costs of obtaining planning consent, demolition (as required), construction, finance and development risk.
110. If the cabinet approves the recommendations then the land disposal programme and marketing can commence shortly afterwards. It is important to note that the proposed timescales are only provisional and subject to change. There are many factors that can alter these and whilst they can be managed it is not possible to eliminate these risks altogether.
111. It will be necessary to obtain vacant possession of the sites before construction can commence. The report contains a number of recommendations to enable the decanting of the buildings on the sites to allow vacant possession to be obtained. This process can run in conjunction with the selection of the development partner and the planning process, thus reducing delay.
112. The financial investment implications, as noted in report on the closed agenda accord with the Property Disposal and Valuation report approved by the Head of Property on the 7th October 2010. The Disposal and Valuation report set out the site values, as at that date, assuming HCA grant is available and is not available.

The disposal of the sites will generate a land receipt that meets statutory requirements including best consideration.

## **Strategic Director of Communities, Law & Governance**

### **Consultation**

113. The report recommends an indicative implementation programme for the redevelopment of sites C, D, E and G and re-housing options for residents displaced by the redevelopment. Many of the properties on sites D, E and G are occupied by council secure tenants. Section 105 Housing Act 1985 requires the council to consult with its secure tenants on matters of housing management, which in the opinion of the council as landlord represents a new programme of maintenance, improvement or demolition, or a change in the policy or practice of the authority and is likely to substantially affect secure tenants either as a whole or a group of them. The proposed implementation programme and re-housing options recommended by the report are likely to substantially affect secure tenants on the proposed redevelopment sites. The report sets out the consultation that has taken place to date and the outcome of consultation. Cabinet members should take the outcome of consultation that has taken place into account when making decisions on the proposals.

### **Re-housing**

114. In the case of secure tenants, the council is required to provide suitable alternative accommodation under the relevant grounds for possession in housing legislation. The council has discretion as to how it achieves this. Members are advised that provision of alternative accommodation by way of a clear and transparent policy is prudent. The council makes provision in its lettings policy for a special scheme that applies to re-housing of tenants and homeowners on regeneration schemes. The proposal set out in this report represents a variation to the current policy as it relates to regeneration schemes particular to the Elmington scheme.
115. Occupying leaseholders displaced by redevelopment are not generally entitled to be re-housed by the council. However in certain circumstances the limited duty to provide suitable alternative accommodation to persons displaced by redevelopment under section 39 of the Land Compensation Act 1973 may be engaged. There is provision in the council's current policy for the rehousing of homeowners displaced by redevelopment. The re-housing options proposed in this report for occupying leaseholders go beyond the re-housing requirements of the Land Compensation Act. Section 2 of the Local Government Act 2000 provides the council with power to do anything which it considers is likely to achieve any one or more of the objectives of the promotion or improvement of the economic, social and environment well-being of their area, which may be exercised in relation to or for the benefit of the whole or any part of the authority's area, or all or any persons resident or present in the authority's area. Section 2 would give the council the power to introduce the proposed options provided members are satisfied that they meet one or more of the objectives referred to above; the report sets out the reasons for the recommendation in paragraph 52. Members are advised to have regard to the council's community strategy in the exercise of this power.
116. While the council will endeavour to re-house residents on sites D,E and G by agreement under its re-housing policy, in the absence of agreement, the council will need to apply the appropriate legal processes to obtain possession. In the

case of leaseholders, in the absence of agreement, the council could only acquire their interests in the property under a compulsory purchase order. In the case of secure tenants, while the council may also obtain possession of tenanted properties under a CPO, in the absence of agreement, the council's usual practice is to secure possession under a court order using housing legislation. However, a court order will only be granted if the council is able to satisfy the court that one of the grounds set out in Schedule 2 of the Housing Act 1985 is made out. Schedule 2 contains two mandatory 'regeneration' grounds; Ground 10 and Ground 10A. In respect of both grounds, the council must provide suitable alternative accommodation to the tenant. Ground 10 may be relied on where the council intends, within a reasonable time of obtaining possession to demolish or reconstruct the buildings or part of the building or carry out work on the building and can't reasonably do so without obtaining possession. Ground 10A may be relied on where the Secretary of State has approved a redevelopment scheme and it is intended to dispose of the properties on the approved scheme within a reasonable time of obtaining possession. The process involved on an application for the Secretary of State's approval for the purpose of ground 10A means that it is likely to take longer to obtain possession pursuant to this ground than with ground 10 where the approval of the secretary of state is not required.

117. The council does not intend to reconstruct or carry out work to the buildings on sites D, E and G so it will only be able to rely on Ground 10 as a ground for possession if it is intended to demolish the buildings within a reasonable time of obtaining possession. There is a risk that unless the council arranges for demolition of the buildings a court may not be satisfied that ground 10 conditions are made out. As an alternative to using ground 10, the council may elect to make an application to the Secretary of State for approval of the redevelopment scheme for the purpose of using Ground 10A. If Secretary of State approval of the redevelopment scheme is obtained, the council will not need to satisfy the court that it intends to demolish the buildings. However, the process involved on an application to the Secretary of State may lead to a delay in the indicative timetable for the implementation programme set out in the report. The council will need to keep the availability of grounds for possession under review as plans for the redevelopment programme progress.

### **Home loss and disturbance payments**

118. Home loss and disturbance payments are payable to eligible displaced residents under the Land Compensation Act 1973. In certain situations the council must make payments to those entitled. In other situations the council has discretion to make payments.
119. Qualifying residents who are permanently displaced from their homes as a consequence of the carrying out of any improvement or of redevelopment on the land occupying properties as their only or main residences throughout the period of one year ending with the date of displacement ('qualifying period'), will be entitled to home loss payments. Discretionary payments may be made to those occupying properties as their only or main residences at the date of displacement but who have not done so throughout the 'qualifying period'. Persons occupying temporary accommodation under homelessness legislation are not eligible for home loss payments. Qualifying residents will also be eligible for disturbance payments following displacement.
120. As to home loss payments, the amount payable is fixed by law; in the case of owner occupier leaseholders it amounts to 10 per cent of the value of their property subject to a maximum threshold of £47,000 and a minimum threshold of

£4,700. Non-resident leaseholders (i.e. investors) are entitled to a basic loss payment of 7.5% of the value subject to a maximum of £75,000. In any other case e.g. secure tenants, a flat rate of £4,700 is applicable.

121. Disturbance payments cover the reasonable expenses of a person entitled to payment in removing from the land from which he is displaced. The amount payable is not fixed and it is for the displacing authority to decide in the first instance what is reasonable. Any dispute may be taken to the Lands Tribunal for determination.

### **Land disposal**

122. The Cabinet is advised that the Elmington sites ("the Sites") are land held for housing purposes and any disposal of them can only proceed in accordance with Section 32 of the Housing Act 1985 (as amended), for which purposes the consent of the Secretary of State for Communities and Local Government is required ("CLG"). However, a number of general consents have been issued in The General Housing Consents 2005 which permit the sale of housing land, provided that certain conditions are met. The precise terms of the disposal of the Sites are not yet known. However, the Cabinet will note from Table 8 set out in this report, that disposal reports will be submitted to the Cabinet on the dates specified, at which time the terms will be known and it will be clear as to whether the disposals are permitted under the General Disposal Consents 2005 or require CLG consent. Prior to any disposal of the Sites the Strategic Director of Housing must formally declare the Sites surplus to the Council's housing requirements
123. It is recommended that the redevelopment of sites C, D, E and G are by way of a land disposal. Land disposals are not subject to the requirements of the Public Contracts Regulations 2006 and as such the council is not obligated to follow an EU public procurement competitive tendering process to sell the land to a private developer.
124. The council will need to ensure that the sale of these sites complies with the meaning of a land disposal for the purposes of those Regulations and is not a "public works contract" – which is subject to the Regulations and for which the council would be legally obligated to follow an EU public procurement competitive tendering process.
125. To qualify as a land disposal, the council will need to ensure that the primary purpose of the development agreement is to sell the sites. The council may not put any obligation on the developer to carry out works or to provide housing management services, unless such works and services are incidental to the sale of the land and such obligation falls within the council's powers as a planning authority and can be captured in a section 106 agreement. Paragraphs 84 to 88 of this report notes possible risks with deliverability by use of a land disposal, and how those risks might be mitigated'.

### **Planning**

126. The report envisages regeneration of Phase 3 of the Elmington Estate through the land disposal route subject to planning permission being granted for redevelopment. The Council as local planning authority will determine any planning application(s) for the sites in accordance with the development plan unless other material considerations dictate otherwise. As there is no relevant



Area Action Plan the most relevant policies of the development plan guiding development on the site would be the Core Strategy.

127. It should be noted the Community Infrastructure Levy Regulations 2010 ("CIL Regs") are in force and would apply to a "relevant determination" (if made on or after 6 April 2010). Therefore the CIL Regs would apply to any planning permission issued in respect of Phase 3. As such the Section 106 obligations in respect of the site would be subject to Regulation 122 "limitation on use of planning obligations", namely in order to constitute a reason for granting planning permission any obligation(s) must be:
- (a) necessary to make the development acceptable in planning terms;
  - (b) directly related to the development; and
  - (c) fairly and reasonably related in scale and kind to the development
128. As the disposal and any proposed scheme progress, the CIL Regs and in particular any infrastructure requirements triggered by the scheme and the appropriate mitigation mechanisms should be kept under review. Section 106 obligations would be used to mitigate adverse impacts flowing directly from and reasonably related to the proposed development. Section 106 obligations attaching to any permissions issued in respect of Phase 3 could be used to prescribe the standards of development set out in policy in terms of design, housing and tenure mix (and other relevant planning considerations). Members should note that the Section 106 obligations take effect in the event that any consented scheme is implemented to mitigate the adverse impacts of development. Section 106 agreements would not generally prescribe timescales for delivery of a scheme. Planning permissions have a lifespan of 3 years within which a scheme must be implemented before it lapses. There may be good planning reasons for granting shorter planning permissions. Section 106 agreements must be used for proper planning purposes and as with development agreements may be subject to similar constraints arising from EU Procurement Directives.

#### **Finance Director**

129. The comments of the Finance Director, and the detailed financial implications of this report are included in a separate report on the closed agenda with paragraphs numbered 73-131.

#### **BACKGROUND PAPERS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
May 2009 Executive report	Housing Strategy & Regeneration Tooley Street	Maurice Soden on 020 7525 1292

**APPENDICES**

<b>Appendix</b>	<b>Title</b>
Appendix 1	Footprint of Elmington estate
Appendix 2	Map of regeneration proposals
Appendix 3	Resident survey analysis
Appendix 4	Rehousing timeline

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Fiona Colley, Regeneration and Corporate Strategy	
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Author</b>	Jennifer Daothong, Project Officer, Estate Regeneration Team	
<b>Version</b>	Final	
<b>Dated</b>	14 March 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Head of Property	Yes	Yes
Finance Director	Yes	
<b>Cabinet Member</b>	Yes	No
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>		14 March 2011







### Appendix 3 – September 2010 survey response analysis

1. 61 programme choice slips were returned and 56 survey responses were received. 71% of respondents have expressed a preference for the compressed redevelopment programme over the cascade. The residents of site E are the least supportive of this option; 59% chose this programme over the cascaded option. Only 2 responses indicating programme preference were received from leaseholders. Residents were also asked if they would want to remain the area – the results are shown in table 1 below.

**Table 1 – survey responses from tenants and leaseholders to the question ‘Do you want to leave the area?’**

Response category	Percentage of respondents	Response sub-category	Percentage of respondents
Want to stay in the area	45%	I want to remain in the area because I have lived here all my life and/or I love the area	23%
		No I have to remain in the area because of personal/medical reasons (eg my carer or someone I care for lives locally)	21%
Want to leave the area	50%	Would like to leave the area but would like to stay in Southwark	34%
		Would like to leave Southwark	16%
Invalid response	5%		

2. The response rate from Southwark tenants was low at 43%. They were asked to indicate their greatest concerns about being rehoused. The responses given are as below:
  1. Being forced to take something I don't think is suitable (73% of respondents)
  2. Waiting too long to be rehoused (61% of respondents)
  3. Being outbid for properties I like/ Not finding anything I like in Homesearch (51% of respondents)
3. Tenants were also asked what the two most important factors for consideration would be in considering a property to be rehoused in, 55% of respondents said that the area was of importance and 49% said that the size and spaciousness of the rooms would be of importance as would the presence of a balcony or garden.
4. Overall, respondents' greatest concerns about the regeneration are:
  1. The timeline is too long (76% of tenants)
  2. Levels of repair and maintenance reducing because their blocks will be demolished (47% of tenants)
  3. Security – the building will become unsafe as people are moved out (43% of tenants)

5. For leaseholders, the response rate was low; only 7 responses out of 31 having been received so far (23% response rate). Of those that have responded, their main concerns are:
  1. Not getting a fair value for my home (86% of respondents)
  2. Losing the investment I have put into my home (57% of respondents)
  3. Not being able to afford anywhere (57% of respondents)
  
6. The leaseholders who believed themselves to be most in need of assistance were those who belong to retired households and who are concerned that they will be unable to afford a mortgage.

Blocks	2011	2012	2013	2014	2015	2016	2017
Sites A and B (Edmund Street)		Start on site			New homes completed	Option to return	
Harris Street Neighbourhood Office			Start on site	New homes completed	Option to return		
1-27 Benhill 29-59 Benhill	Rehousing starts (residents move offsite)		Rehousing ends (residents move offsite) Start on site		New homes completed	Option to return	
1-20 Houseman Way 21-29 Houseman Way 30-51 Houseman Way 90-106 Benhill Road	Rehousing starts (residents move offsite/to Harris street/ to Edmund street)		Rehousing ends (residents move offsite/to Harris street/ to Edmund street) Start on site			New homes completed	Option to return
30-72 Lomond Grove 1-20 Broome Way 1-12 Flecker House		Rehousing starts (residents move offsite/ to Harris street/ to Edmund Street)		Rehousing ends (residents move offsite/to Harris street/ to Edmund street) Start on site			New homes completed

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		<b>Dated:</b> 15 March 2011	