

Council Assembly (Ordinary Meeting)

Wednesday 28 November 2012

7.00 pm

Harris Academy Peckham, 112 Peckham Road, London SE15 5DZ

Councillors are summoned to attend a meeting of the Council to consider the business contained herein

Eleanor Kelly
Chief Executive

INFORMATION FOR MEMBERS OF THE PUBLIC

Access to information

You have the right to request to inspect copies of minutes and reports on this agenda as well as the background documents used in the preparation of these reports.

Babysitting/Carers allowances

If you are a resident of the borough and have paid someone to look after your children, an elderly dependant or a dependant with disabilities so that you could attend this meeting, you may claim an allowance from the council. Please collect a claim form at the meeting.

Access

The council is committed to making its meetings accessible. Further details on building access, translation, provision of signers etc for this meeting are on the council's web site: www.southwark.gov.uk or please contact the person below.

Contact

Lesley John on 020 7525 7228 or 020 7525 7222 or email: lesley.john@southwark.gov.uk;
andrew.weir@southwark.gov.uk; constitutional.team@southwark.gov.uk

Date: 16 November 2012



Council Assembly (Ordinary Meeting)

Wednesday 28 November 2012
7.00 pm
Harris Academy Peckham, 112 Peckham Road, London SE15 5DZ

Order of Business

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PART A - OPEN BUSINESS

1. PRELIMINARY BUSINESS

1.1. ANNOUNCEMENTS FROM THE MAYOR, MEMBERS OF THE CABINET OR CHIEF EXECUTIVE

To receive any announcements from the Mayor, members of the cabinet or the chief executive.

1.2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE MAYOR DEEMS URGENT

In special circumstances an item of business may be added to an agenda within seven working days of the meeting.

1.3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Members to declare any personal interests and dispensations in respect of any item of business to be considered at this meeting.

1.4. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

1.5. MINUTES

To approve as a correct record the open minutes of the council assembly meeting held on 17 October 2012 (to be circulated separately).

2. ISSUES RAISED BY THE PUBLIC

2.1. PETITIONS

To formally receive any petitions lodged by members of the council or the public which have been received in advance of the meeting in accordance with council assembly procedure rules.

2.2. PUBLIC QUESTION TIME

The deadline for public questions is Midnight, Thursday 22 November 2012. Questions can be emailed to constitutional.team@southwark.gov.uk.

Questions from the public will be distributed in a supplemental agenda.

2.3. DEPUTATION REQUESTS ON THE THEME

The deadline for deputation requests is Midnight, Thursday 22 November 2012. Deputations can be emailed to constitutional.team@southwark.gov.uk.

Deputation requests will be distributed in a supplemental agenda.

3. THEMED DEBATE - TRANSPORT IN SOUTHWARK 1 - 2

3.1. CABINET MEMBER STATEMENT

The cabinet member for transport, environment and recycling to present the theme for the meeting.

3.2. QUESTIONS FROM THE PUBLIC ON THE THEME

The deadline for public questions on the theme is Midnight, Thursday 22 November 2012. Questions can be emailed to constitutional.team@southwark.gov.uk.

Questions from the public will be distributed in a supplemental agenda.

3.3. MEMBERS' MOTIONS ON THE THEME 3 - 6

To consider the following motions on the theme submitted by members of the council:

- Supporting cycling in Southwark
- Road safety
- Bus services in the south of the borough.

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4.	OTHER DEPUTATIONS	
	The deadline for deputation requests is Midnight, Thursday 22 November 2012. Deputations can be emailed to constitutional.team@southwark.gov.uk .	
	Deputation requests will be distributed in a supplemental agenda.	
5.	ISSUES RAISED BY MEMBERS	
	5.1. MEMBERS' QUESTION TIME	7 - 13
	To receive any questions from members of the council.	
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6.	REPORT(S) FOR DECISION FROM THE CABINET	
	6.1. LOCAL COUNCIL TAX REDUCTION SCHEME	17 - 25
	Council assembly is asked to consider a local council tax reduction scheme and policy from 1 April 2013 as recommended by cabinet on 23 October 2012.	
	6.2. COUNCIL TAX TECHNICAL REFORMS	26 - 48
	Council assembly is asked to agree recommendations from the cabinet on 23 October and 20 November 2012 on detailed technical reforms arising from recent changes to council tax legislation. The recommendations of the cabinet on 20 November 2012 will be circulated to councillors prior to the meeting.	
7.	OTHER REPORTS	
	7.1. ADOPTION OF SECTION 16 OF THE LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON ACT 2003	49 - 59

Council assembly is asked to implement the use of the enhanced enforcement provision provided by Section 16 London Local Authorities and Transport for London Act 2003. This provision cannot be implemented until it has been adopted by a resolution of the council and a date for the commencement of the provisions has been published.

7.2. TREASURY MANAGEMENT - MID-YEAR UPDATE 2012/13

60 - 70

Council assembly is asked to note the treasury management mid year report on operational activity and agree change to prudential indicators.

8. AMENDMENTS

Any member of the council may submit an amendment to a report or motion on the agenda. The amendments will be circulated to all members in a supplemental agenda.

ANY OPEN ITEMS IDENTIFIED AS URGENT AT THE START OF THE MEETING

EXCLUSION MOTION (IF NECESSARY)

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

“That under the access to information procedure rules of the Southwark constitution, 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 section(s) 1 – 7 of paragraph 10.4 of the procedure rules.”

PART B – CLOSED BUSINESS

ANY CLOSED ITEMS IDENTIFIED AS URGENT AT THE START OF THE MEETING

Item No. 3.	Classification: Open	Date: 28 November 2012	Meeting Name: Council Assembly
Report title:		Themed Debate: Transport in Southwark	
Ward(s) or groups affected:		All	
From:		Proper Constitutional Officer	

BACKGROUND INFORMATION

Introduction

1. On 23 April 2012 the council assembly business panel met to agree the themes for the themed section of council assembly meetings for the 2012/13 municipal year. The council assembly business panel agreed that the theme for the themed section of council assembly in November 2012 should be 'Transport in Southwark'.

What happens at the meeting?

2. At the meeting the agenda will be:
 - Cabinet member has 10 minutes in which to present the theme, plan or strategy
 - Shadow cabinet member has 5 minutes in which to reply
 - Public pre-submitted questions on the theme of the meeting (maximum of 15 minutes)
 - Member's motions on the cabinet theme using present principles to allow sufficient political balance and for political groups to hold cabinet to account.

One hour shall be allocated for the themed debate. The Mayor shall have the discretion to vary timings as appropriate.

Public questions on themed debate

3. The deadline for public questions is Midnight, Thursday 22 November 2012. To find out more visit www.southwark.gov.uk/democracy or to submit a public question email constitutional.team@southwark.gov.uk.
4. The Mayor may reject a question if it is not relevant to the theme, plan, strategy or policy under discussion.
5. The time during which public questions shall be taken at a themed meeting shall not exceed 15 minutes and shall be conducted under the existing rules for public questions.

Members' motions

6. All motions shall be relevant to the topic under discussion and shall be conducted under the existing rules for members' motions. Normal deadlines shall apply for the submission of members' motions.
7. The order of motions and timings shall be determined by the Mayor.

Themes

8. The themes for each meeting are set by the council assembly business panel.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Constitution	160 Tooley Street London SE1 2QH	Constitutional Team constitutional.team@southwark.gov.uk 020 7525 7228

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Ian Millichap, Constitutional Manager	
Report Author	Lesley John, Constitutional Officer	
Version	Final	
Dated	15 November 2012	
Key decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer title	Comments sought	Comments included
Director of Legal Services	No	No
Strategic Director Finance & Corporate Services	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team	15 November 2012	

Item No. 3.3	Classification: Open	Date: 28 November 2012	Meeting Name: Council Assembly
Report title:		Motions on the Theme – Transport in Southwark	
Ward(s) or groups affected:		All	
From:		Proper Constitutional Officer	

BACKGROUND INFORMATION

During the themed debate, council assembly may debate motions. Members’ motions on the theme will use present principles to allow sufficient political balance and for political groups to hold cabinet to account.¹

Members are limited to moving one motion and seconding one motion in the themed section of the meeting.

All motions shall be relevant to the topic under discussion and shall be conducted under the existing rules for members’ motions. Normal deadlines shall apply for the submission of members’ motions.

The order in which motions are debated and timings shall be determined by the Mayor.²

1. MOTION FROM COUNCILLOR GEOFFREY THORNTON (Seconded by Councillor Lisa Rajan)

Supporting cycling in Southwark

1. Council assembly believes a lot more should be done to encourage cycling throughout Southwark, including making bicycles more accessible to residents, encouraging the take up of cycling and improving road safety for cyclists.
2. Council assembly therefore calls on cabinet to:
 - Work with Transport for London to extend the London cycle hire scheme throughout the borough
 - Reintroduce Southwark Council’s ‘Cycle to Work’ scheme for council employees, which provided significantly greater financial incentives to employees buying a bicycle than the interest free loan scheme now in place, but was ended by the Labour administration in 2010
 - Reverse cuts to funding for cycle training, which is set to fall by 18% between 2011/12 and 2013/14
 - Install further Trixi mirrors throughout the borough to improve cycle safety and reduce road casualties

¹ Council assembly procedure rule 2.7 (3)
² Council assembly procedure rule 2.7 (9) and (10)

- Raise the target for cycle journeys in the borough by 2025 from 5% to 20%.

Note: If the motion is agreed, any proposals will be submitted to the cabinet for consideration.

2. MOTION FROM COUNCILLOR HELEN HAYES (Seconded by Councillor Mark Glover)

Road safety

1. Council assembly expresses condolences for the tragic deaths of Hichame Bouadimi, Ellie Carey and many other cyclists and pedestrians who have been killed in road accidents in recent years in Southwark.
2. Council assembly notes that the number of people killed on Britain's roads increased by 3% in 2011 to 1,901 – the first increase since 2003. It also notes that the number of pedestrians killed jumped by 12% to 453.
3. Council assembly regrets the then Conservative Transport Secretary, Phillip Hammond's pledge to "end the war on the motorist" in 2010 which has led to the removal of speed cameras, the abolition of national casualty-reduction targets, the proposal of 80mph speed limits and the reduction in the number of charges for death by dangerous driving.
4. Council assembly also regrets the decision by Transport for London (TfL) to change the phasing of London's traffic lights, ostensibly to improve traffic flow, which has made roads less safe for cyclists and pedestrians.
5. Council assembly welcomes measures introduced by the council to promote cycling and to improve road safety including:
 - Becoming the first London council to install Trixi mirrors at four junctions in Southwark, with eight more junctions earmarked
 - Carrying out spot checks on cyclists and drivers breaching traffic enforcement laws in order to crackdown on dangerous driving
 - A comprehensive road safety education, training and publicity programme – including for lorry drivers - and a safer routes to school programme (SRTS), which aims to encourage and enable children to walk or cycle to and from school through the introduction of targeted traffic calming and the creation of safer walking and cycling routes.
6. Council assembly believes that the biggest cause in road deaths is speeding and therefore calls on the cabinet:
 - For Southwark to become a 20mph borough
 - To call on the Association of Chief Police Officers (ACPO) to ensure police enforce 20mph speed limits
 - To call on TfL to give greater flexibility and support for the use of average speed cameras.

And also for:

- More to be done to make TfL operated roads safer and calls for greater transparency for TfL's review of dangerous junctions in Southwark.

Note: If the motion is agreed, any proposals will be submitted to the cabinet for consideration.

3. MOTION FROM COUNCILLOR TOBY ECKERSLEY (Seconded by Councillor Lewis Robinson)

Bus services in the south of the borough

Council assembly believes that improvements are needed to bus services in the south of the borough, and in particular requests the cabinet to report on:

1. Further work with Transport for London (TfL) to secure an extension of bus route 42 to Sainsbury's Dog Kennel Hill via North Dulwich station, including the feasibility of the council assisting financing through Community Infrastructure Levy, Section 106 monies and/or other means
2. Continuing complaints about the reliability and frequency of the 37 and 3 bus services
3. The feasibility of extending the 201 bus service eastwards from Herne Hill to provide better east/west services through Dulwich
4. Support and working with TfL on extending the 63 bus service onto Honor Oak Park station to provide connection with London Overground services.
5. The welcome removal of the notorious "bendy buses" from the 12 route and in light of the fact that the 12 service was one of the last routes to run the route masters to make representations to TfL for the introduction of the new route masters on this service.

Note: If the motion is agreed, any proposals will be submitted to the cabinet for consideration.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Member Motions	Constitutional Team 160 Tooley Street London SE1 2QH	Andrew Weir 020 7525 7222

AUDIT TRAIL

Lead Officer	Ian Millichap, Constitutional Manager
Report Author	Lesley John, Constitutional Officer
Version	Final
Dated	9 November 2012

Agenda Item 5.1

Item No. 5.1	Classification: Open	Date: 28 November 2012	Meeting Name: Council Assembly
Report title:		Members' Question Time	
Ward(s) or groups affected:		All	
From:		Proper Constitutional Officer	

BACKGROUND INFORMATION

Members' question time shall not exceed 30 minutes. During this time, members may not question any one cabinet member or committee chair for longer than fifteen minutes.

Members are limited to one question at each meeting. One councillor from each community council will be able to submit a question on behalf of their community council.

Questions to the leader will be taken first, followed by question from community council councillors followed by questions to other cabinet members. The order in which the different political groups ask questions of the leader will be rotated. Questions to cabinet members will be taken in the order of receipt and portfolio. The order of portfolios will be rotated at each meeting such that the cabinet member answering questions immediately after the leader will be the last cabinet member to answer any questions at the next meeting of council assembly.

Cabinet members and committee chairs have discretion to refer a question to another cabinet member.

Responses to members' questions will be circulated on yellow paper around the council chamber on the evening of the meeting.

The Mayor will ask the member asking the question if they wish to ask one supplemental question to the member to whom the question was asked. The supplemental question must arise directly out of the original question or the reply. Therefore, supplemental questions to the leader or other cabinet members are not free ranging.

No question shall be asked on a matter concerning a planning or licensing application.

Notes:

1. The procedures on members' questions are set out in council assembly procedure rule 2.9 in the Southwark Constitution.
2. In accordance with council assembly procedure rule 2.9 (12) & (13) (prioritisation and rotation by the political groups) the order in which questions to the leader appear in this report may not necessarily be the order in which they are considered at the meeting.
3. A question from a community council must have been previously considered and noted by the relevant community council (CAPR 2.9.2).

1. QUESTION TO THE LEADER FROM COUNCILLOR ANOOD AL-SAMERAI

How many homes for social rent, as officially defined by government, will be included in phase one of the Heygate regeneration project? Following the report in Southwark News of 1 November in which the council stated its definition of social rented homes is based on "housing charity Shelter's guidelines", would the leader give a source for these guidelines? What communication has the council had with Shelter about these guidelines both prior to and after the article was published?

2. QUESTION TO THE LEADER FROM COUNCILLOR GAVIN EDWARDS

In the Southwark News on 1 November 2012 Simon Hughes finally admitted that the government has cut the subsidy it pays for new affordable housing from £120,000 to £20,000 per unit. He then claims that this has had no impact on the deal at the Heygate. Do you agree?

3. QUESTION TO THE LEADER FROM COUNCILLOR ADELE MORRIS

Can the leader explain why the Cathedrals ward councillors are not invited to attend the Blackfriars Road Landowners Forum meetings? These meetings include a range of stakeholders from a wide spectrum and are for the purpose of discussing multimillion pound developments. Does the leader not recognise the ward councillors as important stakeholders who can make a valuable contribution on behalf of their community?

4. QUESTION TO THE LEADER FROM COUNCILLOR MICHAEL SITU

Can the leader provide an update on the number of police lost from Southwark's streets since May 2010?

5. QUESTION TO THE LEADER FROM COUNCILLOR GEOFFREY THORNTON

Why has the council failed to meet the targeted increase for Bikeability level 1 cycle routes in 2011/12 (an increase of 2km)? Why is the target for 2012/13 only an additional increase of 1km? What is the targeted increase currently projected for 2013/14?

6. QUESTION TO THE LEADER FROM COUNCILLOR DARREN MERRILL

When the heads of terms for the regeneration of the Heygate were approved by the previous Liberal Democrat administration, paragraph 57 of the report stated: "The level of affordable housing will be determined through the normal statutory planning processes in accordance with the emerging core strategy." Can the leader confirm how much affordable housing would have been delivered at the Heygate had this approach been followed?

7. QUESTION TO THE LEADER FROM COUNCILLOR NICK STANTON

Following the recent inclusion of the Sky Lounge in the 1 Blackfriars development at a cost of £5.5 million, does the leader think that the construction of viewing lounges is an appropriate way for developers to provide public contributions? What plans does the council have to use the Sky Lounge for its own events and meetings? What steps will the leader take to ensure that the Sky Lounge will not be treated as a profit making exercise for its owners?

8. QUESTION TO THE LEADER FROM COUNCILLOR DAN GARFIELD

While we all appreciate the rough and tumble of local politics, how important is it for politicians of all parties to adhere to a minimum standard of decency when engaging in political debate?

9. QUESTION TO THE LEADER FROM COUNCILLOR CATHERINE BOWMAN

Please could the leader give an update on the number of new primary and secondary school places needed by 2015, broken down by ward?

10. QUESTION TO THE LEADER FROM COUNCILLOR ABDUL MOHAMED

What impact have the government's new planning framework, coupled with the slashing of the affordable housing grant, had on the viability of regeneration projects like the Heygate including on rent charges?

11. QUESTION TO THE LEADER FROM COUNCILLOR PODDY CLARK

How many reports of fly-tipping have been made in the last 12 months, broken down by ward? How many fines has the council issued in each of the last three years for a) fly-tipping, and b) littering?

12. QUESTION TO THE LEADER FROM COUNCILLOR MARK GETTLESON

How much has been spent on repairs and other works to the roof terrace in the Council's Tooley Street office in 2012/13 and in 2011/12?

13. QUESTION TO THE LEADER FROM COUNCILLOR PAUL KYRIACOU

Will he give an update on the review of nurseries and children's centres launched in August and when the findings will be made public? Will he commit to keep all existing childcare services and nurseries in the borough open next year?

14. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR MARTIN SEATON

Can he confirm how many schemes for new council homes were agreed between May 2002 and May 2010?

15. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR NICK DOLEZAL

In 2009 the Audit Commission found that: "In 2008/09, [the council] invested £73 million in works to achieve decent homes whereas double this figure was required to meet their targets. They aim to increase investment further by better contracting arrangements and the sale of buildings."

The report also acknowledged that "not enough has been done so far. There remains a significant funding gap to bridge, and over 18,000 homes are still likely to be non-decent in 2013. This is partly because Southwark has decided, in line with the wishes of residents, to improve homes to a higher standard. This will give more tenants new kitchens and bathrooms. However, it also means that more

tenants will continue to live in poor-quality housing for longer. The lack of an up-to-date picture of the condition of council housing means that it is uncertain how much more investment may be needed and therefore how soon the improvements can be made.”

Is this incontrovertible evidence not only that the previous administration planned to sell council homes to fund decent homes work, but also that their decent homes programme was nothing but an abject failure?

16. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR LORRAINE LAUDER

Can he provide a breakdown of which estates are due to benefit from improved CCTV coverage thanks to the council’s £1.4 million capital investment?

17. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR PAUL NOBLET

What definition does the council use to define the various tenures of affordable housing (social rented, affordable and intermediate)? Does the council accept the official government definition outlined in Planning Policy Statement 3?

18. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR TIM MCNALLY

Would the cabinet member list the developments where the council has accepted in-lieu payments instead of affordable housing since May 2010, and the value of each of the payments accepted? What proportion of these in-lieu payments has been spent on affordable housing?

19. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR MICHAEL BUKOLA

How many leaseholders were under or overcharged on their service charge account in 2011/12? What is the average time taken by the council to correct these errors? What action has been taken to improve leaseholder charging in 2012/13?

20. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR DENISE CAPSTICK

How can the registered nurse in the housing department effectively complete a medical and self care assessment of an individual’s needs without visiting them and observing their ability to self care and the effect a medical condition has on their quality of life?

21. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR GRAHAM NEALE

How many incorrect rent statements have been sent out to tenants in the last year? What is the cabinet member doing to ensure that this problem is resolved?

22. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR ELIZA MANN

How many care leavers have been evicted within three years of signing up to new tenancies in the last 12 months? What is the council doing to ensure care leavers are supported to find suitable housing?

23. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR DAVID NOAKES

How many council homes have been a) sold, b) demolished and c) built since May 2010, broken down by ward?

24. QUESTION TO THE DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT FROM COUNCILLOR PATRICK DIAMOND

Can he provide a breakdown by a) postcode and b) age of under-occupying social housing tenants that will have their housing benefit cut by the government from next April?

25. QUESTION TO THE CABINET MEMBER FOR COMMUNITIES AND ECONOMIC DEVELOPMENT FROM COUNCILLOR CLEO SOANES

Can she provide the latest information on the number of long-term young unemployed people in Southwark and what, if any, impact the government's work programme is having on long-term young unemployed in Southwark?

26. QUESTION TO THE CABINET MEMBER FOR COMMUNITIES AND ECONOMIC DEVELOPMENT FROM COUNCILLOR ROWENNA DAVIS

How many apprentices has the council taken on this year and how many of last year's cohort have gone on to find long-term employment?

27. QUESTION TO THE CABINET MEMBER FOR COMMUNITIES AND ECONOMIC DEVELOPMENT FROM COUNCILLOR WILMA NELSON

Please give the ethnic breakdown of a) people on the council housing waiting list, b) school exclusions, and c) registered business owners in the borough.

28. QUESTION TO THE CABINET MEMBER FOR COMMUNITIES AND ECONOMIC DEVELOPMENT FROM COUNCILLOR RENATA HAMVAS

A campaign by residents in my ward has succeeded in getting the much loved Ivy House pub placed on the community asset register. Given that Southwark is the first council in the country to have something placed on its community asset register, will she join me in congratulating the campaigners?

29. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR DAVID HUBBER

How much has the council spent on plastic cups in each of the last three years? How many plastic cups were bought in each of the last three years? How much has the council spent on sugar and milk sachets in each of the last three years?

30. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR JONATHAN MITCHELL

How much has been spent in each of the last three years on office chairs and desks? How many desks are available at Tooley Street and what is the current rate of usage?

31. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR ROBIN CROOKSHANK HILTON

Further to the ongoing discussions surrounding the East Dulwich police station closure and the upcoming Dulwich supplementary planning document, can the cabinet member for finance, resources and community safety supply us with a list of all council owned, non-residential properties in East Dulwich, Village, College and Peckham Rye wards?

32. QUESTION TO THE CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY FROM COUNCILLOR MICHAEL MITCHELL

One year on from the closure of the Holmhurst Day Centre in Burbage Road, the part previously occupied by the council appears to stand empty. Is the apparent continued occupation of the rest of the building by the South London and Maudsley NHS Trust making things difficult for the council? What plans does the council have for this underused resource?

33. QUESTION TO THE CABINET MEMBER FOR HEALTH & ADULT SOCIAL CARE FROM COUNCILLOR NEIL COYLE

Southwark Primary Care Trust held section 106 funding for the provision of health services surrounding new developments. Can the cabinet member explain who now holds that funding and how the resource can be accessed to ensure local health needs are met?

34. QUESTION TO THE CABINET MEMBER FOR CHILDREN'S SERVICES FROM COUNCILLOR ROSIE SHIMMELL

What is the number of care leavers aged 18-21 for which the council is a corporate parent? What specific steps does the council take to fulfil its corporate parenting role for these care leavers? What percentage of these care leavers is the council in contact with on a regular basis?

35. QUESTION TO THE CABINET MEMBER FOR TRANSPORT, ENVIRONMENT AND RECYCLING FROM COUNCILLOR LISA RAJAN

How many enforcement notices and/or penalty charge notices (PCNs) have been issued to residents and businesses for contaminating recycling or incorrectly recycling since June 2010?

36. QUESTION TO THE CABINET MEMBER FOR TRANSPORT, ENVIRONMENT AND RECYCLING FROM COUNCILLOR LINDA MANCHESTER

How many potholes have been reported in each of the last three financial years, broken down by ward? What were the average time and the longest time to repair potholes in each of those years?

37. QUESTION TO THE CABINET MEMBER FOR TRANSPORT, ENVIRONMENT AND RECYCLING FROM COUNCILLOR COLUMA BLANGO

Why is the target increase in the number of adults receiving cycle training in 2012/13 lower than the target increase for 2011/12? How many adults have been provided with cycle training this year to date and what is the cost to the council per person trained?

38. QUESTION TO THE CABINET MEMBER FOR TRANSPORT, ENVIRONMENT AND RECYCLING FROM COUNCILLOR JAMES BARBER

What practical steps have been taken to promote the Bakerloo line being extended to Camberwell and beyond? The cabinet member recently talked publicly about the Cross River Tram (which was never placed in Ken Livingstone's funded projects and was canned by Boris Johnson when originally elected over four years ago). Where does he imagine the £1.5 billion required to fund this project would come from?

39. QUESTION TO THE CABINET MEMBER FOR TRANSPORT, ENVIRONMENT AND RECYCLING FROM COUNCILLOR JEFF HOOK

How many ash trees are there in public spaces in the borough? What is the council doing to assess the prevalence of the deadly fungus *Chalara fraxinea* (ash dieback) which has recently infected ash trees throughout Europe? How many infected trees has the council already identified?

40. QUESTION TO THE CABINET MEMBER FOR TRANSPORT, ENVIRONMENT AND RECYCLING FROM COUNCILLOR TOBY ECKERSLEY

Will the cabinet member confirm that an application has been made to the Department for Transport for a "STOP" sign to be placed in Gallery Road near the junction with the Dulwich Village roundabout, and whether he has an indication of the timetable for the likely response?

41. QUESTION TO THE CHAIR OF PLANNING COMMITTEE FROM COUNCILLOR LEWIS ROBINSON

Following an investigation into a serious failure in procedure in recording requests for planning enforcement by residents in relation to breaches of planning conditions in my ward, it has come to light that there are no details of enforcement investigations on the council website and the only way to establish whether an investigation is taking place is to view the register at the Walworth One Stop Shop. Neither have the reporting arrangements for enforcement and planning applications and appeals to community councils yet been agreed.

Given that a number of local authorities already have information on "live" enforcement investigations available on their websites, and if the chair is not aware of these shortcomings, can he undertake to ensuring arrangements for establishing an online register, reporting back and further improving transparency are put in place in the next six months at the latest?

Item No. 5.2	Classification: Open	Date: 28 November 2012	Meeting Name: Council Assembly
Report title:		Motions	
Ward(s) or groups affected:		All	
From:		Proper Constitutional Officer	

BACKGROUND INFORMATION

The councillor introducing or “moving” the motion may make a speech directed to the matter under discussion. This may not exceed five minutes¹.

A second councillor will then be asked by the Mayor to “second” the motion. This may not exceed three minutes without the consent of the Mayor.

The meeting will then debate the issue and any amendments on the motion will be dealt with.

At the end of the debate the mover of the motion may make a concluding speech, known as a “right of reply”. If an amendment is carried, the mover of the amendment shall hold the right of reply to any subsequent amendments and, if no further amendments are carried, at the conclusion of the debate on the substantive motion.

The Mayor will then ask councillors to vote on the motion (and any amendments).

IMPLICATIONS OF THE CONSTITUTION

The constitution allocates responsibility for particular functions to council assembly, including approving the budget and policy framework, and allocates to the cabinet responsibility for developing and implementing the budget and policy framework and overseeing the running of council services on a day-to-day basis. Therefore any matters that are reserved to the cabinet (i.e. housing, social services, regeneration, environment, education etc) cannot be decided upon by council assembly without prior reference to the cabinet. While it would be in order for council assembly to discuss an issue, consideration of any of the following should be referred to the cabinet:

- to change or develop a new or existing policy
- to instruct officers to implement new procedures
- to allocate resources.

Note: In accordance with council assembly procedure rule 2.10 (7) & (8) (prioritisation and rotation by the political groups) the order in which motions appear in the agenda may not necessarily be the order in which they are considered at the meeting.

¹ Council assembly procedure rule 1.14 (9)

1. **MOTION FROM COUNCILLOR ANOOD AL-SAMERAI** (Seconded by Councillor Michael Bukola)

Social housing in mixed communities

1. Council notes the publication of the 'Ending Expensive Tenancies' report by Policy Exchange in August 2012, which called on councils to sell off higher valued social homes and replace them with others in cheaper areas.
2. Council also notes the warm reaction to the report by the leader of the council who said the report advocated a "variation on work we are doing in Southwark".
3. Council recognises that there is a need for affordable housing in all parts of the borough, and that many key workers and other residents in lower pay brackets live in social homes in those parts of the borough where land values are highest.
4. Council is concerned that, despite a desperate need for affordable homes, the current administration is worsening the situation in many parts of Southwark by selling family sized council homes and letting developers off their obligations to provide affordable housing through Section 106 agreements, particularly in higher cost areas.
5. Council is also concerned that the policy of selling higher value social homes would further push lower income residents out of expensive areas, furthering social segregation in the borough.
6. Council welcomes Southwark Council's plans to build more council homes, which has been made possible by changes to financing rules put in place by the present government, however notes that to date only 13 new homes have been built and over 400 sold or demolished by the current administration.
7. Council therefore calls on cabinet to reject the proposals of the 'Ending Expensive Tenancies' report, support mixed communities, and retain council homes in all parts of the borough now and for future generations.

Note: If the motion is agreed, any proposals will be submitted to the cabinet for consideration.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Member Motions	Constitutional Team 160 Tooley Street London SE1 2QH	Andrew Weir 020 7525 7222

AUDIT TRAIL

Lead Officer	Ian Millichap, Constitutional Manager
Report Author	Lesley John, Constitutional Officer
Version	Final
Dated	9 November 2012

Item No. 6.1	Classification: Open	Date: 28 November 2012	Meeting Name: Council Assembly
Report title:		Local Council Tax Reduction Scheme	
Ward(s) or groups affected:		All	
From:		Cabinet	

RECOMMENDATIONS

That the council assembly:

1. Agree the recommendation made by Cabinet on 23 October 2012 to adopt a policy under s.13A Local Government Finance Act 1992 (as amended) which will form the basis of the regulatory framework for a local Council Tax Reduction Scheme
2. Agree the recommendation made by Cabinet on 23 October 2012 to adopt the preferred Council Tax Reduction Scheme option which will result in capping council tax support to 85 percent of current entitlement levels and abolish Second Adult Rebate for non-pensioners in 2013/14.
3. Following Recommendation 1, further agree the Council Tax Reduction Scheme finalised policy will be presented to Council Assembly in January 2013 for approval, following the publication of Prescribed Requirements regulations which are currently in draft form.

Note: Due to the size of the appendices these have been circulated separately to all councillors. They are also available on the council's website.

BACKGROUND INFORMATION

4. On 17 July 2012 a report was presented to cabinet that set out the adopted approach to developing various CTRS (Council Tax Reduction Scheme) options, including an explanation of the existing Council Tax Benefit (CTB) caseload together with narrative of the different types of claim and financial modelling that had taken place.
5. Cabinet considered several schemes but agreed that due to the shortfall in central funding, a preferred option would be presented to stakeholders for consultation. This option delivered the 10 per cent reduction in expenditure by reducing existing CTB entitlement levels across all working age claimants by 15 percent, which was considered not so disproportionately unfair to any particular claimant group as it mirrors the existing means tested scheme.
6. July's cabinet approved a consultation approach and an eight week consultation was conducted from 18 July to 12 September. The consultation enabled stakeholders to express views on the preferred option and to proffer comments and alternative views.

7. On 23 October 2012 cabinet considered a report on the Local Council Tax Reduction Scheme that reflected on the consultation response. A copy of the cabinet report and its appendices (except for Appendices G and H, for which revised versions are circulated as Appendices 2 and 3) has been circulated separately to all councillors (see Appendix 1). The decision of the cabinet is set out below:
- (1) That following the abolition of Council Tax Benefit (CTB) by government from 1 April 2013, the council is required to adopt a Local Council Tax Reduction Scheme (CTRS) in its place by 31 January 2013 with a 10 per cent reduction in funding.
 - (2) The extent and outcome of the consultation as detailed in the cabinet report attached as together with the equality analysis undertaken and proposals to further support communities.
 - (3) The strategic director for finance and corporate services closely monitors the impact of CTRS on the council tax collection fund.
 - (4) That an economic wellbeing strategy is implemented to mitigate the impact on claimants facing a reduction in benefit that includes a programme of benefit maximisation undertaken via the council's Rightfully Yours service.
 - (5) That financial inclusion and responsibility are promoted through the provision of budgeting, employment and arrears advice in partnership with relevant external organisations and support networks including London Mutual credit union, Jobcentre Plus and local advisory services.
 - (6) That officers consider how to establish a welfare hardship fund to mitigate some of the impact of the benefits changes to protect the most vulnerable, as part of the 2013/14 budget process.
 - (7) That the proposals from government in relation to the option for transitional funding (paragraphs 3 – 7 of the addendum report) be noted and that officers engage with government to clarify the qualifying conditions for securing the funding within the framework of Southwark's preferred council tax reduction scheme (CTRS).

KEY ISSUES FOR CONSIDERATION

8. Under the existing scheme, expenditure on CTB is fully funded by the DWP. However under DCLG the funding for CTRS will be ring-fenced and not demand driven. The funding in the first year is expected to equate to an overall 10 per cent reduction in the projected current expenditure on CTB.
9. At current levels of CTB expenditure a 10 per cent reduction in funding is estimated at approximately £2.7m for this council. Cabinet have concluded that the council is unable to meet what effectively is a cut in benefit expenditure, in full or in part, and must therefore pass on this cut in expenditure to the people who currently claim CTB.
10. The government has stated that people of pension age must be protected from these cuts so that if they currently receive benefit entitlement they will not lose

out under the new scheme. However, this does mean that the burden of the 10 per cent cut has to be borne by the remaining working age benefit claimants.

11. DCLG have reminded authorities that when designing local schemes, they should have regard for vulnerable groups and their statutory responsibilities in respect of child poverty, disabled people, and homelessness. In addition, the local authority has clear duties set out under the Equality Act 2010, including the duty to eliminate discrimination and advance equality of opportunity. Schemes are also required to be consistent with Universal Credit and provide incentives to work.
12. If authorities have not adopted a CTRS scheme for 2013/14 by 31 January 2013, a 'default' scheme is enacted in its place. The exact nature of the default scheme is due to be finalised by the end of November 2012, however the draft version was similar to the existing CTB scheme in many respects. Implementation of the default scheme would almost certainly mean that the whole of the financial impact of the 10 per cent funding reduction would fall to the council and its preceptors and claimants would experience no change.

Southwark's Council Tax Reduction Scheme

13. The cabinet report (Appendix 1) sets out an overview of the preferred CTRS scheme (see paragraphs 19 – 21) and a more detailed analysis (see paragraphs 61 – 68). A draft version of the accompanying CTRS policy was provided as an appendix to the cabinet report as Appendix H.
14. The Local Government Finance Act received Royal Assent on 31 October 2012; however the underlying regulations must now be laid before Parliament by the Secretary of State. The majority of these regulations are due to be laid by the end of November 2012, in particular those regulations concerning the prescribed requirements of support schemes. The appeals regulations are scheduled for February 2012.
15. Whilst authorities have the discretion to create a local CTRS scheme for working age claimants, all national schemes must adhere to Schedule 7 and 8 of the Draft CTRS Prescribed Requirements Regulations. In their draft form these regulations included a variety of provisions including method of application, start date of claims and change of circumstances.
16. Southwark's latest draft CTRS policy (see Appendix 2) has been updated to comply with the most recent draft Prescribed Requirements Regulations provided by DCLG. However until the final regulations are passed by Parliament at the end of November 2012 officers are unable to finalise the policy.
17. The Prescribed Requirements will not have a bearing on the scheme that Southwark implements as they govern the content that must be included within a local scheme, rather than the scheme itself.

Transitional funding

18. The addendum to the cabinet report of 23 October 2012 (see Appendix 1) explained the government's late offer of transitional funding around the introduction of CTRS for 2013/14. Due to a lack of information at the time of cabinet, officers were asked to engage with government to clarify the qualifying

conditions for securing the funding within the framework of Southwark's preferred council tax reduction scheme (CTRS).

19. On 1 November 2012, government published more detailed guidance on the transitional grant scheme, including the eligibility criteria that schemes must meet in order to receive the grant.
20. In order to be eligible for the grant, schemes must ensure that no claimant faces a reduction of more than 8.5 per cent under CTRS compared to their previous CTB entitlement. Under this criterion, Southwark's scheme of an 85% cap would not qualify as all working age customers face a 15% reduction.
21. Appendix 4 of this report models the impact of adapting Southwark's CTRS scheme in order to meet the eligibility criteria of the transitional funding. The model amends the 15 per cent reduction to an 8.5 per cent reduction for working age claimants. The result of this analysis shows that even with the transitional funding of £662,653, a funding gap of £535,171 would remain.
22. Whilst the transitional scheme would still leave the Council with a financial gap to manage through the administration of the scheme it is further complicated as a consultation would be required to enable any adjustments to take effect. Clearly this is restrictive given the aggressive timescales leading to implementation.
23. Furthermore, whilst the transitional funding has been offered for one year only there is no indication that implementation of a revised scheme this year will result in a cap on future years leaving the Council with a financial risk from 2014/15.

Welfare hardship fund

24. On 23 October Cabinet asked officers to consider how to establish a welfare hardship fund to mitigate some of the impact of the benefits changes to protect the most vulnerable, as part of the 2013/14 budget process.
25. Officers are continuing to investigate the feasibility of a hardship fund as well as other methods of support and advice that are available for claimants facing a reduction in entitlement.

Community impact statement

26. A community impact assessment is set out in the October cabinet report (see Appendix 1, paragraphs 52 – 59). In the report to cabinet on 23 October it was stated that an up-to-date equality analysis would be presented to Council Assembly.
27. An updated Equality Analysis is attached as Appendix 3 of this report. The updated analysis refreshes the modelling based on October 2012 data. The main changes from the previous analysis are highlighted below:
 - There has been a 2.5% reduction in caseload between July and October 2012 with the number reducing from 24,301 to 23,689.
 - A larger reduction was seen in male claimants:

	Number of male claimants	Number of female claimants
Jul 2012	8,982	14,768
Oct 2012	8,611	14,488
Reduction in October	371	280

- Despite the overall reduction in caseload, there has been an increase in households with dependent children:

	No. of households with children	No. of single parent households
Jul 2012	11,025	8,676
Oct 2012	11,102	8,763
Increase in October	77	87

- Between July and October 2012 there has been a reduction in the number of households claiming out of work benefits and an increase in the number of working households. The only exception to this is an increase in the number of households in receipt of income-related Employment Support Allowance (ESA(IR)), which is payable to households unable to work. This increase may be a result of the ongoing work capability assessments being undertaken by the Department of Work and Pensions (DWP):

	Jul 2012	Oct 2012
Working households	5,048	5,195
Income Support	8,875	7,972
Jobseeker's Allowance	5,577	5,131
ESA(IR)	2,997	3,214

Consultation

28. Within the Cabinet report (Appendix 1) the consultation approach is set out in paragraphs 23 – 27. The consultation response is detailed in paragraphs 28 – 51 along with an analysis of the main themes and messages.

Adopting the scheme

29. The determination of the level of local taxation is a matter reserved to Council Assembly in the Southwark Constitution; the adoption of the CTRS reflects an amendment to the current level of CTB and the amounts payable by residents.
30. The CTRS scheme will require entitlement to support to be shown as a discount on council tax bills from April 2013. Therefore in order to ensure that the scheme is factored into the tax base calculation for 2013/14 the local scheme will need to have been formally approved by the council no later than November 2012.
31. In addition, the timescales for implementation are extremely challenging and there are limits upon the scheme design choices available to the council at least in the short term. It will be important for the council to closely monitor the impact

of its first scheme in order to ensure that it can be refined and improved over time.

Primary timetable for local scheme implementation

32. The timetable for implementation and associated activity to date is as follows:

Activity	Lead	Date
Report to cabinet for recommendation to council assembly	Strategic director of finance and corporate services	23 October 2012
Report to council assembly to adopt local scheme	Strategic director of finance and corporate services	28 November 2012
Plan implementation for CTRS scheme following decision and DCLG regulations	Revenues and benefit officers	November 2012- March 2013
Report to council assembly to adopt local policy	Council	January 2013
2013/14 Council Tax base agreed	Council	January 2013
Implement CTRS system	Revenues and benefits officers	31 January 2013
2013/14 Budget agreed	Council	February 2013
Issue 2013/14 Council Tax Bills	Revenues and benefits	March 2013
Go Live with CTRS scheme	Revenues and benefits	April 2013

Finance implications

33. Detailed financial implications were included in the report to cabinet on 23 October 2012 (see Appendix 1, paragraphs 80 – 89).
34. The current subsidy budget for council tax benefit is £27.8m, some 22 per cent of the total council tax yield. This includes the GLA element, Southwark's share being some £20.8m. The government announced in the 2010 Spending Review that government resources to fund CTB would be reduced by 10 per cent. The government is proposing to replace CTB with grant funding. The council estimates that in consideration of our current benefit caseload and benefit trends the future grant should be £25.0m leaving a potential gap of £2.8m against the current £27.8m if the scheme continues without change.
35. The CTRS option proposed will reduce the cost of the CTRS scheme by £2.7m, this leaves a potential funding gap of £1m against the governments indicative CTRS grant figures. Provisional 2013/14 figures will not be available until the 2013/14 Local Government Finance Report is announced, which will not be until after the chancellor announces his autumn statement on 5 December.
36. Any shortfall after Southwark's 2013/14 CTRS grant is announced will be shared in proportion to council tax with the GLA; in the above scenario Southwark's share being £750k.

37. The government intend that the local scheme should be applied by way of a discount, and this will reduce the council tax base. Current estimates show that the discount will be equivalent to approximately 20,600 band D equivalent properties. In an ideal situation, the value of council tax lost from the discount would equal the CTRS grant awarded by the government; however a significant factor in this methodology is that the reduced tax base would reduce the amount that could be raised through a one per cent increase in council tax by some £188k.

Resource implications

38. The resource financial implications are set out in paragraphs 80 – 89 of the cabinet report (Appendix 1).
39. Since October's cabinet, the DWP have announced the administrative grant arrangements for 2013/14. The administrative grant for Southwark has reduced by £483,855. Further announcements are anticipated from DCLG to confirm arrangements around new burdens funding relating to CTRS.

Year	Main administration subsidy (£)	Additional administration subsidy (£)	Total (£)
2012/13	3,853,164	381,333	4,234,497
2013/14	3,573,707	176,935	3,750,642
		Reduction	£483,855

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

40. The Director of Legal Services advises that decisions relating to the budget and the setting of local taxation are reserved to Council Assembly under Part 3A of the Council's Constitution. Therefore Council Assembly is enabled to agree the recommendations in this report.

Recommendation 1

41. Council Assembly is advised that it is enabled to agree recommendation 1 on the legislative basis of s.13A of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012 granted Royal Assent on 31 October 2012. s.13A empowers local authorities to make reductions in the amount of council tax a person is liable to pay.
42. A written policy explaining the availability of this power and criteria for assistance will minimise the risk of legal challenge by ensuring that decisions are made with reference to an agreed policy and in a transparent manner.

Recommendation 2

43. Council Assembly is advised that the legislative basis for approving the scheme in recommendation 2 derives from the abolition of Council Tax Benefit under s.33 Welfare Reform Act 2012 and the establishment of a Council Tax Support Scheme under the wider s.13A policy detailed above in Recommendation 1. Local

authorities must put in place a scheme for Council Tax support by 31 January 2013. If a scheme is not in place, a default scheme will be imposed on the Council.

44. In consideration of the proposed CTRS option, Council Assembly is referred to the outcome of the consultation exercise as detailed in the appended background and the subsequent analysis contained within the report to Cabinet.

Recommendation 3

45. Council Assembly is advised that due to the fact that the written content of the CTRS will be informed by the publication of regulations which are currently in draft form; the CTRS written policy should be returned to Council Assembly for approval in January 2013. The Department of Communities and Local Government have indicated that the Prescribed Requirements Regulations will be laid before Parliament in late November 2012.
46. In respect of all the recommendations, decision makers must provide evidence of consideration of the Equality Assessment outcomes. Council Assembly is reminded of the requirement to have due regard to the public sector equality duty set out in s.149 Equality Act 2010 in its deliberations and conclusion.
47. In advance of its deliberations on the recommendations, Council Assembly is reminded that the Council has statutory duties in respect of mitigating the effects of child poverty in the area, under the Child Poverty Act 2010.
48. In advance of its deliberations on the recommendations, Council Assembly is reminded that the Council has statutory duties to provide advice and assistance to persons who are or are at risk of homelessness under the Housing Act 1996.
49. Council Assembly will note the Council's vision for a Fairer Future for All.
50. Council Assembly is reminded that the Southwark's Children and Young Peoples Plan is in place from 2010-2013 and includes a priority to narrow the gap and ensure that children and young people in the borough have the same opportunities.

Strategic Director of Finance and Corporate Services

51. Supplementary advice is set out in the cabinet report of 23 October (see appendix 1, paragraphs 102 - 106).

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Local Council Tax Reduction Scheme - Cabinet report and Appendices – 23 October 2012: <ul style="list-style-type: none"> • Appendix G – Equality analysis • Appendix H – Council tax reduction policy scheme 	Constitutional Team, 160 Tooley Street, London SE1 2QH	Paula Thornton 020 7525 4395

APPENDICES

Note: Due to the size of the appendices these have been circulated separately to all councillors. They are also available on the council's website.

No.	Title
Appendix 1	<p>Local Council Tax Reduction Scheme - Cabinet report and Appendices – 23 October 2012:</p> <ul style="list-style-type: none"> • Appendix A: Southwark Council Tax Section 13A Policy Discretionary Relief • Appendix B(i): Consultation plan • Appendix B(ii): Consultation questions • Appendix C: GLA response • Appendix D(i): Consultation response matrix • Appendix D(ii): Engagement activity • Appendix E: Analysis of preferred scheme (85% cap on CTB entitlement) • Appendix F: Round up of all current welfare reform-related activity (19.08.2012) • Appendix I: Southwark Legal Advice Network consultation response
Appendix 2	Revised Southwark's Council Tax Reduction Scheme (CTRS) policy (updated November 2012)
Appendix 3	Equality Analysis (November 2012)
Appendix 4	Transitional Grant modelling

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Dominic Cain, Assistant Director (Revenues & Benefits)	
Version	Final	
Dated	15 November 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	15 November 2012	

Item No. 6.2	Classification: Open	Date: 28 November 2012	Meeting Name: Council Assembly
Report title:		Council Tax Technical Reforms	
Ward(s) or groups affected:		All	
From:		Cabinet	

RECOMMENDATIONS

That Council Assembly:

1. Agree the recommendation of the Cabinet on 23 October 2012 to remove the existing ten percent discount awarded for second home properties with effect from the 1 April 2013 (see paragraphs 6 and 7).
2. Subject to Cabinet agreement on 20 November 2012, agree the recommendations to introduce local discounts and an empty house premium, as detailed within the Cabinet report attached as Appendix 1.

Note: The recommendation of cabinet on 20 November 2012 will be circulated to all councillors prior to council assembly.

BACKGROUND INFORMATION

3. On 23 October 2012, Cabinet considered a report which outlined the governments proposed technical reform changes to council tax legislation with regard to the new discretion to amend certain council tax discounts and exemptions. Cabinet agreed to recommend to Council Assembly, the removal of second homes discount from 1 April 2013 and agreed to the need for officers to submit a further report to Cabinet in November to set out further recommendations on the approach to changes in respect of Council Tax discounts and exemptions. The full decision is set out below:
 - (1) That the intended technical reform changes to council tax legislation with regard to the new discretion to amend certain council tax discounts and exemptions be noted.
 - (2) That it be recommended to council assembly that they agree to remove the existing ten per cent discount awarded for second home properties with effect from the 1 April 2013, subject to consideration of the outcomes of the equality impact assessment.
 - (3) Those officers submit a further report in November with recommendations on the approach to any changes in respect of council tax discounts and exemptions.
4. On 20 November cabinet will be considering a report which outlines the technical changes to council tax discount and exemptions. Cabinet will be informed that council tax Class A and C empty property exemptions will be

abolished from 1 April 2013 and in their place local discounts may be created. Cabinet will be asked to agree to recommend to assembly the following recommendations:

- (1) The introduction of a local discount to replace class A exemptions set at zero percent from 1 April 2013 for properties where there are major repairs or structural alterations,
- (2) The introduction of a local discount to replace class C exemptions set at 100 percent for up to a maximum of 2 months from 1 April 2013 for empty and unfurnished properties, subject to a review within March 2014.
- (3) The introduction of a local discount of zero percent from 1 April 2013 for empty (unoccupied) and furnished properties.
- (4) The introduction of an empty homes premium resulting in council tax of 150 percent for properties that have been empty and unfurnished for more than two years from 1 April 2013.

KEY ISSUES FOR CONSIDERATION

Legislation

5. The Local Government Finance Act 2012 was granted Royal Assent on 31 October 2012 and is now law and therefore provides the statutory framework under which the decisions on second homes and local discounts may be made.

Removal of second homes discount

6. On 23 October 2012, cabinet agreed to recommend to council assembly that from the 1 April 2013 local authorities would, subject to legislation, have discretion to charge full council tax on second homes. Currently Southwark grants a 10 per cent discount. The legislation has now received Royal Assent.
7. Cabinet was also informed that this discount was currently awarded to 607 properties, which equated to a value of £94,005.00. An equality analysis (EA) will be developed, to reflect assessment of the impact of the change and the completed EA will be submitted as a late item following cabinet on 20 November 2012, to ensure that it accurately reflects current position and to enable assembly to make an informed decision. (see Appendix 2).

Empty but furnished homes

8. Within the report of 20 November 2012 cabinet will be informed that from 1 April 2013 local authorities will have discretion to charge full council tax on empty but furnished homes. These are typically properties for rent which are left empty between lets. Currently Southwark grants a 10 per cent discount.
9. The report identified that the annual value of this discount is approximately £53k.

Empty Homes Premium – Property that has been empty for 2 years or more

10. On 20 November 2012, cabinet will also be informed that central government has confirmed its intention to allow local authorities to charge an additional 50 percent on properties that have been empty for two years or more thereby creating a 150 percent liability for council tax. Cabinet will be informed that the data available for 2011/12 suggests that there were 297 properties empty for more than 2 years within the borough, of which 198 were council owned properties linked to properties situated within estate development areas. A decision therefore to exercise this discretion will not alone generate significant additional income but may encourage properties coming back into use

New discounts

11. Within the report of 20 November 2012, cabinet will be asked to consider the introduction of new local discounts for properties undergoing major repair/structural alteration or empty & unfurnished dwellings (formerly exemption Classes A & C) giving effect to them from 1 April 2013. An enabling measure has been included in S.10 of the Local Government Finance Act 2012 which amends section 11A of the Local Government Finance Act 1992 so that the Secretary of State may define a class of property in respect of which an authority may determine a discount in the range zero percent to 100 percent.
12. With regard to the discount to replace Class C, cabinet will be presented with the following options available to the council in relation to properties that are unoccupied and unfurnished:-
- (a) To choose not to grant a discount at all (zero percent) and charge full council tax immediately, or
 - (b) To grant a short period of discount up to a 100 percent followed by a discount of zero percent for the remainder of the period
13. Cabinet will be informed that of 1110 Class C awards granted in 2011/12 66 percent were for 60 days or less, with an average charge of £ 71.87. Cabinet are also asked to consider whether it would be economic for the council to pursue the collection of such large volumes of small debts.
14. With regard to the discount to replace class A, cabinet will be informed that the government have stated that although local authorities can have discretion to grant a discount between 0 and 100 percent, the discount must be granted for 12 months. Therefore in the absence of discretion of award periods for properties requiring or undergoing major repairs or structural alteration, the consideration for the council is whether to charge the full amount of council tax immediately or vary the discount between 0 -100 percent.
15. If it were decided not to award a discount at all it is difficult to predict how this decision will be accepted by the public, particularly landlords, developers or purchasers wishing to renovate old or dilapidated premises. Alternatively the cost of council tax may just become another factor in the overall list of project costs.
16. Within the report of 20 November 2012 Cabinet will be advised that council tax exemption class B is not included in the proposed changes. This class of exemption relates to properties that are empty and owned by a charity.

Cabinet will be informed that many Registered Social Landlords may seek formal charitable status to enable them to be entitled to this class of exemption in place of the existing class C (empty & unfurnished) exemption. This will be a development that will remain under review as it is difficult to predict the impact this may have within Southwark at this time.

17. Southwark as a landlord is currently liable to pay council tax in respect of both Class A (uninhabitable) and C (empty & unfurnished) so there is a potential impact on the Housing Revenue account as a consequence of these changes. Analysis undertaken indicates that in 2011/12 over 50 percent of Class A exemptions were awarded in respect of properties on the Heygate estate with the majority of the remainder being awarded to developers. With regard to class C, most awards for council properties were for less than one month.

Properties in receipt of exemptions

18. In relation to class C, empty and unfurnished exemptions, there were 11,110 awards granted in 2011/12. In 2012/13 year to date 5,642 awards have been granted.
19. Empty but furnished properties which attract a 10 percent discount, 6,555 discounts were awarded in 2011/12. In 2012/13 year to date 1,141 discounts have been awarded.
20. In relation to class A exemptions, there were 1,766 awards granted in 2011/12. In 2012/13 year to date 203 awards have been granted. This apparent reduction in awards is representative of previous year awards linked to the Heygate estate ending and the correction to new build properties being classified in class C rather than class A in 2012/13.

Potential additional council tax income

21. The report to cabinet on the 23 October 2012 stated that the potential additional amount to be billed as a consequence of removing the second homes discount was £94,005.00. Of this £94k the GLA precept would represent approximately £23,501.00 therefore the potential income to Southwark would be £70,499.00
22. Within the report to cabinet of 20 November 2012, the potential additional amount to be billed is illustrated in the tables at appendix B of that report which identifies the level of exemptions and discounts awarded between 2009/10 and 2011/12.
23. In 2011/12 a total of £1.850m (excluding Southwark properties) was awarded across Class C and A exemptions. In addition £52k was awarded in relation to empty but furnished property discounts, accordingly this suggests that £1.9m may be raised in additional council tax liability. Of this £1.9m the GLA precept would represent £475,000.00 therefore the total potential income to Southwark would be £1.425m.
24. Experience of the last three years however, suggests that the level of potential income for 2013/14 cannot be accurately predicted. In this period the total of annual awards for Class A and C has varied: £2.3m in 2009/10, £3.2m in 2010/11 and £2.5m in 2011/12. Within this same period the level of Southwark

- liability has also fluctuated as a consequence of estate development; £390k in 2009/10, £1.2m in 2010/11 and £658k in 2011/12. Whilst we can look at values over the last 3 years and an estimated total for 2013/14 it is worth recognising that awards are subject to variances.
25. The value of the exemption/discounts outlined above identifies the level of potential additional income that may be generated in the event that discounts were awarded at zero percent. The prospect of additional revenue at a time when the council is under extreme financial pressure is particularly attractive. However, the introduction of a zero percent discount across all categories will result in council tax being charged immediately, therefore the potential losses in collection and increased administration costs in trying to collect this debt must be fully considered. As new arrangements are introduced, not least in the context of the difficulty in quantifying the administrative burden, it is recommended by the director of finance and corporate services and assistant director of revenues & benefits that the two month exemption should be introduced initially and reviewed within a year of implementation.
 26. On 20 November 2012, cabinet will consider the table in Appendix C of that report which identifies that 66 percent of class C awards granted in 2011/12 were for 60 days or less, with an average charge of £71.87. Given that summons costs in Southwark total £95.00 there is a question of reasonableness and whether it would be economic for the council to pursue recovery of such debts. Much may also depend on how these bills are perceived by council tax payers in the sense of whether they will be “economic to pursue”. If there is a general perception that among payers that they will not be pursued then clearly collection and recovery becomes more difficult.
 27. If a discount of 100 percent was introduced with a maximum of 2 months (the council tax operating system calculates in calendar months) it is evident from the information within Appendix C that resources could then be targeted to the collection of higher value debts and the increased administrative costs associated with collecting lower value debts avoided. Whilst it could be considered to restrict the discount to one month, it is likely that there would be a disproportionate impact upon the administrative and collection activity associated with this decision. Particularly it is expected that this would lead to an increase in valuation tribunal appeals, a need to increase inspection routines together with their frequency, an increase in correspondence and complaints together with potential reputational impact associated with the council being considered to be acting unreasonably.
 28. If cabinet recommended grants of a 100 percent discount for up to a maximum of 2 months the cost to the council based upon the 2011/12 estimates in Appendix C would be approximately £533,000.00 which would be reduced by the GLA element to £399,750.00. Of course this would in turn reduce the total potential income to Southwark from £1.425m to £1,025m.
 29. The potential additional revenue associated with the empty homes premium is estimated at £60,291.00 based on 99 non-Southwark properties at Band D at an additional 50 percent. Of this £60,291.00 the GLA element would represent £15,072 therefore the potential income to Southwark would be £45,219.00.

Consultation

30. Unlike the council tax support scheme there is no legal requirement for public

consultation on the introduction of a new discount scheme; however the government has consulted on giving local authorities greater discretion in this area and has decided to proceed. However, if changes to the reductions are made then this would be incorporated in the normal budget consultation exercise

Community impact statement

31. An Impact Assessment on technical reforms to council tax was published by the Department of Communities and Local Government in November 2011. This included commentary on the impact on different council tax groups, identifying owners of second homes and owners of unoccupied, unfurnished or empty properties.
32. An Equalities Assessment (EA) for the proposed changes to the council tax exemptions is being developed by Council officers. This assessment reviews those likely to be affected by any change within the borough and determine any mitigating action that may be recommended as part of any change. This will be set out at Appendix 2, as a late item because the EA must be updated after the meeting of cabinet on 20 November 2012, in order to accurately reflect the outcome of that meeting and assess the impact of its decision.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

33. Council Assembly is advised that it is enabled to agree all the recommendations under Part 3A of the council's constitution. However council assembly will note that the second recommendation is predicated on the outcome of the cabinet decision to be made on 20 November 2012.
34. Council Assembly is advised that the legislative basis for the recommendations is found in the Local Government Finance Act 1992 (as amended by ss.10-12 Local Government Finance Act 2012) which give local authorities the statutory power to apply amended discounts. The Local Government Finance Act 2012 received Royal Assent on 31 October 2012 and is now law.
35. In respect of all the recommendations, decision makers must provide evidence of consideration of the equality assessment outcomes. Council Assembly is reminded of the requirement to have due regard to the public sector equality duty set out in s.149 Equality Act 2010 in its deliberations and conclusion.
36. When considering the late item equalities assessment, council assembly is further reminded of the council's statutory obligations and approved policies in respect of mitigating the effects of child poverty, providing equality of opportunities for children and young people, and providing advice and assistance to those who are or are at risk of homelessness.

Strategic Director of Finance and Corporate Services

37. This report requests that assembly agree the recommendation of cabinet of 23 October for the removal of existing ten per cent discount awarded for second home properties with effect from the 1 April 2013.

38. This report also requests that assembly, subject to cabinet agreement on 20 November 2012 agree the recommendations to introduce local discounts and an empty house premium, as detailed within the cabinet report attached as Appendix 1.
39. The strategic director of finance and corporate services notes that it is estimated at current volumes, that the proposal to remove the second homes discount will generate approximately £95k per annum at current council tax levels. If agreed this will be factored into the 2013/14 council tax base and would then be factored into the collection rate to be agreed by council assembly in January 2013.
40. The strategic director of finance and corporate services notes that it is estimated at current volumes, that the proposal to introduce the local discounts may generate approximately £1.025m per annum at current council tax levels. It is also noted that the proposal to introduce an empty home premium may generate approximately £45k per annum at current council tax levels. If agreed this will be factored into the 2013/14 council tax base and would then be factored into the collection rate to be agreed by council assembly in January 2013.
41. The strategic director of finance and corporate services notes the potential difficulties associated with collection and recovery of this additional council tax liability. Particularly in relation to the discount replacing class C exemptions. These reasons will be considered and factored into the collection rate to be agreed by council assembly in January 2013.
42. The strategic director of finance and corporate services notes that future estate developments planned as part of the council's regeneration schemes will be have an adverse effect on the HRA as a consequence of the introduction of these discounts, if agreed. It is further noted that the estimated impact on the HRA for 2013/14 is £1m. However this HRA liability can be mitigated through appropriate provision being made within the regeneration budgets going forward.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Local Taxation Reforms – Second Homes Discount - Report to Cabinet 23 October 2012	Council Offices, 160 Tooley Street, London SE1 2QH	Mike Lynch 020 7525 7364
Local Government Finance Bill: Technical reforms to council tax. Impact assessment 15 November 2011 www.communities.gov.uk/documents/localgovernment/pdf/2053909.pdf	Council Offices, 160 Tooley Street, London SE1 2QH	Mike Lynch 020 7525 7364

APPENDICES

No.	Title
1.	Council Tax Technical Reforms – Report to Cabinet 20 November 2012
2	Equalities Impact Assessment – October 2012 (To Follow)

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Mike Lynch, Improvement & Development manager	
Version	Final	
Dated	15 November 2012	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	15 November 2012	

APPENDIX 1

Item No. 16.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Council Tax Technical Reforms	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

Southwark Council has faced unprecedented cuts in its funding from central government: 25% in real terms since May 2010 with a further sizable reduction to come in the year ahead, and further reductions likely in future years. It is therefore important that the council considers how it can raise additional income to partially offset those losses.

In May, the government indicated its intention to allow councils to withdraw some discounts and exemptions within the council tax system. The Local Government Finance Act 2012 was granted royal assent on 31 October 2012 and is now law.

Last month, Cabinet considered the first report on those reforms. It agreed to abolish the discount allowed for council tax on second homes in the borough and asked for further work to be undertaken to consider the revenue that could be raised by revising our policy on council tax exemptions for empty properties.

This report therefore sets out the considerations on the empty homes exemptions and proposes recommendations for Cabinet to put before Council Assembly on their removal.

RECOMMENDATIONS

That Cabinet:

1. Note the detail of the intended technical reform changes to council tax legislation with regard to the new discretion to amend certain council tax discounts and exemptions.
2. Note that Council Tax exemptions, Class A and C are being abolished from 1 April 2013 and replaced with local discounts.

That Cabinet recommend to Council Assembly to agree the following:

3. The introduction of a local discount to replace class A exemptions set at zero percent from 1 April 2013 for properties where there are major repairs or structural alterations.

4. The introduction of a local discount to replace class C exemptions set at 100 percent for up to a maximum of 2 months from 1 April 2013 for empty and unfurnished properties, subject to a review within March 2014.
5. The introduction of a local discount of zero percent from 1 April 2013 for empty (unoccupied) and furnished properties.
6. The introduction of an empty homes premium resulting in council tax of 150 percent for properties that have been empty and unfurnished for more than two years from 1 April 2013.

BACKGROUND INFORMATION

7. On 31 October 2011, the government issued its technical reforms of council tax consultation document with proposals to give greater discretion to allow reliefs from council tax in respect of second homes and empty properties.
8. The report to cabinet on 23 October outlined the government proposals on which it sought a response within the consultation.
9. On 28 May 2012, the government issued its response to the consultation and confirmed its intention to bring in legislation to give effect to the changes from 1 April 2013.

KEY ISSUES FOR CONSIDERATION

10. The main areas where the council will have greater flexibility as part of the changes proposed in the Local Government Finance Act 2012 are:

Empty but furnished homes

11. The government has confirmed its intention that local authorities will have discretion to charge full council tax on empty but furnished homes from 1 April 2013. Currently in Southwark a 10 per cent discount is granted. These properties are typically properties for rent which are vacated and empty (unoccupied) prior to new tenancies commencing.
12. In 2012/13, 1,141 discounts have been awarded to date with a value of £121,690.00. This value also captures current awards and which are calculated to the end of the financial year, therefore this is not representative of the true outturn as these awards end as soon as the property is re-let.

Class A - Property that requires or is undergoing major repair

13. The government has confirmed its intention that the class A exemption shall be abolished from 1 April 2013 and that local authorities can have discretion to grant a discount between zero and 100 percent but that such a discount must be granted for 12 months. Currently up to 12 months full exemption is granted on class A exemptions. Therefore any discount other than 100 percent would result in a council tax charge being payable immediately. This exemption currently covers properties that are empty and require major works to make them habitable and properties that are empty and have undergone major alteration or structural repair and less than 6 months have elapsed since the work was completed.

14. In 2011/12, 1,766 class A exemption awards were granted with a value of £579,876. Analysis of these exemptions for 2011/12 has indicated that 67 percent are in excess of 182 days and over 50 percent relate to council properties.

Class C - Property that is unoccupied and unfurnished up to 6 months

15. The government has confirmed its intention to abolish the class C exemption and allow billing authorities to set a discount between zero and 100 percent. Following responses to the consultation and a Council Tax Information Letter from the DCLG issued on 27 July, it is anticipated that there will be discretion to vary the period of the award from the existing six months and which would allow for a period of 100 percent discount prior to a council tax charge being payable. A decision not to exercise this discretion and not to award anything other than a 100 percent discount would result in a council tax charge being payable immediately.
16. In 2011/12 there were 11,110 exemptions granted with a value equating to £1,941,644.78. Analysis of these exemptions for 2011/12 has indicated that 45 percent of all awards were for less than 28 days and 66 percent less than 60 days. This analysis also indicates that the average value of the awards for 60 days or less is £71.87.

Empty Homes Premium – Property that has been empty for 2 years or more

17. The government has confirmed its intention to allow local authorities to charge an additional 50 percent on properties that have been empty for two years or more thereby creating a 150 percent liability for council tax. The data available for 2011/12 suggests that there were 297 properties empty for more than 2 years within the borough, of which 198 were council owned properties linked to properties situated within estate development areas. A decision therefore to exercise this discretion will not alone generate significant additional income but may encourage properties coming back into use.

Council tax instalments

18. The government has confirmed its intention to enable local authorities to set default council tax instalments over 12 months rather than the current 10 months.

Statutory information being published on line

19. The government has confirmed that from 1 April 2013 councils will be able to publish all the council tax statutory information online unless a hard copy is specifically requested.

Other exemptions

20. Other than exemption classes A and C discussed within this report, the government has confirmed it is abolishing exemption class L, mortgagee in possession, therefore from 1 April 2013 banks and building societies will no longer have exemption in these circumstances. Otherwise the government is not proposing to make any other changes to the existing exemption classes. A table of the existing exemption classes is captured in Appendix A of this report.

New discounts

21. Subject to legislation the council will be able to introduce local discounts for properties undergoing major repair/structural alteration or empty & unfurnished dwellings (formerly exemption Classes A & C) giving effect to them from 1 April 2013. An enabling measure is included in S.10 of the Local Government Finance Act 2012 amending section 11A of the Local Government Finance Act 1992 so that the Secretary of State may define a class of property in respect of which an authority may determine a discount in the range zero percent to 100 percent.
22. With regard to the discount to replace Class C, the options available to the council in relation to properties that are unoccupied and unfurnished are:-
 - (a) To choose not to grant a discount at all (zero percent) and charge full council tax immediately, or
 - (b) To grant a short period of discount up to a 100 percent followed by a discount of zero percent for the remainder of the period.
23. If the exemption is removed entirely, even for short periods there will be administrative costs to the council in raising bills and trying to recover liability raised for short periods of a few days or weeks.
24. Although there will be an overall increase in council tax liability when this change is implemented it is impossible to accurately predict by how much.
25. With regard to the discount to replace class A, the government have stated that although local authorities can have discretion to grant a discount between zero and 100 percent, the discount must be granted for 12 months. Therefore in the absence of discretion of award periods for properties requiring or undergoing major repairs or structural alteration, the consideration for the council is whether to charge the full amount of council tax immediately or vary the discount between 0 -100 percent.
26. If it were decided not to award a discount at all it is difficult to predict how this decision will be accepted by the public, particularly landlords, developers or purchasers wishing to renovate old or dilapidated premises. Alternatively the cost of council tax may just become another factor in the overall list of project costs.
27. With regard to empty (unoccupied) but furnished properties, these are treated similarly to second homes. These are typically properties that are owned by landlords, therefore not the sole or main residence of someone and which are left empty (unoccupied) but furnished between lets. The period of emptiness can of course vary depending on the success of the landlord in re-letting the property. The government have stated that local authorities will have discretion to charge the full council tax on empty but furnished properties from 1 April 2013.
28. Council tax exemption class B is not included in the proposed changes. This class of exemption relates to properties that are empty and owned by a charity. There is recognition amongst practitioners that many Registered Social Landlords may seek formal charitable status to enable them to be entitled to this class of exemption in place of the existing class C (empty & unfurnished)

exemption. This will be a development that will remain under review as it is difficult to predict the impact this may have within Southwark at this time.

29. Southwark as a landlord is currently liable to pay council tax in respect of both Class A (uninhabitable) and C (empty & unfurnished) so there is a potential impact on the Housing Revenue account as a consequence of these changes. Analysis undertaken indicates that in 2011/12 over 50 percent of Class A exemptions were awarded in respect of properties on the Heygate estate with the majority of the remainder being awarded to developers. With regard to class C, most awards for council properties were for less than one month.
30. The council has an existing discretion to introduce a local discount category for a particular class of property under s13A of the Local Government Finance Act 1992, such that could create a category for empty Council Properties only. However this would mean treating empty council property more favourably than other tenure groups at a time when financial pressures are felt equally across all business and commercial areas and is therefore inappropriate at this time.

Properties in receipt of exemptions

31. In relation to class C, empty and unfurnished exemptions, there were 11,110 awards granted in 2011/12. In 2012/13 year to date 5,642 awards have been granted.
32. Empty but furnished properties which attract a 10 percent discount, 6,555 discounts were awarded in 2011/12. In 2012/13 year to date 1,141 discounts have been awarded.
33. In relation to class A exemptions, there were 1,766 awards granted in 2011/12. In 2012/13 year to date 203 awards have been granted. This apparent reduction in awards is representative of previous year awards linked to the Heygate estate ending and the correction to new build properties being classified in class C rather than class A in 2012/13.

Potential additional council tax Income

34. The potential additional amount to be billed is illustrated in the tables at appendix B which identifies the level of exemptions and discounts awarded between 2009/10 and 2011/12.
35. In 2011/12 a total of £1.850m (excluding Southwark properties) was awarded across Class C and A exemptions. In addition £52k was awarded in relation to empty but furnished property discounts, accordingly this suggests that £1.9m may be raised in additional council tax liability. Of this £1.9m the GLA precept would represent £475,000.00 therefore the total potential income to Southwark would be £1.425m.
36. Experience of the last three years however, suggests that the level of potential income for 2013/14 cannot be accurately predicted. In this period the total of annual awards for Class A and C has varied: £2.3m in 2009/10, £3.2m in 2010/11 and £2.5m in 2011/12. Within this same period the level of Southwark liability has also fluctuated as a consequence of estate development; £390k in 2009/10, £1.2m in 2010/11 and £658k in 2011/12. Whilst we can look at values over the last 3 years and an estimated total for 2013/14 it is worth recognising that awards are subject to variances.

37. The value of the exemption/discounts outlined above identifies the level of potential additional income that may be generated in the event that discounts were awarded at zero percent. The prospect of additional revenue at a time when the council is under extreme financial pressure is particularly attractive. However, the introduction of a zero percent discount across all categories will result in council tax being charged immediately, therefore the potential losses in collection and increased administration costs in trying to collect this debt must be fully considered. As new arrangements are introduced, not least in the context of the difficulty in quantifying the administrative burden, it is recommended by the director of finance and corporate services and assistant director of revenues & benefits that the two month exemption should be introduced initially and reviewed within a year of implementation.
38. The table in Appendix C identifies that 66 percent of class C awards granted in 2011/12 were for 60 days or less, with an average charge of £71.87. Given that summons costs in Southwark total £95.00 there is a question of reasonableness and whether it would be economic for the council to pursue recovery of such debts. Much may also depend on how these bills are perceived by council tax payers in the sense of whether they will be “economic to pursue”. If there is a general perception that among payers that they will not be pursued then clearly collection and recovery becomes more difficult.
39. If a discount of 100 percent was introduced with a maximum of 2 months (the Council tax operating system calculates in calendar months) it is evident from the information within Appendix C that resource could then be targeted to the collection of higher value debts and the increased administration costs associated with collecting lower value debts avoided. Whilst it could be considered to restrict the discount to one month, it is likely that there would be a disproportionate impact upon the administration and collection activity associated with this decision. Particularly it is expected that this would lead to an increase in valuation tribunal appeals, a need to increase inspection routines together with their frequency, an increase in correspondence and complaints together with potential reputational impact associated with the council being considered to be acting unreasonably.
40. If it were considered to grant a 100 percent discount for up to a maximum of 2 months the cost to the council based upon the 2011/12 estimates in Appendix C would be approximately £533,000.00 which would be reduced by the GLA element to £399,750.00. Of course this would in turn reduce the total potential income to Southwark from £1.425m to £1,025m
41. The potential additional revenue associated with the empty homes premium is estimated at £60,291.00 based on 99 non-Southwark properties at Band D at an additional 50 percent. Of this £60,291.00 the GLA element would represent £15,072 therefore the potential income to Southwark would be £45,219.00.

Consultation

42. Unlike the council tax support scheme there is no legal requirement for public consultation on the introduction of a new discount scheme, however the government has consulted on giving local authorities greater discretion in this area and has decided to proceed. However, if changes to the reductions are made then this would be incorporated in the normal budget consultation exercise.

Community impact statement

43. An Equalities Assessment (EA) for the proposed changes to the council tax exemptions is being developed. This will review those likely to be affected by any change within the borough and determine any mitigating action that may be recommended as part of any change.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

44. Cabinet requested officers to prepare an update on the technical reforms to council tax in the officer report to Cabinet dated 23 October 2012. Cabinet is advised that recommendations 1 and 2 may be agreed at this stage.
45. Cabinet is advised that it may agree recommendations 3 to 6, to Council Assembly, under Part 3A of the council's constitution.
46. The legal basis for recommendations 3 to 6, is found under ss.10-12 of the Local Government Finance Act 2012 which inserts provision into the Local Government Finance Act 1992 giving Local Authorities the statutory power to apply amended discounts. The Local Government Finance Act 2012 received Royal Assent on 31 October 2012 and is now law.
47. Cabinet will note the requirement for Council Assembly to pay due regard to the outcomes of the Equality Impact Assessment on the proposals, before a decision is reached.

Strategic Director of Finance and Corporate Services (CR/F&CS/08/11/12)

48. This reports requests that the cabinet agree to recommend to council assembly the introduction of a local discount of zero percent from 1 April 2013 for properties where there are major repairs or structural alterations, (previously Class A exemptions); the introduction of a local discount of 100 per cent for up to a maximum of 2 months from 1 April 2013 for empty and unfurnished properties, (previously Class C exemptions), the introduction of an empty homes premium resulting in council tax of 150 per cent for properties that have been empty and unfurnished for more than two years from 1 April 2013; and the introduction of a local discount of zero per cent for empty but furnished properties from 1 April 2013.
49. The strategic director notes that it is estimated at current volumes, that the proposal to introduce the local discounts may generate approximately £1.025m per annum at current council tax levels. It is also noted that the proposal to introduce an empty home premium may generate approximately £45k per annum at current council tax levels. If agreed this will be factored into the 2013/14 council tax base and would then be factored into the collection rate to be agreed by council assembly in January 2013.
50. The strategic director notes the potential difficulties associated with collection and recovery of this additional council tax liability, particularly in relation to the discount replacing class C exemptions. These issues will be considered and factored into the collection rate to be agreed by council assembly in January 2013.

51. The strategic director notes that the new arrangements will impact on the HRA largely as a consequence of major regeneration and housing development projects. Whilst this impact will differ from year to year (e.g. council tax liabilities will diminish as the Heygate estate is demolished and properties fall out of tax), it is noted that the impact for 2013/14 could be as high as £1m. The strategic director will take steps to ensure that any HRA liability will be mitigated through the use of earmarked reserves for regeneration and development. This will be reflected through the budget and resources strategy for 2013/14 and beyond.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Tax technical Reforms - Report to Cabinet 23 October 2012 http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&MId=4247&Ver=4 (see item 11)	Available on council's website	Everton Roberts 020 7525 7221
Equality Analysis Available on the council's website (see item 16): http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&MId=4248&Ver=4	Finance and Corporate Services – Revenues and Benefits, 160 Tooley Street, London SE1 2QH	Norman Lockie 020 7525 0928

APPENDICES

No.	Title
Appendix A	Existing Classes of Empty and Occupied Property Exemptions
Appendix B	Level of Exemptions and Discounts Awarded
Appendix C	Average debt awards for Class A and Class C in 2011/12

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Duncan Whitfield, Strategic Director of Finance & Corporate Services	
Report Author	Mike Lynch	
Version	Final	
Dated	8 November 2012	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance & Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		8 November 2012

APPENDIX A

EXISTING CLASSES OF EMPTY AND OCCUPIED PROPERTY
EXEMPTIONS

Existing Classes of Empty Property Exemption

Class	Description	Exemption period	
A	Major repairs/structural alterations	Up to 12 months	
B	Unoccupied, owned by charity	No time limit	
C	Empty and unfurnished	Up to 6 months	
D	Due to person being in prison	No time limit	
E	Person gone to live in care home	No time limit	
F	Council Tax payer deceased	No time limit	
G	Occupation prohibited by law	No time limit	
H	Dwelling held for minister of religion	No time limit	
I	Person living elsewhere to receive personal care	No time limit	
J	Person living elsewhere to provide personal care	No time limit	
K	Dwelling left empty by a student	No time limit	
L	Mortgagee in possession (Repossessed property)	No time limit	
Q	Left empty by bankrupt person Where liability rests with trustee	No time limit	
R	Caravan pitches or boat moorings not in use	No time limit	
T	Unoccupied annex to an occupied dwelling that cannot be let separately	No time limit	

Occupied property exemptions

Class	Description	Exemption period	
M	Student halls of residence	No time limit	
N	All occupiers are students school or college leavers or non British dependants or partners of students	No time limit	
O	UK armed forces accommodation	No time limit	
P	Visiting forces accommodation	No time limit	
S	All occupiers are under 18	No time limit	
U	All occupiers are severely mentally impaired	No time limit	
V	Main residence of a person with diplomatic immunity or privilege	No time limit	
W	The annex to a property occupied by a dependant relative	No time limit	

APPENDIX B

LEVEL OF EXEMPTIONS AND DISCOUNTS AWARDED

Class C Exemptions awarded in 2011/12

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	2903	26.13%	£519,807.06	26.94%	£179.06
Non-Southwark Properties	8207	73.87%	£1,409,796.44	73.06%	£171.78
All	11110	100.00%	£1,929,603.50	100.00%	£173.68

Class C exemptions awarded in 2010/11

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	2439	28.92%	£309,560.59	21.40%	£126.92
Non-Southwark Properties	5996	71.08%	£1,136,775.73	78.60%	£189.59
All	8435	100.00%	£1,446,336.32	100.00%	£171.47

Class C exemptions awarded in 2009/10

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	2407	28.03%	£387,847.76	19.91%	£161.13
Non-Southwark Properties	6181	71.97%	£1,559,884.72	80.09%	£252.37
All	8588	100.00%	£1,947,732.48	100.00%	£226.80

**Class A Exemptions
awarded in 2011/12**

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	956	54.13%	£138,505.69	23.89%	£144.88
Non-Southwark Properties	810	45.87%	£441,371.02	76.11%	£544.90
All	1766	100.00%	£579,876.71	100.00%	£328.36

**Class A Exemptions
awarded in 2010/11**

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	1504	51.42%	£908,035.15	50.96%	£603.75
Non-Southwark Properties	1421	48.58%	£873,922.97	49.04%	£615.01
All	2925	100.00%	£1,781,958.12	100.00%	£609.22

**Class A Exemptions
awarded in 2009/10**

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	5	0.69%	£2,198.04	0.58%	£439.61
Non-Southwark Properties	718	99.31%	£376,205.96	99.42%	£523.96
All	723	100.00%	£378,404.00	100.00%	£523.38

Empty but furnished property discounts

Period	Number of awards	Value
2011/12	6555	£52,936.57

AVERAGE DEBT AWARDS FOR CLASS A AND CLASS C IN 2011/12

Average debt awards for Class A in 2011/12

Exemption Duration	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
1-7 days	37	2.10%	£570.57	0.10%	£15.42
1-14 days	55	3.11%	£1,700.14	0.29%	£30.91
1-28 days	75	4.25%	£3,081.49	0.53%	£41.09
1-42 days	137	7.76%	£15,008.50	2.59%	£109.55
1-56 days	225	12.74%	£34,171.69	5.89%	£151.87
1-91 days	344	19.48%	£66,838.02	11.53%	£194.30
1-182 days	580	32.84%	£177,835.61	30.67%	£306.61
All	1766	100.00%	£579,876.71	100.00%	£328.36

Average debt awards for Class C in 2011/12

Exemption Duration	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
1-7 days	1671	15%	£24,783.47	1.28%	£14.83
1-14 days	2862	26%	£69,945.83	3.60%	£24.44
1-28 days	4987	45%	£209,784.05	10.80%	£42.07
1-42 days	6507	58%	£391,230.41	20.15%	£60.12
1-56 days	7292	65%	£510,275.34	26.28%	£69.98
1-60 days	7415	66%	£532,949.97	27.45%	£71.87
1-91 days	8291	74%	£731,043.78	37.65%	£88.17
All	11158	100%	£1,941,644.78	100%	£174.01

Item No. 7.1	Classification: Open	Date: 28 November 2012	Meeting Name: Council Assembly
Report title:		Adoption of s 16 London Local Authorities and Transport for London Act 2003	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment and Leisure	

RECOMMENDATIONS

That council assembly agrees:

1. to adopt Section 16 London Local Authorities and Transport for London Act 2003 (“the Act”) to give effect to highway enforcement powers concerning vehicle crossings over footway and verges for the benefit of public safety (Appendix 1);
2. that the Appointed Day for implementation of the adopted legislation should be 1 April 2013 pursuant to section 3 of the (Act); and
3. that the resolution and associated public notices be published in accordance with section 3 of the Act.

BACKGROUND INFORMATION

4. The matter of vehicles crossing the public footway or verges to access the frontages of premises, without having the correctly constructed vehicle cross over, has become a highway safety concern within the London Borough of Southwark.
5. Vehicles crossing the footway without the benefit of a duly constructed vehicle crossover can cause a safety hazard to pedestrians and vehicles as sight lines may be inadequate, pedestrians and other vehicle users will have no visual references to indicate that a vehicle may emerge from premises. The lack of a duly constructed crossover can also damage the public highway.
6. The Highway Authority has limited enforcement powers to address this issue under the current legislative powers contained within the Highways Act 1980, presenting a risk to pedestrians and vehicles. The lack of an effective enforcement provision has also created an additional financial cost to the council due to consequential repairs that must be undertaken by the authority as a result of vehicles accessing the frontages of premises in this manner.
7. The Act came into force in 2003 with the objective of providing increased enforcement powers to local authorities to deal with certain obstructions of the highway through the creation of fixed penalty notice powers for certain offences, and other traffic related provisions. The majority of the provisions of the Act came into effect from 1 January 2004. However, sections 4,5,7 and 16 were expressly excluded from the general commencement with provisions for local authorities to individually elect whether to implement the excluded sections

within their borough and determine the date that the provisions would become operative. In February 2006, the London Borough of Southwark adopted the London Local Authorities and Transport for London Act 2003. However, S.16 was not included in the report. An extract of Section 16 of the Act is attached at Appendix 1 of the report.

8. Section 16 of the Act grants additional enforcement powers to the Highway Authority and will provide more robust enforcement provisions to safeguard the protection of our highway and highway users. These powers ultimately provide for the prosecution of an occupier, who takes or allows someone else to take a motor vehicle across a verge or footway where no vehicle crossing (crossover) has been constructed, following the service of a notice seeking cessation of this activity, the ability to take physical steps to prevent this action continuing. An occupier can be charged for such works by the council.
9. The council now wishes to implement the use of the enhanced enforcement provision provided by Section 16 of the Act as set out in the recommendation. This provision cannot be implemented until it has been adopted by a resolution of the council and a date for the commencement of the provisions has been published. The date of implementation can not be less than 3 months from the date of publication of the passing of the resolution.
10. The adoption of this legislation would ensure that more effective enforcement action can be undertaken by the council in respect of vehicles crossing the footway or verge, reducing the risks to residents and other road users by allowing preventative action and reducing incidents of damage to our highways. The report therefore seeks council assembly's approval of the recommendation.

KEY ISSUES FOR CONSIDERATION

Current powers

11. The Highways Act 1980 (S.184) empowers the local authority to take action against occupiers of any premises who habitually takes or permits to be taken, a mechanically propelled vehicle across a kerbed footway or a verge in the public highway to or from their premises. The Act allows the local authority to either execute such works for the construction of a vehicle crossing over the footway or verge or impose such reasonable conditions on the use of the footway or verge as a crossing following the service of a notice.
12. The costs of works can be recharged to the occupier or a fine not exceeding £1000 can be imposed by the court for breaching any of the reasonable conditions imposed. However the Act does not allow for the local authority to undertake any preventative works to physically stop any vehicles using the footway or verge.

New enhanced powers

13. Section 16 of the Act introduced expanded powers with regard to the cessation of taking of vehicles across the kerbed footway or verge. It makes provision for the service of a notice which allows for the execution of works by the local authority to prevent vehicles being taken across the footway or verge through for example the erection of bollards or other physical works. In many cases prevention of use of the footway or verge would be the preferred option because the likelihood of damage to the asset is increased and provision can be made

free of charge for a dedicated disabled bay for most residents who have genuine access needs. The council now has access to the exercise of these provisions. Any works undertaken to prevent the use of a kerbed footway or verge under s16 would be recharged to the occupier of the property/premises that is being accessed via the particular kerbed footway or verge.

14. This differs from a notice served under the Highways Act in that the council will have powers to prevent particular land being accessed by way of the kerbed footway or verge, which may be the preferred option in many instances, rather than incur the delay and financial cost of commencing legal proceedings. The cost of the works will also be able to be recharged to the occupier.
15. In the event that the council undertakes works to prevent the use of a crossover being accessed by way of a footway or verge following the service of a notice under Section 16 of the Act, Section 16(12) of the Act makes it a punishable offence liable to maximum fine up to £1,000 to:
 - a. knowingly use a footway or verge as a crossing in contravention of a notice;
 - b. knowingly permits it to be so used; or
 - c. remove, damage, alter or deface any prevention works executed without reasonable excuse
16. The service of a notice under this provision is classed as enforcement action and therefore the decision to serve the notice and any subsequent enforcement action taken as a consequence of non-compliance will be undertaken in accordance with the council's enforcement policy. The enforcement policy provides that the council's approach to enforcement is to be founded on the key principals of fairness and proportional response to encourage compliance set out in the government's Enforcement Concordat 1998.
17. In addition to the overarching principals set out in the enforcement concordat a more detailed policy document is currently being developed in regards to the management of the road network and public space. This is part of the council's response to the Network Management Duty 2005 which sets out the requirement for the council that the network is safe and clear of obstructions and that all occupation and works are coordinated to minimise disruption. This policy is due to be adopted following internal consultation in December 2012.
18. For the reasons set out above in the report, it is considered that the adoption of s16 of the Act will ensure that more effective enforcement can take place, preventing damage to the highway and the reduction in the safety risk to other highway users.
19. It should be noted that any vehicle constructed or adapted for use for the carriage of a person, suffering from some physical defect or disability, such as mobility scooters, are excluded from enforcement action under s16 of the Act.

Community impact statement

20. Adoption of the Section 16 powers will result in an enhanced and better managed streetscape. It will improve safety for pedestrians both from the illegal vehicle movements and from the damage that is caused by them.
21. These powers do not represent a change in approach in terms of the scope of enforcement. They are simply a change to the process that would be used to

achieve the required result. As such there is no change to current impact on the community from adoption of these powers.

Staffing/procurement implications

22. Enforcement of the legislation will be carried out from within current resources. Any costs incurred through enforcement of the notice can be recharged to the occupier/owner of the premises.

Consultation

23. Consultation has taken place with internal partners including highways, finance, asset management, planning enforcement, arboriculture, major projects team, and environmental health and trading. No issues have been identified in terms of operational delivery or conflicts with other council policies and adoption of these powers does not negatively impact on the use of any other legislative powers in use by other teams.

Equalities and diversity

24. The implementation of s16 of the Act will impact upon those persons who are crossing the footway or verge where no legitimate vehicle crossing is present.
25. This may impact financially upon persons who are from low income households or persons with disabilities without necessary parking facilities available close to their residence. However, residents with a genuine need to access their vehicle for reasons of disability can apply to the council and will be provided a dedicated disabled parking bay at their premises at no cost. There are no specific negative impacts for this characteristic. A positive impact may be a reduction in obstructions / access issues on the highway for older residents who have mobility problems. This is a universal service / policy with no differentiated delivery. It will be enforceable within the borough wherever a contravention is detected.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

26. This report recommends that the council assembly agrees to the adoption of Section 16 of the Act to give effect to highway enforcement powers concerning vehicle crossings over footway and verges for the benefit of public safety (Appendix 1), that the appointed day for implementation of the adopted legislation be 1 April 2013 and that the resolution and associated public notices be published in accordance with section 3 of the Act.
27. Paragraph 9 of the report correctly advises that a full council resolution of the council is required in order give effect to the provisions of s16 of the Act. Following a resolution to agree the recommendation, the council will be required to publish a notice of the resolution in a local newspaper circulating in the London Borough of Southwark and in the London Gazette.
28. Part 3A of the Southwark Constitution 2012/2013, paragraph 18 states that the 'making, amending, revoking, re-enacting or adopting byelaws and promoting or opposing the making of local legislation or personal bills' is reserved to council

assembly for decision. Paragraph 22 also reserves 'all other matters which, by law, must be reserved to council assembly to council assembly'.

29. Section 3(a) of the Act provides that the appointed day for the implementation of the Section 16 of the Act has to be set, in relation to a borough, by resolution of the borough council. Council assembly therefore has authority to approve the recommendation.
30. As advised in the report, Section 16 of the Act will provide the council with enhanced enforcement powers to prevent an occupier of premises from habitually taking, or permitting a mechanically propelled vehicle to be taken, across a kerbed footway or a verge in the highway for the purpose of accessing their properties. This provision will apply in circumstances where an approved highway crossover is not in existence.
31. Paragraphs 11 -15 of the report set out a comparison between the current enforcement position and an explanation of the enhanced benefits that the s16 of the Act will provide.
32. The highway authority has a statutory duty to maintain the public highway in accordance with Section 41 of the Highways Act 1980 and could therefore be held liable for any harm or damage caused to pedestrians, vehicles or private property in circumstances where no action is taken to address safety concerns.
33. Section 16 (1) of the Act enables the council to serve a notice on the occupier of the premises requesting the cessation of the taking or permitting to be taken, mechanically propelled vehicles, across the kerbed footway or verge. In accordance with Section 16(3) the council must have regard to the following matters in determining whether to issue a notice:
 - The need to prevent damage to a footway or verge
 - The need to ensure safe access to and egress from premises (so far as practicable)
 - The need to facilitate passage of vehicular traffic in and parking of vehicles on the highway (so far as practicable)
 - The need to prevent obstruction of the highway or verge.
34. A notice served by the council pursuant to s16 of the Act must provide the occupier with 28 days notice before it comes into effect. Section 16(5) provides the occupier with an opportunity to object to the notice in writing and request the council to withdraw the notice. The council must determine this objection within 21 days of receipt and confirm if the notice will be withdrawn or maintained. In the event that the council determines not to withdraw the notice, the occupier may appeal to the county court within 28 days of receipt of the council's objection response.
35. Section 16(7) sets out the grounds of objection that may be relied upon by the occupier. On appeal to the county court under Section 12(8) the court shall make such order as it thinks fit.
36. Section 16 (9) provides that a notice will become effective in circumstances where, no objection or appeal is served prior to the expiry of the respective periods, or where an appeal is unsuccessful on the date on which the order of the court is made.

37. Upon a notice, served under Section 16, becoming effective the council may carry out works to prevent vehicles from crossing the highway or verge. The Act creates three specific criminal offences, punishable by fine, relating to contravention of the notice or interference with any works that the council may undertake as set out in paragraph 15 of the report.
38. Section 16 (2) (a-c) of the Act provides that a notice issued by the council cannot prohibit an occupier from enjoying the benefit of a planning permission (made at least 8 weeks prior to Section 16 becoming operative), works covered by a certificate of lawfulness under Section 191 or 192 of the Town and Country Planning Act 1990, or any permitted development under the Town and Country Planning (General Permitted Development) Order 1995.
39. The adoption of this statutory provision will provide the council with robust enforcement powers to reduce the risk to pedestrians and other users of the highway through the use of preventative measures and the incidents of damage to the public highway. Before making a resolution to appoint a day for commencement of Section 16 of the Act, the council must have due regard to the Public Sector Equality Duty (PSED) in accordance with s149 Equality Act 2010.
40. This duty requires public authorities to consider the aims of the general equality duty to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not to take prejudice and promote understanding when making decisions and setting policies. The protected characteristics specified under the Equality Act are age, disability, gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation.
41. In discharging the PSED duty , the council must have regard, in particular, to the need to:
 - (a) Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
42. Although targeted enforcement action may in some circumstances fall disproportionately heavily upon groups with protected characteristics, paragraphs 24-26 of the report confirms that there has been compliance with this duty. This is evidenced by the equalities analysis undertaken to measure of the potential impacts of enforcement under Section 16 of the Act. This analysis is used to provide the council with insight and understanding the effects of decisions on different groups. It also is used to assist the council in identifying if there are any unintended consequences for some groups in the implementation of a particular decision.
43. The equality analysis identifies that the adoption of the Act may have some impact upon the, disabled and individuals on low incomes. However, these

impacts are either considered to be low or impacts that can be addressed through the implementation of mitigating measures. It therefore satisfies the council's legal requirements enshrined in the council's approach to equality: delivering a fairer future for all.

44. The enhanced enforcement powers that will be available to the council following the adoption of Section 17 engage 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 this instance the following rights are potentially engaged:
 - a. **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
 - b. **Article 1, Protocol 1 (Protection of Property)** – this raises the potential for interference with individuals' right to peaceful enjoyment of existing homes upon adoption of the s16 of the Act.
45. It is important to note that not all rights operate in the same way. There are very few rights that are absolute and cannot be interfered with under any circumstances. Other 'qualified' rights, including the aforementioned Article 6, 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 the council in making a decision such as improving highway safety 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 decision
46. Therefore providing that the council, its members and officers understand human rights considerations and throughout the decision making process take them into proper account by striving to strike a balance between competing rights, no unlawful interference should be caused. Although the adoption of s16 of the Act will create three specific criminal offences, punishable by fine, relating to contravention of the notice or interference with any works that the Council may undertake, Section 16(3) of the Act sets out the criteria which the Council must have regard to in determining whether to issue a notice.
47. Any individual served with a notice is entitled to formally object to the service and request that the notice be withdrawn under Sections 16(5) and 16 (7). In the event that the notice is not withdrawn an individual has the statutory right to appeal to the county court, within the specified time limits. The adoption of s16 of the Act will also have the legitimate aim of improving highway safety and should not cause interference with Article 6 and Protocol 1 rights.

Strategic Director of Finance and Corporate Services (NR/FCS/29/9/12)

48. This report recommends that the council assembly agrees to the adoption of Section 16 for the London Local Authorities and Transport for London Act 2003.
49. The strategic director notes the resource implications contained within the report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Network Management Policy 2010	160 Tooley Street, London SE1 2QH	Nicky Costin 020 7525 2156
Equality Analysis	160 Tooley Street, London SE1 2QH	Nicky Costin 020 7525 2156

APPENDICES

No.	Title
1	(Extract) London Local Authorities and Transport for London Act 2003: Section 16 Vehicle crossings over footways and verges

AUDIT TRAIL

Lead Officer	Des Waters, Head of Public Realm	
Report Author	Nick Costin, Road Network, Parking & Marina Manager	
Version	Final	
Dated	16 November 2012	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
	Director of Legal Services	Yes
	Strategic Director of Finance and Corporate Services	Yes
	Cabinet Member	No
	Date final report sent to Constitutional Team	16 November 2012

APPENDIX 1

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON ACT 2003

Section 16 - Vehicle crossings over footways and verges

- (1) Where—
- (a) The occupier of any premises adjoining or having access to a highway habitually takes or permits to be taken a mechanically propelled vehicle (other than an invalid carriage) across a kerbed footway or a verge in the highway to or from those premises; and
 - (b) The highway authority—
 - (i) Have not constructed a vehicle crossing for the premises (whether under section 184 of the Act of 1980 or any corresponding earlier enactment or otherwise); and
 - (ii) Have not served a notice under subsection (1) or (3) of that section on the owner and the occupier of the premises, the relevant authority may serve a notice within the period specified in the notice, being no sooner than 28 days from the date on which the notice is served, requiring the occupier to cease taking or permitting to be taken mechanically propelled vehicles across the kerbed footway or verge.
- (2) Nothing in a notice under subsection (1) above shall have the effect of prohibiting the occupier from enjoying the benefit of—
- (a) any relevant development of the premises which is authorised by a planning permission granted on an application made at least 8 weeks before the date on which this section comes into force; or
 - (b) any established or proposed relevant use of the premises, or any relevant operations carried out or proposed to be carried out in, over or under the premises, the lawfulness of which is conclusively presumed under section 191 or 192 of the Town and Country Planning Act 1990 (c. 8) by virtue of a certificate issued on an application made not less than 8 weeks before that date (whether under that section or any corresponding earlier enactment); or
 - (c) any relevant development of the premises which is permitted development under the Town and Country Planning (General Permitted Development) Order 1995 (S.I. 1995 No. 418) (or any corresponding earlier order) and which is carried out before that date.
- (3) In determining whether to exercise their powers under subsection (1) above, the relevant authority shall have regard to—
- (a) the need to prevent damage to a footway or verge;
 - (b) the need to ensure so far as practicable, safe access to and egress from premises;
 - (c) the need to facilitate, so far as practicable, the passage of vehicular traffic in and parking of vehicles on highways; and
 - (d) the need to prevent obstruction of the footway or verge.
- (4) A notice under subsection (1) above shall—
- (a) inform the person on whom it is served of his right to object to the notice;
 - (b) state the effect of subsection (10) below; and
 - (c) inform that person—
 - (i) of the relevant authority's powers under section 184(1) or 184(3) of the Act of 1980, as the case may be, to execute works for the construction of a vehicle crossing over the footway; and

- (ii) of any reasons why the council would be unlikely to execute such works if requested so to do.
- (5) A person on whom a notice is served under subsection (1) above may within 21 days from the date of his being served therewith serve an objection in writing on the highway authority.
- (6) The highway authority shall consider any objection served under subsection (5) above and, within 21 days from the date of their being served therewith—
- (a) serve a notice in writing on the person who served the objection stating that the notice under subsection (1) above shall not be withdrawn; or
 - (b) withdraw the notice.
- (7) A person on whom a notice under subsection (6) above is served may within 28 days from the date of his being served therewith appeal to the county court on any of the following grounds—
- (a) that the notice is not justified by the terms of subsection (1) above;
 - (b) that there has been some defect or error in, or in connection with, the notice;
 - (c) that the requirement in the notice is unreasonable.
- (8) On an appeal to the county court under this section, the court shall make such order as it thinks fit.
- (9) A notice under subsection (1) above becomes effective—
- (a) in the case where no objection is served under subsection (5) above, at the expiration of the period during which the person served with the notice may serve an objection;
 - (b) in the case where a notice is served by the council under subsection (6) above, and no appeal is made under subsection (7) above at the expiration of the period during which the person served with the notice may appeal; or
 - (c) where such an appeal is made and is unsuccessful on the date on which the order of the court is made.
- (10) Where a notice under subsection (1) above has become effective, the authority by whom the notice was served may execute such works as may be necessary to prevent mechanically propelled vehicles from being taken across the footway or verge, and may recover the expenses reasonably incurred by them in so doing from the owner or occupier of the premises in question.
- (11) Where at the time when any works are proposed under subsection (10) above any occupier of the premises in question habitually takes an invalid carriage across the footway or verge at the place where the works are proposed, no works may be executed under that subsection so as to prevent invalid carriages of the same type being taken across the footway or verge at that place.
- (12) If a person—
- (a) knowingly uses a footway or verge as a crossing in contravention of a notice given under subsection (1) above; or

- (b) knowingly permits it to be so used; or
- (c) without reasonable excuse removes, damages, alters or defaces any works executed under subsection (10) above, he is guilty of an offence and liable to a fine not exceeding level 3 on the standard scale.

(13) In this section—

“the Act of 1980” means the Highways Act 1980 (c. 66);

“highway” means a highway maintainable at the public expense by a borough council

or by Transport for London;

“invalid carriage” means a vehicle constructed or adapted for use for the carriage of one person, being a person suffering from some physical defect or disability;

“relevant authority” means—

(a) a borough council, in respect of any kerbed footway or verge in any highway maintained by them; and

(b) Transport for London in respect of a kerbed footway or verge in a highway maintained by them;

“relevant development” and “relevant operations” mean development or operations carried out for the purpose of parking a mechanically propelled vehicle on the premises;

“relevant use” means use of the premises for the purpose of parking such a vehicle.

Item No: 7.2	Classification: Open	Date: 28 November 2012	Meeting Name: Council Assembly
Report title:		Treasury Management – Mid-Year Update 2012/13	
Wards or Groups affected:		All	
From:		Strategic Director of Finance and Corporate Services	

RECOMMENDATIONS

1. That council assembly notes this 2012/13 mid-year treasury management update.
2. That council assembly agrees the changes to Prudential Indicators as set out in paragraph 17 of this of this report.

BACKGROUND INFORMATION

3. This report is a half-year update on the council's borrowing, investments and prudential indicators, and is one of a series on treasury management to the council assembly by the Strategic Director of Finance and Corporate Services. In February 2012, the council assembly considered the treasury strategy for 2012/13 and in July 2012 it received a report on treasury performance in 2011/12.
4. Quarterly updates on treasury activity are considered by cabinet, and a report reviewing treasury policy and strategy was presented to audit and governance committee on 13 November 2012.
5. Treasury activity is carried out under powers set out in the Local Government Act 2003, supplemented by investment guidance issued by the government and codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Council assembly is responsible for agreeing treasury strategy and prudential indicators and, under the constitution, all executive and operational decisions are the responsibility of the Strategic Director of Finance and Corporate Services.

KEY ISSUES FOR CONSIDERATION

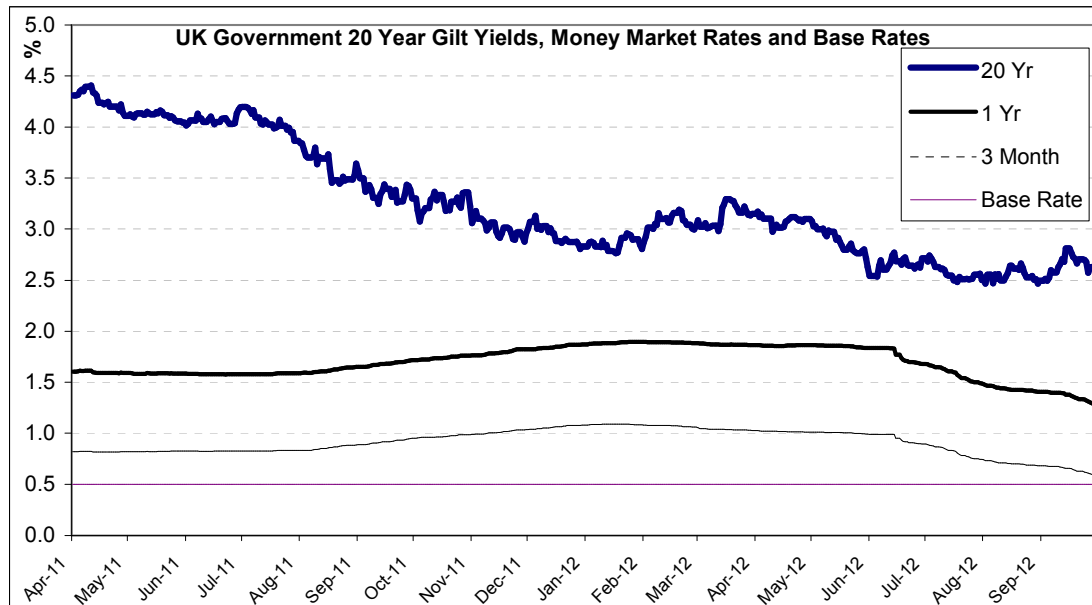
Treasury management borrowing and investments

Financial market backdrop

6. Throughout the first half of 2012/13 investor attention was dominated by expectations of slower growth and concerns about the finances of some euro zone countries. The cost of Spain's borrowing rose significantly when the country sought help to strengthen its banks, and was made worse by slowing growth. Other euro-area sovereigns experienced pressure too and the cost of Italian government borrowing also rose. However financing pressure began easing in July 2012 when the European Central Bank (ECB) indicated that additional measures would be taken to strengthen the euro. Yields on Italian and Spanish

bonds fell and in September 2012 the ECB issued details of its sovereign debt purchase plan to help contain borrowing costs. The ECB was not alone in supporting financial markets. The United States, the Bank of Japan and the Bank of England all maintained loose monetary policy and continued with or raised asset purchase programmes to help counter slower growth.

7. The combination of weak growth, central bank action and the flow of money out of weaker sovereigns helped keep the cost of borrowing by high rated sovereigns low, including the UK. Movements in UK rates are shown in the chart below.



Investment activity and position

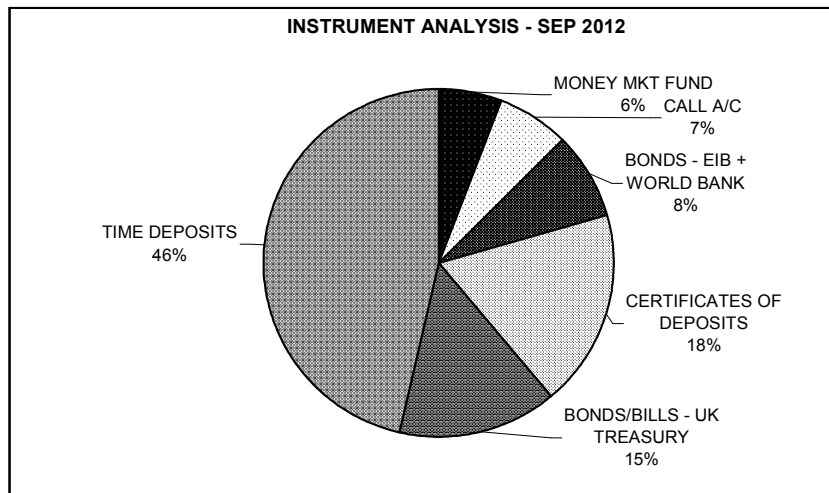
8. The cash invested at 30 September 2012 stands at £366m, and a cautious approach to lending remains in place since the credit turmoil began in 2008. Bank exposure favours large institutions in stronger sovereigns where the likelihood of support, in the event it were needed, is high and the provider of that support has a very high propensity to provide the support. Credit exposure is further reduced by use of money market funds, which diversify exposure to any one bank. Call accounts and certificates of deposits are used in the interest of liquidity. There is also exposure to gilts and treasury bills issued by the UK government, and supranational bonds (European Investment Bank (EIB) and the International Bank for Reconstruction and Development (IBRD, the 'World Bank')).
9. The investments are managed by an in-house operation and fund managers. Three fund managers were in place up to May 2012 and following a review of the appointment, which were for an initial period of five years, the contracts with Aberdeen Asset Managers and AllianceBernstein were extended for a further three years. In July 2012, following the appointment of a new custodian, Bank of New York Mellon, London Branch, (BNYM), the sum managed by the two managers was raised back up to a total of £150m (the amount sum previously allocated across three managers). BNYM is a US incorporated global financial institution and one of largest custodians in the world and replaces HSBC in the

provision of safekeeping and settlement services for the cash, certificates of deposits and bonds held by the managers.

10. The counterparties across which the £366m balance at the end of September 2012 was spread, together with the maturity profile and instrument analysis is set out below.

EXPOSURE - Sep 2012 COUNTERPARTY AND RATINGS									
Exposure £m	FUND				Fitch Ratings				
	Aberdeen	Alliance Bernstein	In-House	£m	Long	Short	Sup- port	Sovereign	Sovereign Rating
COUNTERPARTY									
COMMONW BK AUSTRALIA	-	-	5.0	5.0	AA-	F1+	1	AUSTRALIA	AAA
ANZ BK CORP	-	-	10.0	10.0	AA-	F1+	1	AUSTRALIA	AAA
FORTIS BK	7.7	-	-	7.7	A	F1	1	BELGIUM	AA
BK OF NOVA SCOTIA	5.0	-	-	5.0	AA-	F1+	1	CANADA	AAA
NORDEA BK FINLAND	9.5	1.0	15.0	25.5	AA-	F1+	1	FINLAND	AAA
SOCGEN	-	1.0	10.0	11.0	A+	F1+	1	FRANCE	AAA
BANQUE NATIONAL DE PARIS	-	1.0	15.0	16.0	A+	F1+	1	FRANCE	AAA
DEUTSCHE BK	5.0	1.0	15.0	21.0	A+	F1+	1	GERMANY	AAA
LANDESBK BADEN WERTMBG	-	1.0	-	1.0	A+	F1+	1	GERMANY	AAA
DZ BANK	8.0	-	-	8.0	A+	F1+	1	GERMANY	AAA
GLOBAL TREAS FUNDS-MMF	-	-	20.9	20.9		AAA		GLOBAL	
ABN AMRO BK	5.0	1.0	-	6.0	A+	F1+	1	NETHERLAN	AAA
ING BK	5.2	1.0	15.0	21.2	A+	F1+	1	NETHERLAN	AAA
RABOBANK	-	0.5	-	0.5	AA	F1+	1	NETHERLAN	AAA
EUROPEAN INV BK	13.6	6.0	-	19.6	AAA	F1+		SUPRANATIO	AAA
INT BK RECONST DEVT	3.5	5.8	-	9.3	AAA	F1+		SUPRANATIO	AAA
SVENSKA	-	-	15.0	15.0	AA-	F1+	1	SWEDEN	AAA
UBS	3.3	-	15.0	18.3	A	F1	1	SWITZERLA	AAA
BARCLAYS BK	-	1.0	15.0	16.0	A	F1	1	UK	AAA
LLOYDS TSB/BK SCOTLAND	5.0	0.3	15.0	20.3	A	F1	1	UK	AAA
NATIONWIDE BSOC	4.0	1.0	15.0	20.0	A+	F1	1	UK	AAA
RBS/NATWEST	-	-	35.3	35.3	A	F1	1	UK	AAA
UK TREASURY	0	53.3	0	53.3	AAA	F1+		UK	AAA
BNYM CASH	0.2	0.1	0	0.3	AA-	F1+	1	US	AAA
Total £m	75.0	75.0	216.2	366.2					

Maturity Profile & Long Term Fitch Rating at Sep 2012							
Yr Band	A	A+	AA	AA-	AAA	Money Fund	Grand Total
0-6 Mths	94.3	99.0	-	60.8	35.2	20.9	310.2
6-12 Mths	3.3	5.2	0.5	-	18.0	-	27.0
1-2 Yrs	-	-	-	-	4.3	-	4.3
2-5 Yrs	-	-	-	-	24.7	-	24.7
Grand Total	97.6	104.2	0.5	60.8	82.2	20.9	366.2



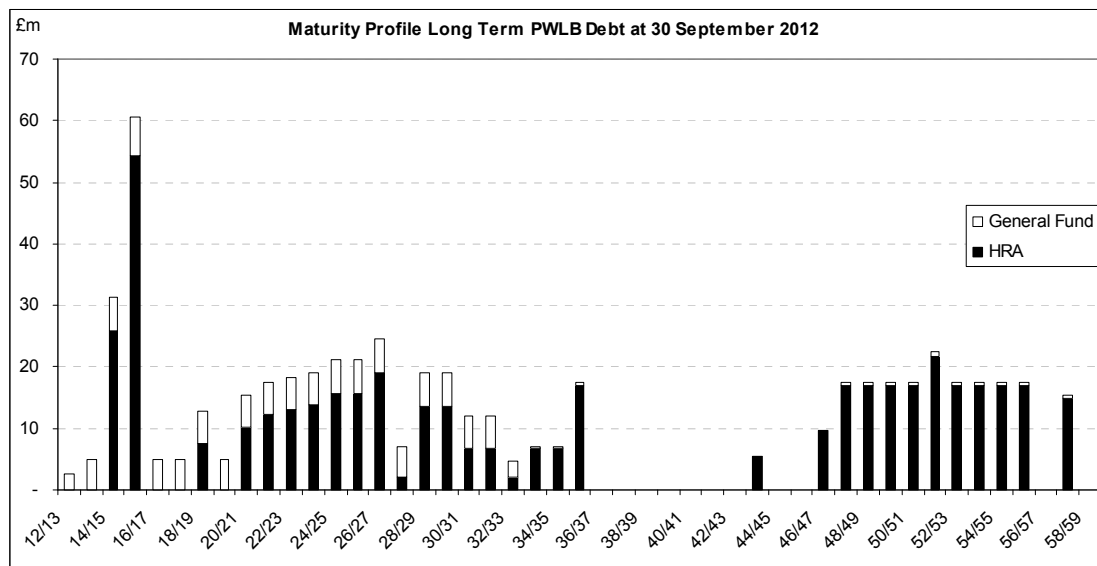
11. The investment strategy demands high ratings in the interest of capital preservation. For investments up to one year the long term rating of a bank or building society must be a minimum of A/A2/A (Fitch/Moody's/S&P) from at least one of the three rating agencies. And the rating must be even higher for exposure between one and three years (AA-/Aa3/AA- Fitch/Moody's/S&P). Any exposure above three years may only be with the more secure UK Government or supranational banks. Further enhancements are being considered to raise flexibility and improve diversification, without unduly raising credit risk. These include widening the range of supranational banks, adding GBP bonds issued by non UK sovereigns (i.e. by the governments of other countries, e.g. Sweden), purchasing collateral backed covered bonds, and investing in short duration cash/bond funds. The changes were considered by audit and governance committee on 13 November, and an update to the investment strategy will be put to the council assembly in February 2013.

Debt activity and position

12. The debt outstanding to fund past capital spend stands at £562.5m at 30 September 2012. It is all from the Public Works Loans Board (PWLb, a local authority lending arm of the Government) and at fixed rates. The loans mature at different dates in the future and, on maturity or sooner, it can be replaced with new borrowing, which can either be repayable at the end of the loan term, in equal instalments over loan life, or by way of annuity, depending on the future financing requirement. Rates depend on market conditions prevailing at the time and borrowing may also be deferred, if prudent, by the use of cash balances.
13. Rates on PWLB loans attract a margin of some 1% above gilts, the rates at which the government itself borrows. From November 2012 local authorities will be able to borrow at 0.20% lower than normal PWLB rates, where they have supplied information about borrowing plans in advance. Southwark has submitted information about potential refinancing of up to £105m should it be prudent and affordable in view of market volatility. There is no commitment or requirement for the council to draw down these funds, but access to lower cost borrowing protects the council interests in any future financing which can involve premiums that vary over time and affect affordability.
14. Previously, interest on debt was shared on an averaging basis between the HRA and the General Fund. From 1 April 2012, under the HRA self-financing (which involved a reduction in HRA debt of £199.3m on 28 March 2012 and the ending

of Housing Subsidy from 2012/13), the debt has been disaggregated between the HRA and the General Fund, and each fund will be responsible for paying interest on its own pool, as detailed in the council assembly report of 4 July 2012. Each fund now manages its debt in a way that best suits its own financing requirements. The average rate on the two funds is currently running at 6.56% HRA and 3.57% General Fund. The HRA rate will fall in the future as maturing debt is replaced or refinanced with new low coupon loans. The difference between the two rates reflects the debt financing carried out between March 2012 and April 2012 using £100m in General Fund cash, which involved replacing high rate loans (at 9.0% or more) with lower rate loans at 3.2% repayable in equal instalments over 20 years. The new loans are structured to match the General Fund's debt repayment requirements in the form of Minimum Revenue Provision, and will lead to the debt being written off over the 20 year period. A premium arising from the restructuring, of £20.6m, was paid in March, and will be spread over 20 years.

15. The maturity profile of the £562.5m debt outstanding with the PWLB at 30 September 2012 (HRA £451m and GF £111.5m) is set out in the chart below.



Prudential indicators

16. Prudential indicators bring together elements of capital finance, borrowing and investment in a series of estimates and limits to give a general picture of the affordability, prudence and sustainability of financing activities. The latest projection for 2012/13 indicators are set out in Appendix A.

Authorised limit for debt

17. One of the Prudential Indicators is the authorised limit on debt (Appendix A, Indicator 7). This consists of a limit on borrowing and a limit on long term liabilities (like certain PFI and leases). The borrowing element of the limit was reduced from £890m in 2011/12 to £655m in 2012/13, partly in response to actual debt reduction under the HRA reform. However, it is now considered the borrowing component of the authorised limit should be set at a higher level of £770m instead of £655m:

- The authorised limit is an upper limit within which the operational limit moves, and should not alter year-on-year other than for major circumstances. The limit of £770m is considered sufficient headroom to accommodate all future needs in the points below without requiring annual amendments
- Debt restructuring could require borrowing in advance of the repayment of old loans, should timing prove advantageous. This would lead to a temporary peak in borrowing, to be contained within the authorised limit
- Borrowing rates with the PWLB are at an all-time low. Borrowing in advance of capital expenditure need may prove advantageous, to reduce exposure to interest rate risk as rates rise at some point in the future
- Borrowing in advance or at the time of need may become necessary if changes in the investment strategy, or in the level of balances held, means that cashflow could not support capital expenditure financing decisions in lieu of drawing down debt
- Major capital expenditure needs can be accommodated within normal approval processes without frequent changes to the authorised limit by council assembly. For example, the Housing Commission report identifies significant spending pressures which are not yet factored into the authorised capital programme.

SUPPLEMENTAL ADVICE FROM OTHER OFFICERS

Director of Legal Services

18. The constitution determines that agreeing the treasury management strategy is a function of council assembly. All executive and operational decisions are the responsibility of the Strategic Director of Finance and Corporate Services.
19. The Local Government Act 2003 and supporting regulations require local authorities to determine annual borrowing limits and have regard to the Prudential Code for Capital Finance, and the Treasury Management in the Public Services Code of Practice, both published by the Chartered Institute of Public Finance and Accountancy, when considering borrowing and investment strategies, determining or changing borrowing limits or prudential indicators.
20. Section 15(1) of the 2003 Act requires a local authority “to have regard (a) to such guidance as the Secretary of State may issue”. This guidance is found in the Department of Communities and Local Government Guidance on Local Authority Investments updated March 2010 and statutory guidance on the Minimum Revenue Provision (MRP) produced under amendments made to section 21(1A) of the Local Government Act 2003 by section 238(2) of the Local Government and Public Involvement in Health Act to 2007.
21. Members are advised to give approval to the recommendations contained in this report ensuring compliance with CIPFA’s codes.

BACKGROUND DOCUMENTS

Background Papers	Held at	Contact
None		

APPENDICES

No.	Title
Appendix A	Prudential Indicators 2012/13 Update

AUDIT TRAIL

Lead Officer	Jennifer Seeley, Deputy Finance Director	
Report Author	Dennis Callaghan, Chief Accountant	
Version	Final	
Version Date	14 November 2012	
Key Decision	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	N/a	N/a
Cabinet Member	Yes	Yes
Final Report Sent to Constitutional Team	15 November 2012	

PRUDENTIAL INDICATORS 2012/13 UPDATE

PRUDENTIAL INDICATORS

1. This appendix updates the 2012/13 prudential indicators presented to council assembly in February 2012. Actuals are drawn from the council's accounts for the year. The indicators fall in three broad areas: affordability, prudence and treasury management and are drawn from the Prudential Code on Capital Finance for Local Authorities and the Treasury Management in the Public Services Code of Practice plus Guidance, published by CIPFA and updated in November 2011. The Local Government Act 2003 requires that councils have regard to these codes.

CRITERIA ONE: AFFORDABILITY AND PRUDENTIAL INDICATORS ON AFFORDABILITY

INDICATOR ONE: RATIO OF FINANCING COSTS TO NET REVENUE STREAM

The financing ratio is the cost of financing capital expenditure (including PFI and leases) net of income as a proportion of the net revenue stream. The ratios for the HRA and the General Fund (GF) are set out below and the difference between the two reflects the different way the two services are organised. The drop in the HRA ratio reflects the £199.3m debt redemption made under HRA self-financing towards the end of March 2012 and although GF interest cost fell as a result of the £100m debt re-financing carried out between March 2012 and April 2012, a rise in PFI payments, as schemes become operational, has meant the GF ratio has increased.

Financing Ratios	2011/12 Actual	2012/13 Projection
HRA	27%	17%
GF	4%	6%

INDICATOR TWO: THE INCREMENTAL IMPACT OF CAPITAL INVESTMENT ON THE COUNCIL TAX AND HOUSING RENTS

This indicator is about the impact on council tax and rents of the capital programme. No increase in council tax or rents was sought as a result of capital spend funded through borrowing.

Notional Rent or Council Tax Increases	2011/12	2012/13
Weekly housing rent increase as a result of capital programme	Nil	Nil
Council tax band D increase as a result of capital programme	Nil	Nil

CRITERIA TWO: PRUDENCE AND PRUDENTIAL INDICATORS FOR PRUDENCE
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INDICATOR THREE: DEBT AND CAPITAL FINANCING REQUIREMENT

This indicator compares debt to the capital financing requirement (CFR), which is borrowing plus long term liabilities like PFI and leases. Debt should not exceed the CFR over the medium term, but may do so over the short-term in the interest of prudent financing and management of debt.

This indicator is met and the actual debt in the six months to September 2012 has not exceeded £562.5m which is below the closing CFR for 2012/13 of £677m. At Southwark the average debt is also usually held close to the CFR excluding PFI and lease.

CRITERIA THREE: PRUDENTIAL INDICATORS FOR CAPITAL EXPENDITURE AND TREASURY

INDICATOR FOUR: CAPITAL EXPENDITURE

The capital expenditure projection for 2012/13, including certain leases and PFI arrangements required to be put on the balance sheet, is set out below.

Capital Expenditure	2011/12 Actual £m	2012/13 Projection £m
HRA	53	89
GF	157	110
Total	210	199

INDICATOR FIVE: CAPITAL FINANCING REQUIREMENTS.

The capital financing requirement reflects the use of borrowing and long term liabilities to pay for capital expenditure, net of sums set aside as minimum revenue payment (MRP) in accordance with the MRP policy agreed by council assembly annually.

CFR at Year End	2011/12 Actual £m	2012/13 Projection £m
HRA	451	451
GF	234	226
Total	685	677

INDICATOR SIX: HRA LIMIT ON INDEBTEDNESS

This is a new indicator and is the limit imposed by the Government on HRA debt under self-financing from 2012/13. The indebtedness limit indicated in the self-financing consultation issued in February 2012 is £577m. The actual HRA debt stands at £451m.

INDICATOR SEVEN: THE AUTHORISED AND OPERATIONAL LIMITS

These limits are the maximum sum that may be outstanding on debt and long term liabilities outstanding on any one day. The lower limit is the operational boundary and takes account of ordinary activity. The authorised limit is the higher limit to accommodate unexpected borrowing that may be needed for very short periods and managed within a risk controlled framework. It is not intended for long periods. The total authorised limit is the limit councils have to determine under the Local Government Act 2003.

At Southwark the average level of borrowing in any one year is usually close to the capital financing requirement, before PFI and leases, but may be higher or lower depending on cash flow needs and timing of borrowing decisions. The limits accommodate such variation where prudent and taken in a risk controlled framework.

Operational Boundary and Authorised Limits for External debt -	2011/12	2012/13	2012/13
	Actual Max £m	Limit £m	Projection £m
Operational Boundary for Debt			
Borrowing	761	630	563
Other long term liabilities	107	110	110
Total Operational	868	740	673
Authorised Limit for Debt -			
Borrowing	761	655	563
Other long term liabilities	107	115	110
Total Authorised	868	770	673

INDICATOR EIGHT: GROSS AND NET DEBT

This is a new indicator and is the upper limit on net debt (i.e. gross debt less investments) as a percentage of gross debt. The net debt is currently lower than the gross as the council's revenue balances, provisions and working capital are held in investments pending their application. To ensure the funds remain in tact and available when they are need, the upper limit on net debt as a percentage of gross debt is 100%.

	2012/13 Limit	2012/13 Max to Sep 2012
Upper Limit on Net Debt as a % of Gross Debt	100%	45%

INDICATOR NINE: ADOPTION OF THE CIPFA CODE OF PRACTICE ON TREASURY MANAGEMENT IN THE PUBLIC SERVICES

This indicator concerns the adoption of the Treasury Management in the Public Services Code of Practice issued by CIPFA. The council adopted the 2009 code at its meeting in February 2010. The 2011 code is an update and basic principles remain unchanged.

INDICATOR TEN: INTEREST RATE EXPOSURES – FIXED

INDICATOR ELEVEN: INTEREST RATE EXPOSURES - VARIABLE

INDICATOR TWELVE: MATURITIES

Council debt currently consists entirely of fixed rate loans and the limits accommodate flexibility to take on new fixed or variable rate loans where prudent in a

risk controlled framework. The exposure for the first six months in 2012/13 is set out below and the maturity profile shows the position at start of the year.

LIMITS ON FIXED AND VARIABLE RATES	2011/12 Maximum Actual £m	2012/13 Limit £m	2012/13 Max to Sep 2012 £m
Upper limit for fixed interest rate exposure	761	655	563
Upper limit for variable rate exposure	0	165	0

Maturity structure of fixed rate borrowing at start of year	2011/12 Actual	2012/13 Lower Limit	2012/13 Upper Limit	2012/13 £m
Under 12 months	0%	0%	30%	0%
12 months and within 24 months	0%	0%	30%	0%
24 months and within 5 years	29%	0%	60%	18%
5 years and within 10 years	3%	0%	80%	7%
10 years and within 20 years	24%	0%	100%	27%
20 years and within 30 years	8%	0%	100%	7%
30 years and within 40 years	16%	0%	100%	23%
40 years and within 50 years	20%	0%	100%	18%

INDICATOR THIRTEEN: TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS.

The council's cash balances are invested across a number of counterparties which can include the government, and large high rated banks and building societies. Exposure to investments beyond one year helps raise returns. However, as returns can be vulnerable to unexpected market volatility, upper limits are placed on such exposure. The latest exposure to investments longer than one year in the first six months of 2012/13 is set out below.

Upper limit on investments greater than 364 days	2011/12 Actual	2012/13 Limit	2012/13 Max to Sep 2012 £m
Upper limit / Actual	14% of investments greater than 364 days Overall maximum average maturity 7 months Longest investment 5 yrs	Up to 50% of investments greater than 364 days Overall average maturity 3 years, but any one investment may be longer as referred to in the Annual Investment Strategy	13% of investments greater than 364 days Overall maximum average maturity 5 months Longest investment 5 yrs

**COUNCIL ASSEMBLY AGENDA DISTRIBUTION LIST (OPEN) (FULL LIST)
MUNICIPAL YEAR 2012/13**

NOTE: Original held by Constitutional Team; all amendments/queries to
Lesley John Tel: 020 7525 7228

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		Chris Cooper, Unison	1
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Eleanor Kelly	1	Michael Davern, NUT	1
Deborah Collins	1	James Lewis, NASUWT	1
Romi Bowen	1	Pat Reeves, ATL	1
Duncan Whitfield	1	Miss Sylvia Morris, NAHT	1
Gerri Scott	1	Irene Bishop, ASCL	
		Local M.P.	1
		Simon Hughes M.P.	
		Others	2
		Ann-Marie Connolly	1
		Elizabeth Olive, Audit Commission, Ground Floor, Tooley Street	1
		Total:	115