

Cabinet

Tuesday 9 December 2014

4.00 pm

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

Membership

Councillor Peter John
Councillor Ian Wingfield

Councillor Fiona Colley
Councillor Dora Dixon-Fyle MBE
Councillor Barrie Hargrove
Councillor Richard Livingstone
Councillor Darren Merrill

Councillor Victoria Mills
Councillor Michael Situ

Councillor Mark Williams

Portfolio

Leader of the Council
Deputy Leader and Cabinet Member for
Communities, Employment and Business
Finance, Strategy and Performance
Adult Care, Arts and Culture
Public Health, Parks and Leisure
Housing
Environment, Recycling, Community Safety and
Volunteering
Children and Schools
Environment, Recycling, Community Safety and
Volunteering
Regeneration, Planning and Transport

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Contact

Paula Thornton 020 7525 4395 or Virginia Wynn-Jones 020 7525 7055
Or email: paula.thornton@southwark.gov.uk; virginia.wynn-jones@southwark.gov.uk

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council
Date: 1 December 2014



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Cabinet

Tuesday 9 December 2014

4.00 pm

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

Order of Business

Item No.	Title	Page No.
	PART A - OPEN BUSINESS	
	MOBILE PHONES	
	Mobile phones should be turned off or put on silent during the course of the meeting.	
1.	APOLOGIES	
	To receive any apologies for absence.	
2.	NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
3.	NOTICE OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING, AND ANY REPRESENTATIONS RECEIVED	1
	To note the items specified which will be considered in the closed part of the meeting.	
4.	DISCLOSURE OF INTERESTS AND DISPENSATIONS	
	Members to declare any interests and dispensations in respect of any item of business to be considered at this meeting.	
5.	PUBLIC QUESTION TIME (15 MINUTES)	
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules.	

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6.	DEPUTATION REQUESTS	
	To consider any deputation requests.	
7.	MINUTES	2 - 10
	To approve as a correct record the minutes of the open section of the meeting held on 18 November 2014.	
8.	UPDATE ON THE PROPOSED PIPELINE FOR THE DELIVERY OF 1,500 NEW COUNCIL HOMES BY 2018	11 - 49
	To note progress in the direct delivery programme as part of the council's commitment to build 11,000 new council homes and the continued progress of the programme.	
	To agree that rents for all new properties be set at a target rent and to apply fixed tenant service charges for new build properties developed by the council at the prevailing rate for existing properties.	
9.	HOUSING REVENUE ACCOUNT - INDICATIVE RENT SETTING AND BUDGET REPORT 2015/16	50 - 73
	To instruct officers to consult regarding rent-setting for newly-let existing stock from 6 April 2015 and to provide a final report on rent setting and the HRA (housing revenue account) budget for 2015/16 after due consultation processes to cabinet on 27 January 2015.	
10.	POLICY AND RESOURCES STRATEGY 2015/16 - 2017/18: SCENE SETTING REPORT	74 - 87
	To note the actions taken to address the £31.4 million gap, the expected date of release of the autumn statement and provisional 2015/16 settlement.	
	To instruct officers to submit a further report including the 2015/16 provisional settlement figures incorporating the feedback from the Southwark Spending Challenge.	
11.	DRAPER HOUSE WORKS – INDEPENDENT INVESTIGATION, FINAL REPORT – OFFICER RESPONSE	88 - 110
	To note the actions by officers following the publication of the independent investigation report into the major works at Draper House.	

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12.	APPROVAL FOR THE EXTENSION OF ST THOMAS THE APOSTLE COLLEGE'S (STAC) AGE RANGE FROM 11-16 TO 11-18	111 - 123
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To approve the opening of a sixth form provision at St. Thomas the Apostle College.

13.	ALBION STREET REGENERATION	124 - 157
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To agree the release of a section of the site of the Albion Primary School and to note progress with delivery of the regeneration of Albion Street.

14.	GATEWAY 2 - CONTRACT AWARD APPROVAL - SPECIAL EDUCATIONAL NEEDS AND/OR DISABILITIES (SEND) SCHOOL BUS TRANSPORT	158 - 168
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To approve the award of the SEND school bus transport contract to Olympic South Limited.

15.	EXTENDING THE THAMES RIVERSIDE FOOTPATH INCLUDING CONSEQUENTIAL LANDS TRANSACTIONS	169 - 178
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To agree terms for the Greater London Authority to release the restrictive covenant affecting 1–3 Odessa Street.

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

EXCLUSION OF PRESS AND PUBLIC

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

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

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

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PART B - CLOSED BUSINESS

16. MINUTES

To approve as a correct record the closed minutes of the meeting held on 18 November 2014.

17. GATEWAY 2 - CONTRACT AWARD APPROVAL - SPECIAL EDUCATIONAL NEEDS AND/OR DISABILITIES (SEND) SCHOOL BUS TRANSPORT

18. EXTENDING THE THAMES RIVERSIDE FOOTPATH INCLUDING CONSEQUENTIAL LANDS TRANSACTIONS

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

Date: 1 December 2014

Notice of Intention to conduct business in a closed meeting, and any representations received

Cabinet 9 December 2014

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require that the council give a 28 notice period for items to be considered in private/closed session. This has been implemented through the publication of the council's forward plan.

The council is also required under these arrangements to give a further five days notice of its intention to hold the meeting or part of the meeting in private/closed session and give details of any representations received in respect of the private meeting.

This notice issued in accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 is to confirm that the cabinet meeting to be held on 9 December 2014 at 4.00pm, Council offices, 160 Tooley Street, London SE1 2QH will be held partly in closed session for consideration of the following items listed on the agenda:

- Item: 17** Gateway 1 – Contract Award Approval – Special Educational Needs and/or Disabilities (SEND) School Bus Report
- Item: 18** Extending the Thames Riverside Footpath including Consequential Lands Transactions

The proper officer has decided that the agenda papers should not be made available to the press and public on the grounds that they involve the likely disclosure of confidential or exempt information as specified in categories 1 - 7, of the Access to Information Procedure Rules of the Constitution. The reason for both reports is that they contain information falling within category 3: information relating to the financial affairs of any particular person (including the authority holding that information).

In most cases an open version of a closed report is produced and included on the agenda.

No representations have been received in respect of the items listed for consideration in closed session. Any representations received after the issuing of this notice will be reported at the meeting.

Ian Millichap,
Proper Constitutional Officer

Dated: 1 December 2014



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 18 November 2014 at 4.00 pm at Ground Floor Meeting Room GO1A, 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Peter John (Chair)
Councillor Ian Wingfield
Councillor Fiona Colley
Councillor Dora Dixon-Fyle MBE
Councillor Barrie Hargrove
Councillor Richard Livingstone
Councillor Darren Merrill
Councillor Victoria Mills
Councillor Michael Situ
Councillor Mark Williams

1. APOLOGIES

There were none.

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

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

Item 7: Deputation requests.

3. NOTICE OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING, AND ANY REPRESENTATIONS RECEIVED

No representations were received in respect of the items listed as closed business for this meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Councillor Peter John declared a non-pecuniary interest in items 18 and 22, Disposal of site land at 1 Potters Fields, as a trustee of Potters Fields Park Management Trust.

5. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

6. MINUTES

RESOLVED:

That the open minutes of the meeting held on 21 October 2014 be approved as a correct record and signed by the chair.

7. DEPUTATION REQUESTS

Notification of these deputation requests had not been circulated five clear days in advance of the meeting. The chair agreed to accept these requests as urgent as both requests related to an item on the agenda for this meeting, item 8, Update on Consultation and Plans for the Delivery of 11,000 New Homes.

Deputation request from the Southwark Group of Tenants Organisation (SGTO)

The deputation spokesperson addressed the meeting in respect of an item on the agenda, item 8, Update on Consultation and Plans for the Delivery of 11,000 New Homes. The representation from SGTO is attached as appendix 6 to this item (page 53 of the main agenda).

Deputation request from the Aylesbury Leaseholders Action Group

The deputation spokesperson addressed the meeting to request assistance with a number of outstanding issues relating to the Aylesbury regeneration programme with particular reference to leaseholder concerns and the issues referred to in paragraph 6 of item 7.

8. UPDATE ON CONSULTATION AND PLANS FOR THE DELIVERY OF 11,000 NEW HOMES

RESOLVED:

1. That the overwhelming support (around 90%) for the 6 pledges and therefore agreed to the adoption of the Charter of Principles as set out in Appendix 1 of the report be noted.
2. That it be noted that over 2000 residents responded to this consultation and that the vast majority of these were council tenants and leaseholders/homeowners. The size and representativeness of the sample gives a high level of confidence that the findings of the engagement exercise reflect the views held by the majority of our residents.
3. That it be noted that consultation took place with both the formal consultation structures of Tenant and Homeowners Council, Area Housing Forums and more

broadly with those not engaged in these formal structures. Cabinet therefore agrees to reaffirm its commitment to engaging as widely as possible with residents as the 11,000 new homes programme progresses. Officers are to continue to consult through the formal tenant and homeowner structures and in other ways to ensure that those who are not engaged in the formal structures are able and encouraged to get involved.

4. That it be noted that about 20% also left more detailed feedback as summarised in paragraphs 32 to 40 below. In response to that feedback cabinet therefore tasks officers to put in place the following:
 - A system of review of the operation of the charter of principles annually, through existing representative groups and other residents who have been involved.
 - Ongoing involvement of the Futures Steering Board made up of representatives of Tenant Council and Homeowners Council in the development of the engagement activity as it progresses.
 - A proactive communication strategy that seeks to address some of the frequently asked questions that have arisen through the consultation, clarifies what we mean when we use terms such as “affordability” and “regeneration”, and tackles some of the misinformation and misapprehension.
5. That it be noted that 36% of respondents (almost 700 people) expressed an interest in continuing to be involved. Cabinet therefore tasks officers to develop a plan to ensure that those who have expressed a wish to be involved are integrated into the next phases of the consultation programme.
6. That it be noted that this is only the first stage of consultation, and only concerns the principles upon which a broader consultation programme will be based. The next stage of the consultation, on the borough-wide principles for the 11,000 homes programme, will start in January 2015.
7. That a commitment to building 11,000 new council homes, alongside improving the quality of all of its existing housing stock be reaffirmed.
8. That these 11,000 council homes will be new and additional to our existing stock of council housing be confirmed.

9. REPORT ON CHILD SEXUAL EXPLOITATION AND SAFEGUARDING BOARD'S STRATEGY

RESOLVED:

Decision of the Cabinet

1. That the report is received and the recommendations from the education and children's services scrutiny sub-committee noted.

2. That a further report be brought back to cabinet in January 2015 with detailed information on the proposed action plan.

Decision of the Leader

3. That the cabinet member for children and schools report back to the Southwark Safeguarding Children Board in December 2014 regarding cabinet's discussion of the draft CSE Strategy.

10. CHILD SEXUAL EXPLOITATION - SCRUTINY RECOMMENDATIONS

Councillor Jasmine Ali, chair of the education and children's services scrutiny sub-committee, presented her report to cabinet.

RESOLVED:

That the recommendations by the education and children's services scrutiny sub-committee on the Southwark Safeguarding Children Board's (SSCB) Draft Child Sexual Exploitation (CSE) Strategy be endorsed.

11. DEMENTIA FRIENDLY SOUTHWARK

RESOLVED:

1. That Southwark becoming a Dementia Friendly borough as part of the council's wider commitment to become an Age Friendly borough be agreed.
2. That the council joining the newly established Southwark Dementia Action Alliance, as set out in paragraphs 19-27 of the report be endorsed.
3. That the council's Dementia Action Alliance priorities for action as set out in paragraph 23 of the report be endorsed.
4. That the council signing the National Dementia Declaration as set out in Appendix 1 of the report be endorsed.

12. HOME CARE ANNUAL CONTRACT PERFORMANCE REPORT

RESOLVED:

That the delivery of the contracts over the third year has met the council's requirements and that the council and providers remain committed to working together to continually improve the quality and consistency of home care delivery be noted.

13. ADOPTION OF THE WOMEN'S SAFETY CHARTER

Councillor Radha Burgess, deputy cabinet member for women's safety, addressed the committee.

RESOLVED:

That the Women's Safety Charter (WSC) as set out in Appendix 1 of the report be agreed.

14. SOUTHWARK EMERGENCY SUPPORT SCHEME 2015 - 2018

RESOLVED:

1. That the decision approved within the policy and resources strategy report to cabinet in October 2014 to continue to provide for the Southwark Emergency Support Scheme for the three year period to 2017/18 in line with criteria contained within the report be noted.
2. That provision for the costs of the scheme of approximately £2.7m over the three year period within the budget options for the policy and resources strategy to be agreed by council assembly in 2015 be agreed, including the use of unspent balances from the local welfare provision grant up to March 2015 and the earmarked revenue reserve for the Welfare Hardship fund.
3. That the costs of the scheme will be contained within existing budgets and will subject to ongoing efficiency reviews be noted.
4. That it be noted that officers will undertake a series of reviews and explore options to ensure that the Emergency Support Scheme and other services supporting vulnerable people in Southwark are aligned and integrated where appropriate.

15. REVENUE MONITORING REPORT FOR QUARTER 2, 2014/15, INCLUDING TREASURY MANAGEMENT

RESOLVED:

1. That the following be noted:
 - the general fund outturn forecast for 2014/15 and forecast net movement in reserves by department
 - the housing revenue account's (HRA) forecast outturn for 2014/15 and resulting forecast movement in reserves
 - the treasury management activity for the first three months of 2014/15.
2. That the forecast performance for the collection of council tax be noted.
3. That the forecast performance for the collection of business rates and the risks associated with the Business Rate Retention Scheme be noted.
4. That the general fund budget movements that exceed £250,000, as shown in

Appendix A of the report be approved.

16. QUARTER 2 CAPITAL MONITORING FOR 2014/15 AND CAPITAL PROGRAMME REFRESH FOR 2014/15-2023/24

RESOLVED:

1. That the general fund capital programme for the period 2014/15 to 2023/24 as at quarter 2 2014/15, as detailed in appendix A and D of the report be noted.
2. That the housing investment programme for the period 2014/15 to 2021/22 as at quarter 2 2014/15, as detailed in Appendix B of the report be noted.
3. That the variation to the general fund capital programme of £63m towards the £154.1m strategic transport improvements projects to be carried out by TfL at Elephant and Castle by securing funding from new developments in the area, as detailed in paragraphs 81-89 of the report be approved, and:
 - agree to make a commitment to provide fixed yearly payments to TfL totalling £63m from 2015 to 2030 as detailed in paragraph 88 and
 - agree to enter into a formal deed with TfL/GLA to give affect to this and also to agree the principle of entering into a deed with the GLA and TfL for these purposes and to delegate the completion of the legal agreement to the strategic director of finance and corporate services.
4. That the variation to the housing investment programme of £41.4m as reflected in paragraphs 109-116 including the redevelopment costs of Lakanal House agreed by the Housing Investment Board and described in paragraphs 111-114 of the report be approved.
5. That the revised budget of £4.02m for the enhanced Revitalise Peckham Rye capital project and vary the general fund capital programme once the internal and external funding sources are confirmed, as explained in paragraphs 101-104 of the report be approved.
6. That the variation to the general fund capital programme to give a capital budget allocation for Seven Islands leisure centre of £2m for on-going refurbishment works and note the recent announcement by the council on the proposals to build a new leisure centre at Canada Water, as reflected in paragraph 70 of the report be approved.
7. That the variation to the general fund capital programme of £1m for acquisition of properties in order to progress regeneration projects and enhance the property portfolio, as described in paragraphs 90-91 of the report be approved.
8. That the virements and funded variations (including those in recommendations 3, 4, 6 and 7 above) to the general fund and housing investment capital programme as detailed in Appendix C of the report be approved.
9. That the re-profiling of the projected expenditure for 2014/15 and future years for

both the general fund and housing investment programmes as detailed in Appendix A, B and D of the report be approved, and the resources available for the capital programme based on latest information available at quarter 2 2014/15, and also that a further detailed profiling of expected expenditure will be undertaken at quarter 3 be noted.

10. That the recent internal audit report and the enhanced monitoring required as described in paragraphs 140-143 of the report be noted.

17. CANADA WATER REGENERATION

RESOLVED:

1. That the core priorities in paragraph 17 of the report which are intended to set the parameters for the negotiations with British Land concerning a legal agreement for the redevelopment of Harmsworth Quay and Shopping Centre sites be endorsed.
2. That officers be authorised to proceed with negotiations to agree detailed terms with British Land and to report back progress regarding the agreement in Spring 2015.
3. That officers be authorised to investigate the acquisition of property interests in the Canada Water Area Action Plan core area, including the use of statutory powers, which may be necessary for the delivery of a coordinated and comprehensive redevelopment of the town centre.

18. DISPOSAL OF SITE LAND AT 1 POTTERS FIELDS

Councillor Peter John left the meeting room while this item was discussed, having declared a non-pecuniary interest at the start of the meeting.

RESOLVED:

1. That the disposal of part of the freehold land shown edged black on the plan at Appendix 1 known at the Land Registry as St Johns Girls School House, Tooley Street and 1 Potters Fields ("the Site") to Mr John Curran & Ms Kristen Frederickson (or to an entity controlled by one or both of them) on the terms set out in the closed report be authorised.
2. That the granting of a 999 year lease at a peppercorn ground rent of any permitted oversail of the LBS freehold in the area hatched on the plan at appendix 1 be authorised. The oversail will be at or above a minimum height of 5.1m from the ground level and extend no farther than 1m from the boundary be authorised. The consideration for the grant of a lease is set out in the closed report.
3. That the acquisition by the council of a lease of the commercial space created by the development for the consideration set out in the closed version of this report be authorised.
4. That the delegation of authority to the head of property to agree the detailed terms of

the transaction and negotiate any other items considered necessary be authorised.

19. SALE OF 29 BATH TERRACE, LONDON SE1 6PS

RESOLVED:

1. That the sale of the freehold interest in 29 Bath Terrace, London, SE1 6PS, (the Property) on the principal terms set out in the closed report be agreed. Subject to a contractual agreement to re-provide a commercial unit falling within use class A4 (Drinking establishments - Public houses, wine bars or other drinking establishments (but not night clubs)) at this location.
2. That the head of property be delegated to agree the detailed terms of the transfer.

20. APPROVAL OF THE COUNCIL'S RESPONSE TO THE TRANSPORT FOR LONDON (TFL) BAKERLOO LINE EXTENSION CONSULTATION

RESOLVED:

Decision of the Cabinet

1. That the information contained within this report which forms the council's response to Transport for London's consultation for the Bakerloo line extension (BLE), subject to any changes agreed at council assembly on 26 November 2014 be approved.

Decision of the Leader

2. That authority to sign off this decision be delegated to Councillor Mark Williams, cabinet member for regeneration, planning and transport.

EXCLUSION OF PRESS AND PUBLIC

That the press and 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 category 3 of paragraph 10.4 of the access to information procedure rules of the Southwark Constitution.

The following is a summary of the closed part of the meeting.

21. MINUTES

RESOLVED:

That the closed minutes of the meeting held on 21 October 2014 be approved as a correct record and signed by the chair.

22. DISPOSAL OF SITE LAND AT 1 POTTERS FIELDS

The cabinet considered the closed information relating to this item. See item 18 for decision.

23. SALE OF 29 BATH TERRACE, LONDON SE1 6PS

The cabinet considered the closed information relating to this item. See item 19 for decision.

Meeting ended at 6.03 pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 26 NOVEMBER 2014.

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

Item No. 8.	Classification: Open	Date: 9 December 2014	Meeting Name: Cabinet
Report title:		Update on the Proposed Pipeline for the Delivery of 1,500 New Council Homes by 2018	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

This council's commitment to build 11,000 new council homes across the borough by 2043 is one of the most important decisions which we have taken as a council. And we have set an important target of delivering 1,500 of these new council homes by 2018.

Underpinning the decisions which we have taken has been thorough consultation with our residents; consultation which has set a new standard for the way in which we as a council receive the views of those who live in Southwark.

This report seeks cabinet's approval to further take forward the delivery of Southwark's new council homes and begins to set the financial parameters for that work, together with the mechanisms which we can use to ensure we meet our building ambitions.

Council housing remains the most genuinely affordable housing option for many people in our borough. With the delivery of a new generation of council housing at social rents I hope and believe that Southwark Council will continue to demonstrate its ambition to create genuinely mixed communities right across our borough for people from all backgrounds.

RECOMMENDATIONS

That cabinet:

1. Notes progress in the Direct Delivery programme as part of the council's commitment to build 11,000 new council homes and especially the interim target, of 1,500 homes to be delivered by 2018.
2. Notes the continued progress underway within the Direct Delivery programme, that forms part of the commitment to build 11,000 new council homes over 30 years from 2013 to 2043, including, as instructed to the strategic director of housing and community services through the 22 July 2014 cabinet report that:
 - the future programme delivery for new council homes and the ongoing asset management of the existing housing stock has been brought together under the Head of major works
 - the necessary capacity to oversee further programme delivery has been put in place
 - a comprehensive appraisal of the overall performance of current Housing Revenue Account (HRA) assets has taken place and will be presented to cabinet in January 2015

- work is in progress to establish a wholly owned and controlled council 'vehicle' to secure future funding capacity for the programme and subsequent protection and proper use of assets created, to be operational from 1 April 2015.
3. Notes the identified sites in the attached schedule and map at appendix 2 detailed in paragraphs 52-62.
 4. Delegates authority to the director of regeneration, in consultation with the strategic director of housing and community services and strategic director of finance and corporate services to acquire land and housing for the direct delivery of new council housing and this be considered as a scheme pursuant to Part 3C of the council's constitution.
 5. Note that officers may wish to recommend the appropriation of land held within the general fund to the housing revenue account for the delivery of new council homes and will bring forward these proposals to cabinet for approval.
 6. Agrees:
 - that rents for all new build properties will be set at the council's target rent without exception.
 - to apply fixed tenant service charges for new build properties developed by the council at the prevailing rate for existing properties.
 7. Notes the results of the completed community conversation already reported to November 2014 cabinet on a 'Charter of Principles' for governing our approach to engagement on housing investment and renewal.
 8. Notes the continuing role of the Futures Steering Board (FSB) as a valued sounding board, providing important tenant and homeowner perspectives on the delivery of the 11,000 new council homes.

BACKGROUND INFORMATION

9. Improving housing in Southwark is at the centre of the council's plans to create a Fairer future for all, regardless of whether residents are social housing tenants, council leaseholders, private renters or homeowners. Access to appropriate, good quality, affordable homes is important not just for residents but also to the wider economy and essential to shaping a borough that all residents are proud to call home and which is truly sustainable into the future.
10. In order to deliver the council's historic commitment to build 11,000 additional council homes by 2043, cabinet has set an interim target of the delivery of 1,500 new council homes by 2018.
11. Local residents continue to be engaged through a number of mechanisms on the future of council housing. The engagement process comprises wide ranging community conversations, consultation through formal mechanisms, including Tenant council and Homeowners' council and the establishment of the new tenant and homeowner sounding board, the Futures Steering Board (FSB). Further outcomes of the ongoing community engagement were reported to cabinet in November 2014.

Purpose of this report

12. This report sets out details of the initial phase of the delivery of one of the most ambitious programmes of housing investment and renewal in a generation, and gives specific details about the proposed pipeline for the first 1,500 new council homes to be built by 2018.
13. The report also deals with setting rents, service charge levels and purchases of housing units.

What the report says

14. The report describes the proposed pipeline for delivery of the 11,000 homes to the 2043 target and the interim target of 1,500 homes by 2018, within the context of the 11,000 homes to be built by the 2043 target, as well as the technical elements of procurement best able to deliver to these targets effectively.
15. The report also outlines the assets' appraisal and financial and non-financial analyses carried out to inform the programme, including the use of the Appraisal feasibility model.

KEY ISSUES FOR CONSIDERATION

New management arrangements

16. Following cabinet's decision, as detailed above, consultation with staff was undertaken to combine the housing delivery team into the major works team in the housing and community services department. On the 10 October 2014 the team formally transferred. The combined team is called the major works and new homes delivery team.
17. The new homes delivery team itself consists of 10 established posts of which 2.5 posts are currently vacant. Within the structure we have agreed a new role of development delivery manager. As an interim measure from January 2015 for a 6 months period a temporary manager, with extensive experience of leading and managing development programmes within Registered Social Housing providers, has been appointed. This appointment will provide a degree of expertise in the delivery of our new homes programme. Permanent recruitment to the post will follow in the near future. A copy of the new structure is attached (Appendix 1).
18. The structure of the new homes delivery team mirrors the project team model that has been successful in delivering the warm, dry, safe programme.

HRA assets analysis and appraisal - use of council's existing assets

19. One element of the appraisal is to identify the long term financial performance of the housing stock. This will give the council an understanding of how each element of the stock performs within the overall business plan, and provides objective evidence on which to appraise options to strengthen cashflows and improve performance for residents. The information can be used to inform investment decisions, prioritising investment where it can deliver the greatest return (from both the financial and the residents' perspective).

20. The first step has been to build up data on the stock – e.g. rents, day to day expenditure and future investment need. This has involved extracting information from a range of different systems, including the housing management system (iWorld), the asset management database and, the financial accounts and budgets. While this exercise has not included an audit of any of these systems, it has helped to identify data gaps and anomalies across the system, which can be used by the council to develop a data improvement plan.
21. A plan is in place to resolve these issues as part of the project to update the APEX asset management system. At that point the council will take the opportunity to establish a consolidated and consistent asset register. It will be critical to ensure the APEX update is able to be implemented in a timely manner, and that the scope of implementation includes this data reconciliation and cleansing exercise.
22. Data issues have meant that the data collection process has taken longer than originally envisaged and this has impacted on final timescales for the analysis and results.
23. It is anticipated that data collection will be complete by mid November 2014. There will then be a period of intensive analysis and modelling over the month of December 2014, with results available early/mid January 2015.

Non-financial analysis

24. The analysis also includes a non-financial element. This seeks to identify the extent to which existing homes are meeting the council's social housing objectives, including resident priorities for their homes and the surrounding area.
25. A cross departmental group has been identified to bring together the council's various social housing objectives and to agree a way in which performance against these can be objectively measured.
26. Measures include:
 - Income – to measure the levels of income deprivation, the extent of the impact of welfare reform and fuel poverty
 - Housing Management – to measure the levels of Anti-social behaviour (ASB)/Crime as well the extent to which residents are actively involved in management through Tenant Management Organisations (TMOs) and Tenant & Resident Associations (T&RAs)
 - Demand – to measure the popularity of properties based on rates of bidding for new lets, turnover and resident satisfaction with place as measured by regular surveys.
 - Wider social/economic issues – to measure factors impacting on people's quality of life, including health, overcrowding, transport accessibility and education.
27. Data collection on the indicators is almost complete and a scoring methodology agreed.
28. This first draft of indicators and measures will form part of the wider resident consultation and can be amended over time to reflect emerging resident priorities.

29. Results will be incorporated with the financial analysis to inform the future asset management strategy. The combination of the sustainability analysis and financial assessment is useful as a comprehensive assessment of overall performance. Priority in terms of action will differ depending on whether financially poorly performing stock is located within an area that scores well on social indicators.
30. At a simplistic level, an area that scores high on the social element of sustainability will, in theory, continue to be popular with occupiers in the future, whereas a less sustainable area may be at risk from increasing dissatisfaction of residents leading to a cycle of decline that can accelerate fast. Therefore, actions (in terms of options appraisals) need to be prioritised in respect of poorly performing stock from both a financial and non financial perspective.
31. Intervention in areas would generally vary depending on the relative position. For example, a high financial performance but low social sustainability score may indicate a need for community investment, alongside asset investment to improve the council's ability to deliver sustainable communities and long term resident satisfaction.
32. While demand for Southwark's stock is high, due to lack of affordable alternatives for residents, low sustainability scores can indicate risks of increased costs from management and maintenance and bad debts that may have consequences on future financial viability and resident satisfaction.
33. Where properties show a low financial performance, an analysis of the social sustainability score may help to identify whether investment will genuinely improve outcomes for residents, or whether alternative options, such as regeneration, need to be explored to ensure investment has an impact in improving outcomes for residents.

Updated asset management strategy

34. The council will then work to incorporate the results into a revised asset management strategy, including the identification of a programme of local options appraisals, in consultation with residents, to identify the best options for delivering future investment.
35. The draft renewed asset management strategy will be completed by the end of January 2015. Options appraisals will then follow, in consultation with residents during 2015.

Rents

New Build Rent Policy

36. This section sets out the basis of the proposed rents and service charges that will apply to new build (direct delivery) stock, to both ensure equity amongst residents and the financial viability of the programme going forward.

Social Rented Housing - Target Rents

37. Government implemented a national rents policy in 2002 and the introduction of target rents as part of its rent restructuring regime for local authorities and registered social providers. This set out the specific mechanism by which a

target rent is determined for a particular property. It also sets out a rent cap for the maximum rent that can be charged for properties dependent on the number of bedrooms, in order to ensure affordability.

38. With the exception of 2014/15 when the council approved a lower rent increase than that derived by application of the formula, Southwark has adhered to the mechanism prescribed by the rent restructuring policy, including the original setting of rents for all its housing stock, commencing in 2002/03. Because of an historically low rent base, actual rents were significantly lower than target when the regime was introduced and have been gradually converging ever since. However, the application of affordability limits (RPI + 0.5% + £2) to annual rent increases has meant that movement to the target was limited – hence virtually all actual rents still remain below their target levels.
39. Since 2014, retail price index (RPI) + 0.5% has been replaced by consumer price index (CPI) + 1% as the government’s definition of the underlying inflation rate to be used in social rent calculations, and the annual affordability limit has been rendered redundant by the ending of the rent convergence policy in 2014/15.
40. Rent levels are commonly expressed as an average across all the tenanted stock for pan-London comparative purposes and for government statistical analysis. The average actual rent in Southwark in 2014/15 is £99.07, which is 9.82% below the average target rent of £108.80. However, this conceals a wide range between the minimum and maximum rents charged for properties of different sizes (bedrooms) and of differing standards and locations, and likewise between target rents. There are also a number of outliers (predominantly larger properties with higher values) that have been excluded in order to ensure consistent comparison. Table A below shows the position on target and actual rents for the major bed sizes.

Table A

Number of Bedrooms	Target Rent			Actual Rent			Rent Cap	
	Min. £pw	Max. £pw	Ave. £pw	Min. £pw	Max. £pw	Ave. £pw	Rent Cap £pw	No. of Target Rents Above Cap
Bedsit	72.81	108.97	81.61	70.84	106.30	79.29	137.71	0
1	81.06	158.48	94.64	72.63	128.29	90.12	137.71	58
2	95.27	186.72	107.41	78.87	139.43	99.37	145.80	56
3	108.62	225.60	122.95	84.19	149.58	108.57	153.90	268
4	111.34	253.84	139.56	86.83	158.74	117.31	162.00	366
5	114.06	267.20	160.23	89.88	166.18	128.32	170.10	158

Note. Analysis excludes 116 larger properties with more than five bedrooms.

Table B

Number of Bedrooms	Average Actual Rent All Stock £pw	Average Target Rent All Stock £pw	Average Target Rent New Build Phase I £pw	Range of Target Rents New Build Phase I £pw	Local Housing Allowance Rates @ April 2014 £pw	Average Southwark Market Rents @ October 2014 £pw	Rent Cap £pw
Bedsit	79.29	81.61	–	–	–	286.56	137.71
1	90.12	94.64	102.56	101.70 – 107.03	196.23	353.72	137.71
2	99.37	107.41	119.95	112.70 – 136.87	255.09	448.47	145.80
3	108.57	122.95	135.51	127.72 – 146.49	318.00	573.13	153.90
4	117.31	139.56	158.22	156.19 – 160.24	412.89	680.18	162.00
5	128.32	160.23	–	–	–	–	170.10

Note: Above data is based on Phase I new build programme excluding Long Lane which is high value and therefore has a distortive effect. Southwark market rent data obtained from Market Trends Bulletin (median figures for October 2014).

41. It should be noted that whilst all actual rents are currently below the rent cap, the target rent for 906 properties out of c.38,000 exceeds the cap and would (in the event of their actual rent being higher), be restricted to it. New build properties will similarly receive this protection.

Target Rent Methodology

42. It is proposed to apply precisely the same methodology to the new build stock as that employed to calculate rents for the existing stock, which comprises the number of bedrooms, the open market value of the property discounted back to January 1999 and a local earnings index that is uplifted by inflation each year. Whilst bedroom numbers and the earnings index are givens, there are two variables, firstly, the current open market value of the property and the application of a relevant property price index to retrospectively adjust back to January 1999.
43. The current open market value for a number of early schemes has been determined by the council's own in-house property team who are professional RICS-qualified valuers. However, it is recognised that this is not an exact science and variations can occur. To mitigate this, Savills, who are the council's external advisers on the direct delivery programme, have provided comparative data to inform the process and provide assurance.
44. In terms of the index, there are a number of options, ranging from a London-wide approach, through borough-specific to postcode level and from several sources, primarily the Land Registry, Halifax and Nationwide. After careful consideration it is proposed to use a borough-wide index, as this is both more local and representative and draws from a wider base than using a postcode approach and helps to eliminate distortions caused by small numbers of high value transactions in any period, or any particular property hot-spot. To ensure the most comprehensive and accurate picture of property transactions locally and nationwide, it is proposed to adopt the Land Registry Southwark-specific index

for all new build valuations going forward. Nationwide and Halifax do not produce a Southwark-specific index.

45. Notwithstanding the council's commitment to maintain low rents, new properties will be built to a higher standard using modern building techniques and incorporating greater thermal efficiency and lower maintenance/ running costs. This inevitably gives rise to a higher value and results in a proportionally higher rent compared to the average actual rent in Southwark, but is not out of line with rents for existing higher value properties. The rents noted in Table B and Appendix 4 are indicative of those applicable to Phase I of the direct delivery programme. For comparison, the table also shows the current Local Housing Allowance (LHA) rates and average market rents in Southwark, which illustrates the marked differential between council rents and the external rented sector.
46. Table C shows the percentage differential between actual average rents and average target rents for the existing stock and the differential for new build properties.

Table C

Number of Bedrooms	Average Actual Rent All Stock	Average Target Rent All Stock	Uplift Actual to Target All Stock	Average Target Rent New Build Phase I	Uplift Actual to Target New Build	Uplift Target All Stock to Target New Build
	£pw	£pw	%age	£pw	%age	%age
Bedsit	79.29	81.61	2.93%	–	–	–
1	90.12	94.64	5.02%	102.56	13.80%	8.37%
2	99.37	107.41	8.09%	119.95	20.71%	11.67%
3	108.57	122.95	16.43%	135.51	24.81%	10.21%
4	117.31	139.56	18.90%	158.22	34.87%	13.37%
5	128.32	160.23	24.87%	–	–	–

Target Rents for New Lets

47. In Autumn 2013 the Department for Communities and Local Government (CLG) issued a consultation paper '*Rents for Social Housing from 2015-16*', which proposed moving to a new inflation factor of CPI + 1% and ending the policy of rent convergence from April 2015. These proposals have subsequently been enacted and whilst it removes an inflationary element for tenants, it exacerbates the council's position in terms of a lower realisable rental stream than that predicated under the Self-financing settlement.
48. The consultation paper also took the policy of moving new-let properties straight to target as a given, as a means of defraying rental income lost by non-convergence. The council has previously resisted this, however, given the extensive Warm Dry Safe (WDS) programme and the introduction of a higher voids standard which now incorporates redecoration and other internal improvement works, and in a number of instances kitchen and bathroom replacements, there is a compelling argument that rent levels (only applicable to new tenants), should reflect this additional investment in the stock and the higher lettable standard of accommodation on offer.
49. These initiatives have had a discernable impact on tenant satisfaction and the council is consulting residents on this measure as part of the HRA budget and

rent setting process for 2015/16. The consultation will consider possible exemptions where circumstances necessitate a move for reasons of regeneration and under-occupancy. It is not proposed that these exemptions apply to new build stock since the financial viability of the direct delivery programme is in large-part dependant on the realisation of target rent levels.

Tenant Service Charges

50. For new build properties developed by the council it is proposed to set fixed service charges where applicable, at the prevailing rate for existing properties. The current charge rates are set out below at Table D, together with proposed charge rates for 2015/16 (subject to cabinet approval in January 2015).

Table D

	Actual 2014/15 £pw	Proposed 2015/16 £pw
Estate Cleaning	4.60	4.70
Grounds Maintenance	1.09	1.11
Communal Lighting	1.17	1.20
Door Entry System Maintenance	0.68	0.70

51. On schemes purchased directly from third-party developers, for example through s.106 agreements, there are likely to be service charges payable for the whole development, administered by a management company. These will generally be higher than Southwark levels and whilst every effort will be made to avoid this situation, by purchasing stand-alone/self-contained units/blocks, in the event, the implications will be considered on a case by case basis before any decision to purchase is taken.

Pipeline for 1,500 new council homes for 2018

52. In recognition of the need to address some of the more immediate housing needs in the borough in May 2012, the leader of the council signalled his intent that the council begin a programme of new house building and asked that officers work up a programme of delivery.
53. The schemes comprising the first phase of the directly funded housing delivery programme were agreed by cabinet in October 2012. Many of these schemes all now have planning approval and construction works have commenced or are very soon to start on site.
54. In October 2013 cabinet agreed to a further set of sites to be included in the direct delivery programme. In July 2014 cabinet agreed to put in place the necessary capacity to oversee further programme delivery, including a proposed pipeline of 1,500 new homes to be developed by 2018.
55. Appendix 2 contains a list bringing together all of the sites previously reported to cabinet.
56. The new sites fall into a number of categories, including: council offices; garage/parking areas; under-utilised retail buildings; community-use buildings, and housing estate land. Further feasibility work will establish the capacity of these sites and this work will be progressed over the coming months. In parallel

with this officers are in the process of identifying a further tranche of sites that will add significant capacity to the programme. These sites will be proposed once further feasibility and consultation work has been undertaken.

57. Officers will work closely with residents on the development of proposals for each of these sites; the draft Charter of Principles sets out how the council will work with residents on the 11,000 New Council Homes programme (Appendix 3).
58. In addition, to the direct delivery programme, officers will consider the potential to acquire new council homes in private developments secured through Section 106 agreements. This will correspond to the role traditionally taken by Registered Providers of affordable housing. There are relatively few schemes that will deliver homes over the next four years that do not have Registered Providers identified; large schemes, such as Aylesbury, Heygate, Elmington and Wooddene, all have contractual arrangements in place with Registered Provider partners. Notwithstanding this, as part of the planning process, the council is well placed to know what future schemes are proposed and developers' promoters can be approached with a view to acquiring the affordable rental element of the schemes. The early identification of a purchaser for this scheme element assists in de-risking for the developer promoter. The price the council pays will be negotiated by the Head of Property and will need to satisfy usual best value criteria and the terms of purchase will be drafted by the Director of Legal Services to protect the council's position, as much as possible, in delivery time, quality and recourse terms.
59. In considering which homes to acquire it will be necessary to develop a criteria that establishes candidates are right for the council. The criteria will cover location, management and service charges.
60. There may be opportunities for the council to purchase land that becomes available on the open market for the direct delivery of homes. This was recognised in the October 2014 Capital Monitoring report, which that approved capital funding for acquisition of properties in order to progress regeneration projects and enhance the property portfolio, including for the direct delivery of new homes.

Southwark Council owned and controlled delivery vehicle

61. The establishment of a wholly owned and controlled funding vehicle, as instructed by July 2014 cabinet, is in progress, with the vehicle to be in place for any appropriate operations from 01 April 2015. It is anticipated that the vehicle will be used on a case-by-case basis as befits the particular circumstances of any given specific development opportunity, to sit as one device within the council's overall development capacity.

The New Southwark Plan and 11,000 new council homes

62. The new plan includes using our powers, as the local planning authority, to ensure that all new homes, regardless of ownership, are built to high standards of quality and design.
63. Through the new Southwark Plan we will ensure delivery of the Housing Strategy commitment that all homes, regardless of whether they are in council, housing association or private ownership, are of the same high quality.

64. In addition, through the New Southwark Plan, we will also ensure that new homes will be part of healthy, sustainable neighbourhoods, supported by all the necessary community facilities (schools, parks, shops etc.), and with high environmental standards (relating to noise, air quality, and the natural environment).

Efficient and cost effective procurement

65. The council has no current formal arrangements or frameworks in place to deliver the programme beyond the current phase.
66. The creation of bespoke framework agreements, specific to the council's envisaged construction programme, would offer a level of control and the potential for long-term partnering approaches. cabinet has previously approved the establishment of such framework arrangements for the delivery of the 'Phase 2' sites. Whilst the establishment of such frameworks may prove useful in the longer term, they can take a considerable period of time to set up (12-18 months) and therefore cannot be relied upon to meet shorter term targets.
67. The sites that are already in delivery have utilised the Improvement and Efficiency South East (IESE) consultancy and contractor frameworks established to assist local authorities in the south east of England to deliver capital projects collaboratively and with improved efficiencies. This has comprised a lead consultant appointment to coordinate design and technical inputs, and a two stage open-book Design & Build contracting route to deliver enabling and mains works packages. This procurement route has initially offered a quick route into delivery through the IESE approach to two-stage tendering. There are some concerns that this approach has been too drawn out on the early projects and that a more defined and shorter process should be adopted for future projects. The much expanded programme now envisaged by the council will need to be supported by a range of procurement routes.
68. Services required to deliver the programme will be:
- Consultant team / project / development management
 - Design services including architectural, mechanical & electrical, civil & structural, and environmental services
 - Surveying services, including quantity surveying/cost consultancy, land surveys, building surveying, party wall, rights of light, utilities issues
 - Property related professional services, including planning, valuation and legal.
 - Professional services for the early sites have been procured on the basis of a 'lead consultant' role that then procures, manages, and coordinates the consultant team.
69. A large number of individual commissions are likely to be under the OJEU threshold and can be procured (either directly or through a lead consultant) in accordance with the council's Contract Standing Orders through competitive quote or tender. For some services existing council held supplier lists may include appropriate operators with the capacity to deliver such services. However, for some services shortlists of other suppliers will be required.
70. There are a number of OJEU compliant consultancy services frameworks available for use by the council. Examples include:

- The Construction-Related Services Framework operated by Lewisham Council
- Crown Commercial Services
- Catalyst Framework operated by Harlow Council
- Professional Services Hub operated by Places for People
- HCA Property Panel
- HCA Multi-Disciplinary Panel
- GLA Architecture, Design & Urbanism Panel
- Scape panels for Surveying, Design and Project Management services
- London Construction Programme Consultants Services Framework.

71. Combined, these frameworks have sufficient number and range of operators to provide a wide range of the key services that the council may require supporting this programme.

72. The current OJEU threshold for the procurement of works is £4.32 million (£4,322,013). For contracts below this value the council must follow its own Contract Standing Orders but does not have to use an OJEU compliant procurement process.

73. Consequently there will be a number of smaller sites within programme for which there is an opportunity to target and encourage small and medium sized operators. Below the OJEU threshold these can be tendered in accordance with the council's Contract Standing Orders and through a tendering process designed to encourage smaller operators whilst maintaining the council's quality and cost benchmarks and integrity.

74. For projects above the OJEU threshold, the preferred route will be to utilise existing frameworks. Examples of frameworks available for OJEU compliant procurement of construction works are:

- The IESE Major Works Framework, that has been used for procurement of the construction packages for the early projects, expires in 2015 and is being replaced by the **Southern Construction Framework**. This new framework will be available to local authorities across London (and the south-east and south-west of England). This framework will adopt a two stage open book tender approach similar to that used in the existing IESE framework.
- The **London Construction Programme** is a new initiative established by a group of local authorities in London, supported by London Councils, to develop a pan-London strategy to improve construction procurement. Expressions of interest have been invited for a framework for construction works split into 30 lots (by value band) with a wide range of contractors expected to be appointed. This framework is expected to be available for use in 2015 and may prove a useful route for a range of different sized projects.
- **Scape System Build Ltd** is a Local Authority controlled company wholly owned by Derby City, Derbyshire County, Gateshead Council, Nottingham City Council, and, Nottinghamshire County and Warwickshire County Councils. Scape has procured a number of frameworks, including national frameworks, for minor works defined as up to £2m and major works above £2m. These are, however, single supplier frameworks and are unlikely to offer the level of competition required by Southwark Council.

- The Greater London Authority has procured a panel of contractors and developers called the **London Developer Panel**. The panel was set up by the GLA specifically to deal with public sector land coming forward for development and to accelerate the delivery of housing. Aimed at public landowners, it offers an OJEU compliant procurement route for the full cycle of housing development activities, including: raising development finance; site preparation, obtaining planning consent; design; construction, and disposal of new homes. Panel members are drawn from the contracting, house-builder, and registered provider sectors. As such this panel may be particularly suited to broader development activities as opposed to straightforward construction contracting opportunities.

75. There are a limited number of frameworks available for construction-led activity, and procurement decisions will need to balance the need for speed with ensuring value for money and qualitative considerations.
76. A variant to procuring new rented housing through a land sale or development agreement approach would be an arrangement with a local Registered Provider partner providing a development agency service to deliver the project from inception to completion. Services would be procured by competitive fee tender. Again, depending on the value, an OJEU compliant route, such as the London Developer Panel, may be required.

Implementing new development through a feasibility model

77. Following a competitive tender Appraisall Ltd was commissioned to develop a feasibility model on behalf of the council. (A copy of the summary page from the Appraisal model is attached at Appendix 3.)
78. The new model has been finalised and Grant Thornton has carried out an independent audit.
79. The model is an important tool in assessing scheme viability and in addition provides the opportunity to bring together individual scheme projections to consolidate cashflows so we can better assess the wider impact on delivering the overall programme and the resources required to support delivery, either through combinations of the following: grant; RTB receipts; Section 106 contributions; borrowing within the HRA, or borrowing within the Housing Revenue Account (HRA) or within a subsidiary.
80. The new model is linked directly to the work Savills is completing with regards to maintaining the balance between the delivery of new council homes and the continued investment into the council's existing housing stock. (A copy of the summary page from the Appraisall model is attached at Appendix 3.)
81. Training in the new model for the New Homes Delivery Team has been put in place and is now being rolled out to other relevant staff.

Delivery timeline and next steps

82. This report sets out plans to progress one of the most ambitious programmes of housing investment and renewal in a generation, including the building of 11,000 new council homes by 2045, the first 1,500 of which will be built by 2018. These plans are based around the pipeline as described from 30 - 35 (above).

Policy considerations

83. The council plan agreed in July 2014 commits the council to a promise of building more homes of every kind, including 11,000 new council homes as part of an overall priority theme to deliver quality, affordable homes. The first 1,500 will be built by 2018.
84. The vision for a new long term housing vision for the borough was agreed by cabinet in January 2014. The vision set a clear policy direction for the council into which the plans set out in this report can be delivered. The vision comprises four overall principles:
- We will use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
 - We will demand the highest standards of quality, making Southwark a place where you will not know whether you are visiting homes in private, housing association or council ownership.
 - We will support and encourage all residents to take pride and responsibility in their homes and local areas.
 - We will help vulnerable individuals and families to meet their housing needs and live as independently as possible.
85. The outcome of the community conversation with residents on the future of council housing helped to shape the housing vision. The clear direction of travel established in the July cabinet report 'Next steps on developing long term plans for the delivery of new council homes', has meant that we are able to bring forward a new long term housing strategy for the borough for presentation to cabinet early in 2015. The strategy is being presented in early 2015 to give time for officers to discuss the strategy with the Greater London Assembly (GLA). This is because there is a requirement that London borough housing strategies are in general conformity with the Mayor of London's housing strategy. This means that our strategy will need to be discussed with the GLA in December. A new long term housing strategy will be presented to cabinet in January 2015.
86. The development of a long term housing strategy marks Southwark out from many others whose strategies tend to focus on the near to medium term. The vision and a long term strategy means that the council can plan with greater certainty. More specifically the delivery of 11,000 new council homes, and 1,500 of these by 2018, will be a major component in implementing our long term strategy. These new homes will also help to deliver against other principles of the housing strategy vision (and strategy) in that they will be high quality homes and will assist in meeting a range of needs. This report is therefore one of the ways we are helping to make our housing vision and strategy a reality.
87. The development plan for the borough consists of the Mayor's London Plan, the Core Strategy 2011, the Saved Southwark Plan policies, the Aylesbury Area Action Plan, the Canada Water Area Action Plan, the Peckham and Nunhead Area Action Plan and a revised Canada Water Area Action Plan.
88. The New Southwark Plan is being prepared in consultation with residents, land owners, developers, employers, local organisations and other groups over the next two to three years, having just commenced in October 2014. This New Southwark Plan will set out the strategy to bring the full benefits and

opportunities of regeneration to all of Southwark's residents, including the delivery of the long term Housing Strategy.

Consultation

89. It will be important to ensure that the resident engagement referred to in this report informs major area development and action planning within the new Housing Strategy and the New Southwark Plan. As part of the strategy's development separate engagement is taking place on other housing tenures, and for those with special housing needs.

Consultation with residents on the 11,000 new council homes

90. The various stages of the 11,000 new council homes consultation are as follows.

	11,000 council homes – stages of public consultation	Time frame
Stage 1	Charter of Principles	August 15 – October 13 2014
Stage 2	Borough-wide principles for development	Jan – September 2015
Stage 3	Estate-by-estate engagement	Late 2015 onwards
Stage 4	Engagement with local residents around involvement in management of new homes	TBC – as various projects near completion

91. The Charter of Principles consultation is now complete and the Charter was agreed by cabinet 18 November 2014 (see link at background document).
92. The next stage of consultation will be on the borough-wide principles for development of the 11,000 new council homes. An initial proposal for how this should be conducted is included at Appendix 5.
93. The borough-wide principles consultation was due to begin in spring 2015 but has been moved forward to January 2015 to be coordinated with the consultation on the New Southwark Plan. The New Southwark Plan will set out how we will deliver our Housing Strategy, and will support the delivery of some of our key housing strategic ambitions, including the building of 11,000 new council homes for rent. As such, is important that we consult with the public on these directly related issues at the same time.
94. The borough-wide principles consultation will start in January 2015 and run until September 2015. It will take a phased approach to exploring the following issues.

Borough-wide principles – Proposed timeframe

Timeframe	Theme	Questions for residents
Jan - March 2015	Land-use designations	How can we create more opportunities to build new homes?

Timeframe	Theme	Questions for residents
February – June 2015	Sites for development	Where could we build new homes?
April - June 2015	Tenure Mix Design Standards Health and wellbeing	What kind of estates/communities to do we want in Southwark? How do we create these estates/communities? How should we ensure the highest standards of design and delivery?
May - July 2015	Principles for decisions about investment in existing stock	How do we decide to invest or rebuild?
August-September	Analysis and Feedback	

95. Each phase of the consultation will flow into the next, enabling us to take residents through the various decision-making stages that will need to be considered.
96. Furthermore, a multi-disciplinary project team, incorporating officers from community engagement, major works, operations, planning policy and corporate strategy has been set up to steer and coordinate the second stage of the 11,000 homes consultation. The initial proposal has drawn significantly from two workshops conducted with these officers.
97. The overwhelming response to the first stage of consultation puts us in a great position to maximise and deepen the engagement of many residents who have already expressed an interest in staying involved.
98. It will be critical to be open about the aspects of the borough-wide principles which are constrained by national or regional frameworks or targets, as well as emphasising where the council can and is prepared to set and maintain its own targets. For example, the issue of design standards for the new homes is one where there are regional and local standards. Clarity around the standards the council is proposing for all tenures of housing is important to enable us to engage people effectively.
99. At each stage of the engagement process, it will need to be made clear to residents whether the council is informing, consulting or co-producing in relation to a specific decision.
100. All residents living in the borough are stakeholders in this consultation, and will have an opportunity to contribute to the conversation about the borough-wide principles, via community conversations, public meetings, online activity, dedicated mailings, and local and social media.

101. A significant portion of the activity will focus on people living in homes that are owned or leased by the council as those most likely to be directly affected by new council homes being built in the vicinity of their existing homes. This will include close consultation with housing based formal meetings, such as Area Housing Forums (AHFs), Tenants Council, Homeowners Council and the Future Steering Board (FSB).
102. All stages of the consultation will be open to residents to get involved in; however, the approach and method of engagement will be tailored to the specific theme of the borough-wide consultation.
103. For example, engagement around a call for sites is a mainly a data collection project. It will require us to use a broad selection of online and offline engagement tools to deliver a high number of responses. This ideally will be done via online and hard copy maps of the borough that people add their suggestions to. The process needs to enable people to give their suggestions quickly and easily, and expect feedback if they are share their details.
104. In contrast, engagement on land use designations is a more complex issue that requires explanation and interrogation of the advantages and disadvantages. This is an area that the planning policy team will be leading on. We would propose engaging residents in this theme via area-based community forums, workshops or focus groups to enable more detailed exploration of the issues which need to be considered, and obtain more in-depth and considered feedback.
105. There will be an emphasis on ensuring we **consult both through our existing network of formal housing-based meetings, and with a broader constituency of people** via community conversations, bespoke online tools and discussion group, dedicated area-based meetings and workshops to ensure we include hard to reach groups.
106. Following on from the council's recent support of #Housing Day on 12 November, which was a twitter campaign to promote the positive value of social housing, it is suggested that the council should continue to actively contribute to such national level debates. It is proposed that we set up a **dedicated twitter feed** for the 11,000 council homes campaign, as well as starting an **online discussion forum** (hosted externally to the council site) to facilitate debate and enable people to post interesting ideas and innovations.
107. As part of the New Southwark Plan consultation, a number of **area-based consultative meetings** will take place from November 2014 – February 2015. Starting from January, there will be the opportunity to incorporate some of the above themes in these meetings, as an opportunity to explore some key issues with residents in more detail. It is highly likely that we will reconvene these area-based consultative forums one or more times during the consultation period.
108. **Youth participation** will be critical to this stage of the consultation, and work has been ongoing during 2014 to conduct a survey of young residents of the borough and identify the barriers and enablers to them becoming more informed and active around their housing and broader council decision-making. Some 400 young people have been involved to date, and we will be sharing and developing youth-led strategies to tackling these barriers at an event in February 2015. This event will be the launch-pad for a strand of engagement activity on the borough-

wide principles, which is developed and run by young people living, working or studying in the borough.

109. Another element of the engagement plan which is worth highlighting, are plans to develop a **council show-home** on one of the first new council home developments which will be available in 2015. This will be an important tool in demonstrating the kind of design standards that the council will deliver for new council homes, and overcoming some of the concerns people have. A virtual show home and visuals should also be developed to be posted online and shown at meetings. A broader communication strategy around the new homes being delivered in 2015, and the responses of those going to live in them, will also be a valuable tool in encouraging people to get involved in the consultation.
110. The borough-wide principles consultation has a quite important theme underpinning it around the new homes being **“more than just bricks and mortar”**. It is therefore suggested that the council initiate **a debate** about not just the homes themselves, but the broader neighbourhoods and communities needed around them to support residents. It is envisaged that this will help create a body of useful insights to inform the 11,000 homes project.
111. Clearly, it will be critical not to create unrealistic expectations of what can be delivered. The aim would more be to explore issues such as infrastructure, green space, health and wellbeing, community facilities and community resilience - and start a discussion around the co-productive strategies residents, community organisations, businesses, the voluntary sector and the council can take to deliver this vision.
112. There has been ongoing consultation with residents on the development of proposals for the 1,500 new council homes that will be delivered by 2018, which in some cases is already complete. In the case of new sites, the Charter of Principles sets out how the council will work with residents.
113. Engagement will also take place on future and ongoing major works programmes including those where there are opportunities for additional new build homes and these will follow the Charter of Principles approach. A current example is the refurbishment of Lakanal where there has been an extensive programme of engagement on refurbishment of the block, the provision of new homes and other improvements on the estate.

Risk management

114. The practical risks associated with the planning and actual delivery of new homes at this scale are those normally associated with any significant development programme: site availability; funding capacity; and, skills and expertise (in-house or external), with and officers are developing mechanisms to manage and mitigate those risks.
115. The procurement routes outlined above represent a means to address the risks inherent in the supply of services necessary for large scale development of homes by the council.
116. A wholly owned and controlled company is the preferred model to contain financial risk within a separate delivery vehicle.

Community impact statement

117. Southwark is a borough which has high levels of housing need. The 2014 Strategic Housing Market Assessment (SHMA) continues to demonstrate the need for affordable housing, with the borough experiencing very high house prices that are outside the reach of many of its residents. Southwark has the highest house prices in the housing sub-region (the average 2 bedroom flat being sold for £360k in 2013). At the time of the 2011 census there were 18,547 overcrowded households in Southwark, a higher number than any of the other four boroughs in the sub-region, and a higher percentage (15.3%). Over the period 1981-2012 the population of Southwark increased by 34%, the fastest growth in the sub-region by some margin. This helps to demonstrate a continuing need for more homes, and particularly for affordable homes in the borough.
118. Local residents continue to be engaged through a number of mechanisms on the future of council housing. The engagement process comprises wide ranging community conversations, consultation through formal mechanisms, including Tenant council and Homeowners' council and the establishment of the new tenant and homeowner sounding board, and the Futures Steering Board (FSB). Further outcomes of the ongoing community engagement were reported to cabinet in October 2014. (Appendix 1 – October 2014 cabinet).

Resource implications

119. All costs associated with the development of this plan to date have been contained within the Housing Revenue Account. The resource implications arising from a proposal of this size are significant and will be addressed in detail as plans progress. More details will be provided in future reports.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

Property Issues

120. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation.
121. Section 120(1) of the Local Government Act 1972 ("the 1972 Act") authorises the council to acquire any land by agreement for the purposes of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area. By virtue of Section 120(2) of the 1972 Act the council may acquire by agreement any land for any purpose for which they are authorised by the 1972 Act or any other Act to acquire land, notwithstanding that the land is not immediately required for the purpose; and, until it is required for that purpose, it may be used for the purpose of any of the council's functions.
122. Section 227 of the Town and Country Planning Act 1990 ("the 1990 Act") also empowers the council to acquire land by agreement if it will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land if this is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of their area, or if it is required

for a purpose which is necessary to achieve in the interests of the proper planning of an area in which the land is situated.

123. The cabinet is advised that the council has adequate legal powers to enable it to acquire land for the provision of housing, on the basis that this is one of the council's functions; and on the basis that the provision of housing will contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of the area.
124. The report recommends that decisions relating to the acquisition of individual sites are delegated to the Director of Regeneration. Part 3C of the council's constitution provides that decisions relating to the acquisition of land and property, outside any scheme already agreed by members, where the market value is more than £100,000 are reserved to full cabinet. One of the purposes of this report is to create a scheme of acquisitions, agreed by members, such that authority for individual acquisitions can be delegated.
125. Further legal advice will be provided as the project progresses, including advice on the appropriation of land, if applicable, which will be a matter for the cabinet to decide.

Strategic Director of Finance and Corporate Services

126. This report is requesting cabinet to note the progress of the Direct Delivery Programme as part of the council's commitment to build 11,000 new council homes and the interim target of 1,500 homes to be delivered by 2018 and also sets out the basis of the rent policy for the new build properties.
127. It is noted that all costs associated with the development of this plan will be contained within the existing Housing Revenue Account (HRA) budgets and the proposed rent policy for the new build properties will need to be factored within the HRA business plan.
128. The report is also requesting approval for the Director of Regeneration to acquire land for the Direct Delivery Programme. The 2014/15 quarter 2 capital monitor report to cabinet approved a budget of £1m for the acquisition of properties to progress the council's regeneration programme. Acquisition of assets will also be managed through the council's Housing Investment Programme and Officers will report back through regular capital monitor reports to cabinet.
129. Schemes of this magnitude will involve major risks for the council and it is noted that Officers are evaluating such risks and developing mechanisms in managing and mitigating the identified risks.
130. It is noted that whilst there are no immediate resource implications arising from this report, future reports will detail the financial implications as the schemes progress.

BACKGROUND DOCUMENTS

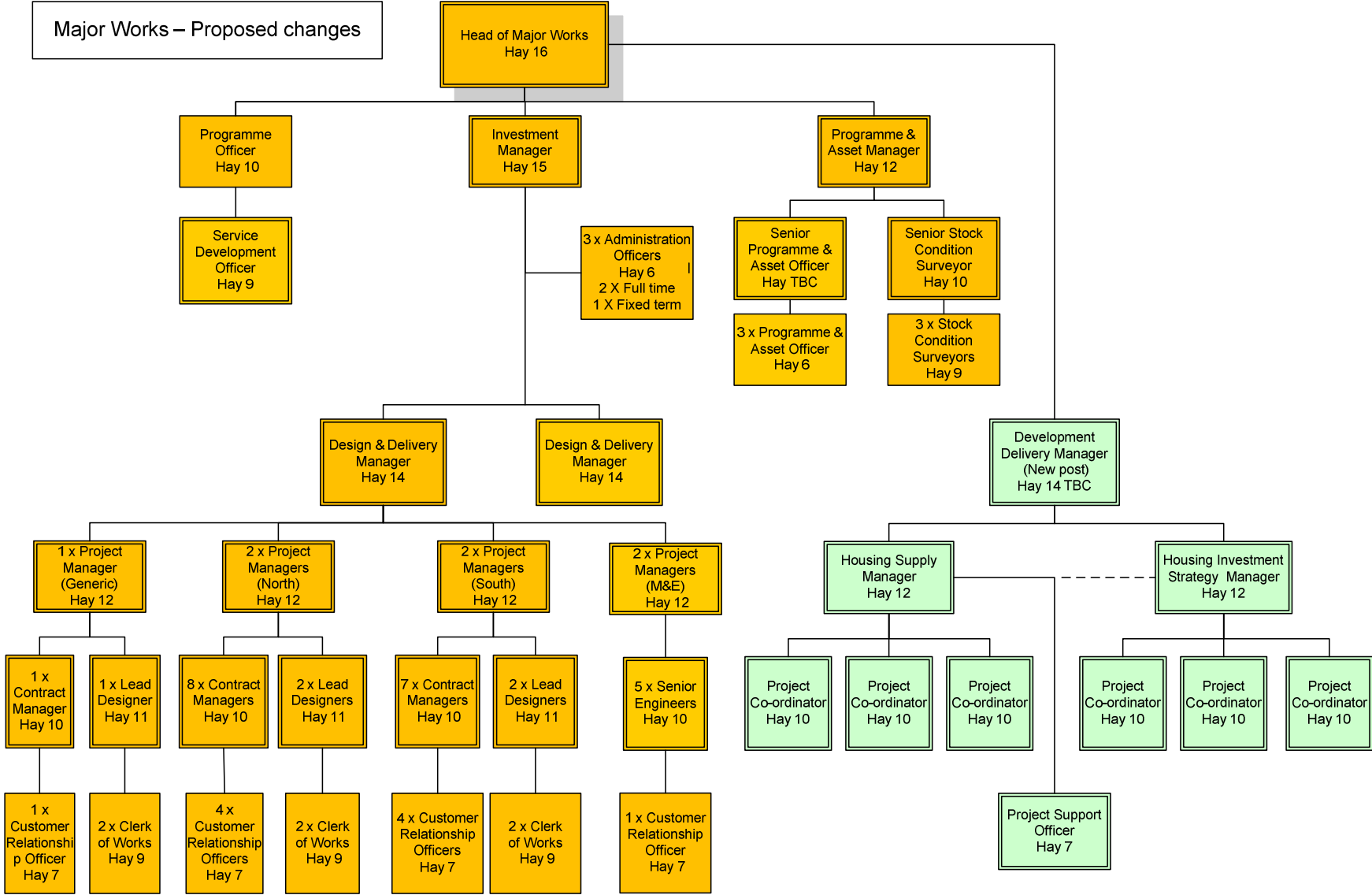
Background Papers	Held At	Contact
Consultation and plans for the delivery of 11,000 council homes (Item 8)	Constitutional Team, Southwark Council, 160 Tooley St, 2 nd floor, SE1 2QH	Paula Thornton Tel: 020 7525 4395
http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4863&Ver=4		
Consultation draft charter of principles (Item 8)	As above	As above
http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4863&Ver=4		

APPENDICES

No	Title
Appendix 1	Major works – proposed changes
Appendix 2	Direct Delivery Sites
Appendix 3	Appraisal summary
Appendix 4	Indicative Rents for Phase 1 Schemes
Appendix 5	Stage 2 consultation plan

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Gerri Scott, Strategic Director of Housing and Community Services	
Report Author	David Markham, Head of Major Works	
Version	Final	
Dated	28 November 2014	
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		28 November 2014



APPENDIX 2

Direct Delivery Sites

Name	Ward	No. of homes	Description
Gateback House	South Camberwell	9	Vacant land on East Dulwich estate.
Southdown House	South Camberwell	18	Vacant land on East Dulwich estate.
Willow Walk	Grange	75	Former temporary accommodation building.
Nunhead Community Centre	Nunhead	8	Former Nunhead Lane community centre adjacent to Citron Terrace.
Clifton Estate	The Lane	8	Garage site fronting Clayton Road.
Sumner Road Workshop	Peckham	112	Vacant housing site.
Cator Street	Peckham	42	Area fronting Commercial Way in front of the Learning Resource Centre.
Masterman House Garages	Camberwell Green	25	Garage site to the rear of Masterman House.
Long Lane	Grange	21	Former council office building.
Hidden Homes	Various	24	Various sites.
Joseph Lancaster Nursery Annexe	Chaucer	41	Disused council building. Single storey building and surrounding land.
Canada Estate (various plots)	Rotherhithe	116	Parcels of land on estate.
Daniels Road Car Park	Nunhead	12	Strip of land on north side of Daniels Road.
Commercial Way	Peckham	116	Former estate land. Two sites between Pentridge Street and East Surrey Grove. Originally earmarked for tram.
Weston Street Garages	Grange	20	Garage site on estate in Leathermarket JMB management.
Meeting House Lane	Livesey	21	Disused council office building. Former Acorn NHO on edge of Acorn estate.
Welsford Street Garages	South Bermondsey	17	Garages and car parking. Former E&C site. Consists of 30 garages with informal car parking space to rear.
Causton Hse	Camberwell Green	16	Sites adjacent to the railway; row of shed and space to rear of sheds.
Pelier Street	Newington	7	Former car breakers yard on edge of park.
Goschen Estate ex T&RA Hall	Camberwell Green	2	Single storey building to rear of Causton House.
Lugard Road Garages	Nunhead	3	Row of garages and parking bays. Sub-station to rear of site.

Name	Ward	No. of homes	Description
Fenham Road Garages	Peckham	5	Garages on the corner of Fenham Road and Nutcroft Road.
Tenda Road Car park	South Bermondsey	8	Car parking area on Willmington Terrace.
35-41 Nunhead Lane	The Lane	12	Former nursery fronting Nunhead Lane.
Kinglake Street Garages	East Walworth	9	Two storey garage block at southern edge of (New) Kinglake.
Haddonfield garages	Rotherhithe	11	Garage site at back of Haddonfield Estate next to railway line.
Abbeyfield Estate	Rotherhithe	60	Two and three storey community building with extensive hard standing and estate walkways surrounding the building.
Sceaux Gardens (Florian House shops)	Brunswick Park	20	Single storey retail units adjacent to Florian House and Lakanal House.
	TOTAL	837	

There are additional sites (not listed above) that also have the potential to deliver new council homes that could be developed through joint partnership arrangements. Examples include:

- Albion Street Library and Civic Centre
- Albion Street Health Centre site
- Braganza Street Workshops
- Southampton Way/Sedgmoor Place site
- Copeland Road car park
- Manor Place Shops

APPRAISAL SUMMARY



ENTER HERE

START ON SITE	01/01/2016
COMPLETION	01/01/2018

PROJECT MANAGER	ENTER NAME HERE
DATE PRINTED	25/11/2014
MODEL VERSION	V1,01-test
AUDIT	TRUE

UNIT DETAILS

RESIDENTIAL UNIT DETAILS	UNITS
SOCIAL RENT	0
AFFORDABLE RENT	0
MARKET RENT	0
SHARED OWNERSHIP	0
PRIVATE SALE	0
TOTAL	0

COMMERCIAL UNITS	NUMBER OF UNITS
	0
	0
	0
	0
TOTAL	0

COSTS & FUNDING

SCHEME COSTS	
ACQUISITIONS	£0
WORKS COSTS	£0
ON-COSTS	£0
TOTAL SCHEME COST	£0

SCHEME BENCHMARKS	
WORKS COST PER M2	£0
TOTAL COST PER UNIT	£0
TOTAL SUBSIDY PER UNIT	£0
COST/VALUE RATIO	0.00%

SCHEME FUNDING	
GLA / HCA GRANT	£0
DISCOUNTED LAND	£0
S106 CONTRIBUTIONS	£0
RIGHT TO BUY RECEIPTS	£0
OTHER FUNDING 1	£0
OTHER FUNDING 2	£0
OTHER FUNDING 3	£0
SALES INCOME	£0
LONG TERM BORROWING REQUIREMENT	£0
TOTAL FUNDING	£0

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE	
NET PRESENT VALUE (NPV)	£0
INTERNAL RATE OF RETURN (IRR)	NO IRR

MORTGAGE REPAYMENT YEAR	0
CASH DEFICIT PER UNIT YEAR 1	£0
CAPITAL NEEDED FOR INTEREST COVER	£0

APPROVAL

PRINT NAME & JOB TITLE	SIGNATURE
PRINT NAME & JOB TITLE	SIGNATURE

Appendix – Indicative Rents for Phase I Schemes

Site	Type	Bedrooms	Persons	Oct 2014 Value	Jan 1999 Value	Target Rent	Rent Cap	Indicative Rent
Gatebeck House	Flat	2	3	£382,500	£87,500	£116.74	£145.80	£116.74
	Maisonette	3	5	£440,000	£100,000	£130.42	£153.90	£130.42
Southdown House	Flat	1	2	£325,000	£75,000	£103.03	£137.70	£103.03
	Flat	2	3	£355,000	£80,000	£112.70	£145.80	£112.70
	Maisonette	3	5	£410,000	£95,000	£127.72	£153.90	£127.72
Willow Walk	Flat	1	2	£360,000	£82,500	£107.03	£137.70	£107.03
	Flat	2	4	£425,000	£100,000	£123.46	£145.80	£123.46
	Flat	3	6	£550,000	£125,000	£143.83	£153.90	£143.83
Nunhead Green	Flat	2	3	£550,000	£125,000	£136.87	£145.80	£136.87
	Flat	3	6	£575,000	£130,000	£146.49	£153.90	£146.49
	House	3	4	£525,000	£120,000	£141.13	£153.90	£141.13
	House	4	5	£600,000	£135,000	£156.19	£162.00	£156.19
	House	4	6	£625,000	£142,500	£160.24	£162.00	£160.24
Clifton Garages	Flat	1	2	£350,000	£80,000	£105.71	£137.70	£105.71
	Flat	2	4	£400,000	£90,000	£118.06	£145.80	£118.06
	Flat	3	6	£425,000	£100,000	£130.42	£153.90	£130.42
Sumner Workshops	Flat	1	2	£315,000	£72,500	£101.70	£137.70	£101.70
	Flat	2	3	£365,000	£82,500	£114.02	£145.80	£114.02
	Flat	2	4	£400,000	£91,500	£118.86	£145.80	£118.86
	Flat	3	5	£440,000	£100,000	£130.42	£153.90	£130.42
Cator Street	Flat	1	2	£315,000	£72,500	£101.70	£137.70	£101.70
	Flat	2	2	£350,000	£80,000	£112.70	£145.80	£112.70
Masterman Garages	Flat	1	2	£350,000	£80,000	£105.71	£137.70	£105.71
	Flat	2	4	£450,000	£100,000	£123.46	£145.80	£123.46
	Flat	3	5	£525,000	£120,000	£141.13	£153.90	£141.13
Long Lane	Flat	1	2	£525,000	£120,000	£127.18	£137.70	£127.18
	Flat	2	3	£625,000	£145,000	£147.62	£145.80	£145.80
	Flat	2	4	£700,000	£155,000	£152.98	£145.80	£145.80
	House	3	4	£850,000	£195,000	£181.41	£153.90	£153.90

Note. Not all the above configurations will be offered as social rent properties, some are either shared ownership, intermediate or for market sale.

11,000 new council homes Consultation Plan – Stage 2 Borough-wide principles

November 2014

www.southwark.gov.uk

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1.0 Introduction

- 1.1 On 22 July 2014 the Cabinet agreed a report on progress in developing the long term plans for the delivery of new council homes. This report provided an update on the delivery of 11,000 new homes and the early sites that are already in progress.
- 1.2 Cabinet also agreed a consultation draft of a Charter of Principles intended to form the framework for consulting with residents of Southwark on the ongoing delivery of 11,000 new council homes, and asked officers to consult with residents on these principles.
- 1.3 The principles build on the outcomes of the Housing Commission, the approach to community engagement and the way we have been working with residents in the ongoing major works programme 'Putting Residents First' and on projects such as the refurbishment of Lakanal.
- 1.4 This Charter of Principles consultation was only the first stage in a series of conversations the Council will have with people in Southwark about how it will deliver the 11,000 homes by 2043.
- 1.5 The various stages of the 11,000 new council homes consultation are as follows:

	11,000 council homes – stages of public consultation	Time frame
Stage 1	Charter of Principles	August 15 – October 13 2014
Stage 2	Borough-wide principles for development	Jan – September 2015
Stage 3	Estate-by-estate engagement	Late 2015 onwards
Stage 4	Engagement with local residents around involvement in management of new homes	TBC – as various projects near completion

- 1.6 This consultation plan sets out the framework for how we propose to engage residents in **stage 2** of the 11,000 new council homes project, on the **borough-wide principles** for development.

Summary of Stage 1: Charter of Principles

- 1.7 This initial stage of consultation began on 15 August and ended on 13 October 2014. The timeframe of the consultation was extended from 22 September 2014 after consultation with the Future Steering Board.
- 1.8 The Charter outlines the Council's commitments to residents across a number of key areas. These are:
- Pledge 1: How the Council will work with residents on developing the principles for housing investment and renewal on estates.
- Pledge 2: How the Council will work with residents on development of new homes on their estate.

- Pledge 3: How the Council will involve residents in ensuring that the new homes are of high quality.
- Pledge 4: How the Council will give residents a say on how the new homes are managed
- Pledge 5: How the council will demand high standards for the quality and affordability of new homes
- Pledge 6: What the council will do if residents are affected by redevelopment.

- 1.9 The response to the consultation was considerable: 1913 responses were received by the deadline and a further 103 in the following weeks, making a total of **2,016**¹ responses.
- 1.10 There was overwhelming support – around 90% - for the six pledges which have subsequently been adopted by cabinet. With over 2,000 responses in total we can have a high level of confidence that the results reflect those views of the wider population of residents in council homes.
- 1.11 Almost 700 individuals expressed an interest in staying involved representing 36% of those that replied. This provides a great opportunity for us to engage a significant constituency of new residents in the 11,000 homes project going forward.
- 1.12 The consultation generated almost 1900 separate comments. 1260 of these were linked directly to the individual pledges.
- 1.13 Many comments related to issues that fall into the borough-wide principles stage of consultation e.g. around location of new homes and design standards. These will be analysed and used to inform and shape the second stage of consultation.
- 1.14 Some concerns were expressed from residents covering a number of themes, such as:
- Lack of confidence that the council will uphold the pledges
 - Potential cost of the programme
 - Ensuring we reach a broad and diverse range of people
 - Who will be entitled to the new homes
 - Fear of demolition of existing homes
- 1.15 Responding to these concerns and using them to inform how we involve residents in decision-making during the borough wide principles stage of the consultation is a high priority for the council. For example, there will be:
- A system of review of the operation of the charter of principles annually, through existing representative groups and other residents who have been involved.
 - Ongoing involvement of the Futures Steering Board made up of representatives of Tenant Council and Homeowners Council in the development of the engagement activity as it progresses.
 - A proactive communication strategy that seeks to address some of the

¹ The comments from the additional responses received beyond the deadline will be analysed and used to inform future engagement and other relevant teams.

frequently asked questions that have arisen through the consultation, clarifies what we mean when we use terms such as “affordability” and “regeneration”, and tackles some of the misinformation and misapprehension.

- An approach to consultation that combines engagement through the formal tenant and homeowner structures, alongside taking ensuring that those who are not engaged in the formal structures are able and encouraged to get involved.

Stage 2: Borough-wide Principles Consultation

- 1.16 This plan sets how we propose to conduct the second stage of the 11,000 new council homes consultation, on the borough-wide principles for development.
- 1.17 The second stage of consultation on the 11,000 new council homes was due to begin in Spring 2015 but has been moved forward to January 2015 to be coordinated with the consultation on the New Southwark Plan. The New Southwark Plan will set out how we will deliver our Housing Strategy, and will support the delivery of some of our key housing strategic ambitions, including the building of 11,000 new council homes for rent. As such, is important that we consult with the public on these directly related issues at the same time.
- 1.18 The borough-wide principles consultation will start in January 2015 and run until September 2015. It will take a phased approach to exploring the following issues:

Table 1: Borough-wide principles – Proposed timeframe

Timeframe	Theme	Questions for residents
Jan - March 2015	Land-use designations	How can we create more opportunities to build new homes?
February – June 2015	Sites for development	Where could we build new homes?
April - June 2015	Tenure Mix Design Standards Health and wellbeing	What kind of estates/communities to do we want in Southwark? How do we create these estates/communities? How should we ensure the highest standards of design and delivery?
May – July 2015	Principles for decisions about investment in existing stock	How do we decide to invest or rebuild?

2.0 Approach to Community Engagement

2.1 The borough-wide principles consultation will be conducted in line with the council's approach to community engagement, which was adopted in 2012 and sets out a new relationship between the council and our residents, built on trust, openness and transparency.

2.2 The approach states that we will:

- Be clear about what the scope of our engagement is, whether we are communicating, consulting, deciding together or acting together
- Engage when we know it will make a difference, when there is a real opportunity for people to have an impact and influence decisions on issues that local people care about
- Engage at the right time, at an early enough stage for there to be a opportunity to genuinely influence a policy or service
- Allow sufficient time for good quality engagement to take place
- Be clear about what we are asking, what opportunities there are to shape services and be honest about what can and can't be achieved
- We will ensure that our engagement is accessible and targeted to those it needs to reach using a variety of engagement methods to broaden participation and overcome any barriers people may have in engaging with us
- Aim to engage as widely as possible so that we increase engagement with those who are not already in touch with the council
- Tell people what has happened as a result of their engagement

2.3 The borough-wide principles consultation will be conducted in a series of phases, where different approaches to engagement will be required. These will be clearly communicated in each case. For example, the call for sites will be an open information-gathering exercise, which will involve resident proposals being considered, appraised and fed-back on. In contrast, discussion of design standards will take place within the context of proposals which have been developed by our planning policy team.

2.4 The council is also committed to fulfilling its obligations under the public sector equality duty, and will ensure it takes active steps to engage residents across the protected characteristics of the Equality Act.

3.0 Aim and Objectives

- 3.1 Our aim to involve Southwark residents in decision-making around the borough-wide principles for development of 11,000 new council homes, in particular:
- sites for new council homes
 - design standards for new council homes
 - how we can work together to create healthy and sustainable communities
- 3.2 The objectives will be:
- To share information with residents about the progress of the 1,500 council homes which are part of the initial delivery phase of the 1,000 council homes
 - To provide a broad range of opportunities for residents to get involved in the borough-wide principles consultation
 - To provide residents with regular feedback and updates on the consultation – both in terms of data collected, and decisions taken
- 3.3 To be clear about when we are:
- A. informing residents about a decision or course of action
 - B. consulting residents in advance of a decision being taken
 - C. working in partnership to reach a joint decision (co-production)

4.0 Consultation Methodology

- 4.1 The borough-wide principles consultation will start in January 2015 and run until September 2015. It will take a phased approach to exploring the following issues:
- sites for new council homes
 - design standards for new council homes
 - how we can work together to create healthy and sustainable communities
- 4.2 All residents living in the borough are stakeholders in this consultation, and will have an opportunity to contribute to the conversation about the borough-wide principles, via community conversations, public meetings, online activity, dedicated mailings, and local and social media.
- 4.3 A significant portion of the activity will focus on people living in homes that are owned or leased by the council as those most likely to be directly affected by new council homes being built in the vicinity of their existing homes. This will include close consultation with housing based formal meetings, such as Area Housing Forums (AHFs), Tenants Council, Homeowners Council and the Future Steering Board (FSB).
- 4.4 All stages of the consultation will be open to residents to get involved in; however, the approach and method of engagement will be tailored to the specific theme of the borough-wide consultation.
- 4.5 For example, engagement around a **call for sites** is a relatively straightforward data collection project. It will require us to use a broad selection of online and offline engagement tools to deliver a high number of responses. This ideally will be done via online and hard copy maps of the borough that people add their suggestions to. The process needs to enable people to give their suggestions quickly and easily, and expect feedback if they are share their details.
- 4.6 In contrast, engagement on **land use designations**, is a more complex issue that requires explanation and interrogation of the advantages and disadvantages. This is an area that the planning policy team will be leading on. We would propose engaging residents in this theme via area-based community forums, workshops or focus groups to enable more detailed exploration of the issues which need to be considered, and obtain more in-depth and considered feedback. We would not be seeking or expecting such a high volume of responses in this case.

5.0 Consultation Activity

- 5.1 The following table outlines how we propose to engage residents in the borough-wide principles consultation, across the various themes.

Table 2: Borough-wide principles – proposed engagement approaches and themes

Month	Theme	Questions/issues for residents	Specific tools
January February March April May June	Where can we build new council homes?	<p>What are your suggestions for where we can build new homes?</p> <p>[This is the call for sites in the New Southwark Plan]</p>	<ul style="list-style-type: none"> • Housing based formal meetings • Area-based community forums • Interactive digital map of borough for people to post suggestions online • Develop online discussion forum (non-council site) and twitter feed (e.g. #11k council homes Southwark) to start to generate debate and link in with other national initiatives investing in social housing • Online e-form • Community conversations • Resident Service Officer and Manager workshops to explore options and promotion • Community Councils • Social & print media • Libraries and leisure centres • Mailing to residents with rent statements (Feb 2015) • Mailing to leaseholders (Feb 2015) • Youth participation event (Feb 2015) • Workshops with hard to reach groups
		<p>Sharing options for making more land available for building new homes (as per New Southwark Plan)</p> <p>[This relates to land-use designations in the New Southwark Plan]</p>	<ul style="list-style-type: none"> • Housing based formal meetings • Area-based community forums • Focus groups/ workshops with key stakeholder groups • Online e-form • Online discussion forum posts

<p>April May June</p>	<p>What kind of homes should be built?</p>	<p>Sharing council proposals for types of homes to be built across the borough (as per New Southwark Plan)</p> <p>Sharing proposed design standards (as per New Southwark Plan)</p> <p>Sharing proposals for energy efficiency and environmental sustainability</p>	<ul style="list-style-type: none"> • Housing based formal meetings • Area-based community forums • Development of council show home in one of new developments • Show-home materials and visuals available digitally and in hard-copy for meetings • Community conversations/outreach programme using housing bus to share visuals of show home and design standards • Online e-form • Social & print media • Online discussion forum posts • Workshops with hard-to-reach groups • Youth-led outreach strand
<p>April May June</p>	<p>What kind of communities do we want to create in Southwark?</p>	<p>What makes an area/estate a great place to live in?</p> <p>How can we make sure our new homes are built in such areas/estates?</p> <p>Sharing plans for creating mixed tenure communities (as per New Southwark Plan)</p> <p>Key themes – health and wellbeing, community safety, transport and infrastructure</p>	<ul style="list-style-type: none"> • Housing based formal meetings • Area-based community forums • Interactive digital map of borough for people to post suggestions online • Community conversations • Community Councils • Social & print media • Libraries and leisure centres • Mailing to residents with rent statements (Feb 2015) • Mailing to leaseholders (Feb 2015) • Youth-led outreach strand
<p>May June July</p>	<p>How do we decide to invest or rebuild?</p>	<p>Further discussions are required to decide how to approach this crucial final stage of consultation.</p>	

- 5.2 As outlined in the table above we will be ensuring we consult both through our existing network of formal housing-based meetings, and with a broader constituency of people via community conversations, bespoke online tools and discussion group, dedicated area-based meetings and workshops to ensure we include hard to reach groups.
- 5.3 Following on from the council's recent support of #Housing Day on 12 November, which was a twitter campaign to promote the positive value of social housing, the council should continue to actively contribute to such national level debates. It is proposed that we set up a **dedicated twitter feed** for the 11,000 council homes campaign, as well as starting an **online discussion forum** (hosted externally to the council site) to facilitate debate and enable people to post interesting ideas and innovations.
- 5.4 As part of the New Southwark Plan consultation, a number of **area-based consultative meetings** will take place from November 2014 – February 2015. Starting from January, there will be the opportunity to incorporate some of the above themes in these meetings, as an opportunity to explore some key issues with residents in more detail. It is highly likely that we will reconvene these area-based consultative forums one or more times during the consultation period.
- 5.5 **Youth participation** will be critical to this stage of the consultation, and work has been ongoing during 2014 to conduct a survey of young residents of the borough and the barriers and enablers to them becoming more informed and active around their housing and broader council decision-making. Some 400 young people have been involved to date, and we will be sharing and developing youth-led strategies to tackling these barriers at an event in February 2015. This event will be the launch-pad for a strand of engagement activity on the borough-wide principles, which is developed and run by young people living, working or studying in the borough.
- 5.6 Another element of the engagement plan which is worth highlighting, are plans to develop a **council show-home** on one of the first new council home developments which will be available in 2015. This will be an important tool in demonstrating the kind of design standards that the council will deliver for new council homes, and overcoming some of the concerns people have. A virtual show home and visuals should also be developed to be posted online and shown at meetings. A broader communication strategy around the new homes being delivered in 2015, and the responses of those going to live in them, will also be a valuable tool in encouraging people to get involved in the consultation.
- 5.7 The borough-wide principles consultation has a quite important theme underpinning it around the new homes being **"more than just bricks and mortar"**. It is therefore suggested that we start a **debate** about not just the homes themselves, but the broader neighbourhoods and communities needed around them to support residents.
- 5.8 Clearly, it will be critical not to create unrealistic expectations of what can be delivered by the 11,000 council homes project. The aim would more be to explore issues such as infrastructure, green space, health and wellbeing and community resilience - and start a discussion around the co-productive strategies residents, community organisations, businesses, the voluntary sector and the council can take to deliver this vision.

6.0 Communications

- 6.1 A Communications Plan will be developed in December 2015 in consultation with the council Communications team. A draft Frequently Asked Questions is currently being prepared.

Item No. 9.	Classification Open	Date: 9 December 2014	Meeting Name: Cabinet
Report title:		Housing Revenue Account – Indicative Rent Setting and Budget Report 2015/16	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Housing	

FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR HOUSING

As part of the council's fairer future promises, the cabinet has previously set out its intention to keep rents low, by limiting increases to inflation plus one percent in each of the next four years.

This report sets out the proposed rent and service charge levels for council tenants for 2015/16 that deliver on that promise. The proposed level of rent increase is 2.2%, with service charges and garage rents increasing by the same amount. Other charges such as sheltered housing and district heating will not change.

Cabinet is asked to provisionally agree these levels so that consultation with relevant stakeholders can take place. The report also proposes that new tenancies are given at a target rent level from April 2015.

RECOMMENDATIONS

1. Cabinet notes on a provisional basis a rent increase of 2.2% for all HRA dwellings (including estate voids and hostels) with effect from 6 April 2015. This is in accordance with its decision on 28 January 2014 to increase rents by an amount equivalent to September CPI (consumer price index) plus 1% for each year up to 2017/18 (paragraphs 12 -16). The average dwelling rent in 2015/16 under such an increase would be £101.25 per week (an increase of £2.18 per week on average).
2. Cabinet instructs officers to consult regarding rent-setting for newly-let existing stock from 6 April 2015 (paragraphs 17 – 21), setting out effects on the HRA (housing revenue account) for that year, and also the medium and longer-term implications for the HRA business plan.
3. With regard to other HRA-wide charges, cabinet notes on a provisional basis increases of 2.2% in the estate cleaning, grounds maintenance, communal lighting and door entry maintenance charges as set out in paragraphs 31 – 32 with effect from 6 April 2015.
4. Cabinet notes on a provisional basis an increase of 2.2% to charges for garages, store sheds and parking bays, as set out in paragraphs 33 – 34 with effect from 6 April 2015.

5. Cabinet notes on a provisional basis no increase to district heating and hot water charges as set out in paragraphs 35 – 36 with effect from 6 April 2015.
6. Cabinet notes on a provisional basis no increase to sheltered housing service charges as set out in paragraph 37 with effect from 6 April 2015.
7. Cabinet notes that water and sewerage charges levied by Thames Water are liable to an inflationary uplift as set out at paragraph 38, but as yet the council has not been informed by Thames Water of what that increase will be.
8. Cabinet instructs officers to provide a final report on rent setting and the HRA budget for 2015/16 after due consultation processes have been followed for consideration at their meeting on 27 January 2015.

BACKGROUND INFORMATION

Statutory framework

9. The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, leaseholder service charges and other income. The council has a statutory responsibility to set a balanced HRA budget (i.e. all budgeted expenditure must be matched by income).

KEY ISSUES FOR CONSIDERATION

Self-financing parameters

10. As reported to cabinet last year, the key principle underlying the introduction of self-financing was the generation of revenue surpluses sufficient to meet the investment needs of the stock over thirty years, without further government support. However, the key assumptions made by government in arriving at the settlement figure in late March 2012 did not adequately reflect the financial reality facing Southwark.
11. Changes in government policy since 2012 have impeded the council's position in relation to the realisation of rental income to the levels originally expected. However, even with these additional pressures, the council was able to set a balanced HRA budget for 2014/15 including a rent increase of 2.7%, which was half that expected under government guidelines. At the same time cabinet resolved to follow future guidance under the spending review, and limit rent increases to September CPI plus 1% for the next four years.

Target rents

12. Rent convergence is no longer applicable from April 2015. However, since there are proposals for newly-let tenancies to be let at the target rent level for that property, it is important to briefly set out how that figure is derived. There are four separate drivers for target rents:
 - The value of the property

- The number of bedrooms of the property
 - The underlying inflation rate (September CPI) and
 - A top-up of 1.0% set by the government.
13. From 2003 to 2014 the actual rent for each property was gradually accelerated towards its target rent over time (a process known as “convergence”), but from April 2015 this is no longer the case. The self-financing settlement was predicated on a convergence date of 2015/16, consistent with previous directions.
14. Rent restructuring is property-related, actual rent increases (in line with government guidance) being dependent on the target rent for each property (based on value, size and location) and the existing actual rent at the point of commencement. This generally added around 1.5% – 2.5% to the average rent increase each year, which increased on a tapered basis as the convergence date approached. Without the discretionary application of annual affordability limits (RPI + 0.5% + £2.00), which the council has applied since the inception of rent restructuring in 2002, the average increase would have been considerably higher (i.e. 8% for 2014/15). However, this would have had the corollary that the gap between actual and target rents post-2015 would have been somewhat ameliorated.
15. Appendix A is a collated list of average and target rents across London boroughs. In 2014/15 Southwark’s average rent ranked 7th lowest of the 29 London boroughs that manage their housing stock, either directly or via an ALMO. This represents a downward shift from 9th lowest in the previous year following the decision by cabinet to limit the rent increase to 2.7% in 2014/15. Appendix A also indicates how far each authority had left to travel before reaching their target rent level. Southwark is one of nine London boroughs where this gap is still at least 8%, meaning that the local convergence pressure would have taken some years to be fully relieved. This point is further illustrated by the chart at Appendix B, where the London boroughs are ordered by actual rent levels, lowest first.
16. The net additional yield to the HRA of the dwelling rent increase at the government implied level, once both the stockloss effects and void allowances are factored in is £2.3 million, although the voids impact is somewhat marginal. This and the effect of changes to other tenant-related charges are set out in Appendix C.

	2014/15 Base	Indicative 2015/16	Indicative 2016/17	Indicative 2017/18
Average Weekly Rent	£96.70	£99.07	£101.25	£103.76
September CPI	2.7%	–	–	–
September CPI + 1.0%	–	2.2%	2.2%	2.2%
Actual/Estimated Uplift	£2.61	£2.18	£2.23	£2.28
	£99.31	£101.25	£103.48	£105.76

	2014/15 Base	Indicative 2015/16	Indicative 2016/17	Indicative 2017/18
Cumulative Move to Target Rent	(£0.24)	–	–	–
Average Rent – Tenanted Stock	£99.07	£101.25	£103.48	£105.76
Increase (assumed for 2016/17 onward)	2.7%	2.2%	2.2%	2.2%

Note: 2014/15 target rent increase was RPI + 0.5% + movement to target = 5.4%.
CPI + 1% applies from 2015/16 onward.

Target Rents for New Lets

17. In Autumn 2013 the Department for Communities and Local Government (CLG) issued a consultation paper '*Rents for Social Housing from 2015-16*', which proposed moving to a new inflation factor of CPI + 1% and ending the policy of rent convergence from April 2015. These proposals have subsequently been enacted and whilst it removes an inflationary element for tenants, it exacerbates the council's position in terms of a lower realisable rental stream than that predicated under the self-financing settlement.
18. The consultation paper also took the policy of setting new-let properties at target rent as a given, as a means of defraying rental income lost by non-convergence. The council has previously resisted this, however given the extensive Warm Dry Safe (WDS) programme and the introduction of a higher voids standard which now incorporates redecoration and other internal improvement works, and in a number of instances kitchen and bathroom replacements, there is a compelling argument that rent levels should reflect this additional investment in the stock and the higher lettable standard of accommodation on offer.
19. Assuming a turnover rate of around 1,700 tenancies per annum, then movement to a target rent policy would generate around £300,000 per year in additional income, but achievement of full target rent debit across the entire stock is likely to take in excess of twenty years. Appendix A notes the average gap between actual and target rent in 2014/15 was 9.82% (average £9.73 per week).
20. However, the council recognises the positive engagement of tenants being decanted from their homes to facilitate council-led regeneration for which financial recognition is made under existing arrangements and it is proposed that where circumstances necessitate a move, tenants should be considered for exemption from this policy change. Tenants arbitrarily impacted by the government's decision to remove the "spare room subsidy" might similarly be considered for exemption, although under-occupancy moves are primarily driven by changes in national housing/welfare benefits policy rather than council policy, and the council already provides assistance to tenants to ameliorate the impact where it is able to do so.
21. It should be noted that exemption will not apply to new build council stock since the financial viability of the direct delivery programme is in large-part dependent on the realisation of target rent levels.

Savings and service development

22. Over the last four years, some £27.6 million of efficiency savings and budget rationalisation measures have been successfully delivered in the HRA, whilst maintaining and improving the quality of services to residents. Alongside this, more robust contract management and control of costs continues to deliver better value for money and it is these factors that have been instrumental in mitigating the initial impact of self-financing and provided a sound budget platform going forward.
23. Notwithstanding this achievement, the process of budget review and rationalisation is a continuous one, regardless of the overall financial position, particularly with regard to back-office and departmental and corporate overhead functions in order to protect front-line services. Consequently, further efficiency savings of £5.4 million have been identified as part of setting a balanced budget for 2015/16.
24. From 2014/15 onward, the emphasis is on the council's ambitious policy objective of stock refurbishment/estate regeneration and provision of new council housing. To this end, the 2015/16 HRA budget contains the following proposals:
- A £3.25 million additional contribution as an uplift in revenue support for the investment programme; and
 - Additional resources of £2.6 million in order to institute and support an enhanced planned preventative maintenance programme, which will be driven by the asset management analysis of the council's housing stock currently being undertaken by Savills. This is anticipated to be completed in Spring 2015.

Commitments/unavoidable demands

25. General inflation – as with assumptions for the general fund, employee-related inflation has been assumed at 2.2% in line with recent national pay negotiations. There is a general inflation rate of zero to two percent applicable across HRA operational budgets, depending on the nature of the expenditure, with the exception of works/service contracts that are tied to industry-specific rates. The total is estimated at £2.4 million.
26. Budget commitments are estimated at £2.2 million for 2015/16 as follows:
- The uplift in the RTB (right to buy) discount has generated an upsurge in activity since April 2012 which has so far been absorbed within existing resources. Similarly, the scaling-up and delivery of the major works programme over the last eighteen months has exacerbated capacity shortfalls which need to be addressed to ensure full cost recovery;
 - Establish additional supported housing services at Northcott House (step-down accommodation for vulnerable adults) – net-neutral to the HRA through matching income;

- Additional resourcing agreed by cabinet in July 2014 to support the direct delivery programme within the community engagement division; and
- Support within maintenance and compliance for the visible difference – improving the look and feel of the communal space programme.

HRA financing

27. The self-financing settlement assumed that residual debt would be extinguished over the thirty-year life of the HRA business plan. Two tranches of high interest rate debt (9%+) were able to be repaid during 2013/14, providing greater budget flexibility and increasing the council's HRA borrowing headroom. Internal borrowing used to part-finance the repayment needs to be repaid by the HRA over the medium-term (a payback period of five years has been assumed). This will be achieved through the realisation of the revenue interest savings from the high interest debt, together with the additional budget commitment sought in this budget round. Premia costs incidental to the early redemption will be fully amortised by the end of 2015/16.
28. As reported in previous budget reports, local authorities are now required to adopt a component-based approach to calculate depreciation. Transitional arrangements have been agreed with CIPFA (Chartered Institute of Public Finance and Accountancy) across the sector to permit a continued major repairs allowance-based approach, and the council is moving towards a fully componentised methodology with full implementation due by 2017/18. To achieve this, it is necessary to prepare by way of an incremental uplift through the budget planning process commencing in 2015/16. Whilst the revenue impact is acknowledged, the corollary is an increase in capital resources to support the Investment Programme.

HRA reserves

29. In common with other local authorities and the council's general fund, the HRA holds reserves, together with general balances for cash-flow purposes. In accordance with the medium term resource strategy (MTRS), the council has adopted a structured approach to the replenishment of balances over the last few years through an annual base budget contribution of £2 million. However, the impending direct delivery programme presents a new and challenging commitment given its scale and complexity and it is appropriate to keep reserves under periodic review and maintained at an appropriate level to mitigate future risks, fulfil future commitments already made and enable the transformation and modernisation of services going forward.
30. Reserves and working balances at 31 March 2014 stand at £23.5 million, albeit over four-fifths are earmarked for pre-determined purposes. Any surplus (or deficit) generated during the year will continue to be applied to, or met from reserves in the normal way.

Tenant service charges

31. Tenant service charges were de-pooled from rent as part of the government's rent restructuring regime in 2003/04. This was to enable greater consistency and transparency between local authority and RSL (registered social landlord) sectors. Charges have been frozen since 2012/13. Government guidance

indicates that increases should be capped nationally at September 2014 CPI @ 1.2% + 1.0%, which would equate to an overall increase of 2.2% for 2015/16 or 17p per week for a tenant liable for all four charges.

32. Increased charges within the estate cleaning contract as recharged to the HRA from the environment and leisure service would normally equate to a higher increase in this service charge but it is the council's view that without a full rebasing exercise this should be capped at the CPI + 1% level in accordance with central government policy. Lesser increases within the grounds maintenance contract, and unit cost changes for electricity charges mean that uplifts for these services are also unavoidable, and these too will be held at the cap. As a result, the total amount raised by tenant service charges (net of stockloss and voids) will increase in gross terms by £0.2 million in 2015/16.

	2014/15 £ per week	2015/16 £ per week	Percentage change
Estate Cleaning	4.60	4.70	2.2%
Grounds Maintenance	1.09	1.11	1.8%
Communal Lighting	1.17	1.20	2.6%
Door Entry System Maintenance	0.68	0.70	2.9%
Total	7.54	7.71	2.2%

Garage rents and other charges

33. Garage rents were last subject to review and revision in 2012/13. Generally, demand for garages is strong, particularly in the north of the borough, and the council has embarked upon a programme of refurbishment designed to bring under-utilised stock back into use, which in turn generates rental growth. Conversely, a number of garages have been taken back for rent arrears which has impacted on the overall position during 2014/15. In accordance with the medium-term financial strategy a reappraisal of the previous London-wide average price comparison which informed current rates is due to take place. In the interim, an increase at the same level of dwelling rents and tenant service charges of 2.2% is proposed for 2015/16. It is proposed to preserve the £5.00 concessionary reduction to blue badge holders. The total additional amount raised is anticipated to be £0.1 million.

	2014/15 £ per week	2015/16 £ per week
Non-council resident	27.50	28.12
Council resident	18.62	19.04
Concessionary rate	13.62	14.04

34. The proposed increase of 2.2% is also applicable to charges such as store sheds and parking bays. Other fees and charges along with general fund charges are the subject of a separate fees and charges report relating to the housing and community services department under delegated authority.

District heating charges

35. The council reviews charges annually to ensure that within the context of the current flexibly-priced gas supply contracts, charges are set at a level to smooth price volatility as far as possible over the contract period. On-going investment in the infrastructure to increase energy efficiency/reduce consumption contributes to the financial sustainability of the heating account

which has enabled charges to be maintained at the same level over the medium-term.

36. Energy costs are pooled across the dwelling stock and standardised charges are set on a borough-wide basis for tenants, depending on the number of bedrooms and type of heating installation. Homeowners are charged actual costs, comprising energy and repairs and maintenance as determined in their lease. The application of greater efficiencies in terms of gas consumption gives rise to a reduction in cost. Together with the potential use of accrued balances, this means that charges can be held at existing levels once again for 2015/16. Even though charges remain static, a fall in stock numbers means a small reduction in income generated.

Sheltered housing service charges

37. On 23 October 2012 cabinet agreed an enhancement of the sheltered housing service, to be direct-funded by means of a specific service charge. Following a period of consultation service charges were introduced from April 2013 payable by new clients. Existing clients received (and continue to receive) transitional protection. There are twenty sheltered housing schemes with over 600 units of accommodation for elderly tenants in Southwark, and the charge will eventually be applicable to all the units. Following reconfiguration of the sheltered service, which has taken longer to implement than was previously envisaged, it is not proposed to vary these charges in 2015/16. Both operational and charging policies will be subject to further review during the course of next year.

Thames Water

38. Water and sewerage charges applicable to council dwellings will be subject to an increase from April 2015. Thames Water calculates individual property charges and notification of the increase will be advised in due course. The council acts as agent for the billing and collection of charges, but has no influence over the charges set by Thames Water, which is an independent commercial entity regulated by Ofwat. In 2014/15 the actual increase was 4.38%. For 2015/16 an increase of 4% has been assumed for budget planning purposes, which includes an adjustment for stockloss.

Leaseholder and other income streams

39. Tenant rents and service charges constitute 72% of HRA income, the remainder comprising homeowner revenue and capital service charges, commercial property rents, interest, commission and capitalised/recharged costs.
40. Homeowner contributions represent the actual costs incurred within the HRA that are recoverable under the terms of the lease. The budget for revenue service charges is set to reflect current activity levels and expected future growth in right-to-buy sales and as the council achieves full cost recovery.
41. Capital charges are determined by the scale and delivery of investment in the stock overall and the extent to which it pertains to leasehold property. The base budget contains a relatively prudent expectation of income in order to avoid frequent budgetary fluctuations due to the variable nature of the works programme. However, given the council's progress in delivering on WDS and

other works programmes, the budget has been revised to reflect current delivery and planned activity over the medium-term.

42. Other contributory elements include a net increase in the rental stream from the commercial property portfolio and higher capitalised sales costs and fee income arising from the upturn in right-to-buy activity, totalling £5.4 million overall.
43. In August 2014, CLG (Department for Communities and Local Government) introduced amended regulations designed to impose an annual cap of £15,000 (£10,000 outside London) on leaseholder bills for major works (The Social Landlords Mandatory Reduction of Service Charges (England) Directions 2014). On the face of it, this would have a serious impact on the council's ability to raise revenues matched to major works expenditure within the HRA. However, in Southwark's case, the actual impact is likely to be marginal for four main reasons:
 - The regulations only apply to resident leaseholders and about 50% of our leaseholders are non-resident;
 - The regulations only apply to bids made after they came into force (August 2014) so the high levels of expenditure on major works schemes of recent years are unimpacted;
 - Future major works schemes will predominantly feature kitchen and bathroom renewals which don't impact on leaseholders; and
 - The new regulations have increased the London cap from £10,000 to £15,000 which means fewer leaseholders can benefit from capping.

Consultation and notification

44. Whilst there is no statutory requirement to consult, the council is committed to engaging with residents, particularly under the terms of the tenancy agreement. This process commences with an interim scene-setting report to cabinet on 9 December 2014 setting out the indicative budget and implications for rents and other charges in order that consultation with residents can commence before Christmas. This report will be presented to Tenant Council, area housing forums, TMO Liaison Committee and Home Owner Council (HOC) during January 2015. HOC are unable to make recommendations in the matter of tenant rents and service charges, but may do so in respect of proposals regarding non-residential rents and other charges and in terms of the budget proposals pertinent to the calculation of their service charges.
45. Cabinet will consider the final rent setting and HRA budget report at their meeting on 27 January 2015. As normal, the results of the consultation processes will be reported to cabinet at that meeting for their consideration.
46. The revised HRA budget for 2014/15 and indicative budget for 2015/16 is summarised in Appendix F, and set out by division in Appendix G.

Statutory and contractual notifications

47. Subsequent to the approval of the final report on 27 January 2015, either as set out or as amended by cabinet, and the passing of the necessary date for its implementation, the council will issue a statutory and contractual notification of variation in rents and other charges to all tenants, not less than 28 days prior to the operative date (6 April 2015) for the commencement of the new rents and charges referred to above.

Community impact statement

48. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and advance equality of opportunity and foster good relations between different groups.
49. Consideration has been given to the report's relevance to equality issues in accordance with the public sector equality duty. This report is primarily to set rents and associated charges and a scoping exercise established there is no differential effect for any community or protected group. It is recognised that a rent increase may present particular difficulties for people on low incomes, although rents and tenant service charges remain eligible for housing benefit. The assessment also considers the effects of the self-financing regime introduced under the provisions of the Localism Act 2011 and the determinations issued by the Department for Communities and Local Government (CLG) in accordance with the provisions of Section 173 of that act.
50. There is a statutory requirement to set a balanced HRA budget. Extensive consultation previously undertaken incorporated savings proposals totalling £27.6 million over the period 2011/12 to 2014/15, which have all been delivered. For 2015/16 the extent and composition of savings proposed (£5.4 million) are detailed as part of Appendices E and F. An assessment to ascertain their potential impact has been undertaken and concluded there is no differential effect for any community or protected group.
51. Above and beyond the increases in rent there are wider issues impacting both nationally and locally in terms of the government's welfare reforms and housing benefit changes for under-occupancy, which came into force in April 2013. These have also been considered and measures to mitigate the effects on the community have been implemented together with the provision of additional resources to support tenancy sustainment through down-sizing, assist in gaining employment, prevent eviction and homelessness and provide direct financial assistance through the provision of Discretionary Housing Payments (DHP) from the HRA, for which Southwark received Secretary of State approval. The position regarding 2014/15 is under review, pending confirmation of additional funding from the Department of Work and Pensions (DWP).

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

52. Statutory requirements as to the keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989 ('the 1989 Act'). The 1989 Act provisions include a duty, under Section 76 of the

1989 Act, to budget to prevent a debit balance on the HRA and to implement and review the budget.

53. Further provisions relating to housing finance are set out under Sections 168 to 175 of the Localism Act 2011 ('the 2011 Act') and provide for the determination of settlement payments calculated in accordance with such formulae as the Secretary of State may issue from time to time. The settlement payment under the 2011 Act replaced subsidy payments for England made under the HRA, previously provided for by Section 80 of the 1989 Act and this report sets out the effects of the self-financing settlement.
54. Under Section 24 of the Housing Act 1985, local housing authorities have the power to "make such reasonable charges as they may determine for the tenancy or occupation of their houses". Section 24 also requires local authorities, from time to time, to review rents and make such changes as circumstances may require. The section confers a broad discretion as to rents and charges made to occupiers, however cabinet will note the effective limitation of discretion provided by the calculation of the self-financing debt settlement referred to in this report.
55. Rent and other charges are excluded from the statutory definition of matters of housing management in respect of which local authorities are required to consult their tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996 in relation to secure, introductory and demoted tenants respectively. As a term of the tenancy agreement with its tenants however, Southwark Council has undertaken to consult with the Tenant Council, before seeking to change rent and other charges, except for water charges which are set by the water provider. The report indicates consultation will take place in order to comply with this term.
56. It is further provided by Section 103 of the Housing Act 1985 in relation to secure tenancies, which also applies in respect of introductory tenancies by virtue of Section 111A of the Housing Act 1985, together with the council's agreement with its tenants, that they are notified of variation of rent and other charges at least 28 days before the variation takes effect by service of a notice of variation. The report indicates the notice of variation will be served in time to comply with this requirement.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet agenda, item 10 – 28 January 2014 Housing Revenue Account - Final Rent-Setting and Budget Report 2014/15	160 Tooley Street London SE1 2QH	Paula Thornton, Constitutional Team
Link: http://moderngov.southwark.gov.uk/ielListDocuments.aspx?CId=302&MId=4554&Ver=4		

APPENDICES

No.	Title
Appendix A	Average Rents across London Boroughs 2014/15 – Table
Appendix B	Average and Target Rents by London Borough 2014/15 – Chart
Appendix C	HRA Indicative Budget Movements 2014/15 – 2015/16
Appendix D	HRA Revised Base Budget 2014/15 and Indicative Budget 2015/16
Appendix E	HRA Summary Savings/Income Generation Schedule 2015/16
Appendix F	HRA Revised Budget 2014/15 and Indicative Budget 2015/16
Appendix G	HRA Indicative Base Budget 2015/16 by Division

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Housing	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report Author	Ian Young, Departmental Finance Manager, Housing and Community Services	
Version	Final	
Dated	27 November 2014	
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
Date final report sent to Constitutional Team		27 November 2014

APPENDIX A – AVERAGE RENTS ACROSS LONDON BOROUGHES 2014/15

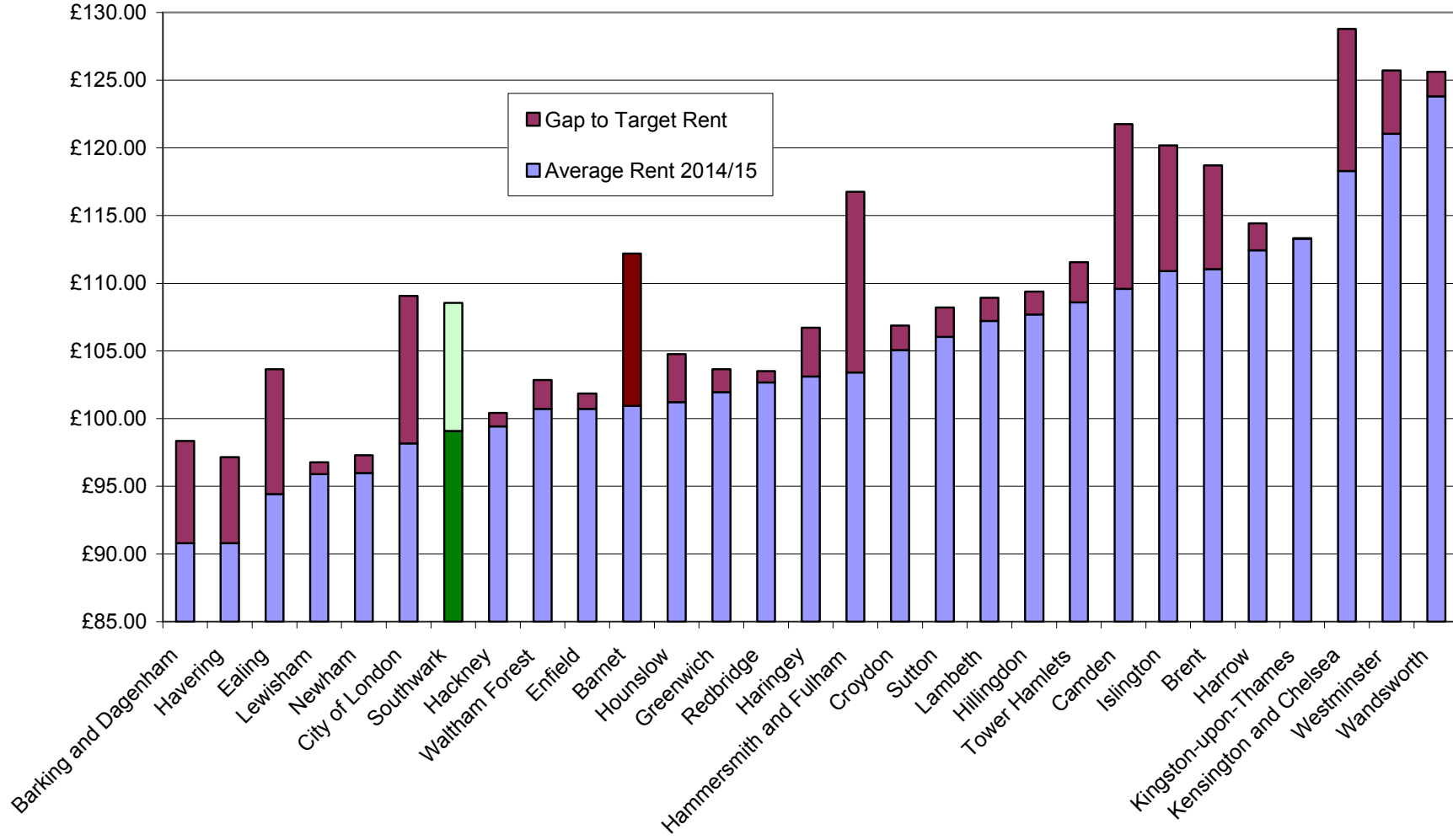
	Average Rent 2014/15 £	Target Rent 2014/15 £	Average to Target Gap 2014/15 %	Target Rent 2015/16 £
Barking and Dagenham	90.79	98.36	8.3%	100.52
Barnet	100.93	112.19	11.2%	114.66
Bexley	–	–	–	–
Brent	111.04	118.70	6.9%	121.31
Bromley	–	–	–	–
Camden	109.58	121.75	11.1%	124.43
City of London	98.16	109.07	11.1%	111.47
Croydon	105.06	106.89	1.7%	109.24
Ealing	94.42	103.65	9.8%	105.93
Enfield	100.73	101.87	1.1%	104.11
Greenwich	101.95	103.64	1.7%	105.92
Hackney	99.41	100.43	1.0%	102.64
Hammersmith and Fulham	103.42	116.75	12.9%	119.32
Haringey	103.12	106.71	3.5%	109.06
Harrow	112.43	114.43	1.8%	116.95
Havering	90.80	97.15	7.0%	99.29
Hillingdon	107.69	109.39	1.6%	111.80
Hounslow	101.22	104.76	3.5%	107.06
Islington	110.91	120.18	8.4%	122.82
Kensington and Chelsea	118.29	128.78	8.9%	131.61
Kingston-upon-Thames	113.29	113.32	–	115.81
Lambeth	107.20	108.93	1.6%	111.33
Lewisham	95.90	96.77	0.9%	98.90
Merton	–	–	–	–
Newham	95.96	97.30	1.4%	99.44
Redbridge	102.67	103.52	0.8%	105.80
Richmond-upon-Thames	–	–	–	–
Southwark	99.07	108.56	9.8%	110.95
Sutton	106.04	108.22	2.1%	110.60
Tower Hamlets	108.59	111.57	2.7%	114.02
Waltham Forest	100.72	102.85	2.1%	105.11
Wandsworth	123.80	125.63	1.5%	128.39
Westminster	121.03	125.72	3.9%	128.49
London Average	104.04	109.27	5.0%	111.67

Source: London Boroughs HRA Budget Reports 2014/15

Notes:

- Southwark's average rent (adjusted mid-year stock position) for 2014/15 ranks 7th lowest of the 29 London Boroughs that manage their housing stock either directly or via an ALMO.
- Average rent figures exclude tenant service charges.
- London averages are weighted by stock numbers (taken from most recent CLG HSSA return).
- Where the budget report did not quote an average weekly cash figure, this is extrapolated from their quoted percentage increase.

APPENDIX B - AVERAGE RENTS 2014/15



Data source: London Boroughs HRA Budget Reports

APPENDIX C – HRA INDICATIVE BUDGET MOVEMENTS 2014/15 – 2015/16

	Paragraphs	£m
Contributions and commitments:		
General inflation	25	2.4
Service commitments	26	2.2
Financing	27 – 28	3.7
Sub-total		8.3
Tenant rents and charges:		
Gross dwelling rent increase	12 – 15	(4.5)
Stockloss and void impact on dwelling rents	16	2.2
Target rent policy change	17 – 21	(0.3)
Tenant service charges	31 – 32	(0.2)
District heating	36	–
Thames Water increase	38	(0.5)
Sub-total		(3.3)
Other rents and charges:		
Garage rents	33 – 34	(0.1)
Leaseholder and other income streams	39 – 42	(5.4)
Sub-total		(5.5)
Redistribution:		
Increased support for Investment Programme	24	3.3
Planned Preventative Maintenance	24	2.6
Sub-total		5.9
DEFICIT/(SURPLUS) BEFORE EFFICIENCY SAVINGS		5.4
Efficiency savings:		
Savings identified	22 – 23	(5.4)
Sub-total		(5.4)
OVERALL NET DEFICIT/(SURPLUS)		0.0

APPENDIX D – HRA REVISED BASE BUDGET 2014/15 AND INDICATIVE BUDGET 2015/16

	Revised Base Budget 2014/15 £m	Indicative Budget 2015/16 £m
Expenditure:		
Employees	30.6	32.1
Running Costs	21.6	20.4
Thames Water Charges	13.4	13.7
Contingency Reserve	1.5	1.5
Grounds Maintenance/Estate Cleaning	14.6	14.9
Responsive Repairs/Heating Repairs	51.1	50.5
Heating Account	12.2	11.2
Contribution to Investment Programme	15.0	20.8
Landlord Commitments	7.4	7.4
Planned Maintenance	1.4	1.4
Corporate Support Costs/SLAs	21.5	22.0
Depreciation	51.3	52.0
Financing Costs	30.6	33.6
Tenant Management Organisation Allowances	2.9	3.0
Sub-total	275.1	284.5
Income:		
Rents – Dwellings	(187.8)	(191.3)
Rents – Non Dwellings	(5.0)	(5.1)
Heating/Hot Water Charges	(9.4)	(9.3)
Tenant Service Charges	(13.2)	(13.3)
Thames Water Charges	(13.1)	(13.4)
Commission Receivable	(2.7)	(2.8)
Leaseholders – Major Works	(10.0)	(15.0)
Leaseholders – Service Charges	(17.3)	(17.3)
Interest on Balances	(0.3)	(0.3)
Commercial Property Rents	(6.7)	(6.8)
Fees and Charges	(1.3)	(1.5)
Capitalisation	(7.5)	(7.6)
Recharges	(0.8)	(0.8)
Sub-total	(275.1)	(284.5)
TOTAL	0.0	0.0

APPENDIX E – HRA SUMMARY SAVINGS/INCOME GENERATION SCHEDULE 2015/16

Division	Savings £'000	Income Generation £'000	Total £'000
Customer Experience:			
Increased use of on-line facilities and other efficiencies	(53)	–	(53)
	(53)	–	(53)
Corporate Services:			
Reduction in recruitment advertising/professional fees	(180)	–	(180)
Thames Water prior year stockloss adjustment	(187)	–	(187)
District Heating utility cost/volume reduction	(1,000)	–	(1,000)
Reduction in bad debt provision	(700)	–	(700)
Increased commercial property rents	–	(100)	(100)
	(2,067)	(100)	(2,167)
Specialist Housing Services:			
Estate void repair and maintenance reduction	(109)	–	(109)
Merging of SMART/Reablement manager posts (part GF)	(12)	–	(12)
Increased garage rents	–	(100)	(100)
Increased right-to-buy related fees	–	(300)	(300)
Increased charges for major works	–	(5,000)	(5,000)
	(121)	(5,400)	(5,521)
Community Engagement:			
TRA Halls reactive repairs	(75)	–	(75)
Operational running costs – Resident Involvement	(29)	–	(29)
	(104)	–	(104)
Maintenance and Compliance:			
Emergency lighting and electrical testing	(526)	–	(526)
Heating contract cost reductions	(500)	–	(500)
Tenant decorations – new voids standard	(100)	–	(100)
Professional fees	(150)	–	(150)
Building repair and maintenance contract savings	(981)	–	(981)
Efficiencies arising from improved contract management	(148)	–	(148)
	(2,405)	–	(2,405)
Operations:			
Reduction in temporary accommodation provision	(300)	–	(300)
CCTV costs excluded from HRA	(109)	–	(109)
Central training and mobile office cost efficiencies	(60)	–	(60)
Divisional process-related efficiencies	(243)	–	(243)
	(712)	–	(712)
TOTAL	(5,462)	(5,500)	(10,962)

APPENDIX F – HRA REVISED BUDGET 2014/15 AND INDICATIVE BUDGET 2015/16

HOUSING REVENUE ACCOUNT	2014/15	Inflation	Commits	Financing	Rents & Income Gen.	Savings	Redist.	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	30,649	1,678	243	–	–	(514)	–	32,056
Running Costs	21,601	(1,006)	624	–	–	(844)	–	20,375
Thames Water Charges	13,402	531	–	–	–	(187)	–	13,746
Contingency/Contribution to Reserves	1,475	–	–	–	–	–	–	1,475
Grounds Maintenance/Estate Cleaning	14,633	290	–	–	–	–	–	14,923
Responsive Repairs/Heating Repairs	51,103	291	1,370	–	–	(2,217)	–	50,547
Heating Account	12,198	–	–	–	–	(1,000)	–	11,198
Contribution to Investment Programme	15,002	–	–	–	–	–	5,850	20,852
Landlord Commitments	7,400	–	–	–	–	–	–	7,400
Planned Maintenance	1,388	–	–	–	–	–	–	1,388
Corporate Support Costs/SLAs	21,449	532	20	–	–	–	–	22,001
Depreciation	51,269	–	–	719	–	–	–	51,988
Financing Costs	30,595	–	–	3,000	–	–	–	33,595
Tenant Man. Organisation Allowances	2,934	59	–	–	–	–	–	2,993
Sub-total	275,098	2,375	2,257	3,719	–	(4,762)	5,850	284,537
Income:								
Rents – Dwellings	(187,756)	–	–	–	(2,898)	(700)	–	(191,354)
Rents – Non-Dwellings	(4,968)	–	–	–	(100)	–	–	(5,068)
Heating/Hot Water Charges	(9,388)	–	–	–	111	–	–	(9,277)
Tenant Service Charges	(13,161)	–	–	–	(122)	–	–	(13,283)
Thames Water Charges	(13,148)	–	–	–	(339)	–	–	(13,487)
Commission Receivable	(2,718)	(91)	–	–	–	–	–	(2,809)
Leaseholders – Major Works	(10,000)	–	–	–	(5,000)	–	–	(15,000)
Leaseholders – Service Charges	(17,350)	–	–	–	–	–	–	(17,350)
Interest on Balances	(311)	–	–	–	–	–	–	(311)
Commercial Property Rents	(6,664)	–	–	–	(100)	–	–	(6,764)
Fees and Charges	(1,352)	–	–	–	(100)	–	–	(1,452)
Capitalisation	(7,487)	100	–	–	(200)	–	–	(7,587)
Recharges	(795)	–	–	–	–	–	–	(795)
Sub-total	(275,098)	9	–	–	(8,748)	(700)	–	(284,537)
TOTAL	0	2,384	2,257	3,719	(8,748)	(5,462)	5,850	0

APPENDIX G – HRA INDICATIVE BASE BUDGET 2015/16 BY DIVISION

HOUSING REVENUE ACCOUNT	2014/15	Inflation	Commits	Financing	Rents & Income Gen.	Savings	Redist.	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Customer Experience	1,866	-	-	-	-	(53)	-	1,813
Finance and Corporate Services	159,027	109	-	3,719	-	(2,067)	5,850	166,638
Specialist Housing Services	(40,394)	222	1,053	-	(8,602)	(121)	-	(47,842)
Chief Executive's	601	14	-	-	-	-	-	615
Community Engagement	2,097	10	84	-	-	(104)	-	2,087
Maintenance and Compliance	48,536	1,220	1,120	-	-	(2,405)	-	48,471
Operations	(173,883)	529	-	-	(146)	(712)	-	(174,212)
Major Works	2,150	280	-	-	-	-	-	2,430
TOTAL	0	2,384	2,257	3,719	(8,748)	(5,462)	5,850	0

CUSTOMER EXPERIENCE	2014/15	Inflation	Commits	Financing	Rents & Income Gen.	Savings	Redist.	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	1,339	(70)	-	-	-	-	-	1,269
Running Costs	567	70	-	-	-	(53)	-	584
Responsive Repairs/Heating Repairs	2	-	-	-	-	-	-	2
Corporate Support Costs/SLAs	33	-	-	-	-	-	-	33
Sub-total	1,941	-	-	-	-	(53)	-	1,888
Income:								
Recharges	(75)	-	-	-	-	-	-	(75)
Sub-total	(75)	-	-	-	-	-	-	(75)
TOTAL	1,866	-	-	-	-	(53)	-	1,813

FINANCE AND CORPORATE SERVICES	2014/15	Inflation	Commits	Financing	Rents & Income Gen.	Savings	Redist.	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	1,708	20	–	–	–	(100)	–	1,628
Running Costs	4,170	(942)	–	–	–	(80)	–	3,148
Thames Water Charges	13,286	531	–	–	–	(187)	–	13,630
Contingency/Contribution to Reserves	1,475	–	–	–	–	–	–	1,475
Heating Account	12,198	–	–	–	–	(1,000)	–	11,198
Contribution to Investment Programme	15,002	–	–	–	–	–	5,850	20,852
Landlord Commitments	7,400	–	–	–	–	–	–	7,400
Corporate Support Costs/SLAs	16,646	532	–	–	–	–	–	17,178
Depreciation	51,269	–	–	719	–	–	–	51,988
Financing Costs	30,555	–	–	3,000	–	–	–	33,555
Tenant Man. Organisation Allowances	272	59	–	–	–	–	–	331
Sub-total	153,981	200	–	3,719	–	(1,367)	5,850	162,383
Income:								
Rents – Dwellings	8,010	–	–	–	–	(700)	–	7,310
Commission Receivable	(2,298)	(91)	–	–	–	–	–	(2,389)
Interest on Balances	(136)	–	–	–	–	–	–	(136)
Recharges	(530)	–	–	–	–	–	–	(530)
Sub-total	5,046	(91)	–	–	–	(700)	–	4,255
TOTAL	159,027	109	–	3,719	–	(2,067)	5,850	166,638

SPECIALIST HOUSING SERVICES	2014/15	Inflation	Commits	Financing	Rents & Income Gen.	Savings	Redist.	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	6,473	321	159	–	–	(12)	–	6,941
Running Costs	3,301	(94)	624	–	–	–	–	3,831
Thames Water Charges	53	–	–	–	–	–	–	53
Grounds Maintenance/Estate Cleaning	116	–	–	–	–	–	–	116
Responsive Repairs/Heating Repairs	6,409	(5)	250	–	–	(109)	–	6,545
Planned Maintenance	378	–	–	–	–	–	–	378
Corporate Support Costs/SLAs	4,077	–	20	–	–	–	–	4,097
Financing Costs	40	–	–	–	–	–	–	40
Tenant Man. Organisation Allowances	2,662	–	–	–	–	–	–	2,662
Sub-total	23,509	222	1,053	–	–	(121)	–	24,663
Income:								
Rents – Dwellings	(19,484)	–	–	–	(2,658)	–	–	(22,142)
Rents – Non-Dwellings	(4,968)	–	–	–	(100)	–	–	(5,068)
Heating/Hot Water Charges	(970)	–	–	–	(132)	–	–	(1,102)
Tenant Service Charges	(1,994)	–	–	–	(157)	–	–	(2,151)
Thames Water Charges	(1,020)	–	–	–	(155)	–	–	(1,175)
Commission Receivable	(420)	–	–	–	–	–	–	(420)
Leaseholders – Major Works	(10,000)	–	–	–	(5,000)	–	–	(15,000)
Leaseholders – Service Charges	(17,350)	–	–	–	–	–	–	(17,350)
Interest on Balances	(175)	–	–	–	–	–	–	(175)
Commercial Property Rents	(6,664)	–	–	–	(100)	–	–	(6,764)
Fees and Charges	(128)	–	–	–	(100)	–	–	(228)
Capitalisation	(540)	–	–	–	(200)	–	–	(740)
Recharges	(190)	–	–	–	–	–	–	(190)
Sub-total	(63,903)	–	–	–	(8,602)	–	–	(72,505)
TOTAL	(40,394)	222	1,053	–	(8,602)	(121)	–	(47,842)

CHIEF EXECUTIVE'S	2014/15	Inflation	Commits	Financing	Rents & Income Gen.	Savings	Redist.	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	625	25	-	-	-	-	-	650
Running Costs	17	-	-	-	-	-	-	17
Corporate Support Costs/SLAs	1	-	-	-	-	-	-	1
Sub-total	643	25	-	-	-	-	-	668
Income:								
Capitalisation	(42)	(11)	-	-	-	-	-	(53)
Sub-total	(42)	(11)	-	-	-	-	-	(53)
TOTAL	601	14	-	-	-	-	-	615

COMMUNITY ENGAGEMENT	2014/15	Inflation	Commits	Financing	Rents & Income Gen.	Savings	Redist.	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	949	(3)	84	-	-	(9)	-	1,021
Running Costs	844	13	-	-	-	(95)	-	762
Responsive Repairs/Heating Repairs	365	-	-	-	-	-	-	365
Sub-total	2,158	10	84	-	-	(104)	-	2,148
Income:								
Fees and Charges	(10)	-	-	-	-	-	-	(10)
Capitalisation	(51)	-	-	-	-	-	-	(51)
Sub-total	(61)	-	-	-	-	-	-	(61)
TOTAL	2,097	10	84	-	-	(104)	-	2,087

MAINTENANCE AND COMPLIANCE	2014/15	Inflation	Commits	Financing	Rents & Income Gen.	Savings	Redist.	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	6,050	1,054	–	–	–	(148)	–	6,956
Running Costs	2,282	5	–	–	–	(150)	–	2,137
Responsive Repairs/Heating Repairs	44,183	296	1,120	–	–	(2,107)	–	43,492
Corporate Support Costs/SLAs	678	–	–	–	–	–	–	678
Sub-total	53,193	1,355	1,120	–	–	(2,405)	–	53,263
Income:								
Fees and Charges	(35)	–	–	–	–	–	–	(35)
Capitalisation	(4,622)	(135)	–	–	–	–	–	(4,757)
Sub-total	(4,657)	(135)	–	–	–	–	–	(4,792)
TOTAL	48,536	1,220	1,120	–	–	(2,405)	–	48,471

OPERATIONS	2014/15	Inflation	Commits	Financing	Rents & Income Gen.	Savings	Redist.	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	10,481	297	–	–	–	(245)	–	10,533
Running Costs	10,068	(58)	–	–	–	(466)	–	9,544
Thames Water Charges	63	–	–	–	–	–	–	63
Grounds Maintenance/Estate Cleaning	14,517	290	–	–	–	–	–	14,807
Responsive Repairs/Heating Repairs	144	–	–	–	–	(1)	–	143
Corporate Support Costs/SLAs	9	–	–	–	–	–	–	9
Sub-total	35,282	529	–	–	–	(712)	–	35,099
Income:								
Rents – Dwellings	(176,282)	–	–	–	(240)	–	–	(176,522)
Heating/Hot Water Charges	(8,418)	–	–	–	243	–	–	(8,175)
Tenant Service Charges	(11,167)	–	–	–	35	–	–	(11,132)
Thames Water Charges	(12,128)	–	–	–	(184)	–	–	(12,312)
Fees and Charges	(1,170)	–	–	–	–	–	–	(1,170)
Sub-total	(209,165)	–	–	–	(146)	–	–	(209,311)
TOTAL	(173,883)	529	–	–	(146)	(712)	–	(174,212)

MAJOR WORKS AND NEW COUNCIL HOMES DELIVERY	2014/15	Inflation	Commits	Financing	Rents & Income Gen.	Savings	Redist.	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	3,024	34	-	-	-	-	-	3,058
Running Costs	352	-	-	-	-	-	-	352
Planned Maintenance	1,010	-	-	-	-	-	-	1,010
Corporate Support Costs/SLAs	5	-	-	-	-	-	-	5
Sub-total	4,391	34	-	-	-	-	-	4,425
Income:								
Fees and Charges	(9)	-	-	-	-	-	-	(9)
Capitalisation	(2,232)	246	-	-	-	-	-	(1,986)
Sub-total	(2,241)	246	-	-	-	-	-	(1,995)
TOTAL	2,150	280	-	-	-	-	-	2,430

Item No. 10.	Classification: Open	Date: 9 December 2014	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy 2015/16 to 2017/18: Scene Setting Report	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Fiona Colley, Finance, Strategy and Performance	

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, STRATEGY AND PERFORMANCE

This report provides cabinet with an update on expected general fund resources for 2015-16 and the work officers are doing to address the £31.4m 2015/16 budget gap reported at our October meeting.

The finance team have been working hard to firm up forecasts of council tax and retained business rate income for next year. I'm delighted to report that whilst the Audit Commission has found that nationally collection rates are falling (by 0.4% in 2013/14), Southwark's award winning in-house revenues and benefits team are bucking the trend and increasing collection rates. I anticipate that we will be able to recommend to council assembly in January an increase of 0.25% in the assumed council tax collection rate. When this is combined with the anticipated surplus in collection in the current financial year and the expected growth in the number of homes in the borough next year this is expected to make a £3.3m contribution towards next year's budget.

Officers have also conducted further analysis with the Valuation Office Agency of anticipated business rates on large newly occupied commercial properties in the borough such as The Place, Sea Containers House and additional floors of The Shard. This has allowed us to increase our estimate for growth in retained business rates from the £2.5m we were forecasted in October to £5m.

At the time of writing we are still awaiting the Chancellor of the Exchequer's Autumn Statement and in particular confirmation of whether the government will again provide a council tax freeze grant. The statement is expected on 3 December and any relevant information arising will be provided as an addendum to this report.

We are currently in the midst of public and stakeholder consultation on the spending challenge including discussions with community councils, the youth council, pensioners forum, voluntary & community sector and forum for equalities & human rights and also a number of community conversation street stalls. If possible I will provide some interim feedback from these events at cabinet.

RECOMMENDATIONS

That cabinet:

1. Note the actions taken to address the £31.4m gap between funding available and general fund spending, reported to cabinet on 21 October.

2. Note that, at the time of writing, the autumn statement was expected to be delivered on 3 December, and provisional 2015/16 settlement figures are expected on 17 December.
3. Note the increasing importance that the generation, and retention of increased business rates revenues, above the levels forming the council's settlement funding assessment, have on the ability of the authority to set a balanced budget.
4. Note the changes in the council's estimates of grants due to the council in 2015/16 as shown in paragraphs 36 to 56.
5. Note that as requested by cabinet on 21 October, an amount of £700k will be included in the budget proposals to support the council's Southwark Emergency Support Scheme (SESS) at current levels for the duration of this policy and resources strategy.
6. Note that, budget consultation continues, and feedback will be included in the policy and resources strategy report to cabinet in January.
7. Note that the January report to cabinet will be considered by the overview and scrutiny committee, and that any recommendations arising which are agreed by cabinet will be incorporated into the final report to cabinet on 10 February 2014 for recommendation to council assembly on 25 February 2015.
8. Note that following an announcement by the Secretary of State for Communities and Local Government on 25 October 2014, any proposals to introduce a local supermarket levy will not be allowed by the government.
9. Instruct officers to submit a further report including the 2015/16 provisional settlement figures, incorporation the feedback from the Southwark Spending Challenge, setting out a balanced budget for 2015/16 for consideration by overview and scrutiny committee, and approval by cabinet on 27 January, for recommendation to council assembly on 25 February 2015.

BACKGROUND INFORMATION

10. The cabinet meeting of October 2014 instructed officers to submit a further report to cabinet in December to include any further settlement information that becomes available, initial feedback from consultation and the revised budget gap, and to continue to work on budget options for a balanced budget in 2015/16 for presentation to the cabinet in January 2015.
11. This report provides updates on those items which have changed since the last report to cabinet.

KEY ISSUES FOR CONSIDERATION

2015/16 Policy and Resources Strategy

The Autumn Statement and provisional 2015/16 finance settlement

12. The autumn statement is annual update on the government's plans for the economy. It also includes an update on public finances.

13. Decisions included in the autumn statement regarding local authority finances are incorporated into the provisional local government finance settlement.
14. The Autumn statement is expected to be delivered on 3 December and the provisional 2015/15 local government finance settlement on 17 December, there is no further information to include in this report.

Changes in Settlement funding assessment (SFA)

15. Indicative figures from the government show that Southwark faces a further £33.5m (14.7%) reduction in our Settlement Funding Assessment (SFA) in 2015/16. Total resources from government fall from £227.5m to £194.0m.
16. SFA comprises of retained business rates, business rate top-up and revenue support grant. The retained business rates and business rates top-up figures have reduced by £0.5m from those reported to cabinet on 21 October. This is because September RPI (retail price index) is lower than the estimated RPI used by the government in determining indicative 2015/16 figures, see table below

	2014/15 £m	Adjusted 2015/16 £m	Change from 2014/15 £m
Retained business rates	(59.2)	(60.4)	(1.2)
Business rates top-up	(44.1)	(45.1)	(1.0)
Revenue support grant	(124.2)	(88.0)	36.2
Total SFA	(227.5)	(193.5)	(34.0)

17. It is not clear whether RSG will be adjusted to compensate, at this stage of the process it has been assumed that RSG will remain unchanged.

Locally generated resources

18. The scale of cuts in recent years, and currently forecast to continue, likely to be until at least 2020/21.
19. This means that on going, year on year spending reductions, generating limited amounts of income by increasing fees and charges, and support from reserves is not sustainable over the long term.

Retained business rates

20. The legislation that brought in the business rates retention scheme allows local authorities to retain their share (30%) of any business rates growth above the government's baseline funding level.
21. Broadly, a £7m increase in rateable value (after applying the rate of 47p in the £ multiplier as paid by businesses) would generate income to Southwark of £1m. As an example 160 Tooley Street has a rateable value (RV) of £6.0m, generating total business rates income of £3.0m, Southwark's share being £900k. Other local examples include City Hall which yields £600k for Southwark and 7 More London which yields £1.8m.

22. Development in Southwark is continuing to increase, as a result of this an estimate of £5.0m over and above the government's assumptions within SFA, an increase of £2.5m on the estimate included in the October report, has been included in the 2015/16 budget.
23. An estimate of additional income is based on current information regarding large new properties as detailed below. This is subject to the valuation office agency including these properties in the rating list during 2015/16. If the properties are not included in the rating list during 2015/16, the council will receive the retrospective income in a later year.

Property	Estimated additional rateable value 2015/16	Estimated date rates to be paid from	Estimated additional income to the Council 2015/16 (30% of amount paid)
The Place	£12,000,000	01/08/2014	£1,735,200
The Shard *	£8,250,000	01/07/2014	£1,182,915
Cotton Centre *	£1,700,000	01/10/2014	£245,820
1 London Bridge *	£3,000,000	01/10/2014	£433,800
Sea Containers House	£8,500,000	01/10/2014	£1,229,100

* Part of these properties are currently included in the rating list and these are additional assessments.

24. However, whilst this projected increased in yield is welcome there are some factors that make projecting increased retained business rates difficult to estimate. These include:
- Complex rateable value assessments for new hereditaments undertaken by the Value Office Agency leading to protracted negotiations with and subsequent appeals from rating agents which leads to ongoing delays in the council's ability to bill and collect business rates.
 - Unoccupied assessments – whilst new businesses may be operational, occupation of properties is often phased over a period of time leading to delays in assessment. Properties are often held as incomplete until such time as occupation is possible leaving the council unable to bill for business rates.
 - Assessments where significant refurbishment or reconstitution of the property is undertaken - properties are often vacated over a phased period of time before they are taken out of rating. This can result in significant uncertainty estimating the impact on business rates income due to the phased vacation periods, length of time the property is taken out of rating, type of assessment and what the rateable value or occupation of the assessment will be when it is brought next into rating by the valuation office agency.

The table below illustrates some examples of these type of scenarios;

Property	Rateable Value	Phased vacation / Taken out of rating	Estimated lost income to the council (30%)
Harmsworth Quays	£1,740,000	Phased vacation from 08/05/12, taken out of rating from 01/08/13	£427,194
1 London Bridge	£5,234,250	Taken out of rating from 10/10/11	£1,496,472
Cotton Centre	£2,670,000	Taken out of rating between 10/10/11-05/03/14	£479,189
Sea Containers House	£12,237,000	Taken out of rating from 03/01/12	£3,498,558

25. The council remains proactive in addressing issues with the Valuation Office Agency including significant levels of outstanding rating appeals. The Valuation Office Agency customer satisfaction results of 53% demonstrate that this is not just a local but a national issue.
26. The October report included reference to Derby City Council's proposal under the Sustainable Communities Act 2007 to introduce a local supermarket levy. On 25 October 2014, Local Government Secretary, Eric Pickles MP, announced that local authorities would not be able to implement additional business rates on large shops and supermarkets and wrote to Derby City Council following their proposal, stating that the government would not support this move.

Council Tax

27. Variations in council tax base have less of an impact than business rates. To yield an additional £1.0m in council tax revenues, the taxbase would need to rise by some 1,100 (1.3%) band D equivalent properties.
28. Current budget estimates are assuming a 2% increase in the tax base (around 1,800 band D equivalent dwellings) yielding an additional £1.6m. A 0.25% increase in collection has also been assumed, yielding a further £0.2m, as such, an additional £1.8m is being assumed in the budget estimates. The council tax base for 2015/16 will be agreed at council assembly on 21 January 2015. The Policy and Resources 2015/16 report to 27 January cabinet will contain updated council tax figures using the agreed tax base and collection level.
29. Since 2008/09 Southwark's band D council tax has remained frozen at £912.14. Since its inception in 2011/12, Southwark have taken full advantage of the council tax freeze grant.
30. If 2014/15 council tax had been increased to the current maximum (2%) before a referendum would have been required, an increased yield of some £1.6m

would have been raised, this would have been tempered by the loss of £0.9m council tax freeze grant, giving a net increase of around £0.7m.

31. The threshold limit for 2015/16 is yet to be determined, but will likely be close to the current (October) CPI level of 1.3%, in December 2013 CPI was 2%
32. While benefiting from the council tax freeze grant, not increasing council tax has reduced the amount of council tax revenues that can be raised.

Council Tax Collection

33. The collection fund records the amount of council tax and NNDR receipts collected compared with the revenues that were expected when the budget was set.
34. The council tax collection fund is currently forecasting a surplus in 2014/15, as a result an estimate of £1.5m has been included in preparing the 2015/16 budget options. This is a one-off adjustment and will not form part of the ongoing base budget. A more detailed explanation of the collection fund position is included in the quarterly revenue monitoring reports.
35. The 2014/15 estimated collection fund position will form part of the 2015/16 council tax base report to council assembly on 21 January. The 27 January report to cabinet will reflect the decisions made at council assembly.

Changes in Grant Funding

New Homes Bonus and the local growth fund

36. Since 2014/15 all of the general fund element of the New Homes Bonus has been used to support the revenue budget.
37. Southwark are currently forecasting general fund generated NHB receipts of £12.8m in 2015/16, an increase of £2.6m over the £10.2m 2014/5 funding currently supporting the general fund budget.
38. After topslicing the allocation to be passed on to GLA pool, Southwark would receive £8.3m and the remaining £4.5m would go to the GLA.
39. This represents a net reduction in NHB of £1.9m over the sum included in the 2014/15 budget to support revenue funding. This reduction has been included in the current budget calculations and has not changed since the October report.
40. Grant allocations included in the provisional finance settlement will be included in the January report to cabinet.

Better Care Funding

41. The governments indicative 2015/15 spending power reduction for Southwark of £18.8m included £10.2m for better care funding, and gave the impression that this funding was all available for use by Southwark, this assumption was included in the budget report to October cabinet which reported a forecast budget gap of £31.4m.

42. This funding is not Southwark's money, and use of this grant will be determined by an agreement between Southwark and the CCG.
43. Following the council's successful submission to NHS England, which was favourably received and was given an automatic green light, this funding has been removed from the projections and will be used in accordance with the Health and Well being Board's approved submission.

Local Welfare Provision (Social Fund grant)

44. There is no change to the budget scenario for the local welfare provision grant which assumes the removal of both grant income and expenditure budgets, a net zero effect on the budget.
45. Following a judicial review on the termination of this grant, on 10 October the government entered into consultation into how local welfare provision should be funded in 2015/16. The government is giving local authorities three options on how the grant reduction should be presented, but no new money is being proposed:
1. Funding from existing local government budgets,
 2. Local welfare provision would be separately identified within the authority's settlement funding assessment,
 3. Topslice revenue support grant to fund a section 31 grant.
46. Local authorities were also given the opportunity to propose their own solution.
47. The consultation ran until 21 November, Southwark have submitted a response to this consultation, this was reported to cabinet on 18 November 2014.
48. The 2015/16 budget projection now includes funding of £700k for the Southwark Emergency Support Scheme (SESS).
49. The SESS Scheme is operated as a voluntary sector model through Community Action Southwark. The majority of items provided in the past relate to goods such as cookers, fridges, and starter packs for families. The council has made some payments in emergencies for utilities via the credit union, and also for food vouchers via Pecan. The council has a partnership with St Giles for rent deposits for ex offenders.

HB Admin subsidy, localised council tax support and council tax support

50. The report to October cabinet highlighted the uncertainty of future funding for HB Admin subsidy, localised council tax support and council tax support grants, due to the upcoming move to universal credit.
51. Draft 2015/16 allocations have now been announced for these grants, and show an overall grant reduction of some £0.5m, although it is unclear how this fits in with the transfer of staff to the single fraud investigation service (SFIS) is currently still unclear.
52. It is expected that more definite grant allocations will be announced with the provisional local government finance settlement in December, and these will be reported to cabinet as part of the budget report in January..

Free School Meals

53. No changes have been made to assumptions on free school meals grants. In terms of expenditure, £200k is now included to ensure the rollout of the scheme to the increasing numbers of pupils.

Public Health Grant

54. Public Health grant is ringfenced to public health related expenditure, and the 2015/16 public health grant will be frozen at 2014/15 levels.
55. It is therefore important that we seek to ensure that this grant is spent appropriately and in line with council priorities for public health expenditure,
56. Public health grant will continue to be used to support public health priorities.

Budget Pressures and Commitments

57. Following the agreement on local government services pay 2014 – 2016 in November, provision has been made to fund the full cost in 2015/16. The structure of the award means that an additional £2.1m has been included, £300k higher than the estimate reported at October cabinet.
58. No changes have been made to the “alternative inflation” figure for long term contracts. Officers continue to negotiate with all contractors in order to minimise inflationary increases on contracts.
59. Losses in spending power, and particularly in grant funding have led to severe budget pressures. As a result of this, no allowance for general inflation effects has been provided for in the budget since 2010/11. Other costs and income have now been increased and are therefore shown as cash limited with zero increase, meaning the council is absorbing inflationary pressures.
60. Concessionary fares (“Freedom Pass”) costs are charged to individual London Boroughs on the basis of journeys travelled. Cost pressures include an additional £800k for concessionary fares based on London Council estimates. The increase in concessionary fares will arise from changes in usage as and TfL inflationary increase. The 2015/16 allocations will be discussed at London Council’s Transport and Environment Committee on 11 December.
61. The council continues to work towards meeting the Southwark ethical care charter commitments, and agreements are currently in place with two major contractors. Work continues on this, and firmer estimates of the full cost, and the phasing of these costs will be included in the report to cabinet in January.
62. Work is currently underway to identify the costs of meeting the council plan priorities, any additional costs arising from this will form part of the balanced budget report to cabinet in January 2015.

Actions to meet the challenge

63. A number of measures to meet the challenge of delivering a balanced budget in 2015/16 have already been taken and are incorporated in budget projections.

64. These include the prudent use of reserves. In years prior to 2012/13 reserves were used to balance the budget, but the first call on the proceeding years balance was the replenishment of the reserve.
65. As with previous years, the use of reserves will be required to support the budget. Current forecasts for 2015/16, require a further £6.2m to be taken from reserves. The effect on reserves has been somewhat mitigated because there has not been any call on the contingency budget, allowing it to be put into reserves to support the budget process.
66. The Strategic Director of Finance and Corporate Services recognises and accepts that it is necessary to make some prudent use of balances through the period of introduction of new funding arrangements for local government and the general cutbacks in public expenditure. He recognises also that this expedient can only be short term and that year on year the council target must be to remove any dependency on reserves and balances order to reconcile resources with spending needs. The 2015/16 budget proposals include a further £6.2m use of reserves.

Efficiencies, income and savings

67. For 2015/16, savings are required which represent a reduction of some 10% in net revenue expenditure. As far as is possible, departments are seeking to weight these actions towards back office costs to protect front line services.
68. Since 21 October Cabinet, officers have been working on budget options for 2015/16 within their departments.
69. Officers have also identified four cross cutting themes intended to identify transformational efficiencies and savings by reducing and integrating services, managing down demand, multi agency working and moving to digital by default. Four groups have been working on identifying efficiencies and savings from these four work streams.
70. A full set of savings proposals will be reported to cabinet on 27 January 2015, and will take account of the outcomes of consultations with the public and cabinet members.

Budget Consultation – Engaging with the community

71. Extensive budget consultation was undertaken to inform the 2014/15 budget, and the main themes arising have continued to guide the preparation of the 2015/16 budget. These include maximising efficiencies rather than service cuts, and continuing to protect front line services supported by savings from back office functions.
72. The Southwark Spending Challenge on the 2015/16 budget held at community councils and other forums commenced on 10 November to conclude on 6 December. At the same time the council is has undertaken a consultation on the draft council plan, which will also inform the budget process.
73. The consultation took the same format as for 2014/15. The community were asked to identify services that they consider should be kept, increased, cut or protected, with the aim of identifying £90m in savings over the years 2015/16 to 2017/18.

74. If available the initial results of the budget consultations will be reported as an addendum to this paper, and in full to January cabinet as part of the budget setting process, and will be taken into account as the budget is prepared.

Voluntary and Community Sector (VCS)

75. The VCS has an essential role to play in Southwark and VCS organisations are a key partner in working with the council to ensure that our most vulnerable residents and communities are protected. In facing the challenges that the financial climate gives us the council and the VCS have had to and will continue to have to change and modernise the way we work.

76. The council is committed to working together with the VCS and drawing on the expertise and experience that exists across all our partners to strengthen the resilience of the VCS including through working with our partners Community Action Southwark (CAS) on VCS modernisation and change.

77. In each of the last four years the council has written to all funded voluntary sector organisations outlining the council's process for decisions on funding for the current year. In each case, because of the central government timescale for announcing our financial settlement, we have not been in a position to give as much notice as we want on funding decisions for the next financial year. The council will once again be writing to all VCS funded organisations pointing out that:

- over this period the government cuts have meant unprecedented reductions to the funding that the council receives.
- as in previous years, because of the government timescale for notifying us of our settlement for the coming financial year we as yet have no certainty on what our funding will be for 2015/2016.
- Work is ongoing to consider a range of savings options
- the large scale of the budget gap that we face for the coming year with likely similar gaps in the following two years
- despite a reduction to the council's budget of around 25% over the past 3 years, the impact overall on voluntary sector programmes to date has been significantly less and that while we will do whatever we can to support the VCS, it clearly becomes harder to sustain the current level of support as further cuts begin to bite.

78. The letters also:

- make a commitment to giving 3 months' notice where there are funding reductions from the date the council sets its budget (or when a commissioning decision is taken if this is later than budget setting) to allow VCS organisations to plan for any impact.
- Point out that while difficult decisions have had to be taken in recent years the council remains committed to continued working with partners at this time of unprecedented budget reductions. We recognise the impact that cuts may have and that in the past three years we have put in place a range of options to lessen the impact. These have included the £1.5 million voluntary sector Transition Fund, with £1,141,000 awarded to date; and the Health & Community Services Innovation Fund.

79. The scale of the challenge facing us has also been discussed with VCS representatives at meetings hosted by Community Action Southwark and at the quarterly council/VCS liaison committee meetings. These have also discussed the challenge to the community and the VCS that the scale of the challenge could mean the council no longer delivering services and the role of the sector in this.

2016/17 and 2017/18 Policy and Resources strategy

80. No indicative announcement has been made with regard to funding beyond 2015/16, however the 2014 Spending Review did announce high levels of funding reductions for the entire period of the spending review. London Councils have modelled further reductions in funding for 2016/17 and 2017/18. These will need to be challenged and verified as they appear to show a disproportionate effect on London compared with elsewhere, and on Southwark in particular
81. At the present time, the funding position beyond 2015/16 is therefore subject to considerable uncertainty and compromises sound financial planning for local authorities.
82. Advice received from London Councils suggests that local authorities should expect cuts of the same magnitude in 2016/17 and 2017/18. The council's budget consultation, explained in paragraphs 71 to 74 is seeking comments in the context of savings of £90m over three years.
83. This advice is borne out by current opinion that the continued protection of health, education and overseas aid would require council, police and fire budgets to be further reduced by a further 15-20% in real terms over the five years following the 2015 spending review.
84. The extent of these cuts are unprecedented in local government when set against the substantial savings already made since 2010/11.
85. For long term financial planning purposes, it would be desirable to be able return to full three year budgeting, at least, and this is a recommendation from the external auditors. However the lack of information from government in terms of indicative funding for 2016/17 and 2017/18 make it difficult to construct a robust financial plan. The council will be guided by further information arising following the 2015 spending review and any possible changes to overall government funding allocations to the benefit of local government. The council will keep under review the capacity to establish and publish a meaningful long term budget.
86. Some services have been brought in-house by the council, which has enhanced service delivery and increased efficiency of those services. It should be noted that as more services are delivered in house rather than by contract, this could lead to the need to make even greater savings from staffing, rather than from contracts.

NEXT STEPS

87. Work is continuing to develop the budget proposals and includes the work undertaken by officers looking at reducing and integrating services, multi-

agency working, managing down demand and digital by default. In addition the council will continue to look at the effectiveness and efficiency of back office services. Proposals around strategic finance issues such as bad debt provision will be explored. At all times the council will need to be mindful of the minimum level of statutory services, Further to this report, officers will consider further options and present a further report to cabinet on 27 January 2015. However it is unlikely that the final 2015/16 finance settlement will have been announced in time for this to be included in the report. If the provisional settlement is announced before cabinet a briefing will distributed either before or at the meeting as time allows.

88. A timetable of scheduled meetings leading up to council tax setting is shown below, as detailed on the forward plan.

Date	Meeting	Report	Summary of decision to be made
27/01/15	Cabinet	Policy and Resources Strategy 2015/16 - 2017/18 - revenue budget	Cabinet to recommend a balanced budget for 2015/16 to council assembly in Feb 2015
Tbc: 19/01/15 or 07/02/15	Overview and Scrutiny	Policy and Resources Strategy 2015/16 - 2017/18 - revenue budget	OSC to review the budget proposals and make recommendations to cabinet
10/02/15	Cabinet	Policy and Resources Strategy 2015/16 - 2017/18 - revenue budget	To recommend a balanced budget for 2015/16 to council assembly in February 2015
25/02/15	Council Assembly	Policy and Resources Strategy 2015/16-2018/19 revenue budget	To agree a balanced budget for 2015/16
25/02/15	Council Assembly	Setting the Council Tax 2015/16	To set the council tax levels for 2015/16

Community impact statement

89. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the 2014/15 budget, each department will undertake equality analysis on its budget proposals.
90. Undertaking equality analysis will help the council to understand the potential effects that the budget proposals may have on different groups. The analysis will also consider if there may be any unintended consequences and about how these issues can be mitigated. Analysis will also be undertaken to consider any cross-cutting and organisation-wide impacts.
91. The equality analysis undertaken will build on previous analysis including the equality impact assessments carried out as part of 2013/14 budget setting and the equality analysis undertaken on decisions to implement the budget this year. The development of equality analysis will commence now to ensure that it informs decision making at each stage of the budget process.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

92. The constitution determines that cabinet consider decisions regarding the strategic aspects of the regulation and control of the council's finances. The council has a legal obligation to set a balanced budget on an annual basis as prescribed in the Local Government and Finance Act 1992 and associated Regulations. The issues contained in this report will assist in the future discharge of that obligation.
93. The council is required under section 149 of the Equality Act 2010 to have due regard to the need to:
- Eliminate unlawful discrimination harassment and victimisation
 - Advance equality of opportunity between people who share protected characteristics and those who do not
 - Foster good relations between people who share protected characteristics and those who do not.
94. Decision makers must understand the effect of policies practices and decisions on people with protected characteristics.
95. Equality impact assessments are the mechanism by which the council considers these effects. The report sets out how it is proposed equality impact assessments will be undertaken in relation to the budget proposals.
96. It is essential that cabinet give due regard to the council's duty under the Equality Act 2010 and the implications for protected groups in the context of that duty in relation to this decision and future decisions on the budget proposals.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2014/15 to 2016/17: cabinet 28/01/14	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4		

APPENDICES

No:	Title
None	

AUDIT TRAIL

Cabinet member	Councillor Fiona Colley, Finance, Strategy and Performance	
Lead officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
Report author	Jennifer Seeley, Deputy Finance Director	
Version	Final	
Dated	28 November 2014	
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	28 November 2014	

Item No. 11.	Classification: Open	Date: 9 December 2014	Meeting Name: Cabinet
Report title:		Draper House Works – Independent Investigation, Final Report – Officer Response	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Housing	

FOREWORD, COUNCILLOR RICHARD LIVINGSTONE – CABINET MEMBER FOR HOUSING

Cabinet members will be well aware of the problems with the major works at Draper House, where unacceptable delays caused considerable hardship for residents. These unfortunate events have caused tenants and residents at Draper House to lose trust and confidence in the council.

As a consequence, the council agreed that an independent review of these problems should be carried out as a step in the journey to create that trust and confidence. This review reported to the housing and community safety scrutiny sub-committee in September and officers have agreed an action plan to address the issues raised in that report and to also ensure recommendations from that committee's previous review were fully addressed and implemented. This report sets out those actions and responses.

I will be carefully monitoring the outstanding actions set out in this report and holding officers to account to ensure they are delivered.

Finally, I wish to thank Claer Lloyd-Jones for her work on this report, but even more importantly the tenants and leaseholders of Draper House for their co-operation in this important work to ensure that this series of events cannot be repeated.

RECOMMENDATION

1. That cabinet note the actions by officers following the publication of the independent investigation report into the major works contract at Draper House.

BACKGROUND INFORMATION

2. Overview and scrutiny committee received an update report on 14 July 2014 regarding the major works at Draper House and what actions the council had taken, and continued to take, to improve contract management and the communication with residents following the original Scrutiny review in June 2013 and report to Cabinet in December 2013. An update on the recommendations and responses from July 2014 are included in this report.
3. Since that report the independent investigation report commissioned by the Director of Legal Services and Monitoring Officer has now been produced. This was reported to housing and community safety scrutiny sub-committee on 9 September 2014, to Tenants Council on 1 September 2014 and to Home

Owners Council on 24 September 2014.

4. This report sets out the actions by officers to review and implement the recommendations of the independent report as well as the additional recommendations from the sub committee on 9 September and Tenants Council on 1 September.
5. The terms of reference for the independent investigation covered three broad areas:
 - Communications
 - Building Works
 - Governance and Transition
6. The investigation was carried out by Claer Lloyd-Jones and the council received the final report on 16 July 2014. A copy of the report was sent to all the residents living in Draper House, ward councillors, Simon Hughes MP and other interested parties.
7. At the scrutiny meeting on 9 September, the strategic director housing and community services reported that she would take personal responsibility for ensuring that the recommendations of the committee would be implemented fully. She also confirmed that she would meet with the DRA to monitor progress and ensure that actions were kept on track.
8. Since the scrutiny meeting, two meetings have taken place on 19 September 2014 and 6 November 2014 with the chair of the Draper Residents Association (DRA), the strategic director of housing and community services and the independent resident's friend.
9. The first of these strategic meetings agreed with the DRA how council officers would work with them to take forward specific issues around the completion of the major works programme and how communications around major works and other issues would be agreed and signed off by the DRA before being circulated to residents. Overall, this joint working has been positive.
10. Comments have been received from the DRA on the residents' handbook which details information about the defects liability period. At the DRA's request, a fridge magnet is also being produced which includes useful telephone numbers for how to report defects to the contractor, A & E Elkins, and the council.
11. AE Elkins provides an updated tracker each Friday plotting progress and any additional defects reported, but as this shows defects in the common parts only, the DRA has requested information for internal defects, identified by floor if there is an issue with resident confidentiality, so that this information is captured and available to everyone. At the same time, it has been agreed to place a book in the concierge office on the ground floor of the block to capture any individual issues from residents.
12. Where defects are reported to the council affecting common areas, the contractor has been on site quickly, responded directly to residents, and provided photos or videos to show that the defect has been corrected.
13. The residents' survey was compiled jointly with the DRA and the council's community engagement team to ensure that it asked the questions which

residents felt should be asked to properly gauge the experience of every resident during the major works. The survey was hand delivered to all residents, an incentive was offered to increase the completion rate, door knocking was carried out to encourage residents to complete the survey and the deadline extended. There were 40 returns and the analysis of the results of the survey is included at Appendix 2.

14. The strategic meetings also covered wider communications with residents, over and above the major works. The current plans for the redevelopment of the Castle Day Centre is an important concern for the residents of Draper House and a pre planning application meeting has been arranged with council officers to discuss what will happen and when. The contractor for the redevelopment, Osbourne, has contacted the DRA directly to discuss how residents should be kept informed and the independent resident's friend has organised a session on 20 November with the DRA to go through the planning process.
15. As part of the redevelopment process, residents who rented garages, which are due to be demolished, had to be found alternative locations within the vicinity of Draper House. After an initially disjointed start to this process, the DRA helped the garage team get back on track with this project and every garage renter has now been found alternative accommodation.
16. The head of community engagement is leading the review of the consultation process for Putting Residents First, and a nomination from the DRA alongside nominations from Home Owners Council and Tenants Council will be included in the review group. The DRA is also being involved in agreeing the terms of reference for this review.
17. The Southern Gas Works are progressing and SGN and the DRA met on 30 October 2014 to discuss the new gas meters and the positioning of the scaffolding. There has been some confusion over the works with some residents concerned that the works are due to damage caused by the scaffolding erected to carry out the major works and not part of a planned maintenance regime. The strategic director of housing and community services agreed at the meeting on 6 November that the council would seek confirmation in writing from SGN about why these works are required.
18. These strategic meetings have been very useful in monitoring progress on each of the action points and it has been agreed that they should continue.

KEY ISSUES FOR CONSIDERATION

19. Section 9 of the independent report covered the key summary of recommendations and conclusion. The three key areas of the recommendations match the terms of reference of the investigation.
 - a. **Communications**, specifically managing communications; managing communications about delays and rebuilding trust and confidence with residents at Draper House.
 - b. **Building Works**, specifically systems and procedures to manage the contractors; what went wrong in the delivery of the project leading to breakdown in relationships, and lessons to be learned by the council, contractors and residents.
 - c. **Governance and Transition** specifically review the governance

arrangements; examine the robustness of the governance arrangements and reviewing the contractual arrangements for the completion of works.

WAY FORWARD

20. The following is the list of the Summary of Recommendations set out in the independent report with officer comments against each. Key specific items contained within the report are also included in the officer comments. The Action Plan attached as appendix 1 summarises the recommendations and actions.

Communications

20.1.a) Managing Communications

- a) That in order to ensure consistency, openness and honesty, that one senior person in the Council is responsible for and has oversight for ensuring that all communications from Southwark to residents within major works projects are open timely and effective, and that the identity of that person is made known to residents.

Response

Every single major works contract in Southwark now has a single project manager who is suitably experienced and qualified to be able to cope with any big issues, is responsible for ensuring all communications with residents are open, timely and effective including dealing promptly with complaints. Residents are written to at the start of every project to advise who the project manager is. The Design and Delivery Managers review this with each project manager on a regular basis, and the review is also a regular agenda item at Resident Project Team meetings. Resident responses to queries are normally done within ten working days maximum.

On Draper House, the strategic director of housing and community services met with the chair and vice-chair of the Tenants and Residents Association on 19 September. At that meeting, she agreed with the DRA how the communications would be managed for the remainder of the project. This included agreeing that the DRA would be fully involved in agreeing the content of communications to residents and that the community engagement team would lead on this for the department.

It was suggested that the notice board at Draper House should be used for displaying clear communications and that the design and delivery manager within Major Works, should be the council officer responsible for signing off agreed communications with the DRA.

- b) That in order to ensure that communications are effective and relevant, that regular soundings are taken through the Tenants and Residents Associations, in this case DRA, and through satisfaction surveys. This will ensure that matters raised by residents are given sufficient consideration. These sounding should also explore residents' preferences for methods of communication, including the use of emails, texts etc. This should be done at a pre-works stage.

Response

For every major works project there is a Residents Project Team (RPT) set up as soon as possible, made up of both leaseholders and tenants with the aim that this is as representative of the residents on the scheme as possible. The core of this project group is representatives nominated by the TRA but officers also work with the TRA to recruit residents who represent the whole area. If this is not possible due to insufficient resident interest then consultation is done via the relevant TRA. Minutes are kept of all meetings and methods of appropriate communication are discussed and agreed with residents. The RPT meetings discuss scope and progress of works, including specifications and a tailored communications strategy which meets the requirements of residents at the particular scheme. Before and after photos can be produced for the RPT/TRA at the end of the project and at specific milestones if required. Email distribution lists for information are also be used wherever possible including copying to local councillors. If there is no TRA and no resident interest in an RPT, then regular update letters and newsletters are sent to residents.

Satisfaction surveys are routinely carried out on completion of works, and for larger/more complicated projects, a residents survey will also be carried out halfway through the project.

The residents' satisfaction survey for Draper House was jointly developed with the DRA and the community engagement team to ensure that the questions fully reflect all aspects of the scheme and are written from a resident's perspective.

It was agreed that there should be 4 objectives of the survey:

- *Customer focus and experience – what was your experience during the major works*
- *Quality of the works – was the work the quality you expected*
- *What were your expectations of the work done to your home and what were your expectations of the work going on in the block (individual and communal)*
- *What went well, what went badly*

The survey was delivered to every resident by the community engagement team and the returns summary is attached as Appendix 2.

- c) *Where residents' organisations on site have effective communication systems, as is the case with DRA, that consideration is given to producing joint communications. For example the pack to be produced for residents providing advice at the end of the works would benefit from being produced jointly.*

Response

Wherever possible, the council agree and/or distribute joint communications with the TRA/Resident Project Team. This has included the production of the residents pack upon completion of works and information letters. At Draper for example a specific meeting with the TRA took place on 18 August 2014 to discuss the ongoing process for handover and defects reporting and follow up procedures.

It has been agreed with the DRA that any information which is being sent to residents will be checked internally by the council before being sent to DRA representatives for their input before being communicated to residents.

- d) That careful consideration is given to the content of communications with residents so that the Council is seen to be joined up, for example information about other work and its impact at Elephant and Castle, to expect information about fireproofing and fire procedures, the impact of subsequent gas meter works, a response to the Council Assembly deputations, an update on the OSC recommendations, an update on complaints.

Response

Wherever possible, the council uses the Resident Project Teams for major works schemes as an opportunity for residents to raise issues outside of the actual contract, and if necessary invite the appropriate council officer to attend to discuss specific topics. At Draper for example, British Gas have attended the RPT to discuss the future gas meter works.

- e) That Ward Councillors are pro-actively briefed on progress on major works in their ward by officers on a regular (weekly or fortnightly) basis.

Response

Ward councillors were receiving a weekly update on the major works at Draper House at the latter stages of the contract. We will ensure on future major works schemes that local councillors receive copies of every letter, newsletter, invites to meetings and notification of drop in sessions and are provided with regular updates on overall programmes.

- f) That a copy of this report is distributed to all Draper House residents.

Response

A copy was sent to all residents immediately following publication of the report.

20.1.b) Managing Communications about delays

- a) My recommendations in relation to communications generally in 6.10(in the report) above will assist in dealing with any further delays on the project.

Response

These points are covered in 20.1a above.

- b) In explaining delays to major works projects it is important for the Council to look at the issue from the residents' point of view and inform residents as soon as possible and preferably before the delay occurs. An apology should start the communication. The Council will need to explain why the delay occurred, why it was not avoidable, how long it will last, the impact on residents if any, and the impact on the rest of the programme.

Response

This will be done on all future projects where there are any delays. The Council closely monitors each contractor's programme and resources however to ensure that delays are kept to a minimum.

20.1.c) Rebuilding Trust and Confidence with residents at Draper House

- a) A senior Council presence to be available on site equipped and empowered to deal with queries and snagging problems personally.

Response

Southwark had a full time project manager on site for Draper House empowered to deal with all queries and snagging issues and will continue to do so for all future major refurbishment schemes, such as High Investment Needs Estates(HINE).

It has been agreed with the DRA that when the current project manager leaves in January 2015, the council will work with the DRA to agree handover arrangements.

- b) Transition arrangements once the works are finished should be via a single point of contact. The Housing Management Team has a vital role to play here given that they had the major relationship with the residents before the major works started, and will do so once the contractor and major works team leave Draper House. In order to establish this a build ownership of the solution a meeting of all relevant parties should be held soon to include DRA, MWT, Housing management, Elkins, Mace, Ward Councilors, and Complaints. The aim of the meeting will be to establish clear arrangements during the 12 months defects liability period and beyond.

Response

A meeting took place with Draper TRA on 18th August 2014 to discuss transition arrangements, including having a single point of contact within Southwark for Draper residents.

The meeting between the strategic director of housing and community services and the chair and vice-chair of the DRA on 19 September agreed that there should be quarterly update surveys to identify defects liability works outstanding jointly agreed by the DRA and the council up to the end of the defects liability period. This means that surveys will take place in January, April and August.

The council will provide a complete log of individual resident defect liability surveys completed to date and the results will be available to both the council and the DRA.

- c) Establish a single point of contact for emails and correspondence and stick to it, other officers and Members can respond that the point of contact will be dealing with the correspondence within a certain time scale.

Response

The key lead Southwark person for contact on each scheme is the project manager, and in the case of Draper, it was the full time on site project manager.

20.2 Building Works

20.2.a) Systems and procedures to manage the contractors

- a) That the recommendations from the OSC review of Draper House are fully implemented and the results published to residents.

Response

This report sets out the proposals for dealing with all the recommendations in the report. The council has already appointed an independent residents' friend to work with the DRA. The resident's friend has brokered meetings to discuss how the council and the DRA will work together in the future and to ensure that the recommendations are fully implemented.

- b) That prior to determining the staffing arrangements for Major Works projects, that a risk assessment is carried out to determine whether additional attention or resource may be required on that site. Where it is required, the Council should deploy an appropriate employee with sufficient authority to attract respect and whose decisions in relation to design and spend on the project would be binding.

Response

For every significant major works project, the Head of Major Works makes an assessment as to whether additional staff resources and particular skills are required on site for that particular scheme in addition to the usual project manager and his/her project team. A recent restructure in the Major Works section means that the project managers have additional senior support with two Design and Deliver managers now in place.

The project manager's responsibilities include ensuring all pre-contract activities such as obtaining licenses and ensuring a risk register is in place and that the contractors have all the information they require to start on site, including information from any previous contractors.

- c) That Southwark reviews the effectiveness of 'Putting Residents First' by using resident surveys during works as opposed to afterwards, and looking at best practice policies elsewhere. This includes reviewing the effectiveness of the Draper House RPT.

Response

For all large major works projects in future, a residents' satisfaction survey will be carried out half way through the project as well as at completion stages. A separate review will be undertaken by the Head of Community Engagement into the PRF process which will include a representative from Draper TRA and other residents and leaseholders. The Head of Community Engagement will also look at best practice elsewhere as part of this review.

- d) Resident liaison becomes a stronger selection criterion in future procurements, and is given greater priority in the decision whether to extend the existing three partnering contractors contracts.

Resident liaison is a key factor in the selection of contractors for the new framework contracts and to ensure this, both a representative from Tenants Council and Home Owners Council are on the Project Board. All operatives

will be expected to have been trained in customer care and this will be fully tested during the contract evaluation stage.

Resident satisfaction will be one of the key criteria used as one of the Key Performance Indicators (KPI's) in deciding whether to recommend to Cabinet to extend the current partnering contracts.

20.2.b) What went wrong in the delivery of the project leading to breakdown in Relationships.

- a) That a programme of works is produced by the contractor for the RPT, the project team and residents in major works sites. That the programme shows work to communal areas as well as works to individual properties.

Response

For all major works projects, programmes are being produced for both internal and communal works and prominently displayed as well as being discussed at each RPT. These include 'mini programmes' for internal works to residents' homes. Residents will be given notice of when access is required and how long for. Contractor newsletters will be used to clarify this information.

20.2.c) Lessons to be learned by the council, contractors and residents

- a) That before practical completion on each major works site that the RPT conducts a facilitated review of the project. That the outcome of the review is published to residents and is given recorded consideration by the management team of the Major Works department.

Response

The Head of Community Engagement is reviewing this as part of the review of the PRF process.

20.3 Governance and Transition

20.3.a) Review the governance arrangements

- a) That in assembling project teams, the skills and experiences of its members is carefully examined in advance. Sufficient experience and expertise of both construction work and customer service are essential.

Response

The Head of Major Works ensures this is carried out concurrently with an appropriate training programme for all staff. A recent training programme has just been completed for contract managers in the Major Works team, carried out by Baker Tilley. In addition a rolling training programme for the whole Major Works team also currently underway on customer service issues and every member of the team is either in the current training programme or will start shortly..

20.3.b) Examine the robustness of the governance arrangements

- a) That clear written explanations of the roles and responsibilities of project teams are published along with contact details, and that future project

teams do not have two project managers.

Response

Clear written roles and responsibilities were presented to residents at Draper. This will be done for major future projects also as a standard document.

Each project only has one project manager, with the sole exception of Draper, where a specific on site project manager was appointed after the Breyer contract was mutually ended, as it was felt a higher level of project management and liaison with residents was required. The overall project manager has been kept to ensure overall continuity on the scheme, and to deal with queries related to Breyer work, but the vast majority of residents contact has been with the on site project manager.

- b) That decision- making is delegated to Project Managers at on-site level.

Response

This has always been the case within the boundaries of the contract and council policies such as Warm, Dry and Safe. (WDS)

- c) That Southwark provides clear methodology for how accountability to both residents and Councillors will work in future major projects

Response

The Council has clear guidelines for consultation with residents in it's 'Putting Residents First' agreed as part of the 'Local Offers' process and policy with residents including Area Forums. These is being reviewed as part of the overall review process of PRF by the Head of Community Engagement. Details of the whole Major Works programme are also available on the Southwark website. The council is also currently consulting residents on a charter of principles for engaging people in the new homes building programme and the outcome of this will inform the review of PRF.

20.3.c) Review the contractual arrangements for completion of the works

- a) Transition arrangements- see proposal under rebuilding trust and confidence.

Response – See 20.1.c) – b. above

- b) Adoption of resident sign off for future works projects in residents homes.

Response

All residents were asked to sign off the works carried out to their own homes at Draper and this will continue. Where the works are of a technical or concealed nature, residents are given a clear explanation of the works carried out and the impact of such works. residents should be asked to sign off based on the expected outcome of the works'.

Further recommendations from housing and community safety scrutiny sub-committee 9 September 2014

21. That the Housing department produces an action plan with timescales and milestones to implement the recommendations.

Response

This is appendix 1 attached to this report

22. A monitoring group should be established consisting of members of Tenants Council, any members of Housing and Community Safety SSC, the Cabinet member, Councillor Maisie Anderson or Eleanor Kerlake, members of the DRA and Housing officers. The monitoring group should also receive a written response to the DRA's question about whether further points can be raised on works that have previously been signed off by the clerk of works.

Response

The Head of Community Engagement has set up a monitoring group specifically for Draper House and this group will report back to Draper TRA until the end of the defects liability period.

23. That the housing scrutiny sub-committee should undertake a short review regarding the role of TRA's and how residents are consulted by the council.

Response

This issue will be covered by the review group for the 'Putting Residents First' consultation process. (see Point 28 below.)

24. That the Director of Corporate Strategy should consider how the flow of information to ward councillors can be improved – e.g. a ward bulletin

Response

The officer member protocol states that officers have a duty to keep members of all political groups fully informed about developments of significance in relation to council activities and the role of officers is to assist members in discharging their role as members of the council for council business and in their role as advocates for local communities. The communications protocol also says that ward councillors will be invited to attend public meetings and events organised by the council to consider a local issue and will also be kept informed of consultative exercises on local issues.

In this context, it is recommended that a notice is placed on The Source, reminding service managers that it is good practice to alert ward members to issues of significance in their wards, and that ward members should be copied in to correspondence about council activity that affects a large number of residents, for example major works or other significant activity on any given council estate. A service that commissions public consultation in a particular locality should also ensure they alert relevant ward members at the same time as residents are contacted.

25. That officers answer questions outside of the meeting regarding the legal advice received by the council throughout the refurbishment of Draper House.

Response

The Director of Legal Services has provided written replies to specific questions raised by members and held a meeting with members on the 20th October. There remains one outstanding question which the Director of Legal

Services is seeking to clarify with the external legal advisers

Further recommendations from tenants council 1 September 2014

26. That the recommendations set out in paragraph 9 (summary of recommendations) of the Independent report be fully adopted (Claer Lloyd-Jones report – Draper House Refurbishment)

Response

All the recommendations in the report are covered within this report.

27. That Tenants Council fully endorse paragraph 10 (Conclusion of report) relating to the conclusion of the report.

Response

Noted.

28. Tenants Council notes the policy document “Putting Residents First” be revisited to incorporate the recommendations in the independent report and the comments and recommendations of officers be made known.

Response

The Head of Community Engagement has drafted a Terms of Reference for a group consisting of a single representative each from SGTO, Tenants Council, Homes Owners Council and Draper TRA and other two individual representatives who have experience of major works elsewhere in the borough that have expressed an interest in being involved through the resident involvement survey that was sent to all residents in council property It is proposed that this is a short task and finish group that will have three meetings on the following topics:

- a. The group hears and considers evidence of experience of PRF from those who have had works consultation using PRF and of best practice examples elsewhere.*
- b. The evidence will be examined and proposals made for how to adapt and /or change PRF as required.*
- c. Sign off of final document.*

29. That the work in redrafting the policy “Putting Residents First” should be carried out by a working party of tenants and homeowners nominated from tenants council.

Response

The task and finish group will have representatives of both Tenants and Home Owners Council included on it, as in point 16 above.

30. Tenant Council seeks assurances that when the template (Putting Residents First) is applied, it is applied equally across the board and flexible

Response

Covered in Point 28 above.

Updated recommendations and responses from overview and scrutiny committee 14 July 2014

31. Termination at will clauses:

All major works contracts issued by Southwark council should contain, termination at will clauses.

Response:

The Major Works team has included a termination at will clause in the new contractors' framework which is currently being procured. The new contractors' framework will come into effect in 2015.

With regard to other contracts, there is provision in the council's standard template documents to include such a termination provision, but this is considered on a case by case basis, as the effect of including this clause (particularly for contracts which require investment by the contractor) is that contract costs can increase.

32. Default notices:

Default notices should be considered a primary tool for escalating poor performance at the earliest opportunity. Project managers should be encouraged to use them as a matter of course as soon as substandard performance becomes apparent.

Response:

Since the OSC review, there has been an increased use of default notices across the partnering contracts. Eight have been served on the major works partnering contractors in the past twelve months. These have been issued immediately where it has been identified that performance does not meet expectations and these have been supplemented with partner contractor meetings with the Head of Major Works and Investment Manager. Default notices have been adopted as a new Key Performance Indicator (KPI) in the current contracts.

In addition, since the OSC review, a formal core group has been put into place, chaired by the cabinet member for housing. This is a regular contract review meeting attended by all three major works contractors, officers and resident representatives. It is a formal challenge session on the performance of each contract area which is minuted.

With the reduction of the partnering contractors from 5 to 3 the partnership has grown in strength. There have been a range of community initiatives by each partner contractor for local residents, for example in the recruitment and training for local residents. The current partners work well together as evidenced by the joint supply chain set up to reduce costs. There is a willingness and desire to work with the council to deliver the programme in true partnership with programmes brought forward in the last two years as additional resources become available and reductions in site setup costs as a result.

An intensive training programme has been carried out by the council's internal auditors, Baker Tilly, for members of staff in the major works and repairs and compliance divisions. This training is intended to improve the quality of contract management overall and understanding of the contractual tools available to hold

contractors to account.

33. **Payment of sub-contractors:** In all future contracts the council should stipulate an acceptable period within which the primary contractor must pay sub-contractors for completed work.

Response:

This is being included in the new framework contracts being procured currently.

34. **Breyer:** The sub-committee is aware that, due to EU Procurement law, the council must consider all future bids from Breyer Group Plc for work in Southwark. However, the sub-committee recommends that the conclusions of this scrutiny report be kept at the forefront of officers' minds in considering these future bids. We hope that the implications of this recommendation are clear.

Response:

The council is subject to the EU Procurement Regulations, and therefore is required to consider bids from any provider who satisfies the council's selection requirements, unless there are specific grounds to exclude under Regulation 23 (for example insolvency/criminal convictions). The officers and panel members who have been appointed to oversee the new Contractors' framework currently in procurement will ensure that the selection and award criteria are appropriate to the contract in question so that only suppliers who have the economic/financial standing and the technical/professional ability are invited to tender, and the evaluation methodology is set so that only providers who can satisfy the council's requirements for the contract are selected. It should be noted that neither Breyer nor Wates submitted an application for the new contractor framework. A Project Board is in place with resident representatives to oversee the whole procurement process for this framework.

35. **Complaints logs:**

During all major works projects, detailed complaints logs are to be kept and reviewed on a regular basis to prioritize issues which need to be resolved for the benefit of residents.

Response:

All projects now have in place a complaints log which is kept on site and is reviewed at every monthly site meeting. The complaints log is also updated to include issues raised relating to the scheme through emails and other forms of communication, not just those recorded on site. The number of complaints is decreasing and these are being dealt with quickly and efficiently and resident satisfaction is rising.

36. **Leaseholder charges:** No leaseholder in Draper House should be forced to pay for more than the value of the original notices on which they were consulted. It is understood that this is already the intention of council officers, but the sub committee felt it was important to underline this approach in our recommendations.

Response:

No Leaseholders in Draper House will be charged more than the value of the original notices on which they were consulted.

37. **Sharing Information:** Southwark procurement team should investigate setting

up a formal network with other London Councils to share information regarding the performance of construction contractors.

Response:

The Southwark procurement team are already members of a number of existing procurement networks, including South East London Procurement Group and London Heads of Procurement function, where matters like this can be raised.

The council's approved list function has a facility for users to record information regarding the performance of construction contractors. Monitoring the performance of contractors on the approved list should be conducted in accordance with approved list procedures, including the completion of quarterly control forms for all approved list contracts. Performance information can then be supplied to other officers who intend to use the Approved List of Works Contractors and Consultants.

However, in larger projects (over EU threshold of £ 4.3m) a quality evaluation must be undertaken, which requires each applicant (potential contractor) to be treated equally, and scored in a consistent, non discriminatory and fair manner. At Pre-Qualification Questionnaire (PQQ) stage this must be done only on the information contained in the PQQ returns (with the exception of objective information which has been obtained, e.g. an external credit report). References can be requested at this stage however any other information received by any means including personal knowledge or experience of the applicant cannot be taken into account. The criteria that are used at PQQ stage have been reviewed and tightened to ensure that the successful short listed contractors are able to deliver a high quality service to residents.

The best way to secure good performance from a contractor is to have effective contract management and monitoring arrangements in place. Closer management of supplier performance against contract specifications enable comparison across contracts and business units. This helps identify efficient and inefficient contracts and suppliers, and helps achieve best value by ensuring best quality services are delivered while maintaining or reducing costs. Project managers can then deal with poorly performing contractors using the tools within the contract, which will target interventions to those contracts and or suppliers where improvement is necessary. Documentary evidence of performance can be used to resolve any disputes and agree actions, and ensure that any performance bond and/or parent company guarantees are executed to protect the council from risk.

Guidance to officers also includes information about liquidated damages which can be used in contracts to establish in advance a set amount of loss per week which can be claimed by the council for delay in completing a project. Liquidated damages will be included in the new framework contracts being set up.

38. **Appointing project management teams:** Officers should review how the original project management team for Draper House was appointed. Project management teams should not be appointed to complex projects unless senior managers are absolutely certain that the individuals have the training, qualifications and skills required to deal with the project. Measures should be put in place by senior officers to ensure this is the case in future.

Response:

For all schemes which prove very complicated then additional project management resources will be put in to the scheme. In Major Works there is training for the whole project management team as well as individual assessments done on an ongoing basis. This allocation of staff and review of training requirements is overseen by the Head of Major Works. Specific and bespoke additional training has also been provided for contract managers, including the contract management training referred to earlier.

Following the mutual termination of the Breyer contract at Draper House and the appointment of the new contractor, AE Elkins, the Head of Major Works changed the day to day project team. This included appointing a dedicated on-site project manager and clerk of works.

This approach has been replicated and adapted at other specific projects where the size and nature of the work needed a greater presence than the normal project management team arrangements, for example at Four Squares Estate.

In addition, there has been a recent restructure in the Major Works division to further strengthen the contract management arrangements. An additional Design and Delivery Manager has been appointed to provide extra management and support for more complicated projects. There has also been a change in some patches and a reallocation of work between the project managers.

39. **Communications with residents:** The scrutiny sub-committee did hear evidence from officers that new procedures for ensuring residents are communicated with during major works have been put in place. These procedures should be strictly followed and failure to do so should be treated as a serious matter by senior managers.

Response:

For all new schemes within the Warm Dry Safe programme, a process has been put in place that will ensure residents are kept up to date during the project. The 'Putting Residents First' consultation process has generally proved very successful and popular across the WDS programme although it is currently being reviewed.

Residents receive the names and contact details of the Project Team who will be delivering the works to their homes well in advance of any works being carried out. This process has also been extended to those homes being brought forward from future years. This information is also available on a specific Major Works section on the council's website.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Report into Major Works at Draper House (Housing, Environment, Transport and Community Safety Scrutiny Sub-Committee) 1 May 2013	160 Tooley St SE1 2QH	Paula Thornton 020 7525 4395
Link: http://moderngov.southwark.gov.uk/documents/s37393/Draper%20House%20Report.pdf		
Reports to Cabinet 16 July 2013 and 10 December 2013	160 Tooley Street SE1 2QH	Paula Thornton 020 7525 4395
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&Mid=4549&Ver=4		
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&Mid=4553&Ver=4		
Report in to works at Draper House – Overview and Scrutiny Committee 14 July 2014	160 Tooley St SE1 2QH	Paula Thornton 020 7525 4395
Link: http://moderngov.southwark.gov.uk/documents/s47463/Report%20from%20Head%20of%20Major%20Works.pdf		
Report regarding independent report to Housing and Community Safety Scrutiny Sub Committee 9 September 2014	160 Tooley St SE1 2QH	Paula Thornton 020 7525 4395
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=381&Mid=4958&Ver=4		

APPENDICES

No.	Title
Appendix 1	Summary Action Plan
Appendix 2	Summary of Residents satisfaction Survey

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Housing	
Lead Officer	David Markham, Head of Major Works	
Report Author	Ferenc Morath, Investment Manager, Major Works	
Version	Final	
Dated	27 November 2014	
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
Head of Communications	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	27 November 2014	

APPENDIX 1

DRAPER HOUSE INDEPENDENT INVESTIGATION – SUMMARY ACTION PLAN

No.	Recommendation Summary	Owner	Target date	Comment	RAG
20.1.a) - a	A senior officer is responsible for communications with residents.	David Markham	Complete		Green
20.1.a) – b	Communications with residents and Satisfaction surveys	David Markham	Complete		Green
20.1.a) –c	Joint communications with TRAs	David Markham	Complete		Green
20.1.a) – d	Joined up approach in communications	David Markham	Complete		Green
20.1.a) - e	Ward councillors briefed.	David Markham	Complete		Green
20.1.a) -f	Report distributed to Draper residents	David Markham	Complete		Green
20.1.b)-a	General communications issues.	David Markham	Complete		Green
20.1.b)-b	Apologies for delays as soon as possible.	David Markham	Complete		Green
20.1.c) - a	Senior Council presence on site	David Markham	Complete		Green
20.1.c) - b	Transition arrangements upon completion	David Markham	Complete		Green
20.1.c) -c	Single point of contact	David Markham	Complete		Green
20.2.a) -a	Recommendations of OSC implemented	David Markham	Complete		Green
20.2.a) -b	Risk assessments for significant major works projects	David Markham	Complete		Green
20.2.a) -c	'Putting Residents First' Review	Stephen Douglass	January 2015		Amber
20.2.a) -d	Resident liaison include as selection criteria for contracts.	David Markham	Complete		Green
20.2.b) - a	Programmes of work produced	David Markham	Complete		

No.	Recommendation Summary	Owner	Target date	Comment	RAG
20.2.c)-a	Lessons learned	Stephen Douglass	January 2015	Being covered under 20.2.a)- c	Amber
20.3.a) - a	Ensuring experience in project teams	David Markham	Complete		Green
20.3.b)-a	Explanation of roles and responsibilities of project teams.	David Markham	Complete		Green
20.3.b)- b	Project manager decision making	David Markham	Complete		Green
20.3.b) -c	Accountability within future projects	David Markham	Complete		Green
20.3.c)-a	Transition arrangements	David Markham	Complete		Green
20.3.c)-b	Resident sign off	David Markham	Complete		Green
21.	Action Plan	David Markham	Complete		Green
22.	Monitoring Group	Stephen Douglass	Complete		Green
23.	Review of consultation and TRAs	Stephen Douglass	Complete	Included in PRF review	Green
24.	Information to ward councillors	Robin Campbell	December 2014		Amber
25.	Legal advice	Doreen Forrester-Brown	Complete		Green
26.	All issues covered	David Markham	Complete		Green
27.	Tenants Council endorsement	David Markham	Complete		Green
28.	PRF be revisited	Stephen Douglass	Complete	Covered in 20.2.a)- c above	Green
29.	PRF review group	Stephen Douglass	Complete		Green
30.	PRF applied equally	Stephen Douglass	Complete	Covered in 28 above.	Green
31.	Contracts to contain termination at will clauses.	David Markham	Complete		Green
32.	Default notices	David Markham	Complete		Green
33.	Payment of sub-contractors	David Markham	Complete		Green
34.	Future bids	David Markham	Complete		Green
35.	Complaints Logs	David Markham	Complete		Green
36.	Leaseholder charges.	David Markham/Martin Green	Complete		Green

No.	Recommendation Summary	Owner	Target date	Comment	RAG
37.	Councils sharing formation	David Markham	Complete		Green
38..	Project management teams	David Markham	Complete		Green
39.	Communication with residents	David Markham	Complete		Green

APPENDIX 2

SUMMARY OF RESIDENTS' SATISFACTION SURVEY

A customer satisfaction survey has been completed on Draper House. The method was as follows:

The leaflets were all hand delivered to individual properties on 20 October 2014. The covering letter allowed for a postal return or deposit with concierge. Business reply envelopes were included.

On 27 October 2014 community engagement officers called on all properties to remind residents, offer assistance and collect forms if ready. If no one was in a reminder letter was left, also offering the opportunity to speak with an officer at a drop in session in the hall on 29 October.

Draper House has 141 properties; 40 survey forms were received,. 32 from tenants; 8 from leaseholders.

The results have been analysed and the responses to tick box queries are summarised below. The total result is given and also the breakdown between tenants and leaseholders, although some residents did not answer every question

Q1 Did you feel you had a say in the works throughout the period?

Yes 23 (22 T; 1 L) No 16 (9 T; 7 L)

Q2 How satisfied are you with the contractors' efforts to keep you informed?

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very Dissatisfied
7 (7 T)	15 (14 T; 1 L)	7 (4 T; 3 L)	6 (4 T; 2 L)	4 (2 T; 2 L)

Q3 How satisfied are you with council officers' efforts to keep you informed?

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
6 (6 T)	13 (13 T)	9 (7 T; 2 L)	7 (4 T; 3 L)	4 (1 T; 3 L)

Q4 How satisfied are you that contractors listened to your concerns?

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
7 (7 T)	10 (10 T)	7(7 T)	5 (2 T; 3 L)	10 (5 T; 5 L)

Q5 How satisfied are you that council officers listened to your concerns?

Very	Satisfied	Neither	Dissatisfied	Very dissatisfied
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satisfied		satisfied nor dissatisfied		
5 (5 T)	13 (13 T)	8 (8 T)	4 (3 T; 1 L)	7 (1 T; 6 L)

Q6 Were the works what you expected?

Yes	No
17 (17 T)	21 (14 T; 7 L)

Q7 Thinking about the quality of the actual works at your home, how satisfied are you?

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
6 (6 T)	13 (13 T)	4 (4 T)	6 (3 T; 3 L)	11 (6 T; 5 L)

Q8 Thinking about the quality of the actual works done to the communal areas of Draper House, how satisfied are you?

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
8 (8 T)	18 (17 T; 1 L)	7 (5 T; 2 L)	4 (2 T; 3 L)	3 (1 T; 2 L)

Q9 How satisfied are you with the management of the major works programme overall?

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
5 (5 T)	9 (9 T)	5 (5 T)	9 (8 T; 1 L)	11 (5 T; 6 L)

Item No. 12.	Classification: Open	Date: 9 December 2014	Meeting Name: Cabinet
Report title:		Approval for the Extension of St Thomas the Apostle College's (STAC) age range from 11-16 to 11-18	
Wards or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Children and Schools	

FOREWORD – COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR CHILDREN AND SCHOOLS

The quality of post 16 learning in Southwark schools is good and improving. As a borough we are out performing both London and the rest of the country in the quality of outcomes for young people.

We are also ensuring that the majority of our young people are participating in learning. The proposal to open a sixth form at St Thomas the Apostle College will add to the range of provision within Southwark and help us to ensure the best outcomes for our young people.

Our ambition would be for STAC to offer the widest possible breadth of curriculum at sixth form, working collaboratively with the sixth form already in place at Sacred Heart School, Camberwell and through its close links to other Southwark schools. Together with the excellent teaching, rapidly improving results and strong school ethos we think this would ensure that both existing STAC students and those that join at sixth form could meet their full potential and progress successfully to higher education, employment or training.

STAC has undergone rapid and substantial change over the last three years and the summer 2014 exam results, with 76% of students achieving 5 A*-C passes including English and Maths, are a testament to the hard work of the school's leadership, teachers and students. This proposal is therefore timely and the council looks forward to supporting the school as it no doubt rises to this new challenge.

RECOMMENDATION

1. It is recommended that cabinet approve the opening of a sixth form provision at St Thomas the Apostle College.

BACKGROUND INFORMATION

Raising Participation

Indicator	Southwark	London	England
Average point score per student	715.4	669.1	680.2
Average point score per entry	214.5	210.0	210.4
Substantial level 3 qualification	96.3%	88.5%	87.8%

2. In September 2013 new legislation was introduced that required all young people to participate in learning until the end of the year in which they turned 17. In September 2015 the age will rise to 18.
3. There is a duty on the local authority to ensure that there is a sufficient breadth of provision to meet the needs of all young people. We are currently performing very well in ensure that our young people do participate – our pupil absence rates are 1% lower than the national average. For the RPA cohort – 16 yr olds or Yr 12. Southwark is ABOVE the national and London average at 96.2% participation in Southwark compared to 93.5% nationally and 94.7% in London.

	Number of 16 year olds known to the LA	Meeting the duty through:					Total	Of those not meeting the duty		
		Full time education and training	Apprentices	Employment combined with training	Working towards participation			Part time education	Employment with non-accredited training	Temporary break from learning
ENGLAND	583,213	88.8%	3.6%	0.5%	0.6%	93.5%	0.2%	0.3%	0.5%	
LONDON	84,893	92.7%	1.6%	0.1%	0.2%	94.7%	0.2%	0.1%	0.2%	
Southwark	2,747	94.3%	1.5%	0.3%	0.1%	96.2%	0.1%	0.0%	0.2%	

Why open a sixth form at STAC?

4. Currently 81% of pupils at STAC have an address in Southwark, 13% with an address in Lewisham and 6% Lambeth. 65% of the Southwark pupils come from 4 wards - Peckham, The Lane, Livesey and Nunhead. At present the majority continue their studies post 16 out of the borough.
5. A recent survey of pupils revealed that 84% of the current year 11 would prefer to stay at the school for their sixth form studies.
6. The opening of a sixth form at STAC would increase the breadth of choice for Southwark young people and increase our capacity to meet the raising participation requirements.

Statutory duties of the council

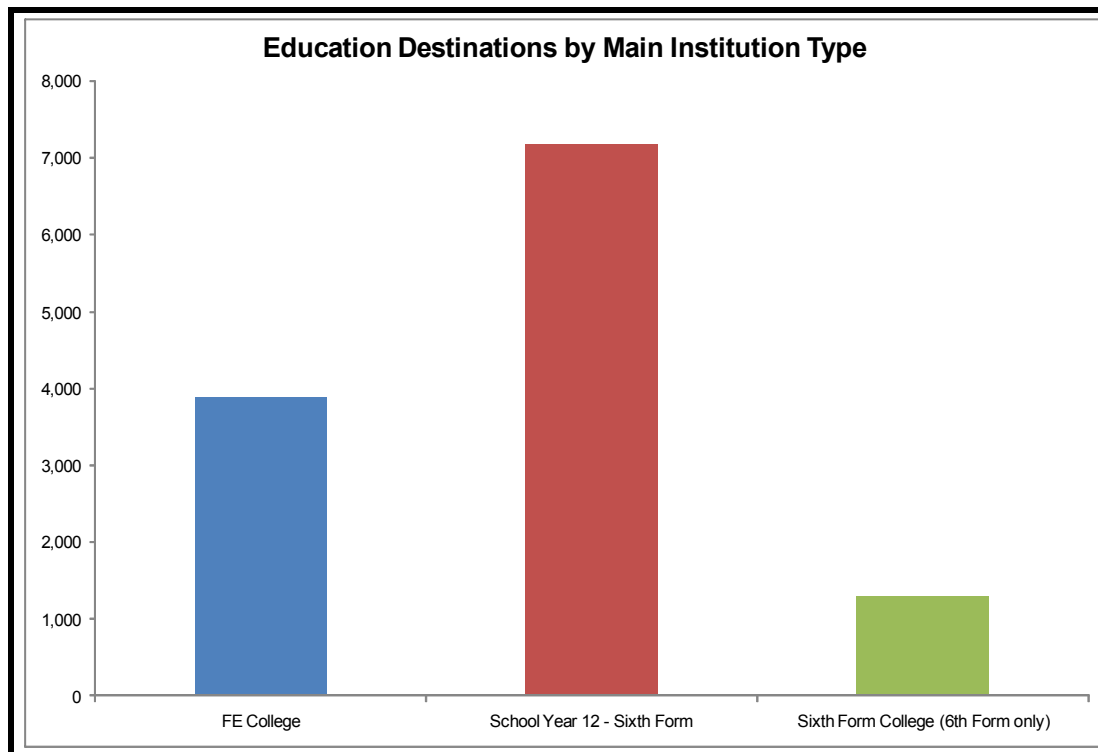
7. The addition of sixth form provision to a school is a “prescribed alteration”, and is subject to a statutory process outlined in the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 and Department for Education guidance. The Regulations determine that the decision making body on this type of proposal is the local authority, and sets out the matters that the Council, as decision maker, should consider when making its final decision. Under the Council’s present constitutional governance arrangements, these decisions are determined by Cabinet.
8. Cabinet must determine the proposal within 2 months of the expiry of the end of the representation period – failure to do so will result in the decision being taken by the Schools Adjudicator. The right of appeal against this decision can, in this case, solely be exercised by the RC (Roman Catholic) Dioceses within 4 weeks of a Cabinet decision, which would also result in the Schools Adjudicator thereafter making a determination.

9. It should be noted that, when issuing a decision, cabinet can:
- approve the proposal without modification;
 - approve the proposal with modifications, having consulted the LA and/or governing body (as appropriate);
 - approve the proposal – with or without modification – subject to certain prescribed events (such as the granting of planning permission) being met;
 - reject the proposal.

KEY FACTORS FOR CONSIDERATION

Travel to learn patterns

10. Currently the majority of Southwark young people choose to continue their post 16 studies out of the borough, although the trend is declining. There are several reasons for this:
11. There are continuing issues around the quality of provision at Lewisham and Southwark College. Ofsted carried out a full inspection of the college in October 2013 and found the provision to be inadequate. Monitoring visits in Jan and March 2014 reported that insufficient progress was being made to address the issues. This means that this is not the local college of choice for young people – the numbers attending A Level courses at the college were so low they were not noted in the DfE performance tables.. The number young people who study there has declined significantly in previous years.
12. Many of our school sixth forms have been only recently established. Previously pupils who were looking to follow an A level programme would choose to attend recognised sixth form colleges such as St Francis Xavier (Wandsworth) or Christ the King (Lewisham).
13. Data provided by Building Futures CLC demonstrates that the majority of young people who live in central London choose to attend a school sixth form.



Quality of Southwark Provision

14. Recently published data shows that the quality of post 16 learning in our schools is of a high standard. (Appendix 2 includes a full summary of the performance data). The average point score per pupil (APS) showed a slight decline but was still better than both the national and London scores. Amongst all Local Authorities in England, Southwark was positioned 29th highest and in the top quartile - an improvement of 17 places (46th in 2013) and moving from the 2nd quartile. The average point score per entry remained stable and we remain in the top quartile for this measure. The benchmark for level 3 qualifications is two passes (A-E) at A level or an equivalent. Southwark is ranked 8th in the country with 96.3% of students in learning achieving at least this standard.
15. Our schools are also improving the percentage of young people who achieve the very highest grades. This year saw a jump of 35 places in the league table, placing us in the second quartile for the first time. This success has been due to the increase in the number of school sixth forms and the maturing of the quality of their provision. The close links between STAC, Sacred Heart and St Michaels will ensure expertise is shared.

Financing the proposal

16. Post 16 education is funded by the Education Funding Agency (EFA), based on the EFA national funding formula and rates. For maintained schools, this funding is paid to the school via the council. School budgets are delegated to the governing body of the school, including responsibility for the management of the school's budget and maintaining financial sustainability of school. Any funding risks associated with the proposed opening of the sixth form would sit with the school.
17. There is no anticipated impact on council revenue budgets.

Consultation

18. The governing body of the school is required by the Education and Inspections Act 2006 to publish proposals and consult where they propose to make a “prescribed alteration” The proposal was published on the 23 October 2014. The school has sent out a flyer to all local residents, a detailed questionnaire to all parents and sent a copy of the proposal to all of the relevant stakeholders outlined in the guidance. The school held an open consultation event on the 20 November 2014. The consultation period closed on the 23 November 2014. The consultation responses from pupils and parents were universally positive. There were no responses from the flyers posted through residents’ doors or from the notice displayed outside the school. The local authority is satisfied that the mandatory consultation took place in accordance with the guidance and within the timescales allowed within the guidance.
19. No responses were received from the stakeholders contacted as part of the statutory process.
20. The local authority is supportive of the proposal to expand the school to include a Sixth Form.

Community impact statement

21. The paragraph above refers to the consultation undertaken by the school, which has sought to engage students, parents and the wider local community. The creation of a sixth form at STAC would increase choice for young people in Southwark, providing continuity of learning for those who currently attend the school.
22. The school has indicated in paragraph 4d of their report that they are aware of diversity and inclusion issues and would provide a supportive environment for all students. In terms of the equalities target groups with protected characteristics (women; BME people; young people and children; disabled people; LGBT people; people from different faith groups; and older people), the school and the local authority believes that there will no adverse affects on older people as the school caters only for children and young people. That women will benefit from the proposal as there will be more sixth form places available to them in the borough; that, as the school and the borough are both diverse in population, additional provision will affect all BME and non-BME groups equally positively; that LGBT people will not be directly affected by the proposal; and that, as the school is a Catholic establishment, it will benefit Catholic residents with education for their children, but will not detract from non-Catholic provision elsewhere. It is therefore felt that there will be no disproportionate adverse effects on groups with protected characteristics.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

23. The decision the Cabinet is being asked to take is one that it is reserved to Cabinet under the Council's Constitution. Section 15ZA Education Act 1996 places a duty on local authorities to ensure that enough suitable education and training provision is made for young people over compulsory school age but under 19. A young person ceases to be of compulsory school age at the end of

the school year after their 16th birthday. However, there is now a duty on young people to participate in full time education or training; an apprenticeship; or full time employment (with suitable training) up to age 17 (rising to 18 in 2015).

24. When considering what is “suitable” education, local authorities must have particular regard to age, aptitude and ability; any learning difficulties; the quality of education or training; and the locations and times at which education or training is to be provided. Local authorities must also seek to encourage diversity and choice in education and training provision; seek to enable young people subject to the duty to participate (described above) to fulfil that duty; and consider education and training that might be provided by others. Local authorities must work with each other in ensuring there is enough suitable education and training. Local authorities must also encourage young people aged 16-19 to participate in education or training. In relation to pupils being educated in schools, local authorities are also bound by the duty to take into account parental preference in so far as to do so avoids unreasonable public expenditure.
25. The legal requirements on local authorities in relation to school organisation are contained in the Education and Inspections Act 2006. The Act requires that local authorities or governing bodies must publish proposals where they propose to make a “prescribed alteration” and the alteration is one that they are capable of making. “Prescribed alterations” are set out in the School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2013 (“the Regulations”). Where a prescribed alteration is proposed, the Regulations set out what a proposal must contain and a statutory procedure that must be followed by the proposer. Statutory and non-statutory guidance for proposers and decision makers has been issued by the Secretary of State in January 2014. Cabinet is advised that the expansion of a school to add sixth form (16-19) provision is a “prescribed alteration” under the 2013 Regulations. The proposal is one that is capable of being proposed by a school (as is the case here), and the local authority is the decision maker. The report advises that proposals have been published by the school, and have been subject to the mandatory consultation period. Cabinet is advised to consider the guidance for decision makers (referred to in the background papers) to inform its decision.
26. Cabinet is also reminded of the duty to have due regard to the public sector equality duty under s.149 Equality Act 2010 in noting the recommendations in particular those identified in the Community Impact Statement.

Strategic Director of Finance and Corporate Services (FC14/033)

27. The strategic director of finance and corporate services notes the recommendation in this report for the opening of sixth form provision at St Thomas the Apostle college.
28. The report identifies that there are no direct financial implications for the council.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
DfE School Organisation Maintained Schools, Guidance for proposers and decision-makers, January 2014	Children's and Adults Services, 160 Tooley Street, London SE1 2QH	Ric Euteneuer, School Place Planning Strategy Officer 020 7525 5018
DfE School Organisation Maintained Schools, Guidance for proposers and decision-makers, Annex B Guidance for decision makers, January 2014		
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/278418/School_Organisation_Guidance_2014.pdf		
DfE School Organisation Maintained Schools, Guidance for proposers and decision-makers Appendix A Further information for proposers, January 2014		
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/278420/School_Organisation_Guidance_2014_-_Annex_A.pdf		

APPENDICES

No	Title
Appendix 1	Proposal for consultation published by St Thomas the Apostle College
Appendix 2	Performance data, St Thomas the Apostle College

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Children and Schools	
Lead Officer	Merril Haeusler, Director of Education	
Report Author	Darren Coghlan, Head of Secondary and Further Education Employment and Inclusion	
Version	Final	
Dated	28 November 2014	
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	No
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	28 November 2014	

APPENDIX 1

Proposal to Add a 6th Form The St Thomas Apostle Roman Catholic College

1. Proposed Change – Addition of a Co-Educational 6th Form

- The St Thomas Apostle College (STAC) is a voluntary aided Roman Catholic 11-16 Boys School located in Peckham in the London Borough of Southwark. The nature of the change proposed is to add a 6th form for boys and girls aged 16-18. The planned date for opening is 1st September 2015. When fully operational the new 6th Form provision will have 200 students. This will increase the maximum number of students attending the college to 750.

2. Background to the Proposal

- The Executive Headteacher and Governing Body believe the timing is right to extend provision by adding a 6th Form, as it would bring substantial educational benefits. This is greatly welcomed by parents – who wish to see a continuity of Catholic school education for their children. Students likewise want the reassurance of attending a 6th Form they trust and the opportunity to be taught by teachers who know them well and have a genuine, long term interest in their success. The 6th Form will boost the recruitment and retention of teachers who will be attracted by the opportunity to teach their subjects in more depth.
- Pupils attending the school currently come from a large geographic area and a high proportion are eligible for free school meals. A very high percentage of pupils are from minority ethnic groups. The percentage of pupils on the SEND register is also much higher than the national average.
- The standard number in Years 7-11 is 120. Whilst the current role is below the standard number, with standards rapidly rising, the school is confident that there will be a sharp rise in recruitment at Year 6. This process is helped by the school having been rebuilt under the auspices of the Southwark BSF contract. It now has a high standard of accommodation and facilities.
- In the last year Southwark LA has also provided the school with additional funding to create provision in Year 11 who are new to the borough and who do not have a school place. It is anticipated that some of these pupils will join the 6th Form in future years.
- Most importantly, since January 2012 STAC has undergone substantial change in terms of its leadership. In March 2012 the College entered a 'soft federation' with Sacred Heart School, Camberwell. This arrangement was agreed with the Diocese and the local authority. The Sacred Heart Headteacher formally became Executive Headteacher of STAC, and a new Head of School and was appointed in September 2012. The potential to share best practice in 6th Form education between the two schools and offer a wide range of courses is significant.
- Although in May 2013 the school was judged as 'requires improvement' inspectors fully recognised the rapid rate of improvement that had been made in all aspects of the school since the change of leadership. The school's most recent summer exam results, summer 2014, indicate the steep trajectory of improvement with 76% of students achieving 5 A*-C passes including English

and Maths. Results in 2013 increased by 31% from 42% the previous year. This placed the school well above national averages against a range of key measures. A summary can be seen in Appendix 1, the School's data dashboard. The school is due to be inspected by Ofsted within the next 12 months. Based on its current trajectory of improvement it fully anticipates to be judged outstanding. This is also supported by reviews undertaken by external advisers.

- A recent survey of current year 11 students reported that 80.4% wish to continue studying at school based 6th Form rather than a post 16 college.

3. Distinctiveness and Aims of the STAC 6th Form

- The 6th Form will offer continuity, support and guidance for post-16 students within the distinctive environment of a successful and popular Catholic school. A strong characteristic of the school is the commitment to pastoral care which underpins high academic achievement.
- The aims of STAC 6th Form are to:
 - Provide outstanding teaching that equips students with the qualifications, skills and attributes for a successful future
 - Provide a broad curriculum designed to meet the needs of learners of different backgrounds and abilities, with clear pathways into higher education, employment and training
 - Develop creative, independent and responsible learners who can make a positive contribution to their wider community
 - Provide a supportive Catholic ethos facilitating the academic, social and spiritual growth of students
 - Provide a strong emphasis on pastoral care in line with the Catholic tradition
 - Build a school community which is cohesive and is a synthesis of faith and culture.
 - Recognise the importance of student voice and develop leadership
 - Provide financial and life skills

4. The Educational Benefits of the 6th Form

4a. Demand, Participation and Learner Choice

- Currently, approximately 87% of STAC students go out of borough for post-16 education or training.
- The demand for post 16 places is largely due to students wanting to stay on at STAC rather than to go to other providers. The school is also intending to open its door to external applicants including girls although it does not envisage large numbers in the early years.
- This proposal allows learners the choice of pursuing their studies beyond GCSE at the same institution; without a 6th Form at STAC, students will continue to have a relatively limited choice if they wished to attend a local post-16 Catholic education provider.
- Destinations data for the last 2 years indicates that a high proportion travel out of borough in order to receive a Catholic centred post 16 offer. 87% of leavers in 2013 moved out of borough with 41% of these attending out of borough Catholic

post 16 institutions. Of the 13% that stayed in Southwark, 58% joined Sacred Heart. This indicates both a short-fall in provision within Southwark and a desire for further Catholic provision.

- Evidence from surveys undertaken with students currently in Year 9 and 10 indicate a strong preference to progress into a STAC 6th form if appropriate courses were offered. The principal reason cited is the confidence they have in the school, the teachers and the ethos they have become accustomed to at STAC.
- Feedback from parents indicates very strong support for their child attending a STAC 6th Form. They cite a number of reasons, including the Catholic ethos, high expectations in terms of behaviour, strong pastoral care, shorter travelling distances and the quality of teaching.
- STAC is committed to **the** continuation of support to students with special educational needs so they can succeed within the 6th Form. The new buildings provide significant improvements in access to all facilities.
- In the first 2 years, it is anticipated that the retention rate from Year 11 into Year 12 would be approximately 40-50%. As the 6th Form becomes embedded and the curriculum provision extended a retention rate of 70-75% is projected.

4b. Achievement

- Rates of progress and attainment in the school at GCSE are now high and internal tracking data affirms that this will be sustained in 2014, 2015 and beyond. The school has been particularly successful over the last 2 years in raising standards for groups that are identified as traditionally underachieving. High performance exists in a range of subjects including English, Maths, Science, Geography and Citizenship. Student progress is closely monitored to ensure that any dips in performance are challenged. This will be extended into the 6th Form.

4c. Quality of Teaching:

- The quality of teaching in STAC has improved markedly since the last inspection and is now excellent. The leadership of teaching and learning is of a high quality. There is a robust system for monitoring the quality of teaching by a teaching and learning team. A significant number of subject staff has experience of teaching within high performing 6th Forms in Inner London.

4d. Curriculum Breadth, Diversity and Progression

- As a Catholic school, the 6th Form must cater for students of all abilities. At Level 3 a range of GCE A Level and BTEC courses will be offered. There may be some setting if there is more than one group in a block, but mainly students will be taught in mixed ability groups. Pupils will choose 4 or 3 subject options at A level. Students wanting to pursue vocational courses will have the choice of several Level 3 BTEC courses. Where students have achieved grades D in GCSE English and Maths, these courses will be run also.
- There is an expectation that the many of the students will progress to Higher Education including Russell Group universities. Support will be provided to build

the confidence of students to apply for top universities included the completion of UCAS forms, mock interviews and work experience placements.

- Information, advice and guidance are strength in the school and students following other pathways are supported in finding appropriate courses or positions.
- The school has strong links with a number of major companies including Price Waterhouse Coopers, Royal Bank of Scotland and Montague Private Equity who are already heavily involved with the school. Partnerships with institutions and volunteer professionals will enrich the STAC 6th Form provision with dedicated time on Wednesday afternoons to broaden experiences and prepare for careers beyond 6th Form.
- It is recognised that students may well lack independent learning skills that will be crucial to success in Higher Education. As such, there will be a high level of supervision during non-contact periods for focused, private study. There will also be a programme of study skills, delivered weekly during form time.
- Reports on student progress will be provided to parents 3 times during the academic year. The academic tutoring system will be tailored to the courses that the students take with different tutors for BTEC and A level students. There will also be a tutor for those students that are particularly gifted and talented. Tutors will provide academic, pastoral, moral and spiritual guidance and be pivotal in monitoring and mentoring students. There will be regular sessions in tutorial time to allow 1 to 1 support in helping students to review their targets to arrange extra support where required.
- All students will be expected to access the range of activities within the curriculum enrichment programme in order to enhance opportunities, participation and develop the individual student as a well-rounded, confident person. Examples include cooking for life, first aid qualifications, debating, art as well as a variety of sports.
- Students' sense of responsibility will be developed in a range of ways: for example, enabling them to contribute positively to the development of pupil voice, as well as coaching and mentoring younger students in their learning. 6th Form students will be chosen as senior students who take on lower school responsibilities and lead the prefects. All 6th Form students are expected to act as aspirational role models for younger students.

5. Leadership and Governance

- Leadership and management including governance of STAC were judged as good by Ofsted. The capacity to improve was also outstanding. External reviews show that leadership has had a significant positive impact on students' progress, and attainment at GCSE. Financial and resource management is robust and the school's financial position is sound. An Assistant Head teacher has been appointed with particular responsibility for 6th Form education.

6. Capital Costs and Accommodation

- The schools' accommodation has been enlarged and upgraded under Southwark's Building Schools for the Future (BSF) programme. Whilst no

provision was made for post-16, the design of the new accommodation allows for more intensive use. The use of additional classrooms in the annex at the rear of the school could provide sufficient additional space in the first few years at least for general 6th form teaching. Beyond that date, there may be the need for some additional classrooms, study and office space. The capital cost is estimated to be in the region of £900,000 - £1 million.

- The local authority is supportive. It believes that a case can be made for a joint venture between the School and themselves and that a bid from STAC for 6th Form accommodation could well be successful. This would then give some funding for STAC to contribute towards the building project to offset capital costs. The time scales are such that a decision to allow STAC its own designated Sixth Form will facilitate a capital bid in the next academic year.

7. Recurrent Funding

- In terms of recurrent funding the school will likely receive an average £4000 per 6th Form student. A 6th Form of 80-90 students is anticipated for Year 1, 130-140 in Year 2 and 180-200 in Year 3. There will be a rise in both overhead costs for managing the additional accommodation and salary costs. It is estimated an additional 4 teaching staff Full time equivalent) and 2 administrative staff would be needed for a 6th Form of 200 students. There will also be a rise in both overhead costs for managing the additional accommodation.

Year	Students	Estimated Revenue based on £4000 per student	Estimate of Total Salary Costs (average 35k)	Salary Costs as proportion of Total Revenue
2015-16	80	320,000	245,000 (7)	77%
2016-17	140	560,000	420,000 (12)	75%
2017-18	190	760,000	525,000 (15)	70%

8. Implications for Admission Arrangements

- The governors believe that a standard number of 200 in the 6th Form is appropriate. This proposal would have the effect of adding post-16 places to a successful school. The new capacity of the school would be 750. The Governors' Admissions criteria will remain fundamentally the same as for the whole school (with the addition of girls' applications) but particular curriculum pathways and individual courses will have bespoke academic requirements.

9. Effect on other Schools, Academies and Educational Institutions

- The primary pathway for students from STAC is traditionally to continue their post-16 education at 6th Form colleges outside the borough. For some students this involves a relatively long journey. Travel by public transport can involve journeys taking up to one hour. The majority of students who stay within Southwark attend Sacred Heart who the college are federated with, further indication of the students' desire to take-up the offer the college would provide.
- By 2015 all 16-18 year olds will be required to remain in education or progress to a job with training. As such it is anticipated that the proportion of students staying on at Southwark schools will increase significantly.



The St Thomas the Apostle College (URN: 100857, DfE No.: 2105402) - Key Stage 4

How are pupils doing in exams? (Attainment)

Overall

In 2013, 73% of all pupils attained five GCSEs grade A*-C including English and mathematics. This is an increase of 31 percentage points since 2012.

Percentage of pupils who attained five GCSEs grade A*-C including English and mathematics



In 2013, the school's result was in the top 20% of similar schools' results, and in the top 20% of all schools.

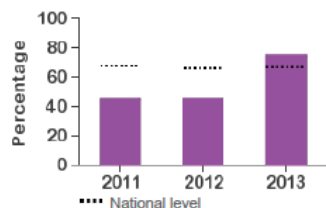
Comparison with other schools

Similar schools	All schools
Highest	Highest
2nd quintile	2nd quintile
3rd quintile	3rd quintile
4th quintile	4th quintile
Lowest	Lowest

English

In 2013, 75% of pupils attained grade A*-C in English (EBacc). This is an increase of 30 percentage points since 2012.

Percentage of pupils who attained grade A*-C in English (EBacc)



In 2013, the school's result was in the top 20% of similar schools' results, and in the top 40% of all schools.

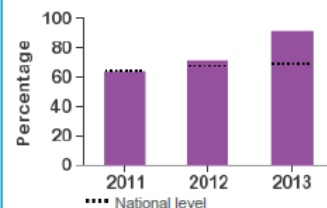
Comparison with other schools

Similar schools	All schools
Highest	Highest
2nd quintile	2nd quintile
3rd quintile	3rd quintile
4th quintile	4th quintile
Lowest	Lowest

Mathematics

In 2013, 91% of all pupils attained grade A*-C in mathematics (EBacc). This is an increase of 20 percentage points since 2012.

Percentage of pupils who attained grade A*-C in mathematics (EBacc)



In 2013, the school's result was in the top 20% of similar schools' results, and in the top 20% of all schools.

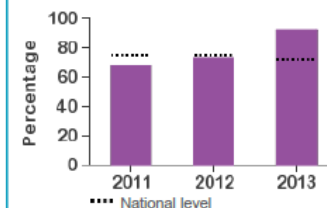
Comparison with other schools

Similar schools	All schools
Highest	Highest
2nd quintile	2nd quintile
3rd quintile	3rd quintile
4th quintile	4th quintile
Lowest	Lowest

Science

In 2013, 71% of pupils were entered for science (EBacc) and 92% of these attained grades A*-C. This is an increase of 19 percentage points since 2012 when 76% were entered.

Percentage of pupils who attained grade A* to C in science (EBacc)



In 2013, the school's result was in the top 20% of similar schools' results, and in the top 20% of all schools.

Comparison with other schools

Similar schools	All schools
Highest	Highest
2nd quintile	2nd quintile
3rd quintile	3rd quintile
4th quintile	4th quintile
Lowest	Lowest

Item No. 13.	Classification: Open	Date: 9 December 2014	Meeting Name: Cabinet
Report title:		Albion Street Regeneration	
Ward(s) or groups affected:		Rotherhithe	
Cabinet Member:		Councillor Mark Williams, Regeneration, Transport and Planning	

FOREWORD – COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION, TRANSPORT AND PLANNING

The regeneration of Albion Street is a priority for this council and we recognise the concern of local residents about the future of this street as a commercial and retail centre. It is key that neighbouring regeneration schemes, in particular at Canada Water and Surrey Quays, complement and enhance our plans for Albion Street. We will re-invigorate Albion Street by looking at several connected areas, including Albion Primary School; the former Library and improving the public realm.

This report sets out our proposals for rebuilding and expanding Albion Primary School and releasing some land from its existing site to provide much needed housing and council housing. This report also recommends extending the scope for the Albion Street regeneration framework to include 71-75 Albion Street which the council recently purchased.

We will continue to work with members of the local community, local residents and businesses as we now move forward to drawing up detailed plans and designs for each of these schemes. This is an exciting time for this part of Rotherhithe and the schemes set out in this report will better connect Albion Street with both the River Thames and Canada Water.

RECOMMENDATIONS

That cabinet:

1. Agree that a section of 2,260sqm of the site of the Albion Primary School, shown outlined on the plan at Appendix 1, shall be released from education use subject to consent of the Secretary of State and that a budget of £12m (including fees and contingency) shall be made available to replace the School on the rest of the site.
2. Note that as part of the Secretary of State consent process for change of use of education land, the value of the released land must be used for education purposes, which in this case, for consent purposes, shall be to part fund the provision of a new two form entry Albion Primary School.
3. Delegate to the strategic director of finance and corporate services the sourcing of appropriate funding to deliver the new Albion School and to update cabinet through the quarterly monitor reports.
4. Subject to the outcome of an application for the consent of the Secretary of State

for Education to change the use of the released land, agree that the land shall be used for the delivery of new council homes and to that end authorises the appropriation of the land from Education to Housing.

5. Note the outcome of the recent public consultation exercise into the principle of releasing the School land and the response to issues raised, which are set out in appendix 2, which shall become part of the application for Secretary of State consent.
6. Agree that the scope for the Albion Street Regeneration Framework is extended to include land around 71-75 Albion Street, shown on the plan at appendix 3, with a view to delivering a mix use development including new council homes.
7. Note progress with delivery of the regeneration of Albion Street as set out in the body of the report.

BACKGROUND INFORMATION

8. The decline of Albion Street as a commercial centre is a matter of concern to people in the area. For several years the council has been working with the local community to address this. The policy background for this work is contained in the adopted Canada Water Area Action Plan, the emerging revised Canada Water Area Action Plan and a report to Cabinet dated December 2012 that agreed the mandate for a project, the Albion Street Regeneration Framework, to revitalise this part of Rotherhithe.
9. The Albion Street Regeneration Framework is structured around four themes:
 - Albion Primary School – to explore expanding the school to two forms of entry.
 - Albion Estate – to respond to comments from residents and local people about the condition of the estate and whether it can be better integrated into the regeneration of the area.
 - The former Library on Albion Street – to ensure, so far as is possible, that the site is redeveloped in a way that supports the regeneration aspirations of local people.
 - Public realm – looking at a number of initiatives to improve the general appearance of the neighbourhood, way finding and links with the wider Rotherhithe area.
10. This report asks cabinet to note progress under a number of these themes and recommends the project mandate be extended to include land around 71-75 Albion Street.

KEY ISSUES FOR CONSIDERATION

Albion Primary School

11. As part of the rebuilding of the Albion Primary School the opportunity has been identified to release part of the school site which could then be developed for housing. Cabinet is being asked to agree the general principle of this approach, which will be taken forward by officers in conjunction with the school governors and head teacher. It is also recommended to cabinet that the released land be appropriated from Education to the Housing Revenue Account (HRA) so that it

can be developed to provide new council homes.

12. The School Places Strategy, most recently reported in March 2014 and 22 July 2014, includes the expansion of Albion Primary from one to two forms of entry. The current report deals with some of the finer grain issues that have arisen from implementing the School Places Strategy.
13. Initial investigation work identified that the current Albion Primary site is poorly laid out, inefficient and wasteful of land. The site is also much larger than necessary for a two form entry school. This means the school is funding the management and maintenance of a large site that is poorly used for play areas and school activities.
14. The new build is a once in a lifetime opportunity to reorganise the entire site to better support education activities and to reduce running costs. Early design work has shown that a better layout can increase the useable external space from a reduced gross site area. This being achieved whilst delivering a new school that exceeds Department for Education design guidelines.
15. On the back of the design work officers have reached provisional agreement with the school governors, for the release of 2,260sqm of the site, which will then be used to build new council homes. As part of the agreement a budget of £12m has been identified to build the new school and a scheme is currently under development. The proposal to release land for housing is part of a package that will release resources for the construction of an exemplary new school. This is a key benefit arising from the approach set out in this report.
16. Releasing education land for another, non-education use requires the formal consent of the Secretary of State (SoS) for Education under Section 77 of the Schools Standards and Framework Act 1998 and Schedule 1 of the Academies Act 2010. The purpose of the legislation being to protect school playing fields (which in the legislation have a wide definition) and to help identify education land that could be used for new Academies.
17. In recent years the regulations around the sale or change of use of education land and playing fields have been tightened. The Secretary of State has however considered similar cases on their merits, taking into account the overall scheme and the way it contributes to regeneration. In this case, Albion School will be rebuilt with enhanced provision both internally and externally. It is recommended the procedural formalities be completed as soon as practically possible: this relates to the making of the application and the subsequent appropriation of the land from education to the HRA.
18. The DfE gives no guidance on how long it might take to process an application and there is no guarantee of the outcome.
19. As part of the consent application the council must report the outcome of a six week consultation exercise. Public consultation was triggered on 25 September 2014 with publication of a notice in the local press, the six week period ending on 6 November 2014. The main consultation event was an exhibition held over three days at the school when parents and staff were shown the emerging design and invited to comment. The response to all consultation has been overwhelmingly positive and is summarised at appendix 2. Cabinet is asked to note the response to the consultation which will be included in the application for

Secretary of State consent.

20. The agreed build programme anticipates final commitment to procurement of the constructor to be achieved by May 2015, with the new school delivered by the 2016/17 academic year. The school governors, head teacher and the wider school community will continue to be fully involved in the design process and at the appropriate time there will be further public consultation prior to making a planning application.

Former library on Albion Street (see plan at appendix 4)

21. In October 2013, Cabinet agreed the inclusion of the former library in Albion Street in the programme for the Directly Funded Housing Delivery: Phase 2; the initiative for building new council homes. Since then preparatory work on the site has continued and the building will be demolished in the New Year. For the purpose of this report two issues are highlighted: a proposal to include a replacement for the Albion Street Health Centre in the redevelopment; and, a request from the Finnish Church that they be involved in the design and future management of the public space between the library and the Church.
22. For a number of reasons there are considered to be regeneration benefits from including a mix of uses in the redevelopment of the library site. Different uses have been considered but most recently officers have been in discussion with the Albion Street Health Centre about relocating their service into the new building. The Health Centre currently operates out of a building along the road at 87 Albion Street.
23. Such an arrangement would give the Health Centre a new and improved facility purpose designed to allow them to deliver an enhanced service. From a regeneration perspective including the Health Centre in the development would secure the future of an important local service, help animate the building and generate footfall, which would benefit the shop tenants in the parade opposite.
24. Design feasibility work on fitting the Health Centre into the ground floor of the new building is currently being carried out, and initial findings are positive. If all goes well with the test fit officers will negotiate commercial terms for the Health Centre to take on the space, the outcome of which will be reported through normal channels.
25. The Council has also been contacted by the Finnish Church about a joint approach to the design and future management of the public space that sits between the Church and library. The Church is keen to see improvements to the access and setting of their building, which is grade II listed.
26. These discussions are at an early stage but the principle is in line with local aspirations for the Street and the council's history of partner working with local stakeholders as we regenerate Albion Street and is supported. The design of the new building and of the public realm around it will, at the appropriate time be the subject of public consultation and a planning application.

Land around 71-75 Albion Street (see plan at appendix 3)

27. It is recommended to cabinet that this site should be included in the Albion Street Regeneration Framework.

28. Cabinet is asked to agree the amended version of the Albion Street Regeneration Framework as set out at appendix 5. In particular cabinet is asked to note the information on the land around 71-75 Albion Street; where it is proposed to undertake feasibility work to create an enlarged site capable of delivering new council homes and a mix of other uses. Delivery of any scheme may ultimately require the purchase of additional properties.
29. In October 2014, Cabinet agreed to the purchase of the freeholds of three dilapidated houses, number 71 to 75 Albion Street, occupied by the council under the rump of three long leases. After completion of the purchase the properties are to be used to support regeneration objectives.
30. It is recommended the best way to ensure an appropriate future for the site is to look at it in the context of the regeneration of the wider area and to include the land in the Regeneration Framework. It has been a working assumption for this task that the Albion Street Health Centre will relocate into the redeveloped former library, at which time their existing site will become vacant. Officers think there is benefit in considering the future of the site of the existing health centre and the leasehold houses together, potentially along with other land in the immediate vicinity.
31. In urban design terms the location around the junction of Swan Road and Brunel Road has some unique characteristics. The junction is the intersection of important communication routes and is in close proximity to the Rotherhithe Station and a number of local bus stops. This combination of features has the potential to form the centre of gravity for the immediate area and as such could justify some intensification of use.
32. If this opportunity is to be fully exploited it may be necessary to buy in adjoining sites, which if necessary will be the subject of a separate report.
33. Cabinet is asked to note the scope for this exercise which will be reported as part of the Southwark homes in partnership initiative. As feasibility and design work progresses and specific proposals emerge they will be the subject of public consultation.

St Olav's Square (see plan at appendix 6)

34. The council is working in partnership with the Norwegian Church to create a new public space on St Olav's Square. In summary, the idea is that the council assembles the site; the Church will fund the setting out of the new public space and when complete will take over management of the facility.
35. In April 2013 cabinet resolved to pursue a compulsory purchase order (CPO) in respect of the dilapidated former public toilets at the western end of the site (title of cabinet report: St Olav's Public Convenience Site, Albion Street, resolution to make a compulsory purchase order for site assembly purposes). The council took possession of the building in July 2014 and demolition and back filling of the deep foundations is currently underway.
36. Officers are in discussion with the Church about the design of the new public space and in December there will be public consultation leading to a planning application in the spring of 2015. Building work should be completed by the

autumn of 2015 at which time the management of the space will pass to the Church.

37. It is intended to grant the Church a 125 year lease of the land that will make them responsible for management and maintenance. The space will be open to the public on the same basis as the council's other public parks.
38. This project is considered to be a good example of the council's partnership approach to delivering the regeneration of Albion Street. It will resolve local concerns about the dilapidated and potentially dangerous former public toilets; it will improve the setting for the listed Norwegian Church; and, create a new public space for the enjoyment of all the local community.

Policy implications

39. The course of action described in this report supports specifically a number of policy objectives as explained above within the 'key issues for consideration' section of the report.
40. The action will also deliver on a number of the council's fairer future promises:
 - Value for money – by the rationalisation and creative use of council property assets to support service delivery.
 - Quality affordable homes – the revitalisation of Albion Street has identified a number of sites that have potential to deliver new council homes: the released land at Albion Primary; the former library; and, the land around 71-75 Albion Street.
 - More and better schools – one of the key objectives for the regeneration of Albion Street is to extend the Albion Primary School from one to two forms of entry in an entirely new building.
 - A greener borough – we are working with local partners to deliver a number of significant public realm improvements.
 - Revitalised neighbourhoods – the package of work described in this report has the potential to transform the area in line with the wishes of the local community.

Community impact statement

41. It is considered that the decision in this report that could most directly impact the local community is the proposal to develop part of the site of Albion Primary for new council homes. In particular, that the reduction in the school site area may impact the quality of educational experience for pupils of the school.
42. To address these concerns the design of the new school, including the release of part of the site, has been the subject of consultation with the school community. The response to consultation has been overwhelmingly positive and is summarised at appendix 2.

Resource implications

43. Most of the work described in this report forms part of existing, agreed activity and as such gives rise to no new resource implications and will continue to be managed and monitored via normal processes. This applies to feasibility work looking at land around 71-75 Albion Street, which although a new work stream, is

considered to be part of the normal responsibility of officers from Regeneration and will be carried out from identified resources.

Financial implications

44. The decision in this report that will give rise to new resource implications is the appropriation of part of the Albion Primary School site from education to the HRA.
45. The implications from the regeneration changes will be contained within existing identified resources.
46. The new build two forms of entry Albion Primary School is a re-provision of one form entry and additional one form entry. This is included in the current school places strategy capital programme and is subject to periodic cabinet update reports and quarterly capital reporting.
47. The overall primary expansion programme is under review and facing a potential funding shortfall. Officers will work with members and the strategic director of finance and corporate services to seek alternative sources of funding from the Education Funding Agency grant, community infrastructure levy and s106 agreement, schools and diocesan boards. This report seeks to delegate the sourcing of appropriate funding as a result of this decision to the strategic director of finance and corporate services.
48. The appropriation of part of the Albion School site would require a transfer of historic debt, amounting to the market value of the land (and the value of the site will have to be confirmed at the point of appropriation), from the General Fund to the HRA, which would then be responsible for the relevant debt charges including eventual repayment. There is sufficient leeway for the increase within the HRA debt cap and other planned debt repayment may reduce or eliminate the increase.
49. The houses at 71 to 75 Albion Street are long-term voids owned by the HRA. It is noted that they and neighbouring sites are proposed to be included in the Albion Street Regeneration Framework. Any financial implications would depend on eventual development proposals.

Legal implications

50. Legal implications are dealt with below in the Director of Legal Service's concurrent report.

Consultation

51. Details of public consultation undertaken are included in the body of the report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

52. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However, that power does not enable a local authority to do anything which it is

unable to do by virtue of a pre-commencement limitation. Section 122 of the Local Government Act 1972 is a pre-commencement statute which imposes limitations on the council's powers of disposal.

53. Section 122 of the Local Government Act 1972 enables a principal council to appropriate, for any purpose for which the council is authorised by that or any other enactment to acquire land by agreement, any land which belongs to the council and is no longer required for the purpose for which it is held immediately before the appropriation. The appropriation will be subject to the rights of other persons in, over or in respect to the land concerned. Appropriation will be conditional on a declaration of surplus being obtained.
54. As the property is part of the education portfolio, consents of the Secretary for State for Education are required under Section 77 of the School Standards and Framework Act 1998 (SSFA) and Schedule 1 of the Academies Act 2010.
55. Section 77(3) of the SSFA is applicable here and states that except with the consent of the Secretary of State for Education the Council shall not to take any action which is intended or likely to result in a change the use of any playing fields(a) which are, immediately before the date when the action is taken, is used by a maintained school for the purposes of the school, or, (b) which are not then so used but have been so used at any time within the period of 10 years ending with that date, whereby the playing fields will be used for purposes which do not consist of or include their use as playing fields by such a school for the purposes of the school.
56. The definition of "playing fields" is described meaning "land in the open air which is provided for the purposes of physical recreation other than any prescribed description of such land". The Secretary of State issued "Advice on the Protection of School Playing Fields and Public Land" in November 2012. Annex E to that Guidance gives the Secretary of State's view that playing field includes "informal social area, paved areas (including playgrounds), outdoor seating and teaching areas including rest and quiet areas.
57. Although a number of general consents have been issued by the Secretary of State for Education, none is applicable to the present case. An application for specific consent will be submitted to the Secretary of State following a period of prescribed consultation of six weeks, four of which within terms time. On receiving an application for consent the Secretary of State may direct that the playing fields or any part of them, be transferred to a person concerned with the running of any academy school, subject to the payment by that person of the Secretary of State of such sum by way of consideration (if any) as the Secretary of State determines to be appropriate.
58. Schedule 1 of the Academies Act 2010 (as amended by section 63 (Schedule 14) of the Education Act (2012) states in paragraph 6 that where a freehold or leasehold interest in land is held by a local authority, the authority proposes to make an appropriation of land under Section 122 of the Local Government Act 1972 and at any time in the period of eight years ending with the day on which the appropriation is proposed to be made the land was used wholly or mainly for the purposes of a school, that unless the Secretary of State consents, the authority must not make the appropriation. There is also a duty in paragraph 9 to inform the Secretary of State where the authority proposes to change the use of land in such a way (were the change made) the land would cease to be capable

of use wholly or mainly for the purposes of a school or a 16-19 academy. Although general consents have been issued, the proposed appropriation will not fall within any of them. An application for specific consent will need to be submitted. Further, the Secretary of State also has power to make a scheme to transfer land to a person specified in a scheme concerned with running of an academy.

Strategic Director of Finance and Corporate Services (FC14/034)

59. This report is seeking cabinet approval for the release of the site at Albion Primary School (outlined in appendix 1) from education use, subject to the consent of the Secretary of State, and an allocation of £12m budget for the provision of 2 form entry at Albion Primary School to replace the current 1960s 1 form entry school. This will meet the Secretary of State's condition that the value of the released land is used for educational purposes.
60. The strategic director of finance and corporate services notes that the cost of the new 2 form entry at Albion Primary school will be funded from the schools strategy capital budgets within the councils overall capital programme. It is noted that Officers are currently reviewing the cost of the overall primary expansion programme against available funding and will report back through regular capital monitor reports to cabinet.
61. Subject to the consent of the Secretary of State for the release of land from education use, the report is also recommending the appropriation of the land from education to housing for the delivery of the new council homes.
62. It is also noted that if consent is granted for the appropriation of the land from education to housing, the value of the asset is deducted from the total value of General Fund assets and transferred to Housing Revenue Account (HRA) and the proportion of the council's borrowing costs relating to the land will also be transferred to the HRA. The financial implications confirm that there is sufficient leeway within HRA for this proposal.
63. The report is also requesting cabinet to note the outcome of the consultation exercise and agree the scope of the Albion Street Regeneration Framework detailed within the main body of the report.
64. It is noted that staffing and any other costs connected with this recommendation to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

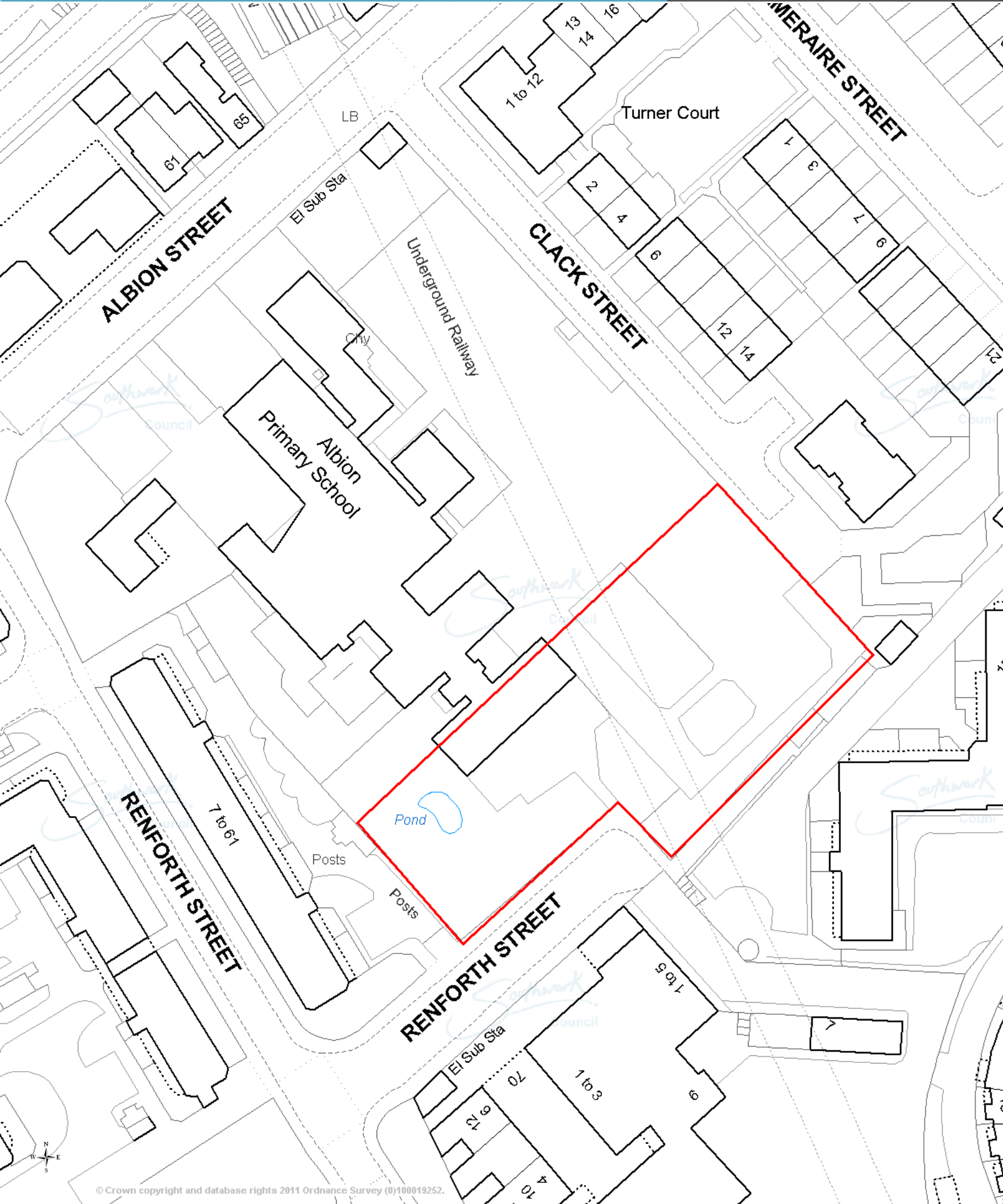
Background Papers	Held At	Contact
Canada Water Area Action Plan		
Link: http://www.southwark.gov.uk/downloads/download/3015/canada_water_aap_adoption		
Revised Canada Water Area Action Plan		
Link: http://www.southwark.gov.uk/downloads/download/3809/revised_canada_water_aap_submission_documents		
Albion Street Regeneration Framework and cabinet report		
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4249&Ver=4		
School Places Strategy Update (March 2014)		
Link: http://moderngov.southwark.gov.uk/documents/s45063/Report%20School%20Places%20Strategy%20Update.pdf		
School Places Strategy Update (July 2014)		
Link: http://moderngov.southwark.gov.uk/documents/s47494/Report%20School%20Places%20Strategy%20Update.pdf		
Directly Funded Housing Delivery: Phase 2		
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4551&Ver=4		
Acquisition of freehold interest in 71, 73 and 75 Albion Street and 18 Brunel Road SE16		
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4863&Ver=4		
St Olav's Public Convenience Site, Albion Street, resolution to make a compulsory purchase order for site assembly purposes		
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4253&Ver=4		

APPENDICES

No.	Title
Appendix 1	Albion Primary School
Appendix 2	Summary of consultation on release of school land
Appendix 3	Plan of land around 71-75 Albion Street
Appendix 4	Plan of former library Albion Street
Appendix 5	Albion Street Regeneration Framework version 2
Appendix 6	Plan of St Olav's Square

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams: Regeneration, Planning and Transport	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	James Oates, Principle Surveyor	
Version	Final	
Dated	27 November 2014	
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		27 November 2014



APPENDIX 2

Summary of consultation and the council's response

This paper contains summary information on the public consultation held between 25th September and 6th November 2014 into the release of 2,260sqm of land from Albion Primary School, the land to be redeveloped to provide council housing.

In total 43 consultation feedback forms were returned to the council. The comments from the forms are reproduced below along with the Council's assessment of the feedback and response.

Council's assessment of the response

The headline is that out of 43 consultation responses received only three were negative, with most respondents expressing strong support for the design of the new school

Each feedback form was score from 1 to 4 as follow:

1. Strong support for the proposal
2. Broadly supportive of the proposal
3. Some significant concerns about the proposal
4. Major concerns or rejection of proposal

The summary of the feedback scores is as follows:

Score	No. of forms
1	31 (72%)
2	9 (21%)
3	0
4	3 (7%)
Total	43 (100%)

Council's response to comments received

As a number of the feedback forms raised similar issues the key questions are addressed below:

1. Why is it necessary to release some of the school grounds for residential development?

The construction of the new school presents a once in a life time opportunity to re-organise the whole site. To provide:

- More play space than the school currently has
- More teaching spaces
- A full size sports MUGA
- Above standard size classrooms
- Specialist learning areas

The school currently has to pay for the management and maintenance of a large site which is poorly used for play areas and school activities.

Rationalising the site will release additional resources to pay for better facilities in the new school that the council feels will add significantly to the children's educational experience.

The Department for Education design guidelines for a new two form of entry primary school allow for a school size of between 5,400sqm and 6,300sqm. The actual size for the new school will be 6,400sqm, that is 100sqm over the guidelines.

2. What impact will the residential block have on the school?

The residential block has not yet been designed and this will be subject to separate consultation with the local residents, school and parents once architects have been appointed. The new residential block is not due to start construction until after the new school has been built (September 2016), so won't actually start until 2017 at the earliest.

There will be a solid boundary between the new residential site and the school to a height of 2.4m (7 foot) and there will be tree planting along the boundary as well.

3. How safe will the school be when the new school is being built?

The school and pupils will be completely separated from the construction site and there will be a 2.4m high solid fence separating the school from the building site. There will be separate entrances for pupils/visitors into the school and the construction team will have their own entrance into the construction site which will be guarded.

Vehicles into the construction site can only enter outside of school opening and closing times so that pupils are not encountering any large construction vehicles at the beginning and end of the school day. The contractor's staff will all be CRB/DBS checked as well.

4. How much noise and disruption will the school have when the new school is being built?

There will be some noise and dust generated at some points during the construction process and the contractor will minimise these by limiting the times of the very noisy work (so that they fall out side of school term time and avoid exam periods).

We have also located years 5 & 6 in the new classrooms away from the potential construction site so that they are as far away as possible from any noisy activities.

5. Will the building be sustainable and easily maintainable?

We have to meet a minimum of 20% renewable energy target for the new school and we also have to meet a minimum BREEAM Very Good rating for the construction.

As this is a school we have to make sure that the classrooms are well ventilated and heated and that there are high levels of natural daylight into the learning spaces. This means that we have to balance the energy use to provide the best environmental conditions for learning.

The building will be controlled by a Building Management System (BMS) and this will keep track of the energy use through out the year. Part of the brief to the architects and engineers is to make the building as easy as possible to maintain and we will be using high quality materials to ensure the long life of the building.

We will be using:

- LED Lighting
- Photovoltaic panels
- Energy efficient double glazing
- Recycled hardcore
- Sustainable timber products

6. Will the pupils be involved in the design of the new school?

Yes, the pupils have already undertaken a design session with the architects to explore what they think is important in the new school. The pupils will also be involved in the construction process with regular visits into the construction site to see how the school will be built. We are looking at the learning opportunities that the design and construction process can offer the pupils.

7. What materials will be used on the new school?

The architects are still designing the school and as yet we have not yet agreed what materials the school will be faced with. The main structure will either be a concrete frame or structural steel columns. We are looking to use high quality materials for the internal finishes. We will be able to show you more on this in the coming months.

8. Can the roof be used for play areas?

Yes, the roof can be used for play areas and the architect and landscape architect are looking at the proposals for this and we can show these to you at the next consultation meeting. We will definitely be using some of the roof space for play.

9. What play areas will be provided?

The new school will have the following play areas:

- Sports MUGA (Multi Use Games Area), fully enclosed and with flood lights (Football, Net Ball, Basket Ball, Tennis, Flag rugby and Cricket)
- Dedicated and separate Nursery play and separate Reception play areas
- Forest School
- School growing garden
- Year 6 garden area
- Bicycle track
- Trim trail
- Informal Play areas (for natural play and running around)

Reproduction of consultation responses

Ref.	Status	Thoughts on proposal	Any other comments	Council's score
1.	Grandparent	I think they are very good idea and hopefully will work well.	The garden area will teach how to grow their own food.	score 1
2.	Parent	Excellent		score 1
3.	Parent	Good Cause	Kindly make sure that the new facility has all the existing facilities as the bare minimum.	score 2
4.	Parent	Seem like a reasonable proposal and an efficient use of space so I support the (form not clear) approval. I like the heart space proposal in particular.	I think minimal child disruption during transition is key.	score 2
5.	Parent	Very good, maximised space and a more modern school children.	land being offered to council for housing, tenants should sign undertaking to prevent anti social behaviour and noise before offered property.	score 2
6.	Parent	I think the proposal are a wonderful idea and will be beneficial for the children and their development.	Ensuring the new flats have carefully selected tenants who will not pose a threat to the children. What will be the ideas for sustainability and maintenance of the building?	score 2
7.	Parent	Excellent. Very positive for the school and area in general.		score 1
8.	Parent	I think the proposals are brilliant. Albion Is a very good school and by having the school rebuilt will be excellent for the students and staff	I'm impressed especially with the plans for nursery and reception as my daughter is currently in the nursery class. I feel this will help improve her and her fellow student's learning and development.	score 1
9.	Parent	the proposal is good, it will create space for the kids to play and learn.	all seems to be good	score 1
10.	Parent	Excellent	no everything is perfect	score 1
11.	Parent	looked good so far, a bit concerned about noise from upstairs	no much space for coats and bags. Good to see disabled toilets.	score 2
12.	Parent	it looks really nice with more green space. I cant wait.		score 1
13.	Parent	Great		score 1
14.	Parent	Excellent		score 1
15.	Parent	It sounds and looks great. Can't wait to see the finished building. Hope everything goes to plan. I think its good that the children are going to be involved with designing as well		score 1
16.	Parent	I think its great		score 1
17.	Parent	Excellent		score 1
18.	Parent	Proposals for school looks great. Impressed.	All that's planned seems very interesting and great, look forward to seeing it completed.	score 1
19.	Parent	I think all the ideas are amazing	The new building is fantastic	score 1

Ref.	Status	Thoughts on proposal	Any other comments	Council's score
		especially the outdoor active space where kids can play enjoy and the outdoor growing is excellent idea as is rooftop space.	Albion is very lucky to have the opportunity to develop further. Well done! Look forward to seeing it in sep 2015!!	
20.	Parent	Fantastic, very modern.		score 1
21.	Parent	It is very good idea. And most of the parents will satisfy after seeing your school construction.	Not at all. Your ideas is very brilliant so I have no need to tell you anything.	score 1
22.	Parent	Its very good idea to have new school and more space for the kids to enjoy the playground. I support that very much.	I would like to thank you for all what your doing for our kids.	score 1
23.	Parent	It is a very brilliant idea. I am fully in support of the expansion of the Albion Primary School.	Planning of the new building is well in according the needs of it purpose.	score 1
24.	Parent	It looks very promising. I am looking forward to see a new school. It's great that more kids will be able to attend this school, they will have more space, and better facilities.		score 1
25.	Parent	It's a brilliant proposal, very nice plan and structure and they wont be wasting of space.	Fully supportive and excited to see such developments on our children's school.	score 1
26.	Parent	Fantastic idea. Never a bad idea to utilise the space you have. The children would benefit much more. I fully support this project.		score 1
27.	Parent	The idea is certainly good and hopefully beneficial to all in the longer term. My only concern is in terms of the equity reduction by way of selling of land. Also slightly concerted about child's safety due to conversion into a building site.	All seems to be good	score 2
28.	Parent	Innovative. But the work needs to not affect the children's learning.	I think it is a shame you are cutting some of the ground out of the school site.	score 2
29.	Parent	Brilliant stuff and great idea very exciting plan.		score 1
30.	Parent	Looks very good.		score 1
31.	Parent	Fantastic new building with great facilities excellent space for ever-growing school.		score 1
32.	Parent	Very good and looks fantastic	How much is it all going to affect the school terms.	score 2
33.	Parent	Excellent proposal, keep it on. It's a great development in our community.		score 1
34.	Parent	It looks great and fantastic. I hope it will look so when it is finished.		score 1
35.	Parent	Excellent		score 1
36.	Parent	Proposed work looks good		score 1
37.	Parent	great	In the mean time, it would be a good	score 1

Ref.	Status	Thoughts on proposal	Any other comments	Council's score
			idea to take the children to Southwark park more often. Parents could volunteer to accompany them if necessary. This could give the children the chance to play outside in a nice space.	
38.	Parent	<p>Are the flats or houses will have any direct access/ contact with the children?</p> <p>How can you guarantee that the children will be respects June 15 - Sept 16?</p> <p>How are your going to deal with the noise when the children are studying?</p> <p>How much space will they be loosing or getting indoors and outdoors?</p> <p>Which health and Safety measures we are going to take while the work is in progress?</p>		score 2
39.	Pupil	<p>Lots of new space</p> <p>Exciting</p>	Fabulous	score 1
40.		Very nice	Good	score 1
41.	Parent	<p>I have strong reservations about releasing almost a third of the school's land to partly fund this project. There is also not enough information about the design and materials likely to be used in this project (although I understand it will be a concrete frame with cladding with a BREEAM rating of 'very good' as apposed to higher 'excellent' rating).</p> <p>I am not sure that as the suggested possible cladding materials of tiling and weather they will be attractive within a few years (particularly concrete or wooden cladding if need). It is also unclear whether the rooftop area to be used for year 6 would be strong enough if it was later decided to use them for rooftop playgrounds or if they would need to be reinforced at additional expense.</p>	<p>1) Clarity on the materials to be used (cladding particularly) is needed, sustainability and medium to long term effects of weathering etc.</p> <p>2) Clarity needed on the possibility of using the roof as a proper playground and whether it would need further reinforcement at a later date at a further cost.</p> <p>3) What impact would the proposed Feedback score flats/affordable housing have on the school playground - rights to light etc? Can any restrictions be imposed on the land before it is given to the council?</p> <p>4) Options for funding a scaled down project if the school didn't sell of the land.</p>	score 4
42.	Parent	<p>Totally against playground area being reduced even by a fraction as there is currently not enough space even with the school not being a 2 form intake - the playground is too crowded. I appreciate the extra cash it will bring, shame the funding isn't coming from the council and is the responsibility of the school to raise. Not keen on the classroom with no doors as my child</p>	<p>The hall space loos small as in further 2 PE lessons will have to run at once if they will all have a chance and the hall is already a squeeze at assembly without full 2 form. Play are already they cant use the (not clear) in wet weather so not only will it be smaller but it will have lots of bits they cannot use such as gardens etc. I do like that the</p>	score 4

Ref.	Status	Thoughts on proposal	Any other comments	Council's score
		already says class is noisy would the sound of 2 classes group on at once and children 'choosing' to go between them as they please.	nursery and reception children will get their own playgrounds as I think that is important. It will be important to make sure the 'heart' space gets used else it will remain empty and a waste of space.	
43.	Parent	The design looks good but I profoundly disagree with selling one third of the land. I struggle to understand that this is needed. I feel that the school should be funded by local authority and / or central government. The play area is not increased substantially and it will accommodate double the number of children.	<p>The school building itself will cause a lot of disruption to the children and I think it is a shame to increase that disruption by having a development of social housing next door.</p> <p>I think the open plan classrooms will cause a lot of disturbance in class.</p> <p>The playground has a lot of dead ends and not any good sight lines which might lead to places to be bullied. I think you need clear lines of visibility.</p> <p>It seems un-necessary to have a grand entrance. It might be possible to save costs here?</p> <p>Why not build the building around a schoolyard with good play areas?</p> <p>Have other means of increasing the budget been considered?</p> <p>Can you use the existing building?</p> <p>This would possibly save money?</p> <p>At least re-use foundations.</p>	score 4



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APPENDIX 5

Albion Street Regeneration Framework

Project Mandate

Author:	Fahad Nakendo
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Version control				
	Version no.:	Change Description:	Requested by:	Date:
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References				
	Ref:	Document:		
	1	Albion Street Area (Ideas) Forum workshop report		
	2	Southwark Core Strategy		
	3	Canada Water Area Action Plan		

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1 Authority Responsible

The Head of Regeneration North Team has authorised the extension of the Albion Street Regeneration Framework project. The Canada Water Principle Surveyor will lead on the project management and governance of this project reporting to the Head of Regeneration North.

2 Background

The decline of Albion Street as a commercial centre has long been a source of concern for people in Rotherhithe. This project comes about as the result of extensive public consultation and is intended to assist with the regeneration of the area.

There have been several rounds of consultation stretching back over a number of years:

- Between 2008 and 2011 as part of the preparation of the Canada Water Area Action Plan (CWAAP) officers from planning policy carried out extensive consultation with all local stakeholders.
- In 2009 the Canada Water Consultative Forum organised a series of cafe conversations on the future of the street.
- In 2010 as part of its programme of themed meetings the Bermondsey Community Council held a public meeting and workshops looking at the issues being faced by Albion Street. This led to the establishment of the Albion Street Steering Group (ASSG).
- In the summer of 2012 the council along with its regeneration partner at Canada Water, Canada Quays Ltd (formerly British Land Canada Quays) held an ideas forum; an open consultation event for all local stakeholders on how to take forward the regeneration of the area. This resulted in September 2012 in the release of a report on the outcome of the workshop.

A number of common issues emerged from these consultations that are being taken forward as part of the mandated Albion Street Regeneration Framework agreed in November 2012.

The project was initially structured around five themes that it is envisaged will progress in two distinct phases. The first phase focuses on developing a general approach for the particular theme area; the second on delivery of that theme. Transition to the second phase will depend on the availability of funding and where appropriate will involve local people and partner organisations in fund raising: for example through CGS bids.

The five theme areas are:

- Albion Primary School – to explore expanding the school to two forms of entry
- Albion estate – to respond to concerns from residents and local people about the condition of the estate and whether it can be better integrated into the regeneration of the wider area.
- The former Library on Albion Street – to ensure, so far as is possible, that the site is redeveloped in a way that supports the regeneration aspirations of local people.

Albion Street Development Framework Project Mandate



- Public realm – looking at a number of initiatives to improve the general appearance of the neighbourhood, way finding and links with the wider Rotherhithe area.
- Identify opportunities or undertake site assembly to deliver sites suitable for the construction of new council homes, where necessary as part of mixed use development schemes.

In terms of exploring the feasibility of delivering new council homes the project will look at a number of sites including:

- Land released as part of the rebuilding of Albion Primary
- The former library
- Land around 71-75 Albion Street and also explore with private adjoining land owners the feasibility of creating a larger scheme that could generate a mixed uses scheme potentially containing council homes.

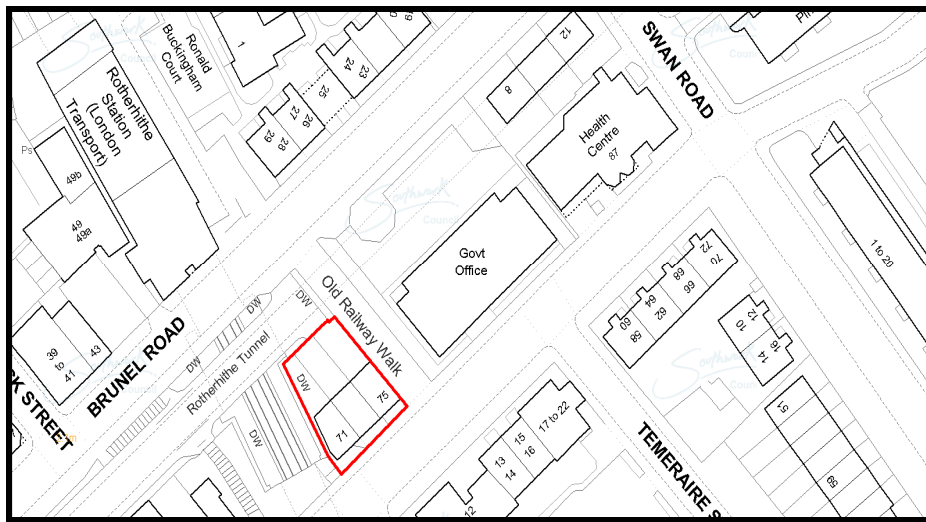


Figure One: Land around 71-75 Albion Street

2.1 Policy Background

The Council's adopted Core Strategy (2011) established a vision for Canada Water as a vibrant shopping centre with high quality public realm and open spaces. The central commercial district orientated around the Canada Water basin must seek to reach out to the wider Rotherhithe area as to improve accessibility by foot, bicycle and public transport. One of the ways in which the Core Strategy suggests that this is achieved is by creating a new north / south link between the Rotherhithe over ground station and Canada Water underground station as shown in figure one below.

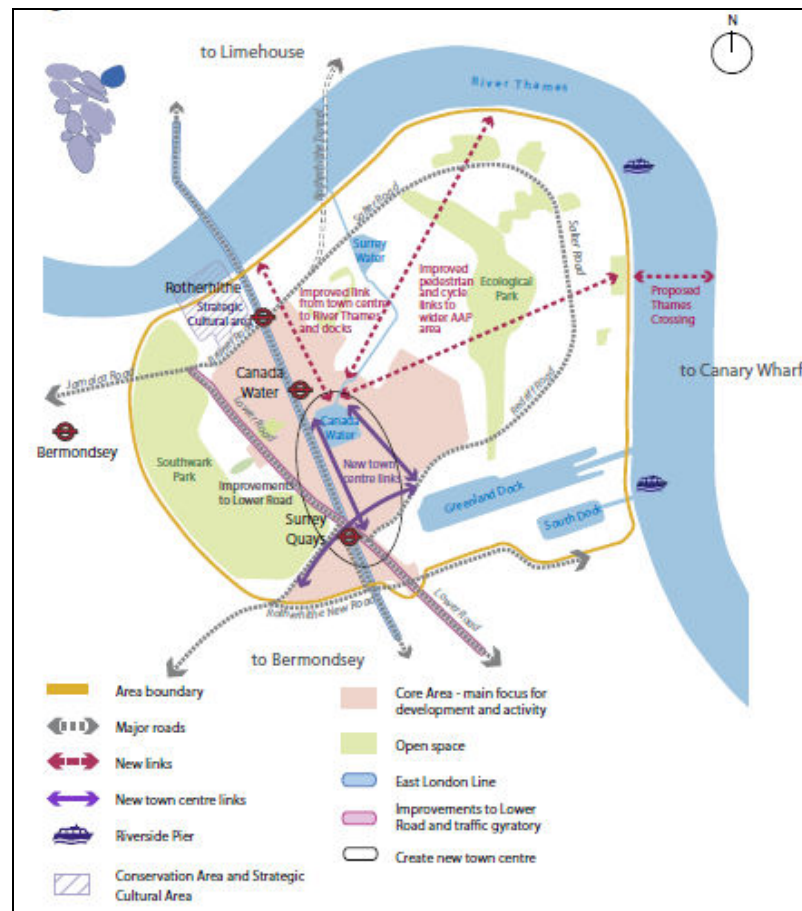


Figure Two: Plan of Rotherhithe Peninsula and Canada Water Regeneration Area

The Canada Water Area Action Plan (2012) (CWAAP) sets out in more detail the initiatives required to realise this vision ahead of 2026 and provides specific guidance on enhancements to Albion Street that will contribute to this vision. CWAAP Policy 30 lists the following initiatives:

- Improving pedestrian and cycle links between Albion Street and the town centre, St Mary's Conservation Area and Rotherhithe Station
- Reinforcing the viability of the shopping parade by making sure that no more than two units are used as hot-food takeaways
- Working with leaseholders to improve the appearance of shop fronts
- Continuing to investigate the potential for a market on Albion Street through the Markets Strategy we are preparing
- Seeking funding to provide public realm improvements
- Using the library site as an opportunity to help improve the street

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- Working with governors and staff to explore the potential to provide mixed use development on a part of Albion Primary school

One of the council's key housing priorities is to make all of its homes warm, dry and safe by 2014/15. Thus in 2011 the council approved a housing investment programme and strategy to ensure that works programmes and resources were targeted to meet this objective

The five theme areas from the project mandate link directly to these various policy statements and will assist the council in the delivery of its fairer future promises such as:

- Value for money-by the rationalisation and creative use of council property assets to support service delivery.
- Quality affordable homes- Through identification of sites that have potential to deliver new Council homes
- More and better schools-through extension of Albion primary school from one to two forms of entry in an entirely new building.
- A greener borough-working with the local community to deliver a number of significant public realm improvements.
- Revitalised neighbourhoods- by coordinating and rationalising potential investment in a way that will help deliver maximum benefits to Albion Street.

It is a strongly held view by local stakeholders that increased footfall will enhance the vibrancy and viability of the existing shops. This combined with improved strategic connections to Canada Water underground and Rotherhithe over ground stations will help secure Albion Street's with a long-term future as an important local amenity.

2.2 Progress to date

In April 2013, Cabinet resolved to pursue a compulsory purchase order (CPO) in respect of the dilapidated former public toilets at the western end of the site (title of cabinet report: St Olav's Public Convenience Site, Albion Street, resolution to make a compulsory purchase order for site assembly purposes). The council took possession of the building in July 2014 and demolition and back filling of the deep foundations is currently underway. The council is working in partnership with the Norwegian Church to create a new public space on St Olav's Square.

In October 2013, Cabinet agreed the inclusion of the former library in Albion Street in the programme for the Directly Funded Housing Delivery: Phase 2; the initiative for building new council homes. Since then preparatory work on the site has continued and the building will be demolished in the New Year.

In March 2014, Cabinet confirmed the shortlist for the programme of school expansions of which Albion Street Primary School was confirmed as one of the schools that will be increased from one to two form entry.

In October 2014, Cabinet agreed to the purchase of the freeholds of three dilapidated houses, number 71 to 75 Albion Street, occupied by the council under the rump of three long leases. After completion of the purchase the properties are to be used to support regeneration objectives.

3 Project Objectives

1. Overarching objective

To coordinate the delivery of the above developments and initiatives in order to achieve the CWAAP Policy 30 objectives, as listed in paragraph 2.1.

Fairer future promises

2. Albion Street overarching consultative group

We will continue to consult widely, particularly with the Albion Street Steering Group and the area Housing Forum, in order to ensure that the local community plays a key role in shaping the future development and regeneration of Albion Street.

3. Albion Street Primary School

To progress the design process for proposed two forms entry school that will ensure a better reconfiguration of the site to better support education activities and to reduce running costs.

4. Albion Estate

To consult existing tenants and leaseholders on perceptions of the existing Albion Estate and whether it can be better integrated into the regeneration of the wider area.

5. Former Library building

To support officers in Housing and Capital Projects through the pre-planning design and consultation phase in order to bring forward a viable detailed planning application for the former library building that maximises the regeneration benefits for the local environment and community.

6. Public Realm improvements

To appoint an external consultant to undertake the following public realm related tasks:

- Production of a 'Legible London' signage strategy for the wider Rotherhithe area (the area boundary as shown in figure one) in order to improve signposting and way finding for pedestrians and cyclists subject to external funding being availed to the project team.
- Identification of agreed local and strategic routes that can be enhanced to improve connectivity between Albion Street, the river to the north and south towards the Canada Water central retail area.

Albion Street Development Framework Project Mandate



- Identification of a small number of public realm schemes throughout the Albion Street area (as shown in figure two) that would enhance the local environment and support the above objectives.
- Concept design and costings of these public realm schemes.
- Identify practical measure that will support the aspiration for a regular street market and that possibly acknowledge the Baltic and Scandinavian link with Canada Water.

The project will also explore funding options for the delivery of specific measures and interventions.

7. Land at 71-87 Albion Street and 8-12 Brunel Road

To undertake feasibility and capacity assessments on land around 71-87 Albion Street and 8-12 Brunel Road with a view to assessing potential development options which support residential led mixed use schemes, can maximise site benefits and are in line with the Council's regeneration agenda at Albion Street.

We will also look at opportunities to create sites for the Council's Housing direct delivery programme through negotiation with land owners and where required use statutory powers availed to the Council. As a specific example the Council approved the acquisition of 71-75 Albion Street in October 2014, with a view to using it for a future provision of Council housing.

4 Scope

The main focus for the project is the Albion Street area as shown outlined in blue in the map below. This includes Albion Street, Albion Estate, Albion Primary School, Albion St Library building, Norwegian Church buildings, land at 71-75 Albion Street, 77 Albion Street, 87 Albion Street and 8-12 Brunel Road.

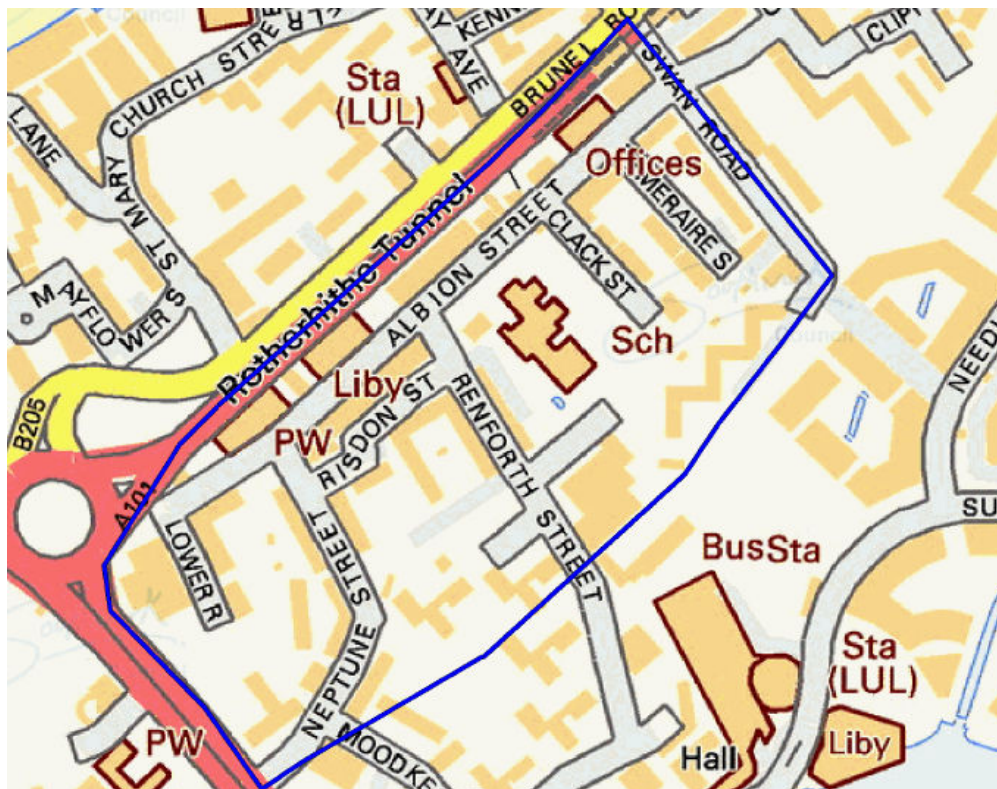


Figure Three: Albion Street Area

Delivery of certain of the project objectives: signage and way finding; access routed through the area, will extend outside of the Albion Street area, although it is not expected they will extend outside of the, 'area boundary' shown in figure one.

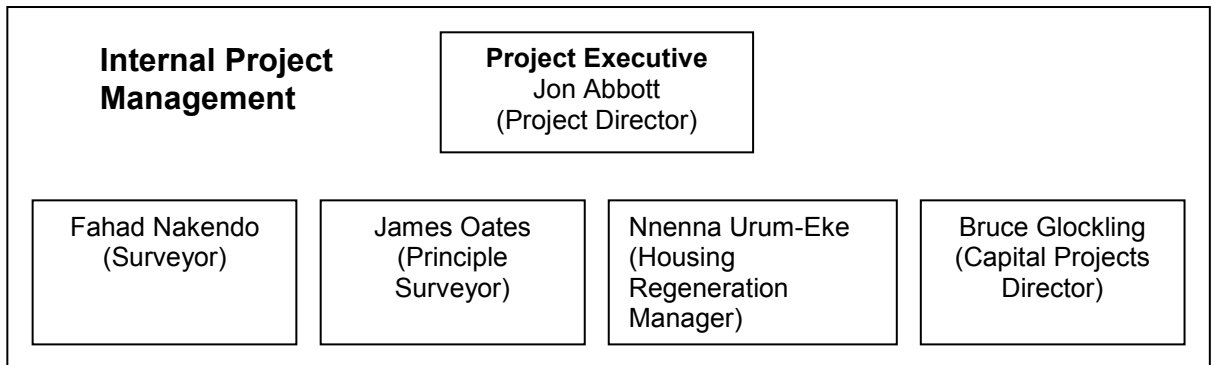
5 Constraints

5.1 The budget available for the appointment of the external experts will be confirmed and capped following the tendering exercises that are to be carried out. This project mandate and budget is not directly responsible for the delivery of any potential site redevelopment. Through coordinating the delivery of these initiatives and identification of appropriate environmental improvements additional funding will be sought in order to progress the delivery of these.

6 Interfaces

6.1 In order to progress this project there will be interfaces between internal Southwark departments at an officer level. These will include representatives of the Property Regeneration team, Planning department, Southwark Highways authority, Environment & Leisure team and the Housing Regeneration team.

6.2 An internal project group will be established and meet at regular intervals to update on project progress, programme progress, risk or key project issues that may impact ability of meeting overall objectives.



6.3 An overarching liaison group is to be established as part of the work package that the appointed consultants will be required to deliver. This will be made up of representatives from established local groups and will meet regularly.

6.4 An aspiration for the liaison group is for a lead representative to be nominated who will attend specific update meetings with the internal project management structure. These meetings will also be held at regular intervals with the purpose of discussing key issues. The lead representative will act as a link to ensure the views of local people are fully understood and accounted for in the delivery of the project.

7 Quality Expectations

7.1 That the procurement, appointment and subsequent delivery of the projects within the mandated area will be completed by December 2020.

8 Outline Business Case

8.1 The benefits of undertaking this project are that it will achieve the objectives of the adopted CWAAP policy 30.

8.2 A coordinated approach to the improvements within the Albion Street area will maximise the benefits to the existing Albion Street streetscape and also improve its connectivity and relationship with the core regeneration area.

8.3 Timescales

December 2014 Project Mandate document approved by Cabinet.

9 Reference Documentation

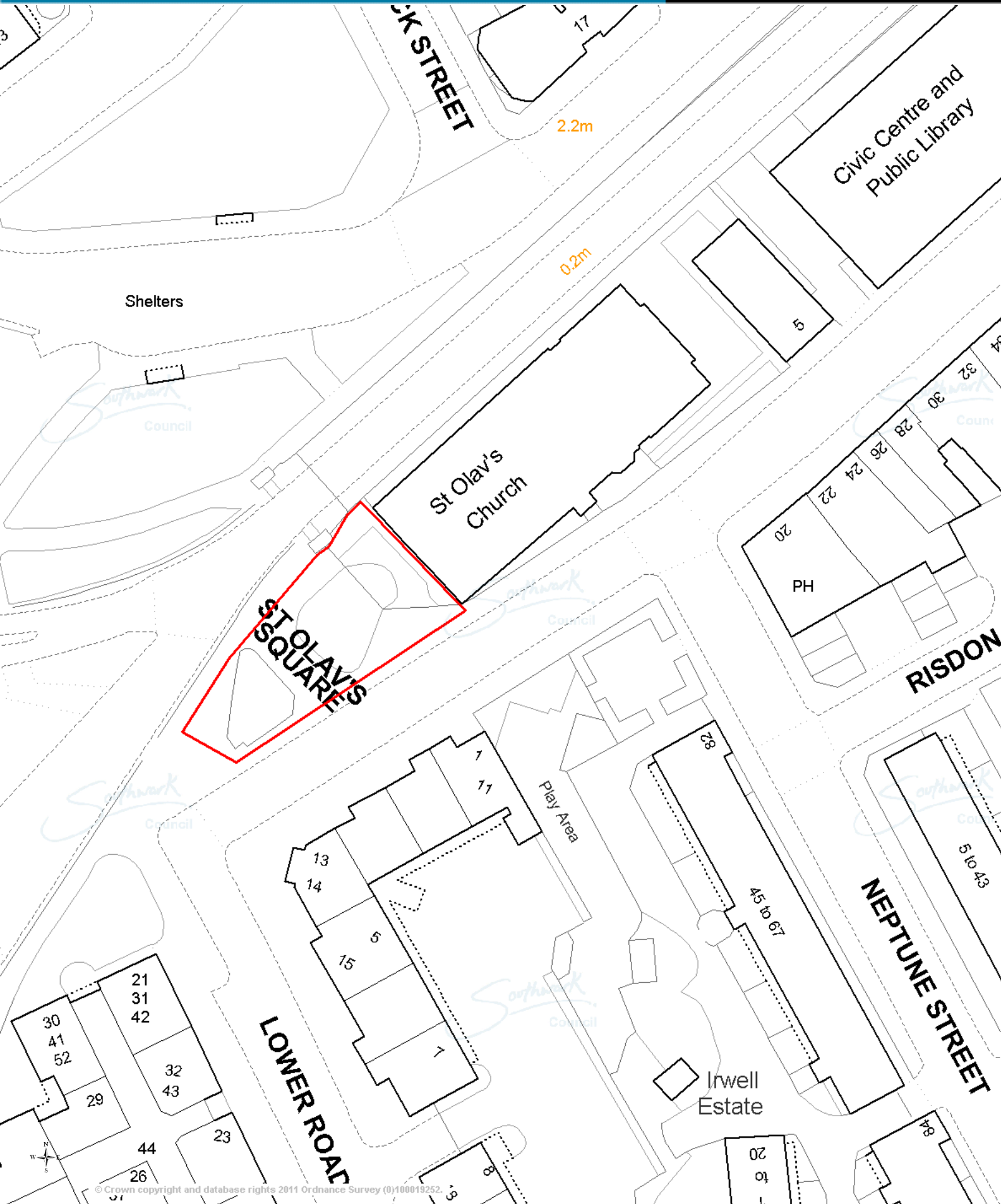
The list of reference documentation is set out on page 2 of this document.



Sign-off

Authority Name:	Position:	Signature:
Jon Abbott	Head of Regeneration North Team	Date:

End of Document



Item No. 14.	Classification: Open	Date: 9 December 2014	Meeting Name: Cabinet
Report title:		Gateway 2 – Contract Award Approval – Special Educational Needs and/or Disabilities (SEND) School Bus Transport	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Victoria Mills, Children and Schools	

FOREWORD – COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR CHILDREN AND SCHOOLS

It is important that we have a safe, reliable and efficient special needs and disability (SEND) bus transport service that is able to help us to provide appropriate travel assistance to our most vulnerable children and young people. This is one of our statutory duties. Costs associated with providing the SEND bus service is commensurate with the need to secure a high quality, specialist service. We have strived to achieve good value for money through our specification and choice of delivery model for this service.

RECOMMENDATIONS

1. That cabinet approve the award of the SEND school bus transport contract to Olympic South Limited (trading as Healthcare and Transport Services - HATS) for a period of five years and eight months with provision to extend for a further two years (1 + 1 years), making an estimated total contract value of £10.57m or £14.52m should the full extension periods be used.
2. That cabinet notes the contract will be awarded on 2 January 2015 but that the service will not commence until April 2015 to align with academic term times.
3. That cabinet agrees that the council’s longer term ambition for service users currently travelling in school transport vehicles (buses and/or taxis), where possible, is for them to travel independently so as to support them to lead the fullest possible lives. Working in partnership with the provider, children, young people and their families, the aim is that we take this journey together over the course of the new contract.

BACKGROUND INFORMATION

4. Local authorities have a statutory duty to provide appropriate travel assistance to enable eligible children to get to and from school.
5. The council has had a contractual arrangement in place to deliver this service since 2007, which is currently delivered by Olympic South Limited.
6. The cost of delivering this specialist service is high and the number of eligible children has also been increasing year on year. Whilst there are interventions

currently in place to help contain spend within budget and manage both supply and demand, the council still needs to have an effective SEND bus service in place.

7. At present, there is a pilot operational model in place for this service. It has introduced a partnering arrangement and began to transfer the responsibilities of day to day operations from the council to the current provider. The new contract will incorporate new, more modern and innovative ways of providing the service. The aim is to provide a comprehensive service that:
 - Is able to deliver the council's statutory transport duties and be fully compliant with all necessary transport operational requirements.
 - Delivers a first class passenger experience.
 - Has a fit for purpose staff team with excellent training and development arrangements.
 - Is efficient, flexible and achieves value for money
8. The current service model in Southwark is unique as it combines both council and provider staff teams, it is vital to the success of the service to combine both teams seamlessly. It has been necessary to review the achievements and impact of the pilot service model to properly develop a service specification that reflects the aims for the service. This resulted in the need to amend the timeline contained in the original procurement project plan.
9. The procurement strategy for this tender was agreed by Cabinet in January 2014 with a view to issue the invitations to tender in April 2014. For the reasons given above, invitations were not sent until July and the subsequent key activities were amended. All other procurement activities as described in the Gateway 1 were followed.

Procurement project plan

Activity	Revised timetable:
Forward Plan (If Strategic Procurement) Gateway 2	29/07/2014
Approval of Gateway 1: Procurement Strategy Report	28/01/2014
Invitation to tender	04/09/2014
Closing date for return of tenders	27/10/2014
Completion of evaluation of tenders	06/11/2014
DCRB Review Gateway 2:	10/11/2014
CCRB Review Gateway 2:	13/11/2014
Notification of forthcoming decision – despatch of Cabinet agenda papers	28/11/2014
Approval of Gateway 2: Contract Award Report	09/12/2014
End of Scrutiny Call-in period and notification of implementation of Gateway 2 decision	23/12/2014
Alcatel Standstill Period	23/12/2014
Contract award	02/01/2015

Activity	Revised timetable:
TUPE Consultation period ends	N/A
Service start	April 2015
Contract completion date	31/08/2020
Contract completion date –if extension(s) exercised	31/08/2022

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

10. The new service model will deliver a more modern and effective way of working that incorporates both council and provider staff in an integrated staff team that has a clear focus on providing a service that is safe, sensitive, suitable and reliable for every passenger.
11. The key elements of the model are that:
 - The provider will have full responsibility for day to day management of the service including ensuring sufficient staffing numbers.
 - There will be a key focus on partnering with commitment from both parties to resolve issues jointly.
 - A fixed price has been set based on the number of passengers to be transported (with tolerances built in to allow adjustments during the school year) rather than pricing for individual bus journeys/routes.
12. The new model has created efficiencies which will be realised on contract award, the key ones being:
 - Reduced cost (due to the fixed price and a schedule of automated payments).
 - Reduced officer time spent on co-ordinating staff for the service and configuring rounds.

Policy implications

13. There are a number of key local and national drivers that impact on the delivery of home to school transport.
14. This contract will assist the council to fulfil its statutory duty to provide transport services to eligible children and young people as set out in the Education Act 1996 and in the Education and Inspection Act 2006, and will support the delivery of the council's School Travel Assistance Policy.
15. This service supports the council's Fairer Future commitments including ensuring the Best Start in Life for its residents and the values of treating every resident as if they were a valued member of our own family; and spending money as if it were from our own pocket.
16. The Children and Families Act, which came into effect from 1 September 2014, has created a radical shift in the way in which children and young people with SEND are supported by Local Authorities and Health. Flexibility has been built

into the service specification to enable the council to respond to ad hoc transport services to support children with SEND to travel to places other than their schools if needed. There is also sufficient flexibility within this contract to support the implementation of recommendation 3 of this report.

Tender process

17. To oversee the tender process, a transport project board was established, chaired by the Director of Education with senior representatives from Legal, Procurement, Finance, Commissioning and Transport as well as a local Head Teacher.
18. On 25 February 2014 a notice was placed in the Official Journal of the European Union (OJEU) to advertise the tender which was also advertised on Southwark Council's website. Existing and other SEND bus transport providers known to the council were informed of the tender, including all of London's local authority transport teams/providers via a circular to the Association of London Transport Officers (ALTO). A competitive tender process was followed which consisted of two stages; short listing with information contained in Pre-qualification questionnaires (PQQ); and a tender stage, with proposals for the delivery of the service being submitted.
19. In summary, nine companies expressed an interest in providing the service and were each sent a PQQ pack. Seven of the nine companies returned completed PQQs which were evaluated in two stages: a preliminary compliance check followed by a detailed evaluation in the following areas: technical, financial, equality and diversity, health and safety. Two companies fully met the criteria of each of the four areas of detailed evaluation. The transport project board carefully considered the evaluation report along with all risks to the council identified through the evaluation. This included consideration as to whether or not to continue with only two bidders. In view of the limited market and number of companies that had expressed an interest in applying to deliver the tender, it was agreed that sufficient competition remained.

Tender evaluation

20. Both companies invited to tender returned their submissions to the council by the closing date.
21. Each bid was assessed in two areas, in accordance with the evaluation methodology provided in the Gateway 1 - quality which accounted for 40 points and price which accounted for 60 points.
22. Quality was assessed through 12 questions for which tenderers provided method statement responses followed by a PowerPoint presentation to the panel covering set elements of their bid. Scoring of method statements was weighted to ensure tenderers responses to priority areas of service requirements demonstrated an appropriate level of ability. Minimum score thresholds were also set for three specific questions relating to their service delivery model and approach to partnering - tenderers responses had to obtain a score of at least 3 (satisfactory) for these questions.
23. The 12 method statements were evaluated by an evaluation panel comprising of officers with transport, fleet and SEND specialist knowledge. In accordance with the published evaluation methodology, each method statement was individually

scored by members of the panel then reviewed and adjusted following the presentation and the responses to any clarification questions requested by the panel as appropriate. Quality scores were then finalised by moderation to reach a consensus.

24. To evaluate price, tenderers were asked to provide financial information across three areas which could obtain a maximum score of 60 points as follows:
- Annual price to deliver the core service 52 points (maximum).
 - Price for delivery of specialised rounds 3 points (maximum).
 - Cost to provide passenger assistants 5 points (maximum).
25. The price evaluation methodology process was carried out by finance officers. All price evaluation was subject to a review and challenge process by project team members and finally, verified by the transport project board.
26. In addition, a pass/fail criterion was set to evaluate the robustness of the proposed configuration of transport rounds submitted by tenderers within their proposed price and mix of vehicles to be used on the contract. Failure in this criterion would lead to an overall failure in the tender bid. The robustness of transport rounds were scrutinised by two officers with extensive knowledge and experience of SEND transport services. Each round supplied was examined in a number of aspects including length of journey, appropriateness of vehicles and understanding of individual passenger needs.
27. The final overall scores for each company were calculated by adding their price and quality scores together out of a maximum score of 100. The outcomes were:

	Robustness of rounds	Total (price & quality)
Olympic South Limited	Pass	83.3
Tenderer 2	Fail	67.1

28. In accordance with the evaluation methodology used, Olympic South Limited has met all required thresholds and is deemed to have submitted the most economically advantageous tender and is therefore recommended for contract award.

Plans for the transition from the old to the new contract

29. Whilst the recommendation is to appoint the incumbent provider, there will be significant changes to the management of the day to day service delivery within the new contract. These changes will need to be planned for, communicated to staff and service users, and then implemented from April 2015. Officers will hold meetings with appropriate representatives from Olympic South Limited to agree and finalise arrangements for all operational changes required to meet the service specification and jointly facilitate/participate in any staff communication sessions as needed.
30. The mobilisation plan created by Olympic South Limited as part of its tender bid will be implemented from contract award, including a comprehensive training and induction programme on the new service model for all staff delivering the service.

31. The council will make its own entire transport team staff aware of the new model to enable them to create new working practices and develop a partnering relationship with the provider.
32. TUPE will not apply.

Plans for monitoring and management of the contract

33. In line with the changes to the service model, the way this contract will be monitored and managed will also change. The school transport team will lead on compliance with legislative, regulatory and specification requirements with regards to vehicles, depot and journey management. In partnership with the adult and children's performance and contract management team, it will also develop comprehensive contract monitoring standards as set out in the specification and contract for this service. This utilises the expertise within each team to create a comprehensive and robust monitoring framework.
34. A key aspect to the success of the service will be implementation of an effective partnering approach by both the council and provider. To ensure the commitments made in the tender are adhered to, there is a KPI on partnering in the contract. Should Olympic South Limited fail to keep to its commitment, the council has authority to issue default notices and/ or require remedial action.
35. There is a clear monthly and periodic schedule of meetings and the process to escalate performance and partnering issues detailed in the service specification.

Identified risks for the new contract

36. A risk register was developed to support the procurement process and was regularly reviewed by the project manager. Updates and alerts were escalated to the project board. The table below provides a summary of the current main risks.

No.	Risk	Risk Rating	Risk Control
1	Suitable facilities not secured by contractor to ensure service requirements met.	Low	This risk was anticipated given the lack of available land in the borough and surrounding areas. The council therefore did not specify that a depot was required in Southwark, but allowed bidders to propose alternatives provided the service standards could be met. The recommended tenderer does have facilities as well as back up plans and processes should these be required.
2	New service model not effectively adopted by provider	Low	Provider has evidenced in the tender bid and during its presentation to the evaluation panel, a good understanding of the new model and how it will be implemented.
3	Challenge to tender outcome impacts on service start date	Low	The council has undertaken a robust and transparent tender evaluation and will supply detailed feedback to the unsuccessful tenderer.
4	Company might withdraw from the contract due to service/ financial/ other difficulties	Low	The contract particulars do not allow the provider to terminate unless the council defaults on its obligations. Should the provider be unable to deliver the service for

No.	Risk	Risk Rating	Risk Control
			<p>any reason, there is a mitigation plan in place which includes the use of existing council contracts and those of neighbouring boroughs.</p> <p>The contract will be paid weekly via automatic payments to aid cash flow. Robust financial checks were carried out for each company that applied at PQQ stage in the process and will continue throughout the life of the contract.</p>
5	Service not delivered to the expected standards	Low	Provider has passed the tender quality assessment. There will be an effective contract monitoring and management process in place, including performance mechanisms to oversee quality standards during the life of the contract

Community impact statement

37. This is a specialist service that will be delivered to up to 400 children and young people with SEND annually. Passengers represent a wide range of communities, including families and individuals with English as an additional language. This transport service supports this cohort of students to attend and achieve at school.
38. As this service is used by some of the most vulnerable members of the community, it is essential that the service is of a high standard and is able to meet the needs of all passengers. The service specification includes details of the specific requirements of community needs which are based on community consultation feedback and therefore, will be able to deliver services in accordance with direct requirements highlighted by service users. Olympic South Limited has a strong track record in working with and employing people from a range of ethnic, racial and faith based backgrounds and passed the evaluation processes on this area in both the PQQ and ITT stage.

Economic considerations

39. Olympic South Limited has stated in its tender submission (which will form part of the contract) and during its presentation to the evaluation panel, its commitment to employing local staff on the service. Additionally, they have formed a partnership with a local voluntary organisation that works with adults with learning disabilities to offer training and real work opportunities to adults with SEND. This means that the service will help promote local jobs to local people – some of whom may never have previously had the opportunity to work before.

Social considerations

40. Olympic South Limited has confirmed that it supports the council's commitment to pay the London Living Wage and is also committed to the London Living Wage Foundation's Service Provider Recognition Scheme which assists them with monitoring and implementation of these payments.

Environmental considerations

41. Olympic South Limited has committed to delivering a service with a clear environmental focus in its bid (which will form part of the contract). The key aspects being the use of fuel efficient vehicles (lower emissions), having a depot in the heart of the Borough (low level of dead mileage), and operating efficient fleet (optimised use of vehicles).

Market considerations

42. Olympic South Limited is a private organisation that employs more than 250 staff and operates across the UK.

Staffing implications

43. There are no TUPE implications for this service as the current provider has been successful in retaining the business via a competitive tendering process.
44. There are a significant number of council employees involved in this service currently (52) but there are no plans to consider any transfer of these staff to the provider. The service model developed is a unique way to maintain a council workforce within an outsourced service.
45. All council staff will continue to receive all of the benefits and support linked to being a council employee. While their day to day performance will be overseen by the provider, the council maintains full HR responsibilities for these staff.
46. Sufficient resources are in place to manage the operational and contract / performance management requirements of the service.

Financial implications

47. The SEND school bus transport service, along with the SEND school taxi provision is funded from the Home to School Transport budget of £3.18m in 2014/15.
48. The SEND transport budget has been under budgetary pressure due to increasing service demand. Efficiencies for the service have been proposed through the reconfiguration of SEND bus transport service delivery through a partnering approach and greater focus on travel assistance rather than transport provision with the establishment of ten independent travel trainer posts. An overall reduction in SEND transport expenditure is anticipated over the life of the contract once these measures have been implemented.

Legal implications

49. Please see concurrent from the director of legal services.

Consultation

50. A comprehensive review of children's transport services was carried out during 2012. The consultation included focus group sessions with SEND transport service users including parents and carers of children with disabilities as well as children/ young people travelling on the service to and from school. This consultation enabled us to obtain a much greater understanding of what the

community wanted from this service. The feedback received was used to develop the council's travel assistance policy and has been central to determining the specific expectations we have for delivery of the service. Companies tendering to deliver this service received details of the service we expect them to deliver, which is largely based on the results of this extensive engagement with key stakeholders.

51. Further consultation during the tendering process was not deemed necessary; however, there was external stakeholder representation both on the project board and on the evaluation panels.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

52. This report is seeking to approve the award of the new SEND school bus transport services contract that delivers services commencing April 2015.
53. Paragraphs 17 - 19 outline the tender process that was followed and the report confirms that apart from some delays in approaching the market, the process was in accordance with the procurement strategy approved in January 2014.
54. The report highlights that although the market is well developed, there was a limited level of PQQ responses and only two providers met the necessary short listing criteria and were progressed to tender stage. Paragraph 19 confirms that the project board considered whether to proceed with the process and concluded that adequate competition would be achieved.
55. The evaluation methodology is summarised in paragraphs 20 - 28. Both bid submissions were assessed in detail and verified through presentations. Paragraph 28 confirms that the recommended provider met all required thresholds and is deemed to be the most economically advantageous tender.
56. Paragraph 33 describes the monitoring arrangements that will be in place to manage the contract. Whilst the recommendation is to appoint the incumbent provider the report recognises the need to launch the new contract with staff to ensure the new contract requirements are delivered.
57. This new contract aims to develop further the operational model and partnering approach that has been piloted through the existing contract. With a different pricing mechanism in the new contract, both direct and indirect savings are anticipated.

Director of Legal Services

58. This report seeks the approval to the award of contract for the SEND school bus transport to Olympic South Limited as detailed in paragraphs 1 and 2. As this award is in relation to a strategic procurement the decision to award is reserved to the cabinet.
59. The nature and value of this contract is such that it is subject to the full tendering requirements of the EU Procurement Regulations. As noted in this report, the tender was advertised in OJEU and the process has been undertaken fully in compliance with those EU requirements. The council's criterion for award of this contract was on the basis of the most economically advantageous tender with a

quality/price split of 40:60. Following evaluation of the tenders it is the evaluation panel's view that the tender submitted by Olympic South Limited is the most economically advantageous, and has met all required thresholds, and it is therefore recommended for award.

60. The cabinet's attention is drawn to the public sector equality duty (PSED) under the Equality Act 2010, and when making decisions to have regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also applies to marriage and civil partnership but only in relation to the elimination of discrimination. The cabinet is referred to the community impact statement at paragraphs 37 and 38 setting out the consideration that has been given to equalities issues which should be considered when agreeing this award.
61. Contract standing order 2.3 requires that no steps should be taken to award a contract unless the expenditure has been approved. Paragraphs 47-48 of the report confirm the financial implications of this award.

Strategic Director of Finance and Corporate Services (FC/14/032)

62. The strategic director of finance and corporate services notes the recommendations in this report for the award of the SEND school bus transport contract. The contract will cover financial years from 2014/15 (mobilisation phase) to 2020/21 with possible extensions.
63. The financial implications identify that the SEND school bus transport service, along with the SEND school taxi provision is funded from existing budgets. These have been under pressure due to increasing demand, and this contract forms part of the approach towards securing efficiencies and an overall reduction in SEND transport expenditure over the life of the contract.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 – Procurement Strategy Approval. Special Educational Needs and/ or Disability (SEND) school bus transport	Pupil Access, Education Department, 160 Tooley Street, London SE1 2QH	Glenn Garcia 0207 525 2717
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4554&Ver=4		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Children and Schools	
Lead Officer	David Quirke-Thornton, Strategic Director of Children's and Adults' Services	
Report Author	Glenn Garcia, Head of Pupil Access	
Version	Final	
Dated	27 November 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Specialist Housing Services	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		27 November 2014

Item No. 15.	Classification: Open	Date: 9 December 2014	Meeting Name: Cabinet
Report title:		Extending the Thames Riverside Footpath including Consequential Lands Transactions	
Ward or groups affected:		Surrey Docks	
Cabinet Member:		Councillor Mark Williams, Regeneration, Planning and Transport	

FOREWORD – COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION, PLANNING AND TRANSPORT

Regeneration is all about improving our borough for the good of our residents, improving quality of life and encouraging economic activity that supports local jobs. The proposal set out in this report will bring together an empty night club and a redundant youth club and subject to the planning process, will deliver a key link in the Thames Footpath, enhanced public realm, much needed housing and generate a capital receipt to be invested back into the borough. The river footpath has been a long standing initiative that is extremely successful enabling local residents and visitors to experience and benefit from the fantastic asset that is the River Thames. This proposal will result in the removal of a blockage in the path in this part of Rotherhithe. Not only that, it will provide a café where walkers will be able to enjoy unique views, and in turn encourage further use of the path.

There will be public consultation both as part of the statutory planning process and in designing the new public realm. This will enable the proposed regeneration to include the views of the local community. The former youth facility that is proposed to be included in the regeneration is being reprovided to a modern and better standard in the new Dockland Settlements facility on Salter Road, so local youth provision will be enhanced.

This proposal is good news not only for the people of Surrey Docks but for the people of Southwark and visitors from across the world - I commend this report to cabinet.

RECOMMENDATIONS

That cabinet agrees:

1. To the terms set out in the closed version of this report for the Greater London Authority to release the restrictive covenant affecting 1-3 Odessa Street.
2. Following release of the restrictive covenant and Hollybrook Homes securing planning consent for the regeneration of 1-4 Odessa Street the council will transfer to Hollybrook Homes 1-3 Odessa Street, the extent of which is shown hatched on the plan at Appendix C, on the principal terms set out in the closed version of this report.
3. The council subsequently acquires the freehold interest at nominal consideration under section 227 of the Town and Country Planning Act 1990 the land shown

cross-hatched on the plan at Appendix C from Hollybrook Homes to extend the Thames Path and provide public realm.

4. The head of property be delegated to agree detailed terms and to take the necessary action to effect recommendations 1-3 including the extent of riverfront land at 1-3 Odessa Street to be transferred back to the council.

BACKGROUND INFORMATION

5. The River Thames is the historic artery of both Southwark and London and in the past, development has been focused on its banks. Over the years its use for bringing and taking goods to market has declined and this has produced an opportunity to open the riverbank up to pedestrians by way of the Thames Path. This is used by both local residents and visitors from all over the world. The Thames Path is designated a National Trail.
6. Forming the Thames Path has required sustained effort and partnership working by local planning authorities and land owners. The heritage of some of the buildings fronting the River means the Path must pass round them and there are some others that are more modern that were built prior to the aspiration to form the Path and they also require users to divert from the riverbank. For this reason, the Path is not unbroken but when opportunities arise promoters particularly the local planning authority will seek to alleviate such diversions and link Path sections.
7. In Southwark, the Path is more fragmented in the more historic areas to the west of Rotherhithe but nevertheless there are still many stretches open to the riverbank affording users the amenity provided by the river. This will be further enhanced following completion of the Chambers Wharf regeneration that will negate the current diversion at that point of the River.
8. To the south of the Hilton Hotel in Rotherhithe there is substantial stretch of Path that is only interrupted by 4 Odessa Street (the Downtown Night Club) and the residential building at New Caledonia Wharf. Provision for the Path exists at New Caledonia Wharf but this came to a dead end and walkers had to retrace their steps causing them to turn back which was unsatisfactory to both users and residents. As a result, a temporary agreement was reached with New Caledonia Wharf to close the Path at this point until such a time as it continues northwards from there. This can be seen in the aerial photograph at Appendix A.
10. Immediately to the north of the 4 Odessa Street is a council-owned former youth building known as 1-3 Odessa Street. That property is in poor repair and has been vacant and surplus to operational requirements for a number of years as a result of its condition and a realignment of youth services in the area in particular the provision of youth services in the shortly to be completed facility at Dockland Settlements just to the east off Rotherhithe Street.
11. Council officers have been working with the owner of 4 Odessa Street to bring about a regeneration of the respective properties to bring about an improvement of the visual amenity of the this stretch of river, to provide housing and to form a connection of the Thames Path at this point. Discussions have been complicated and have taken time but agreement has now been reached in principal resulting in the recommendations in this report.

KEY ISSUES FOR CONSIDERATION

12. 1-3 Odessa Street was transferred to the council in 1997 by the London Docklands Development Corporation. The transfer was however subject to a covenant restricting the property to purposes set out in the Open Space Act 1906 notwithstanding the building on the site (formerly used for youth purposes) did not comply with the restriction. It has been established that the current beneficiary of the covenant is the Greater London Authority (GLA). The effect of the covenant is the site cannot be redeveloped without the GLA agreeing to remove it.
13. To the back of 1-3 Odessa Street there is a crane that appears to be a relic of the area's dockland past. As can be seen from the photographs of the crane at Appendix B, this is a substantial structure that is the responsibility of the council. It represents a health and safety risk as it is used from time to time as a climbing frame, it also provides nesting site for pigeons giving rise to complaint from passers-by. It is not listed by English Heritage.
14. 4 Odessa Street has been unused for a number of years and is falling into disrepair. When it was open it was a source of complaint by nearby residents. Although closed for some time the property has an established planning use and the proprietor has maintained his licence to sell alcohol from the premises. Therefore it could in the future reopen as a nightclub. The owner of the nightclub has agreed an option to sell the property to Hollybrook Homes.
15. Policy 22 of the Canada Water Area Action Plan identifies 1-3 Odessa Street for a residential-led mixed use development including the retention of some open space. However the restrictive covenant described at paragraph 12 prevents this from happening.
16. To unlock the site to provide the Thames Path connection, the Canada Water AAP policy and to remove the potential of the nightclub being re-established protracted discussions have taken place between officers of the council and the GLA and representatives of Hollybrook Homes to achieve respective aspirations.
17. To bring the site forward Hollybrook will redevelop the majority of the combined (1-3 Odessa Street and Nightclub) site with residential and ground floor commercial including a cafeteria facing the river and the Council will following public consultation, design and provide new public realm for the combined sites including the Thames Path connection between Barnard's Wharf and New Caledonia Wharf.
18. Principal Agreed Terms:
 - The GLA entered into an agreement with the council on 11 November 2014 for the release of its covenant over the land upon payment of consideration by the council
 - Hollybrook Homes will seek planning consent to regenerate combined sites
 - On grant of a satisfactory planning consent, the council will complete a deed of release of the covenant and complete the transfer of the site shown hatched on the plan at Appendix C to Hollybrook at market value

- Hollybrook will following demolition of structures and providing a barrier along the river frontage, transfer to the council at nominal consideration, the land shown cross hatched on the plan at Appendix C to provide replacement public realm and link the Thames Path between Barnard' Wharf and New Caledonia Wharf
- Following completion of the planning process Hollybrook will transfer back to the council part of the river frontage to 1 – 3 Odessa Street for the new public and Thames Path link.

Further details are contained in the closed version of this report.

19. The proposal will provide the following benefits to the area including:
 - Removal of an obstruction in the Thames Path
 - New river oriented public realm including a cafeteria
 - Removal of a nightclub that had in the past been the source of complaints
 - Removal of a health and safety hazard namely the crane
 - Provision of around 48 units of new housing of which 35% (16) will be affordable
 - New commercial space.
20. In order that the new public realm is delivered to the required standard and kept this way it is considered this is best achieved by it being provided and maintained by the council with the land coming into council ownership. Before the public realm is designed, the local community will be consulted to learn their aspirations in order that they can be met as much as reasonably possible. Until the planning process is completed it is not possible to know the full extent of the land at 1-3 Odessa Street that can be returned for public realm and it is recommended the Head of Property agree this at the appropriate time.
21. The removal of the crane may result in some members of the community being concerned about the loss of a heritage feature. However, the safety of the wider community including persons inclined to climb upon it and users of the Thames Path being subject to pigeon mess must over-ride this concern. Hollybrook has agreed to see if a historical organisation will take the crane but failing that it will be broken up and removed. Subject to public consultation, it may be appropriate to include within the new public realm a feature that recognises the dockland past of the site in a similar way to the artefacts that have been incorporated at Durands Wharf.
22. The Thames Path at New Caledonia Wharf has been closed for a number of years and some residents, particularly those that moved there following the Path's temporary closure, may be resistant to its re-opening once the new link is completed. To mitigate this there will be the need for communication and consultation.

Policy implications

23. As discussed at paragraph 15 this proposal will deliver Policy CW AAP 22 of the Canada Water Area Action Plan.
24. The proposed new affordable housing will contribute to the Fairer Future promise (no3) of Quality Affordable homes. The proposed new public realm is in keeping with Fairer Future promise (no6) A Greener Borough.

Community impact statement

25. The recommendations in this report, subject to the planning process will give rise to a longer and improved Thames Path and encourage the Path's use by the community. A nightclub (albeit one that has been closed for a number of years) and a long standing vacant building will be removed as will a crane and be replaced with new housing and commercial facilities together with a new river focused public realm.

Resource implications

26. The transfer of 1-3 Odessa Street will realise a capital receipt (see closed version of this report). It will also save revenue expenditure insuring the property and empty business rates, these savings are in the order of £2,500 per annum. The loss of responsibility for the crane will also realise savings in management and cleaning terms.
27. To provide the new public realm including the Thames Path connection will incur a significant capital cost, until appropriate consultation takes place it is not possible to accurately estimate what this cost will be but budgetary provision in the order of £500,000 is recommended for this. In designing the new public realm, a criterion should be to minimise ongoing maintenance costs whilst preserving quality and if this is achieved no significant additional revenue costs should arise.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

The Director of Legal Services

28. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 120 and 123 of the Local Government Act 1972 and Sections 226 and 227 of the Town and Country Planning Act 1990 are both pre-commencement Statutes which impose limitations on the council's powers of disposal and acquisition.
29. Section 123 of the Local Government Act 1972 states that except with the consent of the Secretary of State, a council shall not dispose of land under that section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained. Paragraph 9 of the closed version of this report confirms the consideration to be paid by Hollybrook is the best that can reasonably be obtained.

30. Section 123(2A) of the Local Government Act 1972 states that a council may not dispose of any land consisting or forming part of an open space unless before disposing of the land it causes notice of its intention to do so, specifying the land in question to be advertised in two consecutive weeks in a newspaper circulating in the area in which the land is situated and consider any objections to the proposed disposal.
31. Section 227 of the Town and Country Planning Act 1990 enables the council to acquire by agreement any land which it requires for any purpose for which a local authority may be authorised to acquire land under section 226 of the Act. Section 226 enables a local authority to acquire compulsorily any land in their area
- (a) if the authority think that the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land
 - (b) which is required for a purpose which it is necessary to achieve in the interests of the proper planning of an area in which the land is situated.

This report indicates at paragraph 20 that the acquisition proposed in Recommendation 3 of this report will facilitate the improvement of public realm in the area.

32. A local authority must not exercise the power under paragraph (a) of Section 226(1) unless it thinks that the development, redevelopment or improvement is likely to contribute to the achievement of any or more of the following objects –
- (a) the promotion or improvement of the economic well-being of the area;
 - (b) the promotion or improvement of the social well-being of the area;
 - (c) the promotion or improvement of the environmental well-being of the area
33. Paragraph 20 confirms the proposed recommendations will result in an improved public realm for the area thereby satisfying (c) above.

Strategic Director, Environment & Leisure

34. The strategic director of environment and leisure supports and welcomes the site and notes that subject to the future design of the public realm any future maintenance costs will be capable of being contained within existing resources.

Strategic Director of Finance and Corporate Services (FC14/035)

35. This is set out in the closed version of this report.

BACKGROUND DOCUMENTS

Background Papers	Available At	Contact
The Thames Path		
Link: http://www.nationaltrail.co.uk/thames-path		
Canada Water Area Action Plan		
Link: http://www.southwark.gov.uk/downloads/download/3015/canada_water_aap_adoption		

APPENDICES

No.	Title
Appendix A	Aerial photograph showing Thames Path at Odessa Street
Appendix B	Photographs of crane at 1-3 Odessa Street
Appendix C	Proposed land transfers

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams, Regeneration, Planning & Transport	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Patrick McGreal, Property Services	
Version	Final	
Dated	27 November 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director, Environment & Leisure	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	In closed report
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	27 November 2014	

Date 30/10/2014



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**APPENDIX B
CRANE TO THE REAR OF 1 – 3 ODESSA STREET**





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CABINET AGENDA DISTRIBUTION LIST (OPEN)**MUNICIPAL YEAR 2014/15**

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