

## Cabinet

Tuesday 1 November 2016

4.00 pm

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

### Membership

Councillor Peter John OBE (Chair)  
Councillor Stephanie Cryan

Councillor Maisie Anderson  
Councillor Fiona Colley  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Victoria Mills  
Councillor Johnson Situ  
Councillor Mark Williams  
Councillor Ian Wingfield

### Portfolio

Leader of the Council  
Deputy Leader and Cabinet Member for  
Housing  
Public Health, Parks and Leisure  
Finance, Modernisation and Performance  
Communities and Safety  
Adult Care and Financial Inclusion  
Children and Schools  
Business, Employment and Culture  
Regeneration and New Homes  
Environment and the Public Realm

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#### Contact

Paula Thornton 020 7525 4395 or email: [paula.thornton@southwark.gov.uk](mailto:paula.thornton@southwark.gov.uk)

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Members of the committee are summoned to attend this meeting

**Councillor Peter John**

Leader of the Council

Date: 24 October 2016



# Cabinet

Tuesday 1 November 2016  
4.00 pm

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

## Order of Business

Item No.	Title	Page No.
	<b>PART A - OPEN BUSINESS</b>	
	<b>MOBILE PHONES</b>	
	Mobile phones should be turned off or put on silent during the course of the meeting.	
<b>1.</b>	<b>APOLOGIES</b>	
	To receive any apologies for absence.	
<b>2.</b>	<b>NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT</b>	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
<b>3.</b>	<b>NOTICE OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING, AND ANY REPRESENTATIONS RECEIVED</b>	1
	To note the items specified which will be considered in a closed meeting.	
<b>4.</b>	<b>DISCLOSURE OF INTERESTS AND DISPENSATIONS</b>	
	Members to declare any interests and dispensations in respect of any item of business to be considered at this meeting.	

Item No.	Title	Page No.
5.	<b>PUBLIC QUESTION TIME (15 MINUTES)</b>	
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules. The deadline for the receipt of public questions is midnight Wednesday 26 October, 2016.	
6.	<b>MINUTES</b>	2 - 16
	To approve as a correct record the minutes of the open section of the meeting held on 20 September 2016.	
7.	<b>DEPUTATION REQUESTS</b>	
	To consider any deputation requests. The deadline for the receipt of deputations is midnight Wednesday 26 October 2016.	
8.	<b>CHILDCARE COMMISSION RESPONSE</b>	17 - 33
	To note progress in developing the early years and childcare agenda in Southwark since the Southwark and Lambeth Childcare Commission reported in April 2015 and to approve grants for the creation of additional childcare places.	
9.	<b>JOINT VENTURE AGREEMENT FOR COMMERCIAL WASTE SALES FUNCTION</b>	34 - 48
	To agree to a joint venture agreement with London Business Waste and Recycling Limited to create a Special Purpose Vehicle Company for the purpose of providing a commercial waste collection service.	
10.	<b>ELECTORAL REVIEW OF SOUTHWARK</b>	49 - 81
	To note the final recommendations of the Local Government Boundary Commission for England's electoral review of Southwark and agree next steps.	
11.	<b>SOUTHWARK VOLUNTARY AND COMMUNITY SECTOR STRATEGY 2017 - 2022</b>	82 - 88
	To approve the new Southwark voluntary and community sector (VCS) strategy.	
12.	<b>IMPLEMENTATION OF THE MODERNISATION PROGRAMME</b>	89 - 99
	To note and endorse the strategy contained within the modernisation programme.	

Item No.	Title	Page No.
13.	<b>THAMES WATER - HISTORIC WATER RESALE CASE UPDATE AND NEXT STEPS</b>	100 - 113
	To note the outcome of the consultation with tenants regarding the preferred option to terminate the agreement with Thames Water and agree next steps.	
14.	<b>MONTH 5 CAPITAL MONITORING FOR 2016-17 AND CAPITAL PROGRAMME REFRESH FOR 2016-17 TO 2023-24</b>	114 - 147
	To note the general fund capital programme for the period 2016-17 to 2023-24.	
	To approve the virements and variations to the general fund and housing investment programme and the capital programme bids.	
15.	<b>REVENUE MONITORING REPORT INCORPORATING UPDATED MEDIUM TERM FINANCIAL STRATEGY AND TREASURY MANAGEMENT 2016-17</b>	148 - 163
	To note the general fund outturn forecast for 2016-17 and the implications of the current forecast for 2016-17 on future budget setting and the medium term financial strategy.	
16.	<b>SAFE AS HOUSES? COMMISSIONING INDEPENDENT SOCIAL RESEARCH INTO THE EARLY IMPACTS OF UNIVERSAL CREDIT AND CHANGES TO ARRANGEMENTS FOR PAYMENT OF HOUSING COST SUPPORT AMONG SOCIAL HOUSING TENANTS IN SOUTHWARK</b>	164 - 177
	To note work being undertaken to commission independent social research into the impact of Universal Credit (UC) "full service" roll-out among affected social housing tenants in Southwark – predominantly council tenants.	
17.	<b>DISPOSAL OF DOCKLEY ROAD BUSINESS ESTATE BERMONDSEY (SITE N BERMONDSEY SPA)</b>	178 - 186
	To agree to transfer freehold and leasehold interest in the land shown in the report, to the Wardens & Fellows of Nuffield College in the University of Oxford.	
	<b>DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING</b>	

**EXCLUSION OF PRESS AND PUBLIC**

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

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

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

**PART B - CLOSED BUSINESS****18. MINUTES**

To approve as a correct record the closed minutes of the meeting held on 20 September 2016.

**19. JOINT VENTURE AGREEMENT FOR COMMERCIAL WASTE SALES FUNCTION****20. DISPOSAL OF DOCKLEY ROAD BUSINESS ESTATE BERMONDSEY (SITE N BERMONDSEY SPA)**

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

Date: 24 October 2016



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

### **Cabinet 1 November 2016**

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 1 November 2016 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 19:** Joint Venture Agreement for Commercial Waste Sales Function

**Item 20:** Disposal of Dockley Road, Business Estate, Bermondsey (Site N, Bermondsey Spa)

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.

Everton Roberts  
For Proper Constitutional Officer

**Dated:** 24 October 2016



## Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 20 September 2016 at 4.00pm at the Council Offices, 160 Tooley Street, London SE1 2QH.

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**PRESENT:** Councillor Peter John OBE (Chair)  
Councillor Stephanie Cryan  
Councillor Maisie Anderson  
Councillor Fiona Colley  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Victoria Mills  
Councillor Johnson Situ  
Councillor Mark Williams  
Councillor Ian Wingfield

### 1. APOLOGIES

All members were present.

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

The chair gave notice that a supplemental report for the following item of business would be considered for reasons of urgency to be specified in the relevant minutes:

- Item 12: Aylesbury Regeneration Delivery

### 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 the meeting.

### 4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Councillor Mark Williams, as chair of Creation Trust declared a non-pecuniary interest in

respect of Item 12: Aylesbury Regeneration Delivery. He had sought advice in respect of this item and it had been determined that there was no conflict or pecuniary interest arising.

## **5. PUBLIC QUESTION TIME (15 MINUTES)**

### **Public Question from Beverley Robinson**

Where leaseholders in regeneration areas are still in lawful occupation what is the council's policy with regard to carrying out its obligations to ensure the continuing provision of vital services to such residents, and what role did the council play in the recent failure of electricity supply to Chiltern?

### **Response from the Deputy Leader and Cabinet Member for Housing**

The council takes its obligations and responsibilities to all of its residents very seriously, including of course to leaseholders in regeneration areas. However, vital services such as gas, water and electricity provision up to our blocks are the responsibility of the various utility companies and when these fail the council works closely with the providers to restore supplies as quickly as possible. If the failure is within the blocks then the council will always work to restore them as a priority.

With regard electrical outages that have affected Chiltern House, there have been recent problems with the UK Power Networks (UKPN) supply arrangements. The most recent outage was due to a fault at the substation at Portland Street/Albany Road and UKPN attended site and rectified the problem later the same day.

The lift was affected by the power outage but this was resolved as soon as electricity was restored.

The council also updated its website and sent texts to any affected residents (whose phone numbers we have).

### **Supplemental question**

Beverley Robinson asked why council officers did not take responsibility for the problems that have occurred. Councillor Stephanie Cryan agreed to respond to the problems raised.

### **Public Question from Judi Bos**

Why have council officers failed to be aware of or failed to implement the cabinet decision of the 7 June 2016 where it agreed that a non-binding arbitration process be put in place for the Aylesbury Estate?

### **Response from the Cabinet Member for Regeneration and New Homes**

A mediation process, described in the council's cabinet report of 7 June 2016 as "a non-binding arbitration process", is in place for residential Aylesbury leaseholders from Phase 2 onwards. To date, 156 leaseholder interests in Phases 2-4 have been acquired by agreement; no leaseholders in Phases 2-4 have approached the council to commence a mediation process. The council does not, therefore, hold any further information relating to costs and resourcing of mediation cases at this time.



### **Supplemental question**

Judi Bos referred to her request submitted some weeks ago to enter a non-binding arbitration process and the fact that she was still waiting for a decision. Councillor Mark Williams responded that efforts would be made to find a solution as soon as possible.

## **6. MINUTES**

### **RESOLVED:**

That the open minutes of the meeting held on 19 July 2016 be approved as a correct record and signed by the chair.

## **7. DEPUTATION REQUESTS**

No deputation requests were received.

However, further to a demonstration at the meeting, cabinet heard representations from South East London Sisters Uncut group relating to domestic violence and concerns about support and housing provision. The deputy leader and cabinet member for housing talked to the group after the demonstration and agreed to meet them for further discussion.

## **8. RESPONSE TO HEALTHY COMMUNITIES SCRUTINY SUB-COMMITTEE REPORT "TIME TO CARE: A FUTURE VISION OF CARE IN SOUTHWARK"**

Councillor Rebecca Lury, chair of the healthy communities scrutiny sub-committee, attended the meeting to provide feedback to the response to cabinet.

### **RESOLVED:**

1. That the current actions that are being taken to address the key recommendations made by the healthy communities scrutiny sub-committee in their report on care be noted.
2. That the additional actions to be taken to address a number of the key recommendations be noted.

## **9. SCRUTINY REVIEW OF SOUTHWARK'S NON-RESIDENTIAL PROPERTY**

### **RESOLVED:**

1. That the actions that are being taken to address the key recommendations made by overview and scrutiny committee in their report to cabinet on 7 June 2016, regarding the review of the council's non-residential property be noted.
2. That it be noted that the actions recommended in the report follow positive steps by overview and scrutiny committee, cabinet members, officers and internal audit towards a refreshed approach to the management of the commercial property

estate. Full proposals will be reported in detail to cabinet in November, where approval will be sought to a new asset management plan dealing specifically with non-residential property.

**10. POLICY AND RESOURCES STRATEGY 2016-17 TO 2019-20: SCENE SETTING REPORT (INCLUDING FAIRER FUTURE MEDIUM TERM FINANCIAL STRATEGY AND INTEGRATED EFFICIENCY PLAN)**

**RESOLVED:**

**Decisions of the Cabinet**

1. That the updated fairer future medium term financial strategy (FFMTFS) and integrated efficiency plan set out within the report (Appendix A) be approved, noting the importance of the relationship to the council plan and the new theme to be *fit for the future*.
2. That it be noted the government has stated that those councils that chose not to accept the offer will be subject to the existing yearly process for determining the local government finance settlement and that allocations could be subject to additional reductions dependant on the fiscal climate and the need for the government to make further savings to reduce the deficit.
3. That it be agreed to accept the certainty offered by a four-year finance settlement in line with the Local Government Finance Final Settlement in February 2016 for 2016-17 and for the next three years.
4. That the continued uncertainty with regard to elements of government funding, price and demand pressures and the need to ensure that budgets set each year are sustainable during the settlement period to 2019-20 and beyond be noted.
5. That the update to the policy and resources strategy 2017-18 - 2019-20, the risks associated and next steps to be taken to balance the council's budget over that period be noted.

**Decision of the Leader of the Council**

6. That the details of the final submission and publication of the integrated efficiency plan to government by 14 October 2016 be delegated to the cabinet member for finance, modernisation and performance.

**11. REFRESH OF COUNCIL PLAN 2014-18**

**RESOLVED:**

1. That the proposed refresh of the council plan 2014-2018 be recommended for agreement by council assembly on 30 November 2016.
2. That the proposed refresh of the council plan 2014-2018 be agreed.

## 12. AYLESBURY REGENERATION DELIVERY

A supplemental report was circulated for this item. The chair agreed to consider this for reasons of urgency, in light of the recent compulsory purchase order (CPO) decision of the Secretary of State and the need for the council to lodge a claim for judicial review within a specified period and to direct the contractual negotiations with the demolition contractor.

### RESOLVED:

1. That a series of actions as set out in paragraphs 10, 11, 13 and 14 of the substantive report to bring forward the delivery of the Aylesbury regeneration programme be approved, namely:
  - a) The council funding directly the demolition of Plot 18
  - b) The council underwriting design fees on Plot 18 and Phase 2 in order to progress planning applications and
  - c) The council bringing forward funding and delivery of the approved premises facility.
2. That in the light of the recent Secretary of State decision on the compulsory purchase order (CPO) for the first development site, it is also further agreed that:
  - a) The council should proceed with funding the partial demolition of the first development site on land where there are no outstanding third party interests. The agreement to the scope of the contract and the revised cost to be delegated to the chief executive for approval
  - b) That it be noted that due to the CPO decision that any additional costs arising from the delay of the demolition of the first development site will need to be identified and will be subject to future approval by cabinet
  - c) The council should review the development proposals for the first development site to take account of the phased demolition; and
  - d) The council should make an application to the High Court for the Secretary of State decision to be reviewed.
3. That approval of the final terms of the agreed actions, as set out on paragraphs 10, 11, 13 and 14 of the substantive report be delegated to the director of regeneration.
4. That those remaining leaseholders in phase 1, that are not subject to land valuation tribunals, be allowed to enter non-binding arbitration, subject to legal advice.

## 13. APPROVAL OF THE COUNCIL'S LOCAL IMPLEMENTATION DELIVERY PLAN, ANNUAL SPENDING SUBMISSION FOR 2017/18

### RESOLVED:

#### Decisions of the Cabinet

1. That the content of the council's proposed submission to Transport for London (TfL) identifying transport projects to be delivered with TfL LIP funding in 2017/18 Appendix A be agreed.

2. That the identified programme be agreed for submission to Transport for London (TfL) by 28 October 2016.
3. That the implementation of the programmes as set out in Appendix A of the report be agreed.
4. That the progress of the Southwark Cycling Strategy as set out in Appendix B of the report be noted.

#### **Decisions of the Leader of the Council**

5. That authority be delegated to the cabinet member for environment and the public realm to amend the programme for 2017/18 should any variations to the proposed programme be required. The cabinet member shall consult community council chairs regarding scheme changes in their area.
6. That authority be delegated to the cabinet member for environment and the public realm to determine the most appropriate use of the £100,000 discretionary funding allocated by TfL for 2017/18.

#### **14. AGE-FRIENDLY BOROUGH COMMUNITY CONVERSATION**

##### **RESOLVED:**

1. That the vision for an age-friendly Southwark as a place that has the following characteristics be agreed:
  - a. Is welcoming; accessible to all where older people feel safe, are safe and are respected.
  - b. Older people are able to access a broad range of affordable and accessible transport options to get about the borough easily.
  - c. No-one is lonely; there are a range of opportunities for people to live healthy, active and fulfilling lives in Southwark.
  - d. All older people, their friends' family and support networks have easy access to information which makes their lives better.
  - e. Older people have an increased healthy life expectancy supported by integrated health and social care services.
  - f. Actively involves older people to deliver housing that meets the needs of an ageing population both in the private and public sector
  - g. Ageing is promoted positively and older people feel worthwhile and valued as citizens of Southwark
  - h. Older people actively participate in the borough through education, employment, training and volunteering.
2. That it be noted that the following have been identified through the ageing well conversation as the priorities for people of Southwark and that officers be tasked with developing action plans that address these concerns to support delivery of an age friendly borough:
  - a. Improvements to the experiences of older people getting out and about and using public transport, open spaces and public realm.
  - b. Tackling isolation and supporting opportunities to meet people and have fun

- especially through community based activity and the voluntary sector.
- c. Improving communications and information and understanding that for many of the most isolated the best mechanism for information sharing may be through personal recommendation and referral.
  - d. Supporting intergenerational interactions to break down barriers and the seeming increased polarisation of communities based on age.
  - e. Developing more opportunities for skill sharing, volunteering and work for older people.
  - f. Supporting people to stay healthy and active through schemes such as free swim and gym and outdoor gyms, as well as targeted Public Health information.
  - g. Improving housing options and design through our planning and regeneration policies and decisions.
  - h. Improving the skills of the workforce to provide good customer service to vulnerable older people.
  - i. The strategic lead for this work will be the director of communities.
  - j. That the council establish a multi stakeholder reference group to map progress of delivery of an age friendly Borough.
  - k. The cabinet will receive an annual report on the progress of delivery of the action plan.
3. That the strategic lead for this work will be the director of communities.
  4. That a multi-stakeholder reference group to map progress of delivery of an age friendly Borough be established.
  5. That an annual report on the progress of delivery of the action plan be received by cabinet.
  6. In addition the cabinet would like to thank the organisations that have contributed to the delivery of the community conversation and recognises that they played a key role in the success of this work.
  7. That it be noted how positive so many of the people who participated were about Southwark and what is on offer and how enthused people were to be involved in this conversation.

## **15. SOUTHWARK PREVENT PARTNERSHIP DELIVERY PLAN**

### **RESOLVED:**

That the Southwark Prevent Partnership Delivery Plan 2016/2017 as set out at Appendix 1 of the report be agreed.

## **16. GATEWAY 2: CONTRACT AWARD APPROVAL - ASBESTOS CONSULTANCY SERVICES CONTRACT A - SURVEYING AND BULK SAMPLING AND CONTRACT B - AIR SAMPLING AND MONITORING**

### **RESOLVED:**

1. That the award of Contract A - surveying and bulk sampling to Pennington Choices Ltd for the estimated sum of £1.2m per annum for a period of 4 years from 1 January

2017 with the option to extend by a further 2 year period, making a total estimated value of £7.2m be approved.

2. That the award of Contract B - air sampling and monitoring to Armstrong York Asbestos Environmental Limited for the estimated sum of £274,000 per annum for a period of 4 years from 1 January 2017 with the option to extend by a further 2 year period, making a total estimated value of £1.64m be approved.

## **17. GATEWAY 2: CONTRACT AWARD APPROVAL - SOUTHWARK REGENERATION IN PARTNERSHIP PROGRAMME DEVELOPMENT PARTNERS**

### **RESOLVED:**

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

1. That subject to securing the funding requirement noted in paragraph 4 of the recommendations, the award of the Southwark Regeneration in Partnership Programme (SRPP) Lot B to Affinity Sutton Homes Ltd to deliver 606 new homes (of which 284 will be council owned), 4,132m<sup>2</sup> of commercial space/community facilities that will be retained by the council and associated infrastructure through the Greater London Authority's London Development Panel Development Agreement be approved. The contract shall be for a period of 10 years commencing on 31 October 2016 and completing on 30 October 2026, at a total development cost around £153m with a subsidy by the council of £11.507m along with land and ancillary costs detailed in the closed report.
2. That that the procurement for Lot A will be repackaged and re-procured as detailed in paragraphs 32-34 of the report which will be approved in separate gateway reports be noted.
3. That the allocation of £7.84m of Housing Zone grant to the SRPP sites within the Old Kent Road/Peckham and the Canada Water housing zones be approved.
4. That it be noted that the SRPP will be seeking additional funding of £11.507m from the S106 affordable housing fund to meet the contract investment requirement.
5. That subject to securing the funding requirement noted in paragraph 4 of the recommendations and subject to any further negotiations considered necessary by the director of regeneration, the disposal of the council's land as listed in Table 2 in the report (Lot B sites) on the terms of the development agreement to be entered into pursuant to the contract being awarded be approved.

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

6. That authority be delegated to the cabinet member for regeneration and new homes to identify sites with appropriate use and tenure requirements for the re-packaging and the re-procurement of Lot A from the Southwark Regeneration in Partnership Programme [Gateway 1 - Procurement Strategy]; with the exception of the South Dock Marina Boatyard site.

## 18. MOTIONS REFERRED FROM COUNCIL ASSEMBLY

### RESOLVED:

#### Tackling the housing crisis

That the motion referred from council assembly as a recommendation to cabinet, set out below be agreed:

1. Council assembly recognises the role of local authorities in tackling the housing crisis, to ensure that there are enough decent affordable homes for all of our residents.
2. Council assembly welcomes the steps that this administration is taking to ensure Southwark plays its role in solving the housing crisis, including:
  - Building 11,000 new council homes, with the first 1,500 delivered by 2018
  - Ensuring that local residents benefit directly by reserving half of all the new council homes for residents on the housing waiting list who live in the local area
  - Ensuring the delivery of truly affordable homes by securing over 35% affordable homes in new developments last year, with over 50% of these for social rent
  - Improving the quality of 15,000 council homes, spending £480m to make every council home warm, dry and safe and ensuring every council tenant has a quality kitchen and bathroom
  - Introducing a private-rented sector licensing scheme to raise standards in private rented housing and protect the 1 in 4 families in Southwark who rent privately.
3. Council assembly recognises that at a time when the Conservative government has slashed funding for new affordable homes, it is more important than ever to hold developers to account and secure as many affordable homes as possible, and therefore welcomes the new rules introduced by this administration to make viability assessments public for all new developments.
4. Council assembly welcomes the new Mayor of London's bold plan to deliver the homes that Londoners need, including supporting councils to enforce clear, new rules to maximise the affordable housing in new developments and the option to set local affordable housing targets.
5. Council assembly condemns the Government for pushing through its disastrous Housing and Planning Act despite fierce opposition by local councils including Southwark and for refusing to accept concessions to limit the impact of 'pay to stay' on council tenants and to ensure that any high value council homes sold are replaced in the same area.
6. Council assembly recognises that the government's 'Starter Homes' contained in this act will not be affordable for most Southwark residents, and calls on the cabinet to work with the Mayor of London to explore alternatives for low cost home ownership, to support residents who are struggling to buy their own home.

7. Council assembly recognises that the lack of detail in the legislation about the implementation of the act seriously limits the information and advice that the council can provide to residents, but calls on the cabinet to do everything it can to minimise the impact of this disastrous legislation on Southwark residents and particularly council tenants.
8. Council assembly calls on all councillors to continue to fight the Conservatives' attack on social housing.

### **Motor neurone disease charter**

That the motion referred from council assembly as a recommendation to cabinet, set out below be agreed:

1. Council assembly notes that there is a 1 in 300 chance of developing Motor Neurone Disease (MND), a disease that has no cure and kills more than half those diagnosed within two years.
2. Council assembly supports the Motor Neurone Disease Charter, which sets out the care and support that people living with MND and their carers deserve and should expect. The charter identifies five rights for people living with MND and their carers:
  - People with MND have the right to an early diagnosis and information
  - People with MND have the right to high quality care and treatments
  - People with MND have the right to be treated as individuals and with dignity and respect
  - People with MND have the right to maximise their quality of life
  - Carers of people with MND have the right to be valued, respected, listened to and well supported.
3. By adopting the Motor Neurone Disease charter, council assembly expects Southwark Council to promote the Charter and make it available to all councillors, council staff, partner organisations and health and social care professionals who deliver services for the council.
4. Council assembly calls on cabinet to adopt the Motor Neurone Disease Charter and raise awareness of MND and what good care looks like for those living with this devastating disease, as stated in the charter, and do everything we can as the council to positively influence the quality of life for local people with MND and their carers living in our community.

### **School funding in Southwark**

That the motion referred from council assembly as a recommendation to cabinet, set out below be agreed. It was noted that cabinet would receive a school standards report shortly.

1. Council assembly expresses its grave concern about the new schools funding formula being proposed by the government, which could see funding for Southwark schools cut by 20%, which would have a devastating impact on schools in our borough.



2. Council assembly notes that Southwark schools have made dramatic improvements in raising standards and that these unprecedented cuts risk reversing these improvements.
3. Council assembly believes that the government should show a real commitment to the next generation and level up funding for schools outside of London, like the previous Labour government did within London.
4. Council assembly welcomes the government's u-turn on its plans to force all schools to become academies following pressure from local authorities and campaigners, but remains concerned about the government's proposals to forcibly convert 'coasting' or 'failing' schools, despite evidence that intensive support from a local authority can help a struggling school get back on track.
5. Council assembly notes that the government's forced academisation plan would have cost an estimated £1.3bn and calls on the government to instead use this money to provide fair and adequate funding to all schools in the country.
6. Council assembly calls on the cabinet to continue to work with Southwark schools through support and investment to drive improvements and to oppose proposals for any schools to be forced to convert to academy status without the support of local parents and the community.

### **Tax compliance and procurement**

That the motion referred from council assembly as a recommendation to cabinet, set out below be agreed. Additionally it was agreed that the cabinet member for finance, modernisation and performance would examine the issues raised in more detail.

1. Council assembly notes that:
  - corporate tax evasion and avoidance are having a damaging impact on the world's poorest countries and the UK's tax revenue that funds vital public services
  - as much as £30bn is lost to UK tax revenues annually through tax evasion and avoidance
  - this practice also has a negative effect on small- and medium-sized companies in Southwark which pay more tax proportionately.
2. Council assembly further notes that:
  - the UK government has taken steps to tackle the issue of tax compliance by issuing 'Procurement Policy Note 03/14' which applies to all central government contracts worth more than £5m
  - the availability of independent means of verifying tax compliance, such as the Fair Tax Mark
  - in early 2015, new regulations required public bodies, including local authorities, to ask procurement qualification questions of all companies for tenders over £173,000 for service contracts and £4m for works contracts.
3. Council assembly welcomes the Corporate Tax Transparency Initiative that the Local Authority Pension Fund Forum is spearheading, which seeks to use the collective

shareholder power of Local Authority Pension Funds to influence the companies we part own.

4. Council assembly believes that bidders for Southwark council contracts should be asked to account for their past tax record using the standards in PPN 03/14 rather than the lower standards in the recent regulations for public bodies.
5. Council assembly therefore calls on the cabinet to amend the borough's existing procurement procedures to require all companies bidding for council contracts to self-certify that they are fully tax-compliant in line with central government practice, using the standards in PPN 03/14 in all contracts of the amount specified above.
6. Council assembly also calls on the cabinet to publicise this policy and to report on its implementation annually.

### **A Cinderella line**

That the motion referred from council assembly as a recommendation to cabinet, set out below be agreed. It was also noted that with regard to point 7 below, the cabinet member for finance, modernisation and performance would be attending a campaign meeting shortly.

1. Council assembly notes that commuters on the Catford loop stations are facing overcrowding and late running trains at Denmark Hill, Peckham Rye and Nunhead stations.
2. Council assembly further notes that London Bridge station is also facing overcrowding at peak times due to a combination of train service disruptions and ongoing construction work at the station, and that this is leading to further delays and passenger dissatisfaction.
3. Council assembly notes with concern that at peak times trains run at 130 per cent capacity and are only on time 55 per cent of the time.
4. Council assembly welcomes Network Rail's commitment to delivering more train services from 2018 when the works at London Bridge station are complete.
5. Council assembly recognises, however, that urgent improvements are needed before 2018, and calls on the cabinet to lobby Thameslink and Network Rail to take immediate action to deliver:
  - A reliable day to day service
  - All trains in the morning and evening peaks having eight carriages.
6. Council assembly also recognises that Govia Thameslink passengers are suffering currently from strike action and high levels of staff sickness, and supports calls for the company to resolve these issues as well as abandon the new revised timetable on its Southern Trains network meaning 341 fewer services each day and leading to Southwark stations such as East Dulwich having even fewer trains during the morning rush hour compared to the previous already crowded service.
7. Council assembly also calls on the cabinet to join forces with the Cinderella Line

Campaign, Lewisham Council and other councils in responding to the forthcoming Department for Transport draft south London timetable for 2018 onwards to provide:

- At least four trains per hour throughout the day on the Catford Loop with all trains running through to St Pancras, rather than some trains (mainly in the evening) running to Blackfriars only as presently
  - At least four trains per hour throughout the day to Victoria from Nunhead/Peckham Rye/Denmark Hill
  - For services to be evenly spread across the hour rather than bunched together
  - Station standards that match London Overground.
8. Council assembly further calls on the cabinet to supports calls for:
- Southern Trains executives not to receive their bonuses
  - A new system of passenger refunds for journeys delayed more than 15 and 30 minutes
  - The company to lose their franchise as a result of their ongoing failure to provide a decent service to Southwark residents
  - Suburban rail services to be incorporated into the Transport for London network and for the Southern Trains franchise to be one of the first to be transferred given the ongoing service issues.
9. Council assembly notes that hundreds of Southwark rail services have been cut this week under a new timetable, which follows months of disruption, delays and cancellations for passengers on Southern services.
10. Council assembly notes that the new timetable has only 1-2 services an hour through Peckham Rye and Queens Road to London Bridge and vice versa, which will lead to massive delays, station overcrowding and huge disruption for our residents trying to get to work.
11. Council assembly notes its concern that the new timetable, which has 341 fewer daily services, will compromise passenger safety by leaving remaining trains dangerously overcrowded, and will leave an already unreliable service at breaking point.
12. Council assembly condemns Govia Thameslink Railway (GTR) for failing to provide an adequate and reliable service for passengers and believes that the government should strip GTR of its franchise and allow Transport for London to run the service

### **Condemning hate crime**

That the motion referred from council assembly as a recommendation to cabinet, set out below be agreed:

1. We are proud to live in a diverse and tolerant society. Racism, xenophobia and hate crimes have no place in our country. Southwark Council condemns racism, xenophobia and hate crimes unequivocally. All people living in Southwark are valued members of our community and we will not allow hate to become acceptable.
2. Southwark Council works closely with the police and local bodies and organisations to support programmes to fight and prevent hate crimes, including hate crime

training and awareness, services and support for victims and taking robust action against perpetrators.

3. Council assembly calls on the cabinet to continue to work with these organisations and take all necessary action to fight and prevent racism and xenophobia and all hate crimes.

### **Rights of EU Citizens**

That the motion referred from council assembly as a recommendation to cabinet, set out below be agreed. It was noted that with regard to point 5, that the Mayor of London is undertaking work to resolve.

1. Council assembly notes the 52% rise in hate crime and racial abuse in London reported to the Metropolitan Police since the EU referendum and the need to reassure EU residents in Southwark that the council stands with them against such incidents.
2. Council assembly further notes the level of unease and insecurity expressed by many EU residents about the lack of information about their future residency and working rights in the United Kingdom following the referendum result and how this impacts on the 21,977 registered European Union voters in Southwark and council employees who are EU voters.
3. Council assembly believes the government has so far failed to provide any assurances to EU citizens resident in the United Kingdom that they will have the right to remain in this country and supports calls that this issue should not be used as a bargaining chip in the Government's negotiations on leaving the European Union.
4. Council assembly acknowledges the growing calls for action with over 50,000 people signing a petition nationally calling on the Prime Minister to guarantee the rights of EU citizens in the United Kingdom.
5. Council assembly calls on cabinet to urge the government and the borough's Members of Parliament to support all measures to secure the right to remain for EU citizens in Southwark.

### **EXCLUSION OF THE 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 categories 3 and 5 of paragraph 10.4 of the access to information procedure rules of the Southwark Constitution.

## **19. MINUTES**

The closed minutes of the meeting held on 19 July 2016 were approved as a correct record and signed by the chair.

**20. AYLESBURY REGENERATION DELIVERY**

The cabinet considered the closed information relating to this item. Please see item 12 for decision.

**21. GATEWAY 2: CONTRACT AWARD APPROVAL - ASBESTOS CONSULTANCY SERVICES CONTRACT A - SURVEYING AND BULK SAMPLING AND CONTRACT B - AIR SAMPLING AND MONITORING**

The cabinet considered the closed information relating to this item. Please see item 21 for decision

**22. GATEWAY 2: CONTRACT AWARD APPROVAL - SOUTHWARK REGENERATION IN PARTNERSHIP PROGRAMME DEVELOPMENT PARTNERS**

The cabinet considered the closed information relating to this item. Please see item 22 for decision.

Meeting ended at 6.20pm.

**CHAIR:**

**DATED:**

**DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 28 SEPTEMBER 2016.**

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

<b>Item No.</b> 8.	<b>Classification:</b> Open	<b>Date:</b> 1 November 2016	<b>Meeting:</b> Cabinet
<b>Report title:</b>		Childcare Commission Response	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Victoria Mills, Children and Schools	

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

The early years and childcare agenda continues to be a priority for Southwark council. We have taken positive action in response to the Southwark and Lambeth Childcare Commission as well as rising to new challenges that have emerged since the Commission reported. This report summarises the progress we have made, and sets out how the council is continuing to facilitate the creation of new childcare places.

### **RECOMMENDATIONS**

1. To note progress in developing the early years and childcare agenda in Southwark since the Southwark and Lambeth Childcare Commission reported in April 2015.
2. To approve grants for the creation of additional childcare places, as set out in paragraph 17.

### **BACKGROUND INFORMATION**

3. The Southwark and Lambeth Childcare Commission was established in June 2014 to review existing policy and practice in childcare provision, with particular reference to the experience of parents, children and childcare providers in Southwark and Lambeth. The aim of the Commission was to examine the challenges and opportunities in this area, and to make recommendations for changes to policy and practice at a national, regional and local level in order to secure childcare provision that is accessible and affordable to all parents, supports them to be economically active, and delivers quality education and development for children in the early years.
4. Cabinet responded to the Commission in July 2015, and set out work for the council to undertake in response to the recommendations within the report.
5. Since the report was first published, there have been national changes to childcare legislation and guidance from government for local authorities. A new government has been elected which has made commitments and changes to childcare provision which were not in place at the time of report publication.
6. This report sets out progress in delivering on the early years and childcare agenda in Southwark in the context of the Commission's report and subsequent developments including the new Childcare Act 2016. It also assesses what further work could be done to improve childcare provision in Southwark.

## KEY ISSUES FOR CONSIDERATION

### Policy implications

7. Childcare is a priority for Southwark council. The 'Fairer Future' promises, as agreed in the council plan by the cabinet in February 2015, include as 'Promise 5 – Nurseries and Childcare' a commitment that 'We will help parents to balance work and family life including investment in our children's centres to deliver more quality affordable childcare and open two new community nurseries'.
8. Local authority duties in relation to childcare are set out in the Childcare Act 2006 (as further defined by Local Authority Duty to Secure Early Years Provision Free of Charge Regulations 2014) and explained in 'Early education and childcare: statutory guidance for local authorities' (Department for Education, 2015). These include:
  - Securing free early education places for all three and four year old children, and for the 40% most disadvantaged two year old children (all for 15 hours per week, 38 weeks per year)
  - Securing sufficient childcare, so far as is reasonably practicable, for working parents, or parents who are studying or training for employment
  - Using a locally-determined, transparent formula - the early years single funding formula (EYSFF) - to set the funding rates for all types of provider based on a count of children attending
  - Providing information, advice and assistance to parents and prospective parents on the provision of childcare in their area
  - Securing information, advice and training for early years childcare providers in their area;
  - Distributing Early Years Pupil Premium funding to early years settings in order to improve the education they provide for disadvantaged three and four-year-olds
  - Ensuring that there are sufficient children's centres, as far as reasonably practicable, to meet local need of parents, prospective parents and young children.
9. A new Childcare Act 2016 received royal assent in March 2016 and includes an additional duty to provide 30 hours of free childcare for working parents, to be implemented from September 2017. It also includes a requirement for local authorities to publish information about the provision of childcare. A Department for Education consultation on the implementation of these new duties closed in June 2016, with further statutory guidance expected shortly.
10. The government published a consultation paper, 'An Early Years National Funding Formula' in August 2016, signaling a change in the way 3 and 4 year old nursery places will be funded in future. Funding for providers will continue to be channeled via local authorities, but a number of inner London authorities including Southwark are expected to have the amount of funding reduced under the proposed new formula for allocating budgets.
11. As well as a range of statutory duties and government guidance, the Childcare Commission aimed to go further to explore the roles local, regional, national government and others in addressing the challenges faced by many local families. The Commission was tasked with finding ways to ensure all families

have access to good quality, affordable, flexible childcare. This often goes beyond our statutory obligation.

### **Actions following the Childcare Commission**

12. The report considered by cabinet in July 2015 proposed a number of actions in response to the recommendations of the Southwark and Lambeth Childcare Commission. Progress with these actions is set out below. More broadly, consideration of the Commission's report has helped focus work across the council in key areas including:
- Ensuring sufficiency of childcare provision
  - Childcare and employment
  - Information for parents
  - Children's centres
  - Influencing the London and national agenda.

### **Ensuring the sufficiency of childcare provision**

13. In response to the Childcare Commission, the cabinet agreed that Southwark would develop and implement a strategy for encouraging new childcare provision in areas where there is a need for new places.
14. Southwark is now implementing a strategic approach to ensuring the sufficiency of childcare provision, as set out in Appendix A. This includes:
- assessing population trends
  - assessing current levels of take up of early education and childcare at borough
  - supporting the quality improvement of early years and childcare settings
  - supporting the development of new childcare places.
15. Successes have included:
- increasing take up of free places by two year old children to the highest level in inner London
  - providing free places to a record number of 2,3 and 4 year olds, benefiting 8,300 children
  - an increase in the proportion of early years and childcare settings judged as 'Good' or 'Outstanding' by Ofsted.
16. Since the Commission was established, the council has allocated grants for ten projects to expand childcare provision in the borough. This has included the opening of two new voluntary sector nurseries; 1<sup>st</sup> Place Place at Lorrimore Square and Camberwell After School Club Nursery, and the opening of new two year old provision in four primary schools. This exceeds the council plan commitment to open two new community nurseries.



17. Proposals have been received for three further projects to expand places. It is recommended that the council approves making grants to support these as follows:

<b>Setting</b>	<b>Project</b>	<b>Cost (£)</b>
Smart Start Nursery	Refurbishment of new property to create 28 places – Chaucer Ward	40,000
St Mary's Pre-School	Equipment and resources for new 20 place nursery – Surrey Docks Ward	5,500
Lilies Nursery (Smart Start Nursery Ltd)	Refurbishment of new property to create 21 places – South Bermondsey Ward	40,000
<b>Total</b>		<b>110,000</b>

18. The Childcare Commission recommended exploring the feasibility of amending its NNDR discretionary rate relief policy to encourage quality childcare provision. An audit has been undertaken by the council's finance and governance department and this has determined that more than two thirds of childcare settings are already receiving rate relief as charities or as small businesses, or have otherwise been taken out of rating. On this basis it is not proposed to make any changes to policy at this stage.
19. The Early Years Pupil Premium was introduced in 2015 to provide additional resources to support the education of disadvantaged children. This is provided to settings via the council, based on checking the eligibility of children to this support. In line with the recommendations of the Commission, Southwark has given briefing to both PVI settings and schools on making the best use of the Early Years Pupil Premium. Information on EYPP has been included in the governors bulletin circulated to all schools.

### **Childcare and employment**

20. The Childcare Commission recognised that finding suitable childcare is a key barrier to parents moving into and retaining employment, and that the role of employers in helping parents balance work and parenting commitments is critical. In its response to the Commission, Southwark agreed to work with other local employers on supporting the childcare needs of their staff, including both direct support with childcare and family friendly working
21. Southwark recognises that people work best when they have a satisfactory balance between their paid work and the remainder of their lives; as individuals and families, carers and members of the community. The council's new workforce strategy will continue to support our strong track record in supporting flexible working arrangements, building on our existing approach, which provides a range of flexible opportunities to staff from their first day. This recognises that we do what we can to find ways for them to benefit from a positive work life balance while continuing to deliver excellent services. As part of our review of

how we recruit the best people to Southwark, we will be more proactive in explaining the non-salary benefits, such as flexible working and childcare vouchers.

22. Since the Commission reported, the council has launched a childcare loan scheme for its employees. This is aimed at helping parents with childcare costs when returning to work after parental leave. In addition, the council has extended its child care voucher scheme until March 2017, pending the launch of a new national tax free childcare scheme. The voucher scheme helps parents with their childcare costs by enabling them to exchange part of their salary for tax exempt childcare vouchers
23. The Commission's findings were shared with the Southwark Business Forum, which brings together businesses based in the borough with the aim of improving economic wellbeing across Southwark. Further work and discussion is planned with the Forum on encouraging family friendly working across Southwark. The forum will discuss childcare best practice at future meetings.
24. The council provides support via its Southwark Works programme to residents with particular barriers to work, including physical and mental health issues, learning disabilities and caring responsibilities. As part of the Southwark Works offer, specialist Family Employment Advisers (FEAs) will offer clients with childcare responsibilities intensive and one to one, hands-on support to help remove barriers to work and improve overall employability. Clients will receive an initial employability and skills assessment and develop a personal action plan, with their own adviser, which will set out and measure progress against short, medium and long term goals, plus a soft skills assessment which will provide an on-going measure of the client's well being, confidence, motivation and more specific individual issues. The project intends to help over 300 residents on their journey to work by securing work placements and identifying childcare support. Once a resident secures employment FEAs help them to sustain their position and progress at work.

### **Information for parents**

25. The cabinet response to the Childcare Commission in July 2015 included a commitment to develop a childcare portal as part of the council's online presence, to improve information to parents and providers. It also proposed better promotion of childminding as an option for parents.
26. Since then, a new online training booking and payment system has been developed for childcare providers. Information on childcare providers in Southwark is available on the families information service pages on the council website, and is updated regularly based on the latest available information from Ofsted.
27. The childcare portal will be developed fully a part of the refresh of Southwark's website, in line with the commitment in the council's digital strategy to improve information and 'empowering customers to easily find what they need on the website'. Finalisation of details is subject to new statutory guidance expected shortly from Department for Education on childcare information requirements for LAs, in line with the Childcare Act 2016.
28. Southwark continues to promote childminding on its website and also supports quality improvement amongst childminders through a comprehensive pre-

registration programme for new childminders with ongoing support and training. As with other areas, this will be further enhanced through the 'childcare portal' as part of the refreshed website.

29. A gap has been identified in information on wrap around childcare in schools, arising from changes in the way this provision is treated by Ofsted. Schools no longer have to separately register their breakfast, after school, and holiday provision with Ofsted, which means there is no longer a central list of such services. Southwark is now undertaking its own audit of the provision of out of school childcare in local schools, and this information will be made available to parents via the council's website.

### **Children's centres**

30. The council's Childcare Commission response agreed a number of actions in relation to children's centres:
- ensuring that there is a childminding network linked to each of the four children's centres/early help localities
  - improving links between children's centres and maternity and health visiting services
  - ensuring that centres have improved access to employment support through Job Centre Plus and other agencies
  - better aligning adult learning services with support to parents and families through children's centres.
  - ensure that each of the four children's centre localities has at least one weekend activity taking place
  - prioritising the provision of additional free two year old places in children's centres.
31. A report on children's centres was considered by the cabinet in June 2016, confirming the implementation of a new locality model for children's centres. Service level agreements have been put in place with five lead agencies across Southwark to deliver the children's centre programme, and these include requirements to develop childminding networks, to work in partnership with health, employment, education and other services and to develop weekend services in response to local need.
32. The new children's centre model includes a locality board to enable stronger partnerships with health, employment and other services, who are represented on boards at a senior level.
33. A range of health provision is now being delivered from children's centres by health visitors, midwives and other health partners including antenatal clinics, sleep clinics and two year old reviews. Children's centres are also working with health partners towards Southwark achieving 'Baby Friendly Initiative' accreditation, a UNICEF programme to support breastfeeding and parent-infant relationships.
34. Facilitating access to employment support is part of the core offer for children's centres, with a range of training, advice and employment agencies delivering services from children's centres. Volunteering alongside accredited training courses to support users to become job ready is also available, and centres aim to further develop this in order to gain Investors in volunteers status. Southwark

provides adult and community learning at its Thomas Calton centre, with good quality childcare provision that enables parents to access a range of courses in order to develop their skills into employment.

35. Free two year old places are now being delivered at the following Children's Centre sites: Kintore Way, Dulwich Wood, Nell Gwynn, Ann Bernadt, Grove, Rye Oak, Rotherhithe, South Bermondsey, Bishops House, 1<sup>st</sup> Place, Coin Street and Bessemer Grange.

### **Influencing the London and national agenda**

36. The Childcare Commission report recognised that addressing this issue requires concerted action at national and city-wide level, as well as from local authorities. To this end, it included recommendations for the government and Mayor of London, as well as for Southwark and Lambeth. Southwark has taken this further by continuing to lobby in relation to childcare at all levels.
37. The new Mayor of London was elected in May 2016 with a manifesto commitment to 'Make childcare more affordable and accessible with a strategy that delivers for business and workers'. The Mayor appointed a deputy with responsibility for education and childcare in August 2016, and the cabinet member for children and schools has written to her offering to work together on areas such as:
- Continuing to lobby national government on levels of funding to promote affordability; childcare costs in London are significantly higher than in the rest of the UK, but the Department for Education is currently consulting on proposals for early years funding that threaten to reduce the level of funding to Southwark and a number of other London boroughs
  - Support for developing the childcare workforce, including further promotion of London Living Wage; many nurseries in the capital struggle to recruit and retain high quality staff in what has historically been a relatively low wage sector
  - Using planning powers to facilitate childcare provision; with numbers of young children projected to rise across London, planning will be essential to ensure that there is a sufficient supply of early education and childcare places.
  - Promoting family friendly working, including encouraging employers to develop best practice and considering needs of part time and flexible staff in other areas, such as setting TfL fares.
38. In his role as London Councils' executive member for children, skills and employment, the Leader has played a key role in advocating for London childcare in government consultations.
39. The council has engaged with the childcare sector locally on the developing childcare policy agenda. A meeting for providers was held in May 2016 to discuss the government's proposals to expand the free childcare offer for working parents to 30 hours per week. This informed the council's response to the Department for Education's consultation on this initiative, in which Southwark reiterated providers' views that the key to its success was that it be adequately resourced.

### **Community impact statement**

40. The Public Sector Equality Duty, at section 149 of the Equality Act, requires public bodies to consider all individuals when carrying out their day to day work; in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard when carrying out their activities to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between people with protected characteristics and those with none. The council's approach to equality ("the approach") commits the council to ensuring that equality is an integral part of our day to day business.
41. Protected characteristics are the grounds upon which discrimination is unlawful; the characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, gender and sexual orientation. Equality analysis indicates that the Commission's recommendations and the council's proposed response are unlikely to impact on the characteristics of gender reassignment, marriage and civil partnership, race, religion or belief or sexual orientation. The expansion of childcare provision would be likely to contribute to advancing equality of opportunity for working mothers, and to expand educational opportunities for disadvantaged younger children (aged under five).

### **Resource implications**

42. As set out in paragraphs 8 and 9 above, new statutory duties relating to childcare continue to be placed upon local authorities. At the same time the resources available for Southwark council to meet these duties have been reducing over a number of years. The ring-fenced and relatively generous Sure Start, Early Years and Childcare Grants were replaced in 2011 by a reduced Early Intervention Grant, which in turn was abolished in 2013. Funding for free nursery places is included in the Early Years Block of the Dedicated Schools Grant but, as explained in paragraph 10, government proposals to change the way these funds are allocated threaten to reduce the amount of funding to Southwark. Against a backdrop of an extremely challenging financial position for the council as a whole, it is evident that there is limited scope for major new childcare initiatives.
43. The 7 July 2016 report to Schools Forum detailed the earmarking of £2.1m of DSG reserves to support future programmes including increasing capacity and support. Grants to support the development of new childcare places, including the recommended grants in paragraph 17, are resourced from Dedicated Schools Grant reserves earmarked for the development of two year old provision. Grant agreements will be in place with the providers to ensure expenditure is in line with the purpose of the grant.

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

#### **Director of Law and Democracy**

44. The council's functions in relation to the provision of childcare are described in the body of the report.
45. The cabinet is reminded that the public sector equality duty under section 149 Equality Act 2010 requires that, when exercising any of its functions, the council

must give due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between people with protected characteristics and those with none.

#### **Strategic Director of Finance and Governance (CAS16/014)**

46. This report notes progress in developing the early years and childcare agenda in Southwark. It also seeks approval to the grants for the creation of additional childcare places, as set out in paragraph 17, the funding for which is confirmed in paragraph 43.

#### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Lambeth and Southwark Childcare Commission Report	Children's and Adults Services Early Help Service Tooley Street London	Neil Gordon-Orr Tel: 020 7525 5234
<b>Link:</b> <a href="http://www.southwark.gov.uk/downloads/file/11693/childcare_commission_report">http://www.southwark.gov.uk/downloads/file/11693/childcare_commission_report</a>		
Cabinet report, 21 July 2015: 'Response to Southwark and Lambeth Childcare Commission' (Item 10)	Website (see link below)	Paula Thornton 020 7525 4395
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&amp;MId=5138&amp;Ver=4">http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&amp;MId=5138&amp;Ver=4</a>		

#### **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Strategic approach to ensuring sufficiency of childcare provision

**AUDIT TRAIL**

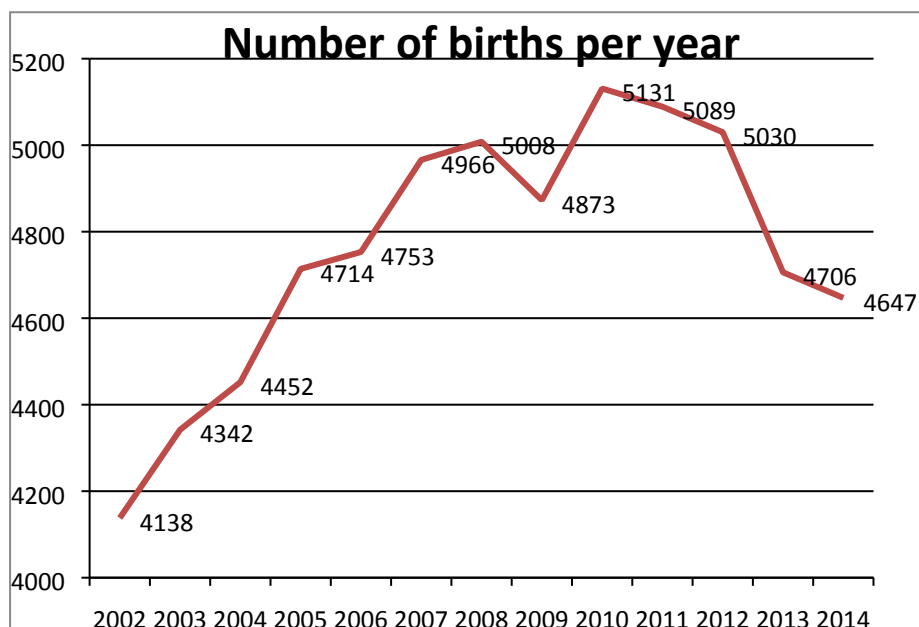
<b>Cabinet Member</b>	Councillor Victoria Mills, Cabinet Member for Children and Schools	
<b>Lead Officer</b>	David Quirke-Thornton, Strategic Director of Children's and Adults' Services	
<b>Report Author</b>	Neil Gordon-Orr, Early Help Central Strategic Manager	
<b>Version</b>	Final	
<b>Dated</b>	21 October 2016	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		21 October 2016

## Strategic approach to ensuring sufficiency of childcare provision

### Population

1. A key consideration for planning for the future of early years and childcare provision is the changing population. After rising steadily since the start of the Millennium, the number of children born each year in Southwark has reduced by 9.4% since 2010 – from 5131 to 4647.

Table Two -: number of births per year in Southwark, 2002 – 2014

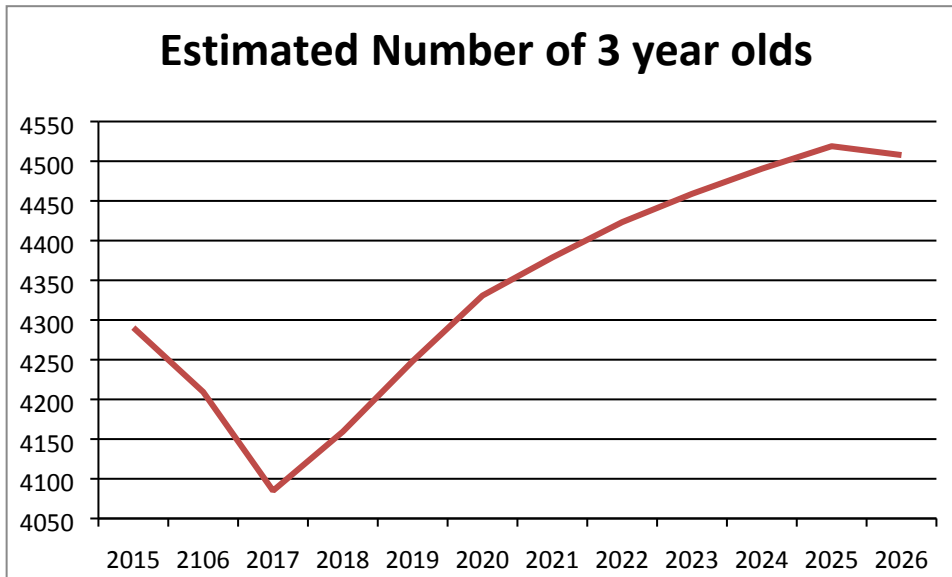


Source: ONS Birth Summary Data, January 2016.

2. Despite this trend, the Greater London Authority is still projecting an increase in the numbers of young children in Southwark over the next ten years due to new developments, inward migration and other factors. The number of three year olds, for instance, is expected to increase by 7.1% from 4209 in 2016 to 4508 in 2026. Significant growth (10%+) in numbers of three year olds is projected for the following wards (with a similar pattern for 0 to 5 year olds):
  - a. Cathedrals
  - b. East Walworth
  - c. Faraday
  - d. Newington
  - e. Rotherhithe
  - f. Surrey Docks.



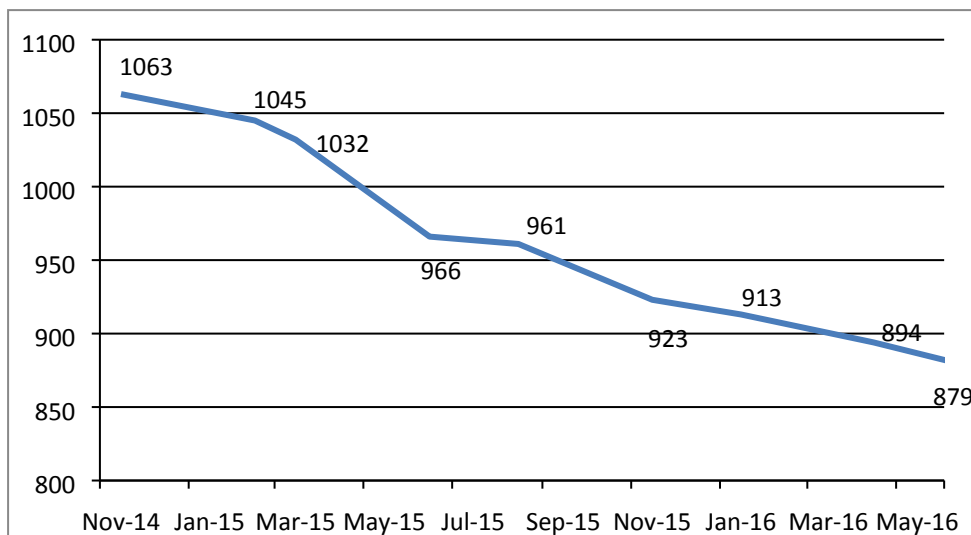
Table Three - estimated number of 3 year olds in Southwark, 2015-2026



Source: GLA

3. While the number of children is predicted to rise, there appear to be a shift taking place amongst the population in terms of employment and worklessness that may affect demand for childcare. Amongst parents of young children in Southwark there seems to be a steady reduction in the number claiming workless benefits, certainly in the case of two year old children where regular data is supplied to Southwark by the Department for Education. It is unclear at this stage to what extent this is due to parents moving into employment, or workless parents moving out of borough. Since the two year old offer is targeted at these parents, the number of children eligible for a free two year old place is reducing over time.

Table Four - number of parents of two year old children receiving workless benefits



#### Current take up and supply

4. Since 2004, all children have been entitled to a free early education place from the

term after they turn three years old. In September 2013, this was expanded to the 20% most disadvantaged two children as defined by national criteria based on workless benefits and expanded further to include the 40% most disadvantaged children from September 2014.

- In Southwark, record numbers of children are now receiving a free nursery place, with a total of 8,300 2, 3 and 4 year olds taking up their free entitlement.

*Table Five - children in free provision in Southwark, 2011-16*

Year	Two year olds in free provision	Three year olds in free provision	Four year olds in free nursery provision	(number of 3 & 4 year olds combined)	Total 2, 3 and 4 year olds in free provision
2011	N/A	3120	3510	6630	6630
2012	N/A	3120	3450	6570	6570
2013	N/A	3300	3670	6970	6970
2014	620	3450	3580	7030	7650
2015	970	3510	3650	7160	8130
2016	1,140	3540	3620	7160	8300

Source: <https://www.gov.uk/government/collections/statistics-childcare-and-early-years>

*All figures based on annual early years and school censuses, conducted in January*

- Southwark has the highest take up of two year old places amongst the 14 inner London boroughs, with 68% of eligible children taking up a free place

*Table Six - Percentage of eligible two year olds in provision*

	2015	2016
Southwark	54	68
Inner London	40	53
London	46	57
England	58	68

- Amongst three year old children, Southwark take up of 80% is in line with inner London at 79%. For four year old children, an estimated 86% of children are receiving a free early education place, compared with 85% for inner London.
- A pressure likely to increase demand for provision is the new 30 hours offer for working parents of three and four year old children, due to be implemented from September 2017. The Department for Education estimates (June 2016) that 1700 children in Southwark children will be eligible to receive this additional entitlement, which amounts to an extra 10 hours per week.
- This does not mean that the equivalent of an additional 1700 places at 10 hours per week will be needed to meet demand. Many children are already in provision for more than 15 hours, the key difference is that under the new scheme additional hours will be paid for by the Government (via the Council) rather than by the parent. In the January 2016 early years and school census, 1,032 three and four year children were in provision for more than 20 hours per week, of which 755 were in provision for more than 30 hours. That would suggest that the actual increase in demand for additional hours for three and four year olds could be for between 700 and 1000 children.

10. There are vacancies in nurseries and with childminders for 2, 3 and 4 year olds across the borough which indicates broad sufficiency of early education and childcare for 2 to 4 year olds. For instance, there were at least 580 part time nursery place vacancies in school nursery classes in January 2016. However provision is not equally spread across the borough. The number of nursery providers per ward varies as does the number of places provided.

*Table Seven: Nursery providers by ward*

<b>Ward</b>	<b>Schools with nursery provision</b>	<b>Private, voluntary and independent early years settings</b>	<b>Total number of nursery settings</b>	<b>Three year olds attending provision in ward</b>
Peckham	4	4	8	274
The Lane	2	9	11	248
East Dulwich	6	6	12	223
Camberwell Green	4	3	7	207
Riverside	5	4	9	204
East Walworth	6	4	10	199
Newington	3	6	9	188
Grange	3	2	5	187
Peckham Rye	1	9	10	186
Brunswick Park	3	6	9	178
South Camberwell	2	7	9	177
Chaucer	1	7	8	163
Rotherhithe	4	2	6	162
Livesey	3	6	9	157
Cathedrals	6	3	9	153
Nunhead	2	4	6	121
Village	0	6	6	115
Faraday	1	3	4	110
Surrey Docks	3	3	6	104
College	1	3	4	100
South Bermondsey	1	2	3	73

11. Likewise there are variations in the proportion of children taking up free provision in different parts of the borough. Ward level figures have to be treated with caution – for instance they do not include all independent schools, or take into account children attending provision in neighbouring boroughs (which affects some wards more than others). Subject to this caveat, it appears that the proportion of three year old children taking up a free place is lower than Southwark average in the following wards: College, Village, Surrey Docks, Faraday, South Camberwell, Cathedrals, Peckham Rye, East Dulwich, South Bermondsey, Rotherhithe, The Lane and Camberwell Green.
12. The position is less clear for children under two. There is no entitlement to provision for any children under two, and Ofsted no longer specify the number of baby places that providers can provide so data is no longer available on this. Baby places are more expensive to provide than places for older children, as staffing ratios are higher

for this age range. With the national push to provide places that meet the free education entitlement for 2, 3 and 4 year olds, some providers have switched from providing baby places to increasing the number of places for older children for whom funding is available. There is little the Council can do to directly influence this, but the role of childminders in providing childcare for babies is important. The Early Years Quality Improvement Team is supporting new childminders to register, but there continue to be childminding vacancies and not all parents appreciate that childminders can provide good quality education and childcare. The new marketing campaign to promote understanding of childminding amongst parents is intended to address this.

### Quality of provision

13. Early years and childcare providers are required to register with Ofsted and are subject to inspection under the Common Inspection Framework for Education, Skills and Early Years. The quality of early years provision is critical because research indicates that children only benefit from early years education if it is of good quality. It also has a direct impact on supply, as Local Authorities cannot fund free places at settings judged as Inadequate by Ofsted.
14. The proportion of Southwark early years and childcare settings judged as Good and Outstanding at the time of their most recent inspection increased from 70% to 82% between 31 August 2012 and 31 March 2016 (latest published figures).

*Table Eight: Percentage of active early years settings good or better at time of last inspection*

	2012	2013	2014	2015	2016
Southwark	70	73	74	82	82
Lambeth	68	70	69	78	76
Lewisham	71	71	72	77	76
London	74	75	76	84	83
National	74	77	80	85	86

15. Southwark's Early Years Quality Improvement Team is continuing to provide support and challenge to early years settings to drive improvement. In a context of more limited resources, this support is being targeted at those settings that are most in need as a result of being judged as Requires Improvement or Inadequate by Ofsted.

### Strategy for developing new childcare places

16. Within Southwark there appears to be sufficient capacity to meet current demand for free two, three and four year old places, and to meet some increase in demand. Southwark has a well developed early education and childcare market, which with the support and guidance of the Council has responded well to previous changes in national policy that have increased demand, including the increase of free hours from 12.5 to 15 in and the introduction of free two year old places.
17. Local Authorities do not have a responsibility to directly provide places and their ability to directly influence the childcare market has been diminished through reductions in Central Government funding, including the ending of dedicated early years funding streams such as the Sure Start Grant. Nevertheless the Council has a responsibility to do as much as is 'reasonably practicable' to secure sufficient provision, and Southwark is committed to using all levers available to it to encourage new places where needed.

18. Areas where the early years population is projected to grow have been identified above, as have areas with lower than average take up. There are a number of wards where both of these apply including Cathedrals, Faraday, Rotherhithe and Surrey Docks, and these would be priority areas for new development. However this does preclude supporting projects in other areas.
19. In the absence of ongoing dedicated funding streams to support new early years and childcare developments, Southwark will:
- Explore opportunities within new development and regeneration programmes to create additional early years and childcare capacity
  - Explore opportunities within the current schools estate and Council buildings to create additional early years and childcare capacity
  - Consider on a case by case basis requests for one off grants to support providers to create new places in areas where places are needed.
20. In line with this approach, the Council has supported the opening of new and expanded early years and childcare provision in the past two years as follows:

<b>Setting</b>	<b>Amount of Council funding</b>	<b>Outcomes</b>	<b>Ward</b>
1st Place Children and Parents Centre	£150,000	New nursery opened Summer 2015 in Lorrimore Square, SE17 with 50 full time places	Newington
Camberwell After School Project	£38,000	New provision opened April 2016, including 24 new two year old places	Camberwell Green
Gumboots Community Nursery	£42,945	internal and external refurbishment to maximise space, including outdoor play area to create 16 new two year old places	East Dulwich
Cherry Tree Montessori	£77,109	internal and external refurbishment to maximise space, including extension to rear of building to create 24 new two year old places	East Dulwich
Bessemer Grange Primary School	£192,000	New two year old provision and additional nursery class for 3 & 4 year olds opened September 2015	South Camberwell
Charlotte Sharman Primary School	£14,225	New two year old provision opened January 2016	Cathedrals
St James C of E Primary School	£32,750	New two year old provision opening September 2016	Riverside
Surrey Square Primary School	£72,000	New two year old provision opening September 2016	East Walworth

21. Other planned projects include the following:

<b>Setting</b>	<b>Amount of Council funding</b>	<b>Outcomes</b>	<b>Ward</b>
Bermondsey Community Nursery	£194,589	Internal and external refurbishment to maximise space to create 20 new two year old places (date tbc)	Riverside
Charles Dickens Primary School	£467,775	New build two year old provision and replacement nursery provision (date tbc)	Cathedrals
Aylesbury Nursery	tbc	New 72 place nursery planned to replace and expand current 36 place Aylesbury Day Nursery (completion early 2020). There is also provision for two further nursery sites in the Aylesbury Masterplan	Faraday
Elephant Park	N/A	New nursery being developed by Lend Lease as part of Section 106 Agreement with Council (date tbc)	East Walworth

22. Discussions are continuing with a number of other providers about their plans for new provision.

<b>Item No.</b> 9.	<b>Classification:</b> Open	<b>Date:</b> 1 November 2016	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Joint Venture Agreement for Commercial Waste Sales Function	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Ian Wingfield, Environment and the Public Realm	

## **FOREWORD - COUNCILLOR IAN WINGFIELD, CABINET MEMBER FOR ENVIRONMENT AND THE PUBLIC REALM**

As service budgets come under pressure, councils are seeking ways to sell services and derive income from existing areas of activity where practicable. The council does not actively operate a commercial waste collection service but has the opportunity to do so through the use of resources deployed in-house for the street cleansing service. In recognition of this cabinet has agreed in the policy and resources strategy for the revenue budget to develop commercial waste collection services to provide a new income stream.

This report sets out the concept for entering into the commercial waste collection market through the establishment of a Special Purpose Vehicle (SPV) company. Under these arrangements, commercial waste sales and administration would be through an external provider - London Business Waste and Recycling (LBWR) - and the collections and disposal would be provided through the in-house street cleansing service. The proposed set up and operation of the proposed SPV are explained in detail in this report.

LBWR was set up by the London Waste and Recycling Board with two clear objectives; to assist London boroughs to generate new revenues from waste services, and to promote good business waste management across London and increasing recycling. The first of these objectives aligns with the council's revenue budget strategy for raising new income. The second objective links to the council's Fairer Future promise to revitalise neighbourhoods by establishing a comprehensive, reliable and cost effective commercial waste collection service, so that all businesses can dispose of their waste responsibly and recycle as much as possible. This will reduce the temptation for businesses to fly-tip, increase compliance with duty of care obligations and ensure that the council is paid for collecting and disposing of waste.

## **RECOMMENDATIONS**

1. That the council enter into a joint venture agreement with London Business Waste and Recycling Limited to create a Special Purpose Vehicle Company (SPV) for the purpose of providing a commercial waste collection service.
2. That the council's participation in the joint venture agreement is reviewed four years after commencement to consider the progress that has been made and to determine whether participation should continue.
3. That the name of the SPV is London Borough of Southwark Business Waste and Recycling Limited.

4. That the director of environment is appointed as the 'A shareholder' director of the board of the SPV representing Southwark council.
5. That cabinet delegates authority to the monitoring officer to sign off the following:
  - the joint venture agreement specifying the terms and conditions of the operation of the SPV
  - the fulfillment contract specifying the terms and conditions of the provision of operational services by the council to the SPV
  - the brand licence agreement authorising the use of the Southwark name and logo in accordance with specified terms and conditions.

## **BACKGROUND INFORMATION**

6. Businesses are required to make their own arrangements for the collection and disposal of commercial waste. They can make these arrangements through their local waste collection authority or they can use private commercial waste collection companies.
7. Southwark council is a waste collection authority and has a duty to provide or arrange for the collection of commercial waste where a request for this service is received from a business located within the borough. This duty is set out in section 45 (1) (b) of the Environmental Protection Act, 1990. A reasonable charge can be made for providing this service.
8. Most London boroughs operate commercial waste collection services either directly in-house or through their waste contract arrangements. Southwark does not pro-actively operate commercial waste collection services at the current time and so businesses in the borough use private waste collection companies to collect their commercial waste.
9. The council's current absence from provision of commercial waste collection services links to the agreement within the waste PFI contract to refrain from doing so for five years from the commencement of the contract in 2008. There is a 'fall back' provision for the council to arrange for commercial waste collections through the waste PFI contract should this ever be called for under the duty set out above. As the five year agreement has now expired the council is free to set up direct commercial waste collection services should it wish to do so.
10. The provision of commercial waste collections by waste collection authorities has the potential to provide a number of benefits including:
  - An income stream that supports the budget which helps protect other services that matter to residents from savings that might otherwise need to be made
  - Businesses producing low waste volumes, or that are in isolated locations of little commercial interest to private collectors, have an alternative, so discouraging fly-tipping which is a cost to the council
  - Allows the more efficient use of existing waste and/or street cleaning collection assets which in turn could also protect those services from reductions to meet future savings
  - Provides the means to implement measures that control when and where commercial waste is left out for collection, such as through a timed collection



scheme.

11. As part of the policy and resources strategies for the revenue budgets covering the period 2015-16 to 2018-19, the council has identified commercial waste as a means to provide an income stream. Table 1 below sets out the budget build up for commercial waste income over the period.

Table 1 – Commercial waste income budget

Year	New income budget	Overall income budget
2015-16	£30,000	£30,000
2016-17	£50,000	£80,000
2017-18	£40,000	£120,000
2018-19	£60,000	£180,000

### **London Waste and Recycling Board initiative**

12. The London Waste and Recycling Board (LWaRB) was established in 2008 by the London Mayor and provided with grant funding to promote and encourage:
- the production of less waste
  - increase in the proportion of waste that is re-used or recycled
  - the use of methods of collection, treatment and disposal of waste which are more beneficial to the environment.

LWaRB has eight board members as follows:

- four London borough councillors appointed by London Councils
- two independents appointed by London Councils
- one independent appointed by the Mayor
- the Chair (the Mayor or his representative)

The board must act in accordance with the Mayor's municipal waste management strategy, act in general conformity with the London Plan and may do anything that facilitates the carrying out of its functions.

13. In June 2015 LWARB provided outline proposals to London boroughs setting out a concept for establishing a company to work with boroughs to develop commercial waste collection services for the purpose of raising income. The council expressed an interest in this concept and responded accordingly, see Appendix 1. A number of other London boroughs similarly expressed an interest.
14. With a number of boroughs having expressed an interest in the concept LWARB committed funds to set-up a new venture, London Business Waste and Recycling Limited Ltd (LBWR). LBWR has been established to undertake sales and administrative functions that are required to operate commercial waste collection services driven by two principal objectives:
- To assist London boroughs to generate new revenues from waste services
  - To promote good business waste management across London and increase recycling.

15. LBWR is now looking to recruit London boroughs as partner authorities (PA) and assist them to generate commercial waste revenues and to increase recycling. The London Borough of Hounslow entered into a joint venture agreement with LBWR in September 2016. Other boroughs are currently undertaking a process of due diligence to determine whether these arrangements are suitable for their needs.

### KEY ISSUES FOR CONSIDERATION

16. The provision of commercial waste collection services requires a range of functions to be in place and these can be broadly split into two main categories, these being sales/administration and operational collection/disposal. Table 2 below sets out in more detail what is involved in the respective functions.

Table 2 – Commercial waste administrative and operational functions

Function	Details
Sales/administration	<p>Sales and customer activity:</p> <ul style="list-style-type: none"> <li>• customer visits</li> <li>• web-site</li> <li>• call handling and customer care</li> <li>• additional service requests.</li> </ul> <p>Customer data management:</p> <ul style="list-style-type: none"> <li>• creation of accounts</li> <li>• management of collection contract and duty of care.</li> </ul> <p>Financial management:</p> <ul style="list-style-type: none"> <li>• invoicing and debt recovery</li> <li>• payments to suppliers</li> <li>• financial reports.</li> </ul> <p>Service management:</p> <ul style="list-style-type: none"> <li>• round lists and collection instructions</li> <li>• container delivery and retrieval instructions.</li> </ul>
Operational	<p>Provision of collection service, container delivery and retrieval:</p> <ul style="list-style-type: none"> <li>• vehicles</li> <li>• staff.</li> </ul> <p>Disposal arrangements:</p> <ul style="list-style-type: none"> <li>• residual waste</li> <li>• recycling.</li> </ul> <p>Storage for containers:</p> <ul style="list-style-type: none"> <li>• storage of sacks and wheeled bins.</li> </ul>

17. In giving consideration to what is the best option for establishing a commercial waste collection service, the council must determine how these functions can be carried out most efficiently and what resources and opportunities are available to do so.
18. The operational functions and resources required to provide commercial waste collections are similar in nature to those required to provide the council's in-house cleaning service. This means that with some adjustments the in-house cleaning team could provide commercial waste collection operational functions. However, there is currently no in-house capacity or capability to undertake commercial waste sales and limited capacity for the associated administration functions. The proposal from LWaRB to provide commercial waste sales and administration functions through an SPV provides a unique opportunity for the council to enter the commercial waste market.
19. LBWR would bring knowledge and experience of the commercial waste market and manage the sales and back-office functions for multiple partner authorities creating scale economies. In addition to undertaking the administrative and sales functions set out in table 2, LBWR would also be responsible for the following:
- Recruit staff with strong relevant commercial experience
  - Remunerate (and retain) staff on the basis of financial performance
  - Set out a clear and differentiated strategy and adopt clear business performance targets
  - Working towards achievement of a surplus to ensure that it has the necessary strength to support its activities (including debt service payments) and expansion
  - Manage its finances in line with normal commercial practice and prepare accounts, as would any other company, to be audited and published.
20. The advantages of this approach are as follows:
- operational functions would be through the use of existing street cleaning waste collection capabilities, so providing a more efficient use of existing assets - low cost, low risk entry into the market for the operational function
  - sales and administration functions would be undertaken by LBWR, a company specifically set up for this purpose
  - LBWR paid for sales staff at cost and a management fee based on the actual sales income achieved, low risk entry to the market for the sales and administration function
  - sales can be targeted towards converting unpaid trade waste into paid trade waste - so reduced fly-tipping and savings in addition to any profit made
  - service can be developed to match the specific demands for commercial waste collections in Southwark
  - profits of SPV returned to the council as a dividend.

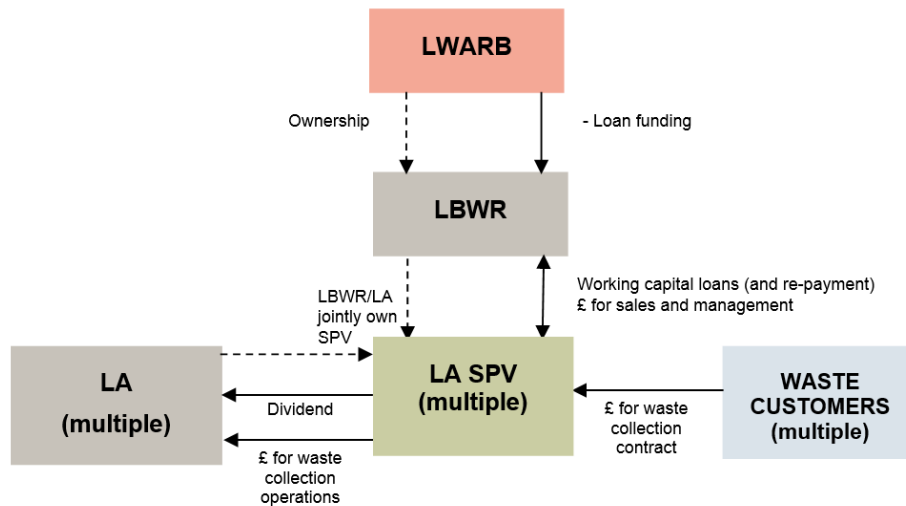
### **SPV structure and governance**

21. The SPV would have a board comprising three directors as follows:
- LBWR chief executive
  - Resource London's head of programme

- Local authority senior officer.

22. Figure 1 below sets out how the relationship would work and how costs, income and dividends would flow.

Figure 1 – LBWR, SPV and local authority relationships and financial flows



23. The SPV would be a newly established private company limited by shares and incorporated in England and Wales. It would operate under an agreed set of articles of association and through the following agreements:

- LBWR and Southwark council enter into a joint venture agreement (JVA) to create an SPV company (SPV)
- A loan agreement is set up between LBWR and the SPV that makes up to £150k available from LBWR to the SPV to provide working capital to pay for operational collection and disposal services (provided by the council) and sales and administration (provided by LBWR)
- A services agreement is entered into between the SPV and LBWR placing responsibility on LBWR for sales and administration of commercial waste contracts on behalf of the SPV – the administrative function; LBWR charges the SPV a management fee linked to the value of sales income plus the cost of the sales team
- A fulfillment contract is entered into by the SPV and the council for the collection and disposal of waste from customers through the council and/or sub-contractors; the council charges the SPV the cost of collection and disposal - the operational function
- A brand licence agreement that sets out the rules of the use of the Southwark council name and brand by LBWR and the SPV.

### SPV shareholder arrangements

24. The council would be entitled to appoint one director to the SPV Board; LBWR would be entitled to appoint two directors. The chair of the board will be one of the LBWR directors. Shared ownership of the SPV will be as follows:

- 'A Shareholder' - London Borough of Southwark with 50% shareholding
- 'B Shareholder' - LBWR with 50% shareholding.

25. The board would meet at least every three months. At least one director of each shareholder, or an alternate, must be in attendance in order to form a quorum. Ordinary business decisions will be made on a simple majority basis with each director having one vote. An exception will be that in respect of any decision by the board to appoint a collector of commercial waste other than by the council's own direct collection service, the director appointed by the council may exercise a veto right. It is not anticipated that the veto right would have to be used in relation to standard waste collection services as these will be provided through the council's in-house service. Rather, it may be considered in relation to appointment of a collector of waste to meet specialist requirements not within the council's capability, for example to collect certain types of hazardous wastes. In such circumstances the board must work together to find an alternative collector.
26. Certain matters relating to the overall structure and purpose of the SPV will require the unanimous consent of all directors, for example material alteration to the nature of the business or amendments to the articles of association. In the event that the Board is unable to agree unanimously to any unanimous consent matter, a deadlock event shall be deemed to have occurred. The JVA makes provision for a process and timescale for dealing with such a situation.

### **Funding**

27. Neither shareholder is required to provide finance to the SPV. A loan is provided by LBWR to the SPV which the SPV must repay at the market rate. Further details in relation to the loan agreement are set out in the financial implications section below. Should the SPV Board determine that it requires additional funding to achieve its objectives as set out in the business plan, this will be provided as far as practicable, from third party sources at the market rate on terms agreed by the SPV board, shareholders and the relevant third parties.

### **Business case and market potential**

28. A business case has been developed for the London Borough of Southwark to become a PA with LBWR. The business case is contained in the closed version of this report.
29. Subject to the decision by the council to enter into the JVA, a full business plan will be prepared covering a three year period from the point when the SPV is established. The business plan will be updated annually by the 'B shareholder' with the assistance of the 'A shareholder' and presented to the SPV board for adoption.
30. The opportunity to become a partner authority to LBWR has a number of significant advantages and the business case suggests that there are good prospects for developing an income stream that meets the policy and resources budget requirements. Based on these factors, it is recommended that the council enters into a joint venture agreement with London Business Waste and Recycling Limited to create an SPV for the purpose of providing a commercial waste collection service. Subject to approval for entering into the joint venture agreement it is anticipated that collection services would commence early in 2017.

### **Performance monitoring**

31. The performance of the SPV relies on both parties undertaking their respective functions to good standards. The performance of LBWR in carrying out the sales function will be monitored by the SPV in accordance with the services agreement. The primary measures of performance will be in relation to the number and value of contracts secured compared to the forecasts in the business plan and the capture of recycling collection contracts to achieve good commercial waste recycling rates. The performance of the council in carrying out the collection and disposal function will also be monitored by the SPV in accordance with the fulfilment contract. The primary measures of performance will be collection of waste on schedule and the timely delivery of the required waste receptacles to customers.

### **Production and auditing of accounts, tax matters, dividend policy**

32. Accounts for the SPV will be produced and audited annually in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in the UK. Similarly, in relation to tax matters, the SPV will operate in accordance with the applicable requirements of all applicable laws. The dividend policy is explained in more detail in the financial implications section below.

### **Review and termination arrangements for SPV**

33. The joint venture agreement has no specific term of operation. Termination of the JVA may occur through one of the following events:
- a written notice of no less than 18 months by either shareholder to the other of the intention intends to terminate the agreement
  - when a single shareholder holds all the shares
  - when an effective resolution is passed or order made for the winding up of the company
  - on valid termination of the service agreement in accordance with its terms.

In the event of a termination the council would be entitled to retain and continue to operate all of the waste collection contracts that remain in place at the point when the SPV company is closed.

34. In the event that the SPV remains in operation it would be appropriate for the council to undertake a review of the arrangements to consider the progress that has been made and to determine whether participation should continue. Therefore, it is recommended that the council's participation in the joint venture agreement is reviewed four years after commencement.

### **Policy implications**

35. The council made a decision to hand over its portfolio of commercial waste collection contracts to Veolia when the waste PFI contract commenced in 2008. Since that time the council has not pro-actively operated commercial waste collection services. In case a direct request for a commercial waste collection service is received by the council, there are fall-back arrangements for Veolia to set up collection services under the waste PFI contract if absolutely necessary – a limited number of collections are made under these arrangements but only in

the form of sack collections.

36. The decision to enter into a joint venture agreement and form a Special Purpose Vehicle Company with LBWR as a means to operate in the commercial waste collection market is a new policy position for the council. This is justified as commercial waste has been identified as an opportunity to create a new income stream that supports the budget and in doing so helps to protect funding for other services that are important to residents.
37. As mentioned earlier the LBWR has been established to undertake sales and administrative functions and in doing so to achieve two principal objectives; to generate new revenues and to promote good business waste management across London and increasing recycling. The activities that flow from working to achieve these objectives will contribute towards meeting a number of Fairer Future promises:
- value for money – more efficient use of existing resources, cost effective commercial waste collections for businesses in Southwark
  - a greener borough – recycling of commercial waste
  - revitalised neighbourhoods - better management of waste in town centres and high streets.
38. Table 3 below sets out the risks that have been identified for the recommended course of action along with details of how they can be managed.

Table 3 - Risks for the council in operating commercial waste collections through an SPV company

	Risk	Risk level	Mitigation
1	That the SPV board does not wish to award work for operational functions to the council's in-house service.	Low	The council representative on the board of the SPV has a right of veto in respect of the award of work for operational functions.
2	That the SPV board decisions are contrary to the council's interests.	Low	Unlikely as the basis for LBWR and the council to enter into the JVA is to work towards the council being able to generate profit from the operation of commercial waste collections.  Either party can issue a no fault 18 month termination notice. At termination all live collection contracts would be retained by the council.
3	That sales forecasts are not met, leading to delay in generating profit to pay down loan and deliver a dividend to the council.	Low to medium	Competition is strong but the potential market in Southwark is significant and growing. Note that savings could accrue even without a dividend by focussing sales on converting unpaid fly-tipped commercial waste collections into paid collections.

	Risk	Risk level	Mitigation
4	That the council fails to collect waste from customers leading to service complaints.	Low	The nature of the work that will be required of the council is very similar to the nature of the work already undertaken by the cleaning service.
5	That sales expand at a much faster rate than expected leaving the council short of the resources required to service the demand.	Low to medium	Additional shifts can be operated on an overtime basis if necessary. Fleet requirements can be adjusted using short term hire contracts. Third party collectors can be appointed on an interim basis if required. Stock of containers will be held to meet anticipated demand.
6.	That the SPV fails. This could result in financial loss to the council due to non-payment of suppliers' invoices, including from the council for collection. The council would be liable if there is outstanding loan cost for sales staff salaries. Also, the council could suffer reputational damage.	Low	The set up and governance of the SPV is robust. The business plan will set out how both parties will work collaboratively and with efficient and effective direction of activities to achieve sales targets and good collection services. There is competition for commercial waste collections but there is a significant and growing market giving good prospects for success for services that are good value for money.

### Community impact statement

39. The proposals in this report relate to arrangements for operating commercial waste collection services for businesses in Southwark. There is no direct impact on other service design, outcomes or access. The operation of a commercial waste collection service will give the council more control over the management of commercial waste in Southwark which could produce indirect positive outcomes. For example, by facilitating the expansion of timed waste collection schemes - similar to that in Walworth Road - into other town centres in the borough.

### Social impact

40. Staff employed in the sales and administration functions under the proposed arrangements will be paid at least London living wage.
41. Fly-tipping of commercial waste has been identified as a problem both in terms of the environmental impact on the street and in terms of the cost of collection and disposal of unpaid waste. The proposed arrangements will provide the opportunity to target sales at locations where fly-tipping is prevalent; this will help establish a greater level of control over waste on the street creating a cleaner environment and also to turn unpaid waste into an income stream.



## Resource implications

42. The main resource implications arising from this proposal relate to the operational functions which include:
- organising collection requests in readiness for issue of instructions to collection teams
  - collection capacity, vehicles and associated staff resource
  - delivery, retrieval, maintenance of wheelie bins and eurobins
  - delivery of sacks.
43. For the council to extract the best income flows from the proposed arrangements, most or all of these functions should be delivered directly through the cleaning team using the existing service infrastructure. It is possible that some adjustments and adaptations will be needed to accommodate the new work flow. The most critical aspect of the resource requirement is collection capacity. Table 4 below shows the details of the street cleaning fleet currently deployed specifically for street cleaning operations, the average number of tips per week, average weight tipped, unused payload and fleet costs.

Table 4 – Current street cleaning collection resources and costs

Fleet type	Number in service	Payload (tonnes)	Average number of tips per week	Average weight tipped (tonnes)	Unused payload per tip (tonnes)	Unused payload per annum (tonnes)	Fleet cost per annum (£'000)
3.5 tonne cage	8	0.9	14	0.44	0.46	2,679	42.1
7.5 tonne cage	3	2.5	15	1.0	1.5	3,510	36.3
18 tonne RCV	2	7.0	13	3.9	3.1	4,191	95.2
Total	13					10,380	173.6

44. In the very early stages commercial waste collections can be carried out within existing street cleansing resources using spare payload capacity as set out in table 4 above. As demand for commercial waste collection services increase over time, the capacity and type of the street cleansing fleet will need to be adjusted to accommodate the increase in workload and tonnage and to handle increased bin lifts both in terms of frequency and geographical distribution. This can be managed to some degree through up-sizing of existing fleet but a successful operation may require additional fleet and crew. Further details about this are shown in the financial implications section below.

### **Legal implications**

45. See concurrent from the director of law and democracy below.

### **Financial implications**

46. A loan up to £150k would be made available by LBWR to the SPV to provide working capital to pay for operational collection and disposal services (provided by the PA) and sales and administration (provided by LBWR). This is designed to facilitate a start up whereby neither shareholder is required to provide immediate finance to the SPV. In order to comply with competition law the loan will operate on a commercial basis. Repayment of the loan and interest would be from the flow of income and profits generated by sales. The structure of the repayment of the loan is geared to prioritise pay back of the loan whilst still paying a dividend to the PA. Once the loan has been repaid in full, the profits of the SPV would be paid to the PA as a dividend. Further details of the loan agreement, repayment structure and link to payment of dividends to the PA are contained in the closed report.
47. Whilst the loan agreement is designed to provide a start up with no immediate finance to the SPV from either shareholder, it must be noted that some up-front expenditure will be required by the council to have a ready supply of waste containers for customers.
48. The sell price to the SPV set out in the closed report is designed to capture the cost of providing the service including a margin for overheads and commercial risk. It is anticipated that the successful operation of the proposed arrangements will lead to the SPV generating a profit which will be paid to the council as a dividend, subject to repayment of the loan.
49. The benefits from the operation of commercial waste SPV should not be viewed purely in terms of the dividend paid out by the SPV. A potentially significant benefit is that fly-tipped commercial waste can be targeted by the sales team so that payment is captured for waste that is currently collected and disposed of for no payment. Also, the use of existing street cleaning resources to undertake income generating activities will support the continuation of overall service provision in an environment where budgets are under increasing pressure.
50. All sums referred to in this report and the appendices for charges for collection services are exclusive of VAT.
51. Further details about these financial implications are contained in the closed report.

### **Consultation**

52. No consultation has been undertaken in relation to this proposal.

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

#### **Director of Law and Democracy**

53. Section 95 of the Local Government Act 2003 provides the local authority with the power to trade for commercial purposes through a company to carry out any

of its ordinary functions. This power can only be exercised through a company within the meaning of Part 5 of the Local Government and Housing Act 1989 in which local authorities have interest.

54. Where a company is set up under section 95, the Council will need to comply with the Local Authorities (Best Value Authorities) (Power to Trade) Order 2009. This requires the Council to consider and approve a suitable business case for establishing a trading company. A business case has been prepared by the parties and is contained in the closed version of this report.
55. It is proposed that the SPV will be established as a private limited company with a 50:50 shareholding. The SPV will have three directors, two of whom are from the LBWR and the third director is a council officer. Voting will be based on a simple majority which means that the LBWR will have a majority voting rights at board level, thus placing the council in a disadvantaged position.
56. Directors of companies are under a duty to ensure that their decisions are in the best interest of the company (and not the council) as required by the Companies Act 2006. This means that the council officer who is also a director of the SPV must exercise judgements that are in the best interest of the SPV, even though the judgements may not be favourable to the council. Other duties of directors include:
  - duty to avoid conflict of interests;
  - duty to promote the success of the company;
  - duty to exercise reasonable care, skill and diligence; and
  - duty to declare interest in the proposed transaction or arrangement.
57. The council and/or the company must ensure that its own insurance policy provides adequate cover for the officer to carry out the directorship role.
58. Although the joint venture does not have an end date, this report recommends that the council reviews the joint venture before the end of four years to ascertain whether it is economically viable to continue. The Joint Venture Agreement will contain a provision to enable either party to terminate the agreement on giving 18 months prior written notice.

#### **Strategic Director of Finance and Governance (FC126/022)**

59. The strategic director of finance and governance notes the recommendations in this report for a Joint Venture Agreement with London Business Waste and Recycling Limited to create a Special Purpose Vehicle Company (SPV) for the purpose of providing a commercial waste collection service.
60. The report contains some information about the financial implications to the council, including some initial set up costs to the council.
61. The sale of services to the SPV is intended to be at a level to cover direct costs, overheads and margin.
62. The loan by LBWR to the SPV will operate on a commercial basis. Repayment of the loan and interest would be from the flow of income and profits generated by sales. The council would be liable if the SPV failed and there were any outstanding loan repayments.

63. Although there will be an income stream by 2019-20, the council's Policy and Resources strategy has an income target for commercial waste which is not going to be met until past 2020-21. The department should identify how it is going to address this shortfall in income through additional income elsewhere up to 2010-21 or by reducing costs.
64. Further commentary is included in the closed report.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
More information about LWARB can be found using the link below	Waste Management Team 43 Devon Street London SE15 1AL	Michael McNicholas  020 7525 3449
<b>Link:</b> <a href="http://www.lwarb.gov.uk/wp-content/uploads/2015/03/Introduction-to-LWARB_April_16-121773.pdf">http://www.lwarb.gov.uk/wp-content/uploads/2015/03/Introduction-to-LWARB_April_16-121773.pdf</a>		

## APPENDICES

No.	Title
Appendix 1	Expression of interest letter to LWARB June 2016

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Ian Wingfield, Environment and the Public Realm	
<b>Lead Officer</b>	Ian Smith, Director of Environment	
<b>Report Author</b>	Michael McNicholas, Head of Waste and Cleaning	
<b>Version</b>	Final	
<b>Dated</b>	20 October 2016	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	N/a
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	20 October 2016	

## APPENDIX 1

Expression of Interest letter to LWARB June 2016



Please reply to: Deborah Collins  
Tel: 020 7525 7630  
Email: [deborah.collins@southwark.gov.uk](mailto:deborah.collins@southwark.gov.uk)

Wayne Hubbard  
Chief Operating Officer  
The London Waste and Recycling Board  
(via email)

18<sup>th</sup> June 2015

Dear Wayne

As you know, the London Borough of Southwark has been reviewing LWARB's proposals to create a new entity to assist Local Authorities to grow and manage their commercial waste businesses. At this preliminary stage our impressions are positive and we think the project has real merit.

We understand that the Outline Business Case now being prepared for LWARB's internal consideration is by its nature speculative and that no guarantee has been made regarding the future development of the project. Similarly, our own borough can't unequivocally support proposals until we have had the opportunity to participate in the development and review the output of a Detailed Business Case which sets out precisely how any new arrangement would work.

However, based on the information available at this stage, we are supportive of the proposals and wish to participate in the development of the Detailed Business Case stage. Depending on the work carried out in this next stage we see good prospects of joining any arrangements which are subsequently set up.

To that end I'm pleased to confirm that officer resource has been identified to support the next stage of the work and that this work, during its preparation and upon completion will be reviewed by the authority with a view to committing to participate in the new enterprise providing it meets our current expectations and business needs.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Deborah Collins', written over a light blue horizontal line.

Deborah Collins  
Strategic Director, Environment & Leisure Department

Environment & Leisure Department, PO Box 64529, London SE1 5LX  
Switchboard - 020 7525 5000 Website - [www.southwark.gov.uk](http://www.southwark.gov.uk)  
Strategic Director- Deborah Collins



INVESTOR IN PEOPLE

<b>Item No.</b> 10.	<b>Classification:</b> Open	<b>Date:</b> 1 November 2016	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Electoral Review of Southwark	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Peter John, Leader of the Council	

### **FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL**

Councils and councillors are at the heart of the communities that they serve and as such must be sized and organised to best reflect and represent the different communities and areas within their borders. The Local Government Boundary Commission for England's electoral review of Southwark has considered the size and make up of Southwark and has proposed changes to the ward pattern to better reflect the changes in population that have taken place in the last fifteen years.

At the start of the consultation period, the cabinet established a working group with members from the three party groups on the council. The working group made recommendations to the cabinet about council size, as well as the council's approach to supporting group submissions to the Commission. I would like to thank all members who made this approach such a success.

The Commission has now published its final recommendations which are laid before Parliament for approval. They recommend retaining 63 councillors, and organises the borough into six two-member wards and 17 three-member wards. The 2018 election will be contested on these boundaries, and ahead of that the council needs to prepare for this change. This report updates cabinet on the changes to Southwark and the work that officers are now doing to prepare for this change.

### **RECOMMENDATIONS**

1. To note the final recommendations of the Local Government Boundary Commission for England's electoral review of Southwark.
2. To ask officers to review the impact of the boundaries on the council's organisation and delivery of services and to make necessary preparations to implement these changes.

### **BACKGROUND INFORMATION**

3. The Local Government Boundary Commission for England ("the Commission") was established by Parliament under the provisions of the Local Democracy, Economic Development and Construction Act 2009. One objective of the Commission is to provide electoral arrangements for English principal local authorities that are fair and deliver electoral equality for voters. To do this, the Commission conducts electoral reviews. These are reviews of the electoral arrangements of local authorities: the number of councillors, names and number

of wards, ward boundaries, and the number of councillors to be elected to each new ward.

4. The Commission announced that Southwark Council was required to undergo a review of ward boundaries which will be implemented for the next full council elections in May 2018. This is because Southwark had a high level of electoral inequality due to population changes, with some councillors now representing many more people than others.
5. The Commission consulted on the number of members which Southwark needed to discharge its responsibilities. They then consulted on ward boundaries. The cabinet established a cross party working group to develop a council submission to the Commission on the optimal number of members for Southwark. This working group proposed retaining 63 councillors. This decision was endorsed by a meeting of the full council and submitted by the Leader of the Council to the Commission. The working group also considered submitting a council response to the consultation on ward patterns but agreed instead to recommend that party groups submit their own proposals, and that officers provided technical support for the groups. The Commission received submissions from all three groups plus from some individual members.
6. The Commission proposed retaining 63 councillors, and a series of boundaries which would have produced 17 three-member wards, five two-member wards and two single-member wards. The Commission further consulted on this proposal and in July 2016 published their final recommendation. These recommendations are set out in Appendix 1.
7. These recommendations were laid before Parliament on 14 September 2016 as the draft 'London Borough of Southwark (Electoral Changes) Order 2016'. The draft order is laid in Parliament for a period of 40 sitting days. Parliament can either accept or reject the recommendations. If accepted, the new electoral arrangements will come into force at the next scheduled elections for Southwark in 2018.
8. The final recommendation is that Southwark should be made up of 63 councillors serving within 17 three-councillor wards and six two-councillor wards. Details of the new boundaries are set out in Appendix 2.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy implications**

9. The new boundaries will have an impact on various aspects of how the council organises itself and how it engages with the public. Officers will review a range of services and make necessary changes to prepare for the new boundaries. There are three main areas of work that will need to be undertaken. These relate to elections, the constitution and public engagement.
10. The 2018 election will be contested on the new boundaries. Any by-elections before this date will be contested on the existing boundaries. To prepare for the 2018 elections, the Returning Officer will undertake a polling district review to identify suitable polling stations for the 2018 election. This will mean that residents may have different polling stations and also be in a new ward. The council will need to review its publicity material ahead of the election to ensure that voters are

properly informed about the changes.

11. Community engagement will undertake a review of community council areas, makeup and names. The proper constitutional officer will bring proposals to the constitutional steering panel and to council assembly on any amendments which need to be made to the constitution to reflect these changes and consequential constitutional amendments.
12. The council will review its communications in relation to ward boundaries. It will review our website, MySouthwark and other boundary based resources. Officers will also review how we conduct statutory and non-statutory consultations and ensure that these reflect the new boundaries from May 2018. Once the order is approved by Parliament, officers can update the website and our online mapping tools which are available for the public to use.
13. Management teams in each department will need to review any other areas where a change in boundaries impact on their work. There may be consequential changes such as changing or relocating "Welcome to" signs on the edge of Community Council areas.
14. Members will continue to represent their wards until the election and will receive support and advice from officers to do this. Some members will be seeking re-election in 2018 in an area that they do not currently represent. While officers will continue to support members on issues in their current ward, they will not provide routine briefing to members on issues in wards which they do not currently represent.

### **Community impact statement**

15. Changing the pattern of councillors in the borough will have an impact on the representation of people in the borough. The Commission in their report state that "This report has been screened for impact on equalities, with due regard being given to the general equalities duties set out in section 149 of the Equality Act 2010. As no potential negative impacts were identified, a full equality impact analysis is not required."
16. The Council's working group which previously considered representation on the council considered the impact that changing the number of councillors would have on the diversity of people who stand for election and serve as members. Their conclusion was that retaining 63 members enabled there to be a suitably diverse cohort of members.
17. The Commission considered three statutory criteria in making a recommendation on boundary patterns. One of these is that the "pattern of wards should, as far as possible, reflect the interests and identities of local communities."
18. The council provided information of a large range of community groups to the Commission so that the Commission's consultation can consider views across the borough.



### Financial implications

19. Delivery of these changes will not require the use of additional resources but will be delivered through more effective use of existing resources.

### SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

#### Director of Law and Democracy

20. The report notes the final recommendations that the Local Government Boundary Commission for England on the electoral boundaries and composition of the council.
21. Part 3B paragraph 10 of the constitution provides that cabinet set the strategic direction for the council's democratic renewal initiatives.
22. The council will be required to draw up new polling districts.

#### Strategic Director of Finance and Governance (FC16/019)

23. This report is requesting cabinet to note the final recommendations of the Local Government Boundary Commission for England's electoral review of Southwark and to ask officers to review the impact of the boundaries on the council's organisation and delivery of services and to make necessary preparations to implement the changes.
24. The strategic director of finance and governance notes that the Commission's recommendation to retain the current 63 councillors but organised into six of two member wards and 17 of three member wards.
25. The strategic director of finance and governance notes that there are no financial implications arising from this report as staffing and any other costs connected with this recommendation will be contained within existing departmental revenue budgets.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Electoral Review of Southwark – September 2015, Decision by Leader of the Council	160 Tooley Street London SE1 2QH	Constitutional Team
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=5470">http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=5470</a>		
Electoral Review of Southwark – July 2015, Report to Council Assembly	160 Tooley Street London SE1 2QH	Constitutional Team
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=132&amp;MId=5063&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=132&amp;MId=5063&amp;Ver=4</a> (Item 7.1)		

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Local Government Boundary Commission for England – Electoral Review of Southwark, Final Recommendations
Appendix 2	Map of final ward boundary recommendations.

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Peter John, Leader of the Council	
<b>Lead Officer</b>	Eleanor Kelly , Chief Executive	
<b>Report Author</b>	Chris Page, Head of External Affairs	
<b>Version</b>	Final	
<b>Dated</b>	3 October 2016	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS/ DIRECTORATES/ CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	No	No
<b>Date final report sent to Constitutional Team</b>		3 October 2016

# Final recommendations on the new electoral arrangements for the London Borough of Southwark

Electoral review

July 2016

**Translations and other formats**

To get this report in another language or in a large-print or Braille version contact the Local Government Boundary Commission for England:

Tel: 0330 500 1525

Email: [reviews@lgbce.org.uk](mailto:reviews@lgbce.org.uk)

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## Contents

Summary	1
1 Introduction	3
2 Analysis and final recommendations	5
Submissions received	5
Electorate figures	5
Number of councillors	6
Ward boundaries consultation	6
Final recommendations consultation	6
Central Southwark	8
North-east Southwark	10
North-west Southwark	12
South Southwark	14
Conclusions	16
3 What happens next	17
<b>Appendices</b>	
A Table A1: Final recommendations for the London Borough of Southwark	18
B Outline map	20
C Submissions received	22
D Glossary and abbreviations	23

## Summary

### Who we are and what we do

The Local Government Boundary Commission for England (LGBCE) is an independent body set up by Parliament. We are not part of government or any political party. We are accountable to Parliament through a committee of MPs chaired by the Speaker of the House of Commons.

Our main role is to carry out electoral reviews of local authorities throughout England.

### Electoral review

An electoral review examines and proposes new electoral arrangements for a local authority. A local authority's electoral arrangements decide:

- How many councillors are needed
- How many wards or electoral divisions should there be, where are their boundaries and what should they be called
- How many councillors should represent each ward or division

### Why Southwark?

We are conducting a review of the London Borough of Southwark Council as the value of each vote in borough council elections varies depending on where you live in Southwark. Some councillors currently represent many more or fewer voters than others. This is 'electoral inequality'. Our aim is to create 'electoral equality', where votes are as equal as possible, ideally within 10% of being exactly equal.

### Our proposals for Southwark

- Southwark should be represented by 63 councillors, the same number as there are now
- Southwark should have 23 wards, two more than now
- The boundaries of all wards should change; none will stay the same

**We have now finalised our recommendations for electoral arrangements for Southwark.**

## What is the Local Government Boundary Commission for England?

The Local Government Boundary Commission for England is an independent body set up by Parliament<sup>1</sup>.

The members of the Commission are:

Professor Colin Mellors (Chair)

Alison Lowton

Peter Maddison QPM

Sir Tony Redmond

Professor Paul Wiles CB

Chief Executive: Jolyon Jackson CBE

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<sup>1</sup> Under the Local Democracy, Economic Development and Construction Act 2009.

## 1 Introduction

1 This electoral review is being carried out to ensure that:

- The wards in the London Borough of Southwark are in the best possible places to help the Council carry out its responsibilities effectively
- The number of voters represented by each councillor is approximately the same across the borough.

### What is an electoral review?

2 Our three main considerations are to:

- Improve electoral equality by equalising the number of electors each councillor represents
- Reflect community identity
- Provide for effective and convenient local government

3 Our task is to strike the best balance between them when making our recommendations. Our powers, as well as the guidance we have provided for electoral reviews and further information on the review process, can be found on our website at [www.lgbce.org.uk](http://www.lgbce.org.uk)

### Consultation

4 We wrote to the Council to ask its views on the appropriate number of councillors for Southwark. We then held two periods of consultation on warding patterns for the borough. The submissions received during consultation informed our draft and final recommendations.

This review is being conducted as follows:

Stage starts	Description
18 August 2015	Number of councillors decided
8 September 2015	Start of consultation seeking views on new wards
16 November 2015	End of consultation; we begin analysing submissions and forming draft recommendations
9 February 2016	Publication of draft recommendations, start of second consultation
5 April 2016	End of consultation; we begin analysing submissions and forming final recommendations
19 July 2016	Publication of final recommendations

### How will the recommendations affect you?

5 The recommendations will determine how many councillors will serve on the Council. They will also decide which ward you vote in and which other communities are in that ward. Your ward name may also change.



## 2 Analysis and final recommendations

6 Legislation<sup>2</sup> states that our recommendations should not be based only on how many electors<sup>3</sup> there are now, but also on how many there are likely to be in the five years after the publication of our final recommendations. We must also try to recommend strong, clearly identifiable boundaries for our wards.

7 In reality, we are unlikely to be able to create wards with exactly the same number of electors in each; we have to be flexible. However, we try to keep the number of electors represented by each councillor as close to the average for the council as possible.

8 We work out the average number of electors per councillor for each individual local authority by dividing the electorate by the number of councillors, as shown on the table below.

	2015	2021
Electorate of Southwark	215,493	243,292
Number of councillors	63	63
Average number of electors per councillor	3,421	3,862

9 When the number of electors per councillor in a ward is within 10% of the average for the authority, we refer to the ward as having 'electoral equality'. All of our new wards for Southwark will have electoral equality by 2021.

10 Our recommendations cannot affect the external boundaries of Southwark borough or result in changes to postcodes or local taxes. They do not take into account parliamentary constituency boundaries. We have seen no evidence to suggest that our recommendations will have an effect on house prices or car and house insurance premiums and we are not able to take into account any representations which are based on these issues.

### Submissions received

11 See Appendix B for details of submissions received. All submissions may be viewed at our offices and on our website at [www.lgbce.org.uk](http://www.lgbce.org.uk)

### Electorate figures

12 The Council submitted electorate forecasts for 2021, a period five years on from the scheduled publication of our final recommendations in 2016. These forecasts were broken down to polling district levels and predicted an increase in the electorate of around 12.9% to 2021.

13 We considered the information provided by the Council and are satisfied that the projected figures are the best available at the present time. We used these

<sup>2</sup> Schedule 2 to the Local Democracy, Economic Development and Construction Act 2009.

<sup>3</sup> Electors refers to the number of people registered to vote, not the whole adult population.

figures to produce our draft and final recommendations.

## Number of Councillors

14 Southwark Council currently has 63 councillors. We have looked at evidence provided by the Council and have concluded that keeping this number the same will make sure the Council can carry out its roles and responsibilities effectively.

15 We therefore invited proposals for new patterns of wards that would be represented by 63 councillors – for example, 63 one-councillor wards, 21 three-councillor wards, or a mix of one, two, and three councillor wards.

16 We received one submission about the number of councillors in response to our consultation on ward patterns. The submission supported maintaining the current number. We received no opposition to keeping the current number and therefore based our draft recommendations on a 63-member council.

17 We received one submission about the number of councillors in response to our consultation on our draft recommendations. The respondent commented that 63 councillors was too many, but did not propose an alternative size. We have therefore maintained 63 councillors for our final recommendations.

## Ward boundaries consultation

18 We received 15 submissions to our consultation on ward boundaries. These included three detailed borough-wide proposals from the Council's Labour and Liberal Democrat groups and from a Conservative councillor. All three were based on a pattern of wards to be represented by 63 elected members.

19 The three borough-wide schemes each provided for a mix of one, two and three councillor wards for Southwark. We carefully considered the proposals received and concluded that the proposed ward boundaries would have good levels of electoral equality. We also considered that they generally used clearly identifiable boundaries.

20 Our draft recommendations were based on a combination of the borough-wide proposals that we received. In some areas of the borough we have also taken into account local evidence that we received which provided evidence of community links and locally recognised boundaries. In some areas we considered that the proposals did not provide for the best balance between our statutory criteria and so we identified alternative boundaries. We also visited the area in order to look at the various different proposals on the ground. This tour of Southwark helped us to decide between the different boundaries proposed.

## Draft recommendations consultation

21 We received 80 submissions during consultation on our draft recommendations. These included detailed borough-wide proposals from the Council's Labour and Liberal Democrat groups, and submissions commenting on the majority of the borough from Southwark Green Party and from two local residents. The majority of other submissions focussed on individual wards, particularly our draft Half Moon and

Dulwich Village wards. There was strong opposition to our proposal for single councillor wards for this area.

22 Our final recommendations are similar to our draft recommendations. As a result of the local evidence received we have made modifications to several wards, mainly in the centre and south of the borough. We have also made changes to the names of five wards.

## Final recommendations

23 Pages 8–18 detail our final recommendations for each area of Southwark. They detail how the proposed warding arrangements reflect the three statutory<sup>4</sup> criteria of:

- Equality of representation
- Reflecting community interests and identities
- Providing for effective and convenient local government

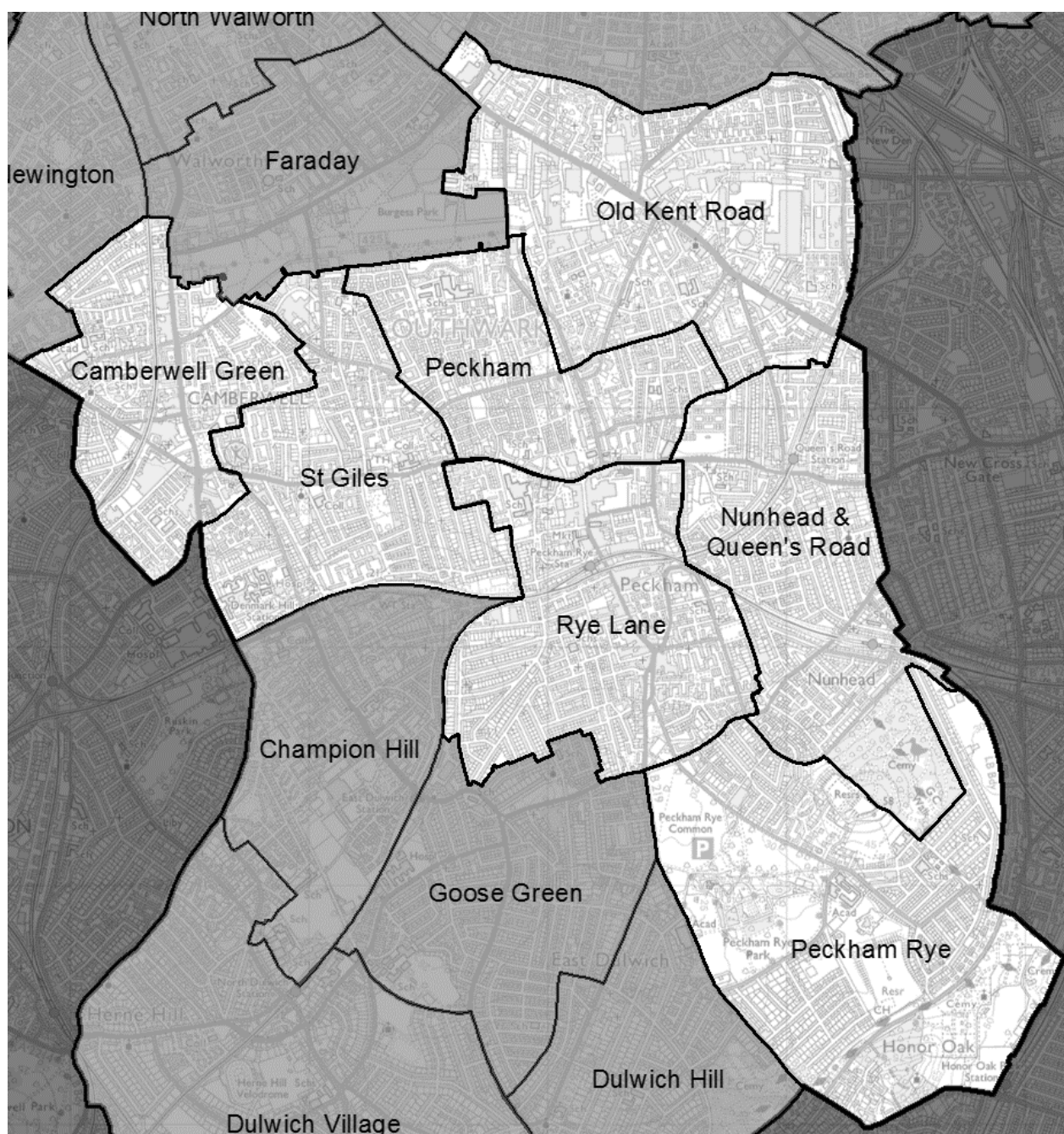
24 Our final recommendations are for 17 three-councillor wards and six two-councillor wards. We consider that our final recommendations will provide for good electoral equality while reflecting community identities and interests where we have received such evidence during consultation.

25 A summary of our proposed new wards is set out in Table 1 (on page 19) and on the large map accompanying this report.

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<sup>4</sup> Local Democracy, Economic Development and Construction Act 2009.

## Central Southwark



Ward name	Number of Cllrs	Variance 2021
Camberwell Green	3	1%
Nunhead & Queen's Road	3	-1%
Old Kent Road	3	4%
Peckham	3	-6%
Peckham Rye	2	-1%
Rye Lane	3	4%
St Giles	3	5%

## Ward boundaries in central Southwark

### *Old Kent Road*

26 We received two submissions that commented on this ward. The Council's Liberal Democrat group was supportive of our draft boundaries. The Labour group was largely supportive, but proposed a minor modification to the boundary with Nunhead ward. The submission commented that two properties on Culmore Road that were included on our draft Old Kent Road ward have more in common with Nunhead. These properties are therefore now in our Nunhead & Queen's Road ward.

### *Camberwell*

27 Three submissions from the Labour group, Liberal Democrat group, and a local organisation proposed amending the western boundary of Camberwell Green in order to include all of the D'Eynsford estate in St Giles ward. We consider that this would be a better reflection of the community in the area and have therefore modified the boundary between these two wards.

28 As a result of local evidence received we have also made a minor amendment to the boundary with Newington, to the north-west of Camberwell Green, in order to include all of the Brandon Estate in Newington.

29 We have made a more substantial change to the boundary between St Giles and Rye Lane, as a result of submissions from both political groups and a resident stating that Peckham Academy and the surrounding housing should be in a Peckham-facing ward. The boundary in this area will now run along Talfourd Road and Talfourd Place instead of Bellenden Road. To the north of St Giles we have also adopted a submission that proposed amending the boundary with Peckham to run along Comfort Street to reflect that the Donato Drive area looks towards St Giles.

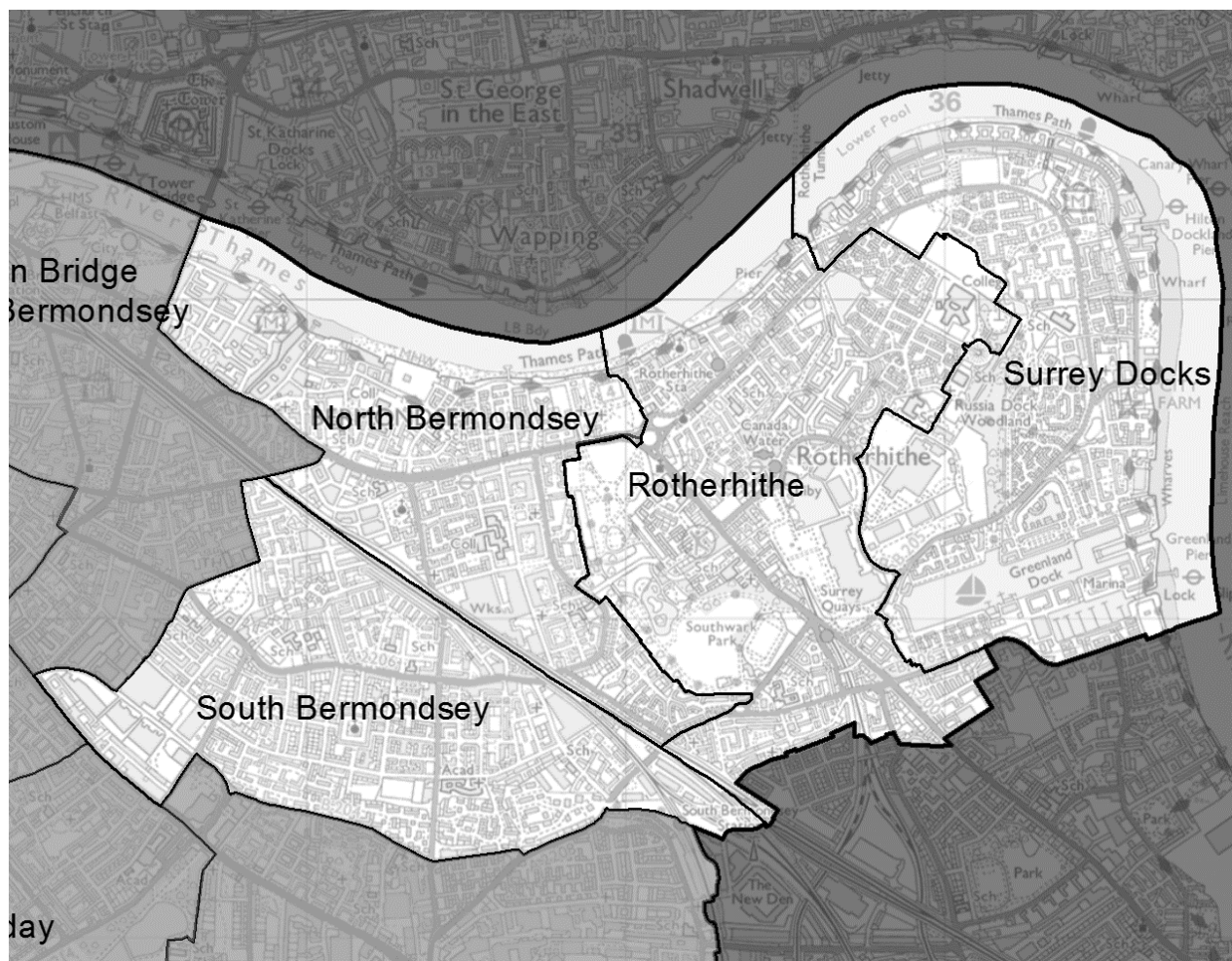
### *Peckham, Peckham Rye and Nunhead*

30 Our Peckham and Rye Lane wards are as proposed in our draft recommendations, with minor modifications to the boundary with St Giles as detailed in paragraph 30. In the south-eastern corner of Rye Lane we have also modified the boundary with Nunhead to include all of the new development at Nunhead Green in Nunhead rather than in Rye Lane.

31 The Labour group proposed two minor modifications to the boundaries of Nunhead ward. As described in paragraph 27, we have amended the boundary with Old Kent Road in the Culmore Road area, and as described in paragraph 31, we have amended the boundary with Rye Lane to keep the Nunhead Green development in a Nunhead ward.

32 The Liberal Democrat group proposed substantially different boundaries for Peckham Rye and Nunhead, with consequential changes to Peckham, Rye Lane, and Dulwich Hill. The proposal would have worsened electoral inequality in the area and would have included housing that identifies with Peckham Rye in a Dulwich Hill ward. We did not consider that the submission provided persuasive enough evidence to justify the changes proposed. However, the submission also noted that residents in the north of our Nunhead ward identify with the Queen's Road area. We have therefore renamed this ward Nunhead & Queen's Road.

## North-east Southwark



Ward name	Number of Cllrs	Variance 2021
North Bermondsey	3	3%
Rotherhithe	3	-4%
South Bermondsey	3	3%
Surrey Docks	3	7%

## Ward boundaries in north east Southwark

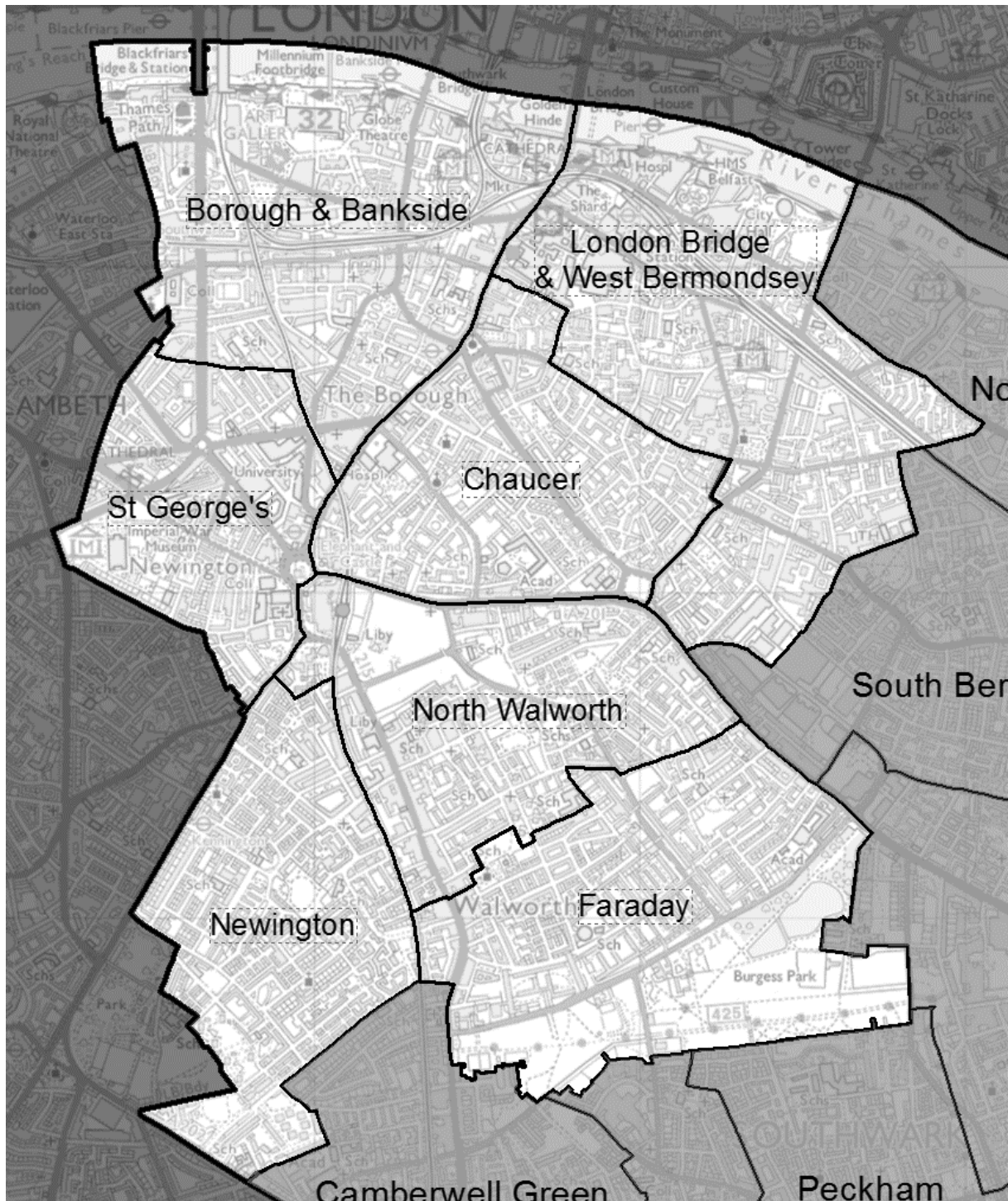
### *Bermondsey and Rotherhithe*

33 We received no submissions on our Bermondsey wards apart from comments made in the two whole-borough proposals. The Liberal Democrat group supported our North Bermondsey ward. The Labour group supported the majority of the ward but noted that including all of Southwark Park in either North Bermondsey or Rotherhithe would provide for better administration. We have therefore modified the boundary of North Bermondsey to include all the park in our Rotherhithe ward.

34 We have also modified the boundary between South Bermondsey and London Bridge and West Bermondsey. Both political groups stated that Spa Road and Grange Yard look towards the London Bridge and Borough areas for services, rather than into South Bermondsey. We accept this case and have therefore moved these roads into our London Bridge and West Bermondsey ward.

35 In North Bermondsey, the Labour group proposed moving the Pedworth Estate from our draft North Bermondsey ward to Rotherhithe. Similarly, in Rotherhithe, the Liberal Democrat group proposed moving the Osprey Estate from Rotherhithe to Surrey Docks. We did not consider that adequate rationale was provided for either change. Our Surrey Docks ward is therefore entirely as proposed in our draft recommendations.

## North-west Southwark



Ward name	Number of Cllrs	Variance 2021
Borough & Bankside	3	-4%
Chaucer	3	-4%
Faraday	3	-4%
London Bridge & West Bermondsey	3	5%
Newington	3	3%
North Walworth	3	-7%
St George's	2	1%



## Ward boundaries in north-west Southwark

### *Borough and the London Bridge area*

36 The Liberal Democrat group and two local residents proposed that our draft Bankside & Borough ward instead be named Borough & Bankside, as that is how the area is known locally. The Labour group instead proposed the name Cathedral. We consider that this name could be confusing as there are two cathedrals in the area but only one is within this ward. We are therefore adopting the name Borough & Bankside.

37 The Labour and Liberal Democrat groups and one local resident commented that as St George ward is named for St George's Cathedral and St George's Circus, St George's would be a more appropriate name than St George. We have adopted this amended name.

38 The Liberal Democrat group submission noted that our boundary between Borough & Bankside and St George's split a residential estate, Quentin House. We have modified this boundary in this area in order to keep the three blocks of Quentin House together in our St George's ward.

39 Four submissions commented on the name of our draft Bridges ward. One supported the name and three proposed alternatives. Taking into account the geographical position of the ward and the communities it covers we have decided that London Bridge & West Bermondsey is the most appropriate name.

40 Chaucer ward is identical to our draft ward with a minor modification to the boundary with London Bridge & West Bermondsey. The Labour group and a local resident commented that the Bermondsey Square area should be in a Bermondsey ward. We consider the area would be better placed in London Bridge & West Bermondsey and so have modified the boundary to run along Bermondsey Street rather than Tower Bridge Road.

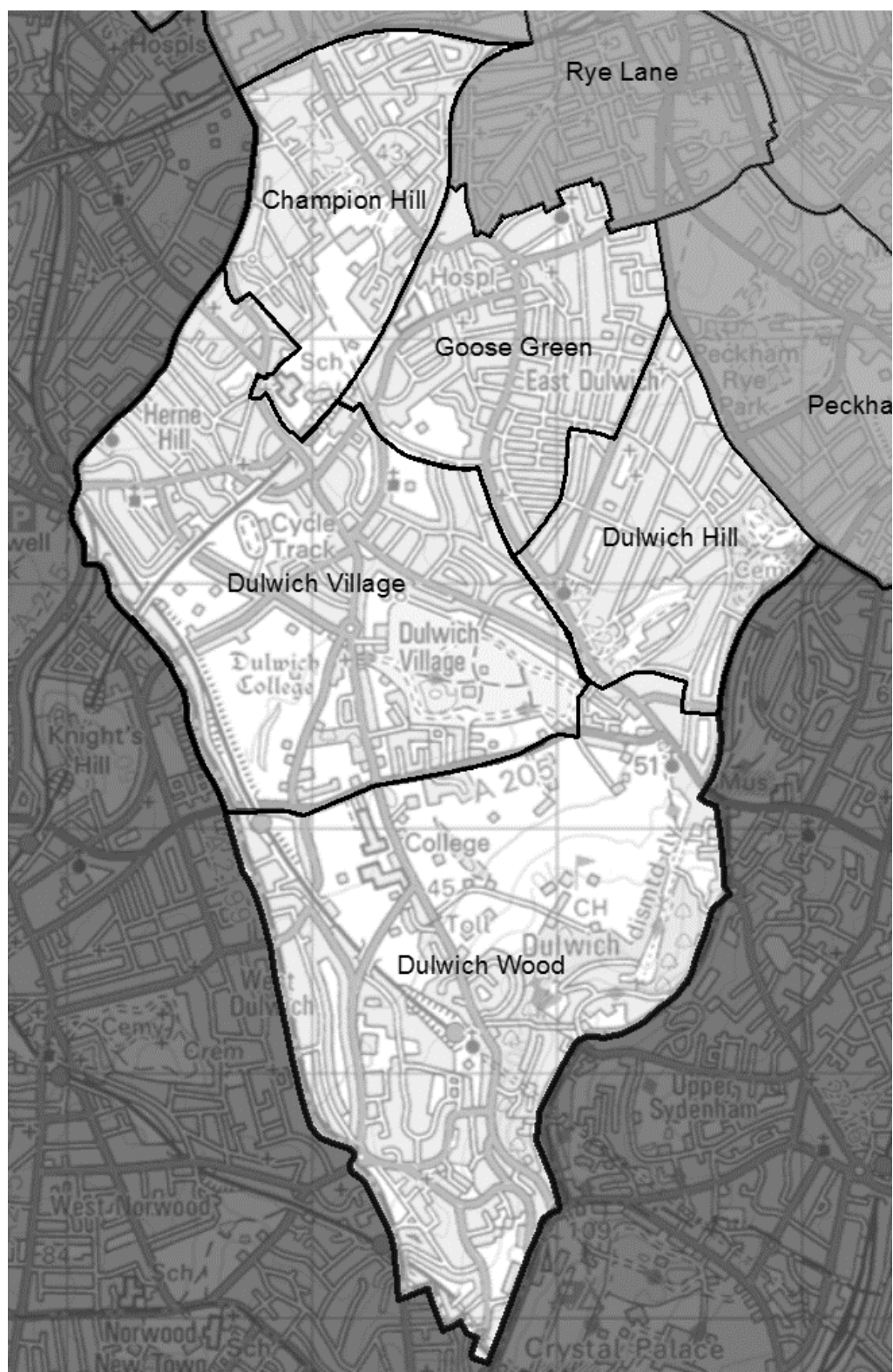
### *Walworth*

41 Our Newington ward is very similar to our draft ward with a modification to the southern boundary with Camberwell Green detailed in paragraph 29.

42 Two local residents provided evidence that Faraday, the name of the current ward in the South Walworth area, is well known in the area and is reflected in several local landmarks. We have therefore renamed our draft South Walworth ward as Faraday. We have made a minor modification to the boundary between North Walworth and Faraday in order to keep all of Faraday Gardens in our Faraday ward.

43 We received a submission from the Metropolitan Police noting that, in our draft recommendations, Burgess Park was divided between four wards. The submission proposed that including the park all in one ward would provide for better administration. We have therefore amended the boundaries of Faraday to include all of Burgess Park in this ward.

## South Southwark



Ward name	Number of Cllrs	Variance 2021
Champion Hill	2	0%
Dulwich Hill	2	-4%
Dulwich Village	2	3%
Dulwich Wood	2	-3%
Goose Green	3	-3%

## Ward boundaries in south Southwark

### *Dulwich and Champion Hill*

44 We received over 60 submissions commenting on our wards in south Southwark, mainly from local residents. The majority opposed our proposed one-councillor wards of Half Moon and Dulwich Village. Two Conservative borough councillors, a local organisation and the majority of residents who expressed a preference proposed combining the two into one two-councillor ward, while the Labour group and Southwark Green Party proposed instead joining Half Moon ward with our two councillor Champion Hill ward to create a three councillor ward. The Liberal Democrat group supported our wards as proposed.

45 Taking account of the submissions received we consider the Half Moon area has more in common with Dulwich Village than with Champion Hill. Our final recommendations in this area are therefore for a two Councillor Dulwich Village ward, covering the whole of our draft Dulwich Village and Half Moon wards.

46 The Labour and Liberal Democrat groups and a local resident proposed a further modification to the boundary between Dulwich Village and Champion Hill. The submissions noted that our draft boundary divided the Sunray Avenue conservation area. We have therefore modified the boundary in order to include all of the Sunray Estate in our Dulwich Village ward.

### *Dulwich Hill, Goose Green and Dulwich Wood*

47 The proposed alternative wards for the Nunhead and Peckham Rye area, (paragraph 32) included a change to the boundary between the wards of Dulwich Hill and Peckham Rye, including the housing south of Peckham Rye Park in a Dulwich Hill ward. As we have not adopted the proposal for Nunhead we have also not adopted the consequential modifications to Dulwich Hill.

48 We received 12 submissions proposing six alternative names for our draft Dulwich Hill ward. There was no consensus or strong evidence for any particular name. We are therefore maintaining the Dulwich Hill name.

49 We received mixed support and opposition to our Goose Green ward. A local resident proposed extending the ward eastward to Friern Road and the Liberal Democrat group proposed using Barry Road as the boundary. We consider the Barry and Friern Road areas to be part of Dulwich Hill and are therefore maintaining our draft boundary in this area.

50 A local resident proposed including the Melford Road area in Dulwich Hill rather than in Dulwich Wood as in our draft recommendations. We accept that this area has some ties to Dulwich Hill, but to remove it from Dulwich Wood would leave Dulwich Wood with 19% fewer electors per councillor than the average for Southwark by 2021. We do not consider that persuasive enough evidence was provided to accept such a high level of electoral inequality.

51 The Liberal Democrat group supported our proposed Dulwich Wood ward. The Labour group proposed renaming the ward as College. As the Dulwich College area extends into our Dulwich Village ward we do not consider this to be the most appropriate name and are therefore maintaining the Dulwich Wood name.

## Conclusions

52 Table 1 shows the impact of our final recommendations on electoral equality, based on 2015 and 2021 electorate figures.

**Table 1: Summary of electoral arrangements**

	Final recommendations	
	2015	2021
Number of councillors	63	63
Number of electoral wards	23	23
Average number of electors per councillor	3,421	3,862
Number of wards with a variance more than 10% from the average	11	0
Number of wards with a variance more than 20% from the average	3	0

### Final recommendation

The London Borough of Southwark Council should be made up of 63 councillors serving 23 wards representing 17 three-councillor wards and six two-councillor wards. The details and names are shown in Table A1 and illustrated on the large maps accompanying this report.

### Mapping

**Sheet 1, Map 1** shows the proposed wards for Southwark London Borough Council. You can also view our final recommendations for Southwark on our interactive maps at <http://consultation.lgbce.org.uk>

### 3 What happens next?

53 We have now completed our review of The London Borough of Southwark Council. The recommendations must now be approved by Parliament. A draft Order – the legal document which brings into force our recommendations – will be laid in Parliament. Subject to parliamentary scrutiny, the new electoral arrangements will come into force at the local elections in 2018.

#### Equalities

54 This report has been screened for impact on equalities, with due regard being given to the general equalities duties as set out in section 149 of the Equality Act 2010. As no potential negative impacts were identified, a full equality impact analysis is not required.

## Appendix A

**Table A1: Draft recommendations for the London Borough of Southwark Council**

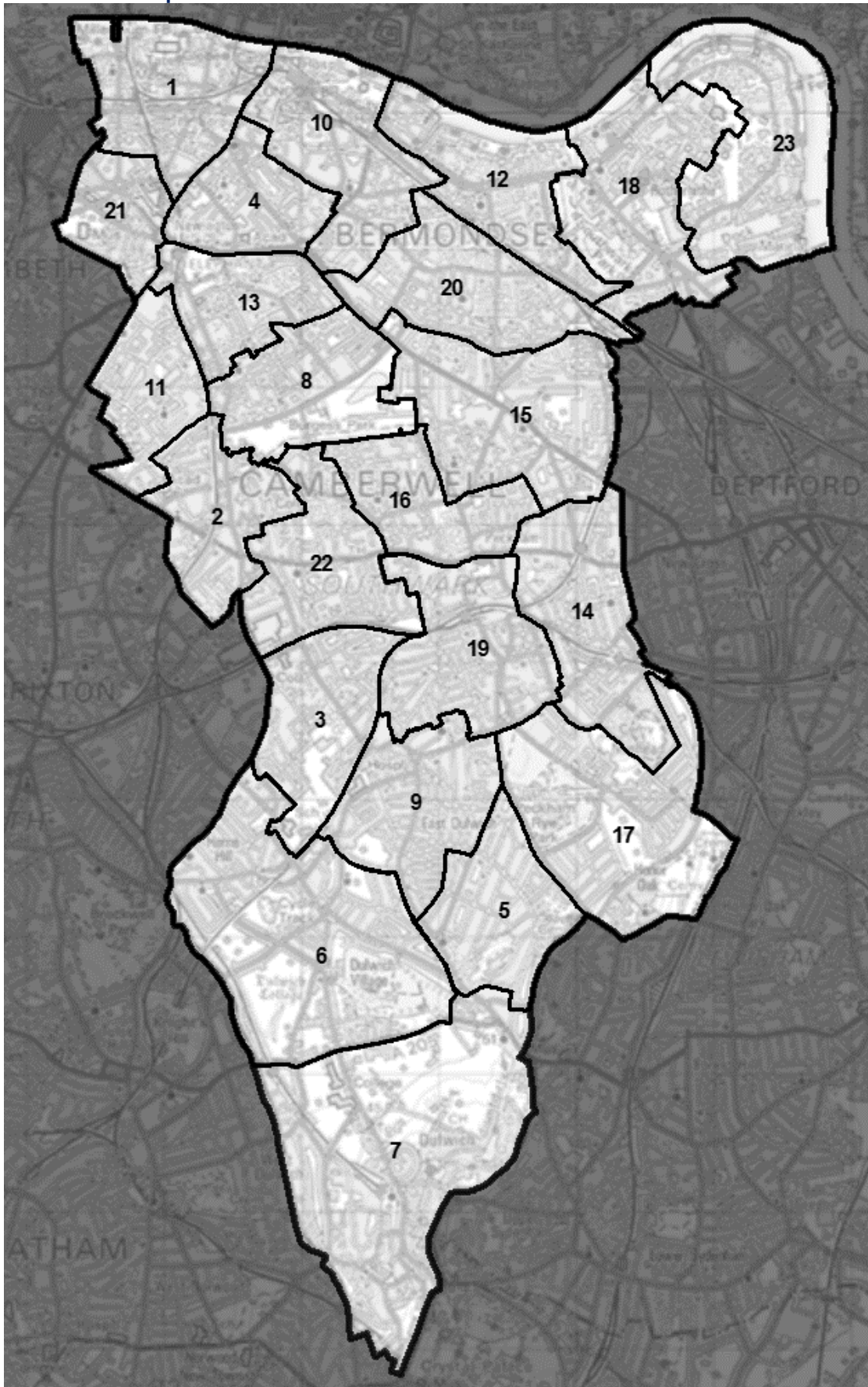
	Ward name	Number of councillors	Electorate (2015)	Number of electors per councillor	Variance from average %	Electorate (2021)	Number of electors per councillor	Variance from average %
1	Borough & Bankside	3	7,106	2,369	-31%	11,074	3,691	-4%
2	Camberwell Green	3	9,941	3,314	-3%	11,644	3,881	1%
3	Champion Hill	2	7,291	3,646	7%	7,687	3,843	0%
4	Chaucer	3	10,783	3,594	5%	11,146	3,715	-4%
5	Dulwich Hill	2	7,419	3,710	8%	7,404	3,702	-4%
6	Dulwich Village	2	7,891	3,946	15%	7,920	3,960	3%
7	Dulwich Wood	2	7,436	3,718	9%	7,458	3,729	-3%
8	Faraday	3	8,674	2,891	-15%	11,146	3,715	-4%
9	Goose Green	3	10,779	3,593	5%	11,261	3,754	-3%
10	London Bridge & West Bermondsey	3	9,627	3,209	-6%	12,158	4,053	5%
11	Newington	3	11,658	3,886	14%	11,968	3,989	3%
12	North Bermondsey	3	10,496	3,499	2%	11,916	3,972	3%

Ward name	Number of councillors	Electorate (2015)	Number of electors per councillor	Variance from average %	Electorate (2021)	Number of electors per councillor	Variance from average %
13 North Walworth	3	8,001	2,667	-22%	10,718	3,573	-7%
14 Nunhead & Queen's Road	3	10,808	3,603	5%	11,446	3,815	-1%
15 Old Kent Road	3	11,352	3,784	11%	12,100	4,033	4%
16 Peckham	3	10,293	3,431	0%	10,894	3,631	-6%
17 Peckham Rye	2	7,637	3,819	12%	7,669	3,834	-1%
18 Rotherhithe	3	10,252	3,417	0%	11,171	3,724	-4%
19 Rye Lane	3	10,525	3,508	3%	12,078	4,026	4%
20 South Bermondsey	3	11,559	3,853	13%	11,990	3,997	3%
21 St George's	2	4,858	2,429	-29%	7,831	3,916	1%
22 St Giles	3	11,935	3,978	16%	12,197	4,066	5%
23 Surrey Docks	3	9,172	3,057	-11%	12,417	4,139	7%
<b>Totals</b>	<b>63</b>	<b>215,493</b>	<b>-</b>	<b>-</b>	<b>243,292</b>	<b>-</b>	<b>-</b>
<b>Averages</b>	<b>-</b>	<b>-</b>	<b>3,421</b>	<b>-</b>	<b>-</b>	<b>3,862</b>	<b>-</b>

Source: Electorate figures are based on information provided by the London Borough of Southwark Council. Note: The 'variance from average' column shows by how far, in percentage terms, the number of electors per councillor in each electoral ward varies from the average for the borough. The minus symbol (-) denotes a lower than average number of electors. Figures have been rounded to the nearest whole number.

# Appendix B

## Outline map





## Appendix B

### Key

- 1 Borough & Bankside
- 2 Camberwell Green
- 3 Champion Hill
- 4 Chaucer
- 5 Dulwich Hill
- 6 Dulwich Village
- 7 Dulwich Wood
- 8 Faraday
- 9 Goose Green
- 10 London Bridge & West Bermondsey
- 11 Newington
- 12 North Bermondsey
- 13 North Walworth
- 14 Nunhead & Queen's Road
- 15 Old Kent Road
- 16 Peckham
- 17 Peckham Rye
- 18 Rotherhithe
- 19 Rye Lane
- 20 South Bermondsey
- 21 St George's
- 22 St Giles
- 23 Surrey Docks

A more detailed version of this map can be seen on the A1 sheet accompanying this report, or on our website <http://www.lgbce.org.uk/current-reviews/greater-london/southwark>

## Appendix C

### Submissions received

All submissions received can also be viewed on our website at <http://www.lgbce.org.uk/current-reviews/greater-london/southwark>

#### Political groups

- Southwark Green Party
- Southwark London Borough Council Labour Group
- Southwark London Borough Council Liberal Democrat Group

#### Councillors

- Councillor J. Barber (Southwark London Borough Council)
- Councillor T. Briggs (Lambeth London Borough Council)
- Councillor J. Lyons (Southwark London Borough Council)
- Councillor M. Mitchell (Southwark London Borough Council)

#### Local organisations

- D'Eynsford Tenant Management Organisation
- The Herne Hill Society
- Metropolitan Police
- Stradella and Springfield Residents' Association

#### Residents

- 69 local residents

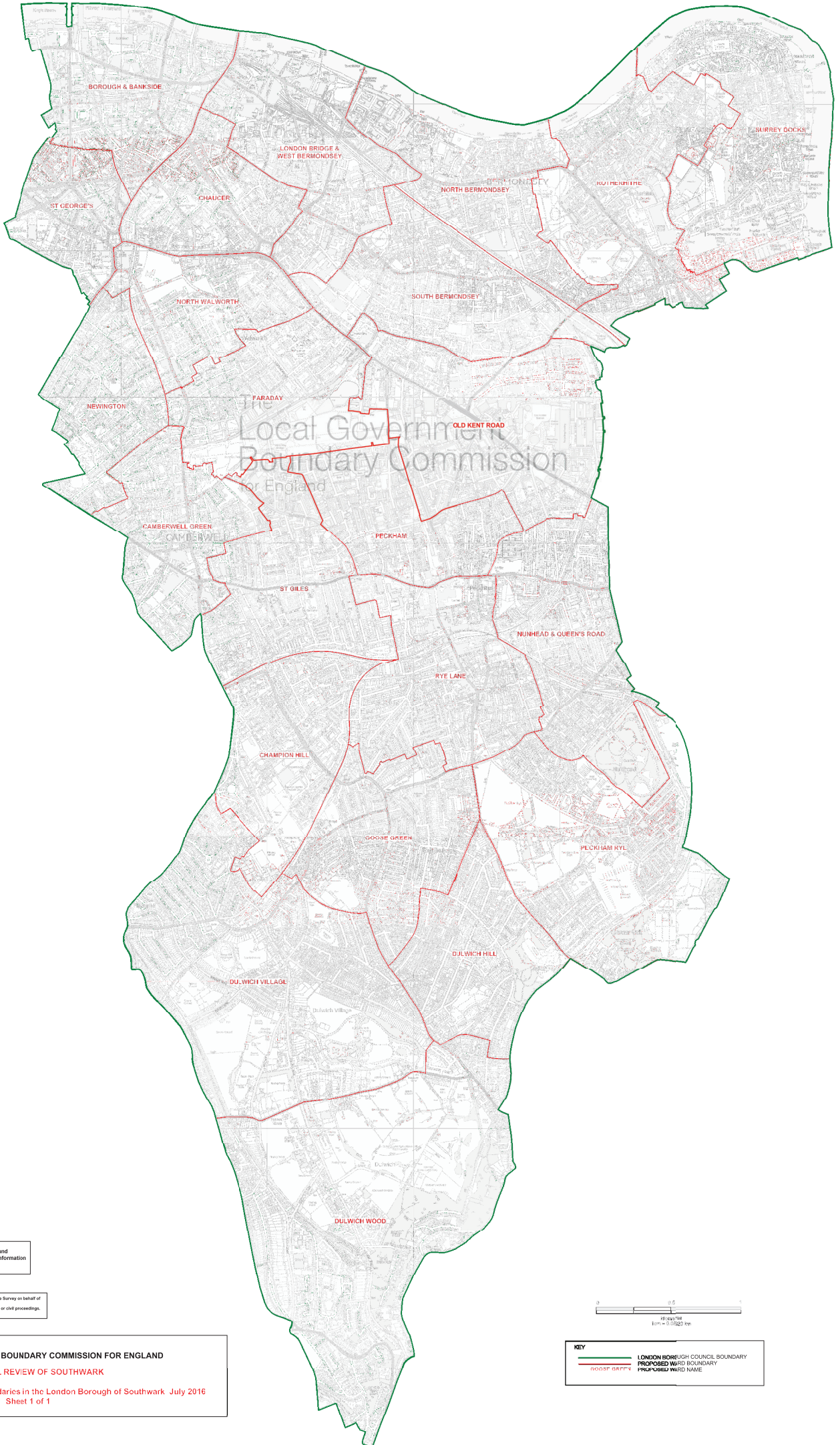
## Appendix D

### Glossary and abbreviations

Council size	The number of councillors elected to serve on a council
Electoral Change Order (or Order)	A legal document which implements changes to the electoral arrangements of a local authority
Division	A specific area of a county, defined for electoral, administrative and representational purposes. Eligible electors can vote in whichever division they are registered for the candidate or candidates they wish to represent them on the county council
Electoral fairness	When one elector's vote is worth the same as another's
Electoral inequality	Where there is a difference between the number of electors represented by a councillor and the average for the local authority
Electorate	People in the authority who are registered to vote in elections. For the purposes of this report, we refer specifically to the electorate for local government elections
Number of electors per councillor	The total number of electors in a local authority divided by the number of councillors
Over-represented	Where there are fewer electors per councillor in a ward or division than the average

Parish	A specific and defined area of land within a single local authority enclosed within a parish boundary. There are over 10,000 parishes in England, which provide the first tier of representation to their local residents
Parish council	A body elected by electors in the parish which serves and represents the area defined by the parish boundaries. See also 'Town council'
Parish (or Town) council electoral arrangements	The total number of councillors on any one parish or town council; the number, names and boundaries of parish wards; and the number of councillors for each ward
Parish ward	A particular area of a parish, defined for electoral, administrative and representational purposes. Eligible electors vote in whichever parish ward they live for candidate or candidates they wish to represent them on the parish council
Town council	A parish council which has been given ceremonial 'town' status. More information on achieving such status can be found at <a href="http://www.nalc.gov.uk">www.nalc.gov.uk</a>
Under-represented	Where there are more electors per councillor in a ward or division than the average
Variance (or electoral variance)	How far the number of electors per councillor in a ward or division varies in percentage terms from the average

Ward	A specific area of a district or borough, defined for electoral, administrative and representational purposes. Eligible electors can vote in whichever ward they are registered for the candidate or candidates they wish to represent them on the district or borough council
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Boundary alignments and names shown on the mapping background may not be up to date. They may differ from the latest Boundary information applied as part of this review.

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**THE LOCAL GOVERNMENT BOUNDARY COMMISSION FOR ENGLAND**  
**ELECTORAL REVIEW OF SOUTHWARK**  
 Final recommendations for ward boundaries in the London Borough of Southwark July 2016  
 Sheet 1 of 1

**KEY**

- LONDON BOROUGH COUNCIL BOUNDARY
- PROPOSED WARD BOUNDARY
- PROPOSED WARD NAME

<b>Item No.</b> 11.	<b>Classification:</b> Open	<b>Date:</b> 1 November 2016	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Southwark Voluntary and Community Sector Strategy 2017-2022	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Councillor Barrie Hargrove, Communities and Safety and Councillor Richard Livingstone, Adult Care and Financial Inclusion	

**FOREWORD - COUNCILLOR BARRIE HARGROVE, CABINET MEMBER FOR COMMUNITIES AND SAFETY**

I would firstly like to thank all the high-level contributors to this strategy. This is an important landmark in the relationship between the public and voluntary and community sector, a tri-partite strategy between the Southwark council, Southwark’s Clinical Commissioning Group (CCG) and Southwark’s voluntary and community sector.

Secondly, and no less importantly, I would very much like to make special mention of the 200 or so individuals for their contribution at the four open invitation events. Showing Southwark across the sectors at its best, this document is a faithful representation of the discussions, experiences and ideas shared.

Even if the very serious cuts to public service funding were not forcing all of us to make efficiencies, we would nevertheless have still initiated such a process which captures and enhances all that is best about the voluntary and community sectors. After all, we saw the need and are putting into practice the council plan commitment to enhance the work of the voluntary and community Sector.

We recognise the many additional benefits that the voluntary and community sector can bring to service delivery; the ability to be innovative, be flexible, leverage in extra funding, enable volunteering, operate at the grass-roots and with hard to reach communities and individuals. At the same time, there is a shared recognition that in establishing services for the people of Southwark, there is a compelling need for better alignment with council and CCG priorities.

The many advantages to this new approach are clearly set out in the strategy, and require no repetition here. Suffice it to say, ahead lies an opportunity to transform service delivery, build up community resilience and improve life-chances of the many individuals with whom we come into contact.

We are Southwark. We have a proud history, a solid sense of community and a great ability to transform and renew. As partners, the CCG, the voluntary and community sector, and the council, we will make this work.

**RECOMMENDATION**

1. That the cabinet endorses the new Southwark Voluntary and Community Sector (VCS) strategy.

## **BACKGROUND INFORMATION**

2. This new strategy is a three-way collaboration involving the VCS, the council and the NHS.
3. It has been co-produced by the three sectors working together through an active community engagement process from April to October 2016. The result is a strategy that sets out a vision and clear priorities for its delivery.
4. The VCS in Southwark is a diverse sector that consists of registered charities as well as many unincorporated community groups. There are 1125 registered charities. The council provides funding to 106 charities as well as many community groups providing services for residents.
5. To ensure that all sections of the VCS could contribute to the development of the strategy, a series of four open invitation listening events was held which attracted over 200 people. The listening events took place in an atmosphere of good will. There was also recognition of the need to find new ways of making the most of diminishing budgetary resources.
6. Participants explored and established through a series of workshops the main challenges and opportunities facing the borough and identified priorities through which the sectors working collaboratively could overcome barriers to achieve these.
7. The collaborative approach to producing the strategy sets in place an expectation that this is how relationship between the three sectors will continue in the years to come.
8. The council has historically worked in partnership with the VCS. The Clinical Commissioning Group (CCG) involvement in the development of the strategy is evidence of a newer strategic approach from health service commissioners to increase engagement with communities. This supports evolving partnership commissioning arrangements with the council.
9. The new strategy also addresses recommendations contained in the Early Action Commission report that was published in 2015.
10. The focus of that report was on putting prevention and early action at the heart of service delivery. More specifically the Early Action Commission identified four goals that deliver better outcomes. These were “resourceful communities”, “preventative places”, “strong, collaborative partnerships” and “systems geared to early action”. The new strategy refers directly to a number of these goals and the report is a policy catalyst for improving on the delivery of these goals.

## **KEY ISSUES FOR CONSIDERATION**

11. The new strategy has been developed as Southwark has refreshed the council plan 2014 to 2018 at its 2016 midpoint. The council has worked jointly with the CCG to set out a fresh Five Year Forward View of health and social care to 2021. The VCS strategy identifies key areas of alignment with council plan and Clinical Commissioning Group (CCG) Five Year Forward View Priorities.



12. The strategy sets out a new deal between the VCS and its public and private sector partners, where impact is measured by the contribution made to establishing and sustaining strong and flourishing communities.
13. The vision for this strategy is to create a sustainable, confident and resilient VCS that works in collaboration with public and private partners to create a safer and fairer Southwark. It will:
  - Enhance the work of the VCS with an emphasis on improving quality and outcomes for residents that reduce and prevent future demand on high cost, high demand services
  - Sustain and build strong, cohesive communities where no one group or community is left behind.
14. These outcomes will be delivered through four priorities:
  - Better partnership working to improve outcomes for residents
  - Improved commissioning and grant-giving to focus on outcomes and be more cooperative and community-led
  - Better use of community assets as a route to revitalise neighbourhoods and create preventative places
  - More resilient communities that are connected and resourceful.
15. Within the strategy are actions which will add value to the council plan and CCG Five Year Forward View priorities. These include:
  - Agreeing a set of core outcomes for the benefit of the whole community against which impact is measured and aligned against council and CCG plans
  - More responsive and joined up ways of working using existing structures to harness the power of and knowledge of local communities to help reduce the impact of reductions in local authority and NHS resource
  - Changes to the council and CCG commissioning approach.
16. The strategy is described as a new deal with duties and obligations on both sides. This can be summarised as follows. There is an expectation from the VCS of improved collaboration and co-production on the part of the council and CCG. The council and CCG expectation is that in return for funding the VCS will be accountable for the delivery of agreed outcomes and will be able to demonstrate impact. The joint development of the core outcomes for the benefit of the whole community will provide more clarity about what is to be delivered.
17. The strategy is not a commissioning approach but contains commissioning policy direction and principles. A report to cabinet in December will set out arrangements for how the council working with the CCG will improve the co-ordination of commissioning and how council wide/CCG oversight of commissioning intentions is to be delivered.
18. The implementation of the strategy will be monitored through a reformed council/CCG/VCS Liaison group which will have a shared annual work plan and will be the accountable body for its delivery.

### **Policy implications**

19. The strategy links to other strategies with respect to the local VCS. These are:
- Council plan 2014 to 2018 (summer 2016 refresh)
  - Southwark CCG and Southwark Council Five Year Forward View of health and social care
  - Southwark Health and Wellbeing Strategy
  - Southwark and Lambeth Early Action Commission Report
  - Implementation of the Southwark Mental Health Social Care Review
  - Establishment of the Partnership Commissioning Team between NHS Southwark CCG and Southwark council, and Coordination of Commissioning within the council
  - Changes to the Southwark Community Safety Partnership and the Southwark Safeguarding Adults Board
  - Refresh of the Housing Strategy
  - Southwark Advice Strategy

### **Community impact statement**

20. The VCS and organisations funded through council grants programmes and in particular through the community capacity and environment and ecology programme play a vital role in supporting the delivery of the council's public sector equality duties under the Equality Act 2010. Part of their role is to ensure that communities that may face exclusion because of discrimination have access to support and services that enable them to fully participate as citizens.
21. The new strategy is intended to have a positive community impact as it will set out a policy for the VCS that addresses community and residents' needs. It has been co-produced with representatives from organisations that meet the needs of Southwark's diverse communities. Analysis has been carried out of the profile of those attending the listening events to ensure that the development of the strategy is informed by as broad a range of representative participants as possible. Attendees came from a wide range of organisations. These are of varying sizes and with varying primary service user groups, funded and unfunded, faith groups and community activists.
22. Participants worked together to identify and agree on the most important challenges facing communities and the best ways of addressing these through a cross sector collaborative approach. The first priority is to improve outcomes for residents through better partnership working.

### **Resource implications**

23. There are no specific additional resource implications emerging as a result of the new strategy. If the delivery of any of strategy objectives give rise to resource implications these will be identified and approved as appropriate.

### **Legal implications**

24. The legal implications in relation to this report are set out in paragraphs 28 to 32 below.

### **Financial implications**

25. This council's engagement in the delivery of this strategy is made within the council's budgetary framework.

### **Consultation**

26. The strategy has been developed following four listening events attended by over 200 people.
27. There has also been consultation on the development of the policy and policy drafts through the Health and Wellbeing Board, Children's and Adults Board, the Forum for Equalities and Human Rights, the council's departmental commissioning network and the council/VCS Liaison Group.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Democracy**

28. Under the council's constitution (part 3C), the approval of policies and procedures governing the council's relationship with the voluntary sector is reserved to the cabinet for collective decision making. The cabinet is therefore empowered to approve this strategy.
29. The council is a "best value" authority for the purposes of the Local Government Act 1999. It is under a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Secretary of State has issued guidance to assist local authorities to perform this duty and specifically requires that councils should be responsive to the benefits and needs of voluntary and community sector organisations, as well as small businesses. The guidance also requires that consultation undertaken by the council on the performance of its functions should include local voluntary and community sector organisations. The background information section of the report describes the consultation exercise undertaken to inform the development of the strategy.
30. The proposed strategy touches upon a number of the council's functions, and the cabinet should note in particular:
31. One of the strategy's aims is directed at the better use community assets as a route to revitalise neighbourhoods and create preventative places. The development of an approach to enabling the transfer of the council's assets would need to be consistent with the provisions of the Localism Act 2011 relating to the "community right to challenge". By this provision the council is under a duty to consider expressions of interest from voluntary and community bodies (among others) to operate services currently provided by (or on behalf of) the council.
- The aim of harnessing the use of outside spaces which are owned and maintained by the council would also need to be consistent with the council's powers relating to the provision and management of public spaces, and byelaws made by the council relating to their use.

- The aim of improving commissioning and grant-giving processes should take account again of the council's best value duties. Regarding grants in particular, the council has a general power to incur expenditure in the interests of, and where that will bring direct benefits to, its area (which includes making financial contributions to charities and non-profit making bodies carrying out public services, subject to a prescribed limit). The council has, along with the other London boroughs, a specific power to make a scheme for making grants to voluntary organisations whose activities will benefit the whole of Greater London or any part of it (subject to a prescribed limit on the total amount of expenditure to be incurred).

32. In making its decision, the cabinet must have regard the public sector equality duty (section 149 Equality Act 2010), which places a duty on the council, in the exercise of its functions, to have regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity between persons who share a "protected characteristic" and those who do not, and foster good relations between persons who share a "protected characteristic" and those who do not. The cabinet is referred to the community impact statement section of this report.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

## APPENDICES

No.	Title
Appendix 1	VCS Strategy overview (circulated separately)
Appendix 2	VCS Strategy 2017 - 2022 executive summary (circulated separately)
Appendix 3	Common Purpose Common Cause, VCS Strategy 2017 – 2022 (circulated separately)

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Barrie Hargrove, Communities and Safety and Councillor Richard Livingstone, Adult Care and Financial Inclusion	
<b>Lead Officer</b>	Stephen Douglass, Director of Communities, Housing and Modernisation	
<b>Report Author</b>	Andy Matheson, Senior Commissioning Officer, Communities Division	
<b>Version</b>	Final	
<b>Dated</b>	20 October 2016	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES /CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	No
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	20 October 2016	

<b>Item No.</b> 12.	<b>Classification:</b> Open	<b>Date:</b> 1 November 2016	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Implementation of the Modernisation Programme	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Finance, Modernisation and Performance	

### **FOREWORD - COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, MODERNISATION AND PERFORMANCE**

Southwark residents deserve the very best from their council, and we need to keep up with the changing ways they want to access our services. Modernising the way we manage our workforce, workplace and IT is crucial if we are to respond to local needs, operate with reduced budgets, and keep up with changes in the wider world.

For any organisation, its staff are its greatest asset, and this is particularly true for Southwark council, where so many of our staff deliver excellent frontline services to our residents every day. We know that the majority of our staff think Southwark is a good place to work and are proud to work here, understanding and respecting our values as an organisation. But we also know there are improvements to be made. It's also essential that if the council is going to be fit for the future, and operate effectively with smaller budgets and growing demands, we need to make some changes to the way we support and manage our workforce.

Our workforce strategy pulls together a clear plan for how we can provide staff across the council with a more consistent experience, reduce bureaucracy and communicate to and between staff more effectively. It recognises the need to recruit and retain good staff, and ensure we have the right staff, with the right skills in the right jobs. It considers what those staff need to do their job well, to feel supported and to feel part of a 'One Southwark' workforce. Crucially, it sets out a plan for how we can help our staff offer our residents what they want and need in a changing world, now and in the future.

Of course, if we are to keep up with the needs of our residents and staff, we need IT that is fit for purpose. We need technology that is reliable, modern, secure and cost-effective, that supports the digital strategy and enables service transformation across the council. The IT strategy provides a clear plan for how we can build an evolving and responsive IT service that meets the requirements of all our staff as well as our residents.

The third pillar of our modernisation programme focuses on where we provide our services. The workplace strategy sets out our vision to provide a bright, modern flexible work environment for all staff that supports mobility, productivity and collaboration across departments.

Together these strategies will help us to be fit for the future, and transform how Southwark operates as a council, fulfilling our promise to modernise our council by transforming where and how we work in order to better serve our customers.

## RECOMMENDATIONS

1. To note and endorse the strategy contained within the “modernisation programme” (Appendix 1).
2. To note the vision, objectives and deliverables contained in the workforce strategy, workplace strategy and the IT strategy, at appendices 2 - 4.
3. To note a further report will be presented to cabinet in December 2016 setting out more detailed proposals and a business plan to enable the inclusion of further services into a flexible corporate office accommodation model.

## BACKGROUND INFORMATION

4. In October 2013 the cabinet agreed a three year workforce strategy to support implementation of the council’s aims and objectives. This strategy identified several key employment related areas that would assist with delivery of the council’s fairer future promises.
5. This workforce strategy was periodically reviewed and the progress made against the objectives has been reported back to the cabinet throughout the past three years. This has been supported by workforce reporting, covering aspects such as the composition of the workforce, recruitment and retention rates, and learning and development opportunities.
6. At the cabinet meeting in March 2016 it was agreed that a refreshed strategy would be presented to cabinet towards the end of the year. The intention is that the new strategy ensures that Southwark is “fit for the future” and continues the progress made to date against our fairer future promises.
7. Recognising that the council is progressing well against the fairer future promises yet also knowing that the world in which we operate is changing fast, in September 2016, the cabinet agreed a proposed refresh of the council plan 2014 - 2018. In proposing the refreshed plan, a new priority theme was adopted to deliver a council that is “fit for the future”. This is about articulating our commitment to deliver responsive, digitally enabled services that adapt well to change and deliver continuous improvement to residents.
8. The council has made a huge amount of progress in recent years moving to state of the art buildings in Tooley Street and the Queens Road campus, achieving Investors in People Gold, having the largest apprenticeship scheme in London and with 74% of staff proud to work for the council.
9. Building on these strong foundations that we have laid in the last five years through greater efficiencies, and in spite of unprecedented reductions in government funding, our priority to be fit for the future will focus on harnessing the skills and talents we need for the changing borough in which we operate. The new strategy and modernisation programme sits at the heart of delivering on this priority and our ambitions within it.
10. Noting the importance of the relationship to the council plan and the new theme to be fit for the future, cabinet also approved the fairer future medium term financial strategy and integrated efficiency plan. As part of that we have signalled our aim to

continue to develop our workforce, our workspace, our digital services and our technology to create a modern and sustainable council. We will also invest through our modernisation programme and seek value for money and high quality customer service in everything we do.

11. The modernisation programme, will therefore transform where and how the council works in order to better serve our customers. The programme sets out a new three year strategy that focuses upon developing our workforce, workplace and IT to meet business need and our strategic vision.
12. The new strategy also continues to meet the requirements of Equality Duty 2010, which requires public bodies to publish relevant, proportionate information annually demonstrating their compliance with the Equality Duty. Information will be produced through an annual workforce report, which comprises a range of human resources related data and is published on the council's website.

### KEY ISSUES FOR CONSIDERATION

13. The modernisation programme outlines how Southwark will transition into a forward thinking, dynamic council that effectively embraces modern ways of working to serve our customers better. The strategy focuses upon our key business needs across three distinct areas:
  - Workforce
  - Workplace
  - IT.
14. A separate strategy with detailed objectives has been created for each of these key areas see appendices 2 to 4. These outline how the council will change the way it operates from a people, workplace and IT perspective. It is apparent that these three areas interlink in delivering the modernisation programme and that elements will overlap, with the drive towards digital encompassing all three areas. These areas will improve together to modernise the council.

### The modernisation programme

15. The strategy details how the council will transform the way it works, considering the work environment, the development of the workforce and the impact of digitalisation. This overarching strategy is underpinned by three inter-related strategies, supported by a plan of activities, setting out how the council will work:

**Workforce** - the vision is to develop the culture, skills, processes and management capability to support a productive, motivated and high performing workforce.

**Workplace** - the vision is to provide a bright, modern, flexible work environment for all staff that supports mobility, productivity and collaboration across departments.

**IT** - the vision is to deliver modern, reliable, secure, cost effective technology that supports the digital strategy and enables service transformation across the council.

Each of these visions supports the council's overall priority to be "fit for the future" and so ultimately deliver a fairer future for Southwark.



16. This modernisation programme will work in a manner that serves as a flagship for our ways of working and ensures that the council is fit for the future. It will follow a set of operating principles:
- One council approach
  - Effective governance
  - Integrity and transparency
  - Engagement with all stakeholders
  - Clarity and clear communications
  - Challenge and empowerment
  - Supportive and professional working environments.
17. The programme presents a unique opportunity for the council to re-establish where it needs to be. Further austerity cuts mean that we will have to make additional financial savings whilst delivering value for money. We will continue to change the way we serve customers and must harness the opportunities presented through modern ways of working.

### **The workforce strategy**

18. The new workforce strategy has a clear focus on ensuring that new and existing staff have the skills, knowledge, support, confidence and environment to develop and succeed. The strategy will help to put in place the essential elements that enable people to be productive at work and deliver on our fairer future promises and corporate plans and priorities.
19. Whilst there are positive indicators and good progress was made throughout the duration of our previous workforce strategy, there are continued drivers for change:
- **Re-structure with a purpose** – there needs to be a clear strategic vision for the structure of the council that is linked to workforce planning.
  - **Better communication** – there is an overall consensus that communication could be improved as our current channels and methods are not reaching the desired audience and do not encourage feedback upwards.
  - **Need for a ‘Southwark Manager’** – there are inconsistencies in abilities to manage people effectively, which impacts upon accountability for delivering services; competency levels should be understood and demonstrated.
  - **Better performance management** – the appraisal process is over-bureaucratic and should place a stronger focus on the longer term development of the service and staff. The disciplinary and capability processes should enable managers to act with greater confidence and better address under-performance.
  - **Effective recruitment** - processes should be more responsive to business need and reduce the time taken to recruit suitable candidates. The process should be less bureaucratic and allow greater flexibility to fit in with the skills and attributes required.
  - **Learning needs** – there should be greater consideration of individual learning styles and personal development strategies.
20. This strategy requires effective collaboration between the council, as an employer, and the dedication and effort of the workforce. To this effect a set of deliverable outcomes has been created to meet the key priorities:

- **New ways of working** - all staff will feel part of a “One Southwark” workforce, working collaboratively throughout the organisation. Roles will have greater flexibility enabling the best possible service for customers. This will overlap with the workplace and IT strategies to enable staff to work better and embrace the digital future.
- **Recruitment and retention** - ensure that at least 3% of our workforce is an apprentice or a “first level” entrant each year. The recruitment process must be more user-friendly for applicants and hiring managers, ensuring that we recruit and retain the people with the right talents and aptitudes, with 90% of vacancies filled within three months. We must also maintain the high level of advocacy across the workforce and work to better understand how the skills and experience of our staff meet organisational needs.
- **Management and leadership** – managers understand their responsibilities for managing people and model the required behaviours and actions. Ensuring that managers have the tools and resources to manage effectively.
- **Learning and development** – activities will align with our strategic priorities enabling teams to serve our customers most effectively. We will continue to offer staff opportunities to obtain professional qualifications such as the Institute of Leadership and Management and develop the skills necessary to provide excellent services. All staff will be given at least one appropriate learning and development opportunity each year; career opportunities must be clear and accessible, ensuring that the diversity of the workforce is represented at all levels across the council.
- **HR management and policies** – procedures and policies will be concise and support consistent outcomes, providing a framework for managers to act professionally and fairly. The human resources function will help shape the organisation and support the delivery of services. 90% of disciplinary panels will be arranged within 30 days and constructive relationships with trades unions will deliver positive outcomes for the workforce.
- **Pay and reward** – staff will be fairly rewarded for performing well, and understanding what they are being paid to do. This will be supported through behaviourally based performance management, consistency in the application of the grading mechanism and employment packages. All staff and contractors will be paid a salary at or above the London Living Wage.
- **Equality and diversity** – our diverse and talented workforce will be reflective of our local communities. We will create opportunities to increase the number of BME staff at the more senior levels. There will be no tolerance of discrimination, harassment or victimisation throughout the council.
- **Job design and organisational structure** – ensure an agile and responsive structure that is responsive to changing needs of public service. Jobs are designed to maximise organisational effectiveness, ensuring that the work is as interesting as possible. We will continue to reduce our reliance on agency workers to no more than 4% of the overall workforce.
- **Wellbeing and engagement** – retain the Investors in People “gold award”, maintaining a positive culture where staff feel valued. Continue to promote good health and seek a further reduction in the levels of sickness absence throughout the workforce. Provide a safe and healthy work environment with practices that support a positive work-life balance and encourage engagement with the local community.

### The workplace strategy

21. The way we work is changing, and has to change fast enough to keep pace with the current challenging climate. To date the development of 160 Tooley Street and the

Queens Road campus has provided modern office accommodation, however there are still a number of ageing buildings housing front facing services that cannot be accommodated within our existing model.

22. These include children's services which are currently being delivered over a number of sites as follows:
  - Sumner House
  - Curlew House
  - Talfourd Place
  - 47b East Dulwich Road (leased).
  
23. A business case will be developed which will include a detailed design brief and outline costings on the provision of a new building. The provision of the new accommodation will be subject to detailed consultation regarding the site and timescales for delivery. The specifics will be detailed in a separate cabinet report in December 2016.
  
24. Developing a new building will only deliver part of the workplace strategy. To meet the challenges ahead, modernise the way that we work and streamline with the workforce and IT strategies across our whole estate, a review of our office accommodation model is necessary. Initially shaping and trialing the model at the new site we will look to reflect developments back in Tooley Street and the existing Queens Road sites. We will also review consolidating our depots into one 'super depot' and work with registrars to assess their service accommodation.
  
25. The key drivers for change have been identified:
  - **Change is always on the horizon** – the needs and requirements of our buildings are constantly changing, meaning we must design and develop spaces that are truly flexible, have various possibilities for use, are expected to change and can flex with a constant flow of teams and partners.
  - **Collaboration** – whilst there are some benefits from the uniform structure, our spaces should be designed to encourage collaborative behaviours and open communication.
  - **Diversity of space** – a more agile workforce requires more varied working spaces and environments, with greater flexibility on room layouts and seating arrangements. Spaces should cater for all working styles.
  - **Utilisation of space** – work areas are currently chosen on availability or allocation. There needs to be a shift towards functionality or capacity in the future with staff free to move between spaces suited to the task in hand.
  - **Culture** – workplace transformation presents an opportunity to install a strong sense of culture, ownership and belonging and challenge out-of-date practices.
  
26. Having analysed how our work space is currently utilised and considered changing behaviours and working environments, a series of key activities and deliverables have been identified to ensure we meet our priorities and strategic objectives;
  - **Increase space utilisation** – diversify facilities and create opportunities to share space provision.
  - **Cultural change** – deliver a workplace that enables space for the growth of cultural change and fosters a culture of self-governance
  - **Education** – explain and re-enforce new behaviours and attitudes, so people embrace the benefits of new facilities and better ways of working.

- **Alignment with the workforce and IT strategy** – work with digital technology to create fluidity between multiple work environments, and encourage collaborative working across a variety of spaces.
- **Ensure appropriate accommodation models** – work with departments and discrete service areas to meet their specific accommodation requirements and serve the needs of customers.
- **Digital by default** – ensure that facilities support our digital requirements
- **Support partner organisations** – design facilities, technology provision and cultural alignment to integrate other organisations into our workplaces.
- **Champion change** – ensure that modern ways of working are followed and respected.

## IT strategy

27. The IT vision for Southwark is to deliver modern, reliable, secure, cost effective technology that supports the digital strategy and enables service transformation across the council.
28. This will manifest itself in the following deliverables, which have been developed in consultation with a range of stakeholders across the business:
- **Support Southwark’s digital vision** – increasing the availability and adoption of on-line services, the greater use of self-service and automation, and improved integration between front-office and back-office.
  - **IT as a strategic enabler** – supporting business process transformation, creating efficiency savings, staff mobility, and driving service improvements for residents and customers.
  - **Customer centric service** – services are designed with the customer in mind. These are easy to use, providing a choice as to how and when customers access information.
  - **IT which is modern and reliable** – the service is agile, scalable, secure and available, resulting in high customer satisfaction.
  - **A strong retained IT function** – the team has the capability to fully support and inform business aspirations.
  - **Multi-speed IT capability** – supporting and delivering traditional corporate services whilst also meeting the rapid timescales for agile development and deployment.
29. Our IT strategy will deliver modern, reliable, secure, cost-effective technology that supports the digital strategy and enables service transformation across the council. The council has ambitions to become a “Digital Council” and a “Digital Borough” within the next three years. This requires a radical re-design of how services are delivered and the operating model that underpins them. To deliver this strategy services must be supported by reliable, appropriate technology and people must have access to the right information at the right time. This sits within the context of delivering greater productivity and efficiency savings.
30. The council requires an IT operating environment focusing on improved end user experience, applications, hosting, platforms and infrastructure. To this end, the server estate will be transformed through adoption of cloud-based services, the migration cloud platforms (such as Microsoft Azure) or the migration to Windows 2012. This will bring the server estate back into a supportable environment and address a number of security concerns around Public Sector Network (PSN) and Payment Card Industry (PCI) compliance. Likewise the network infrastructure will

be refreshed and redesigned to ensure higher performance and greater reliability. This will include the upgrading of older switches and increase in network capacity.

31. Smarter and more mobile ways of working will be enabled through a complete redesign of Wi-Fi coverage across the estate ensuring it is of a consistent standard. In addition, we will improve the end users' experience by moving away from the current desktop thin client provision through either standard build laptops or tablets. This is a key enabler to smarter and more mobile ways of working and will address the 'paper' culture that exists across the business. In addition, we will accelerate the retirement of BES services (Blackberry) and adopt a two pronged approach as part of our device refresh cycle. Firstly, we will offer users a small range of new mobile telephony devices as a corporate standard. Secondly, we will offer an option where we can deliver services to a user's personal mobile telephony device (Bring Your Own Device – BYOD).
32. The council is investigating the potential of collaborative technologies that will enable data and ideas to be shared amongst groups of workers, and potentially our partners too. These collaboration services will be based on a consistent user experience, predominantly through Office365, Yammer, Exchange Online, SharePoint Online and Skype for Business. The bias towards Microsoft is in part driven by the successful deployment of Microsoft Dynamics CRM as our customer relationship management (CRM) tool and the easy integration offered through the Microsoft technology stack as well as the CRM being a key enabling technology for the delivery of our digital vision.
33. There are increased expectations that services can be provided through digital channels and for IT to enable the transformation. Customers want to undertake transactions at the time that is most convenient to them. Our workforce needs to be mobile, working with robust and reliable IT provision.
34. The council relies upon a wide variety of information systems and infrastructure to deliver digital services. Our IT services have become reactive and tactical in nature and opportunities to rationalise and standardise IT have not been adequately realised.

### **Policy implications**

35. The modernisation programme supports our overall priority to be a council that is fit for the future, as set out in the refreshed council plan 2014 - 2018. The delivery of the programme is set out in the respective workforce, workplace and IT strategies, and progress will be reported through these and regular annual reporting on the council plan itself.
36. Some action points may require amendments to existing human resources policy, or more likely our approach to policies. Where necessary this will be subject to consultation and appropriate governance decision-making.

### **Community impact statement**

37. Analysis and ongoing evaluation of the equality impact is fundamental to the workforce strategy. Our workforce reporting provides information demonstrating compliance with the Equality Duty and considers how the strategy affects people

who share different protected characteristics. The report informs the strategy and analyses the impact upon:

- composition of the workforce
- pay equality issues; reporting on profile at different grades
- recruitment and retention rates
- learning and development opportunities
- grievances and disciplinary issues for staff with different protected characteristics.

38. Analysis of the reporting information influences plans and proposals to address equality concerns within the workforce, which is addressed throughout the modernisation programme.
39. A thorough equality and health impact assessment has been completed for the modernisation programme, which is regarded as a living document and will be updated as more data and evidence is collated on the impact on people with protected characteristics. It will be a requirement of all major projects established as a result of the strategy, to conduct impact analysis, as led by service areas.
40. The workforce, workplace and IT strategies will have an internal focus and will therefore impact upon our workforce at the design stage. We will focus on engagement methods, to ensure that the implications of such changes are positive taking into account all protected characteristics.

### **Resource implications**

41. There are no specific implications arising from this report. Existing resources are already in place to meet the strategic aims. Any actions arising which have resource effects will be subject to separate decision-making process and reallocation within existing budget.

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

#### **Director of Law and Democracy**

42. The director of law and democracy notes the content of the report.
43. The report asks cabinet to note and endorse the strategy contained within the "Modernisation Programme" and to note the vision, objectives and deliverables contained in the workforce strategy, the workplace strategy and the IT strategy.
44. This is in accordance with part 3B of the council's constitution.
45. The cabinet are reminded of the PSED general duty under section 149 of the Equality Act 2010 to have due regard to the need to:
- a. Eliminate discrimination, harassment, victimisation or other prohibited conduct
  - b. Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it
  - c. Foster good relations between person who share a relevant protected characteristic and those who do not share it.

46. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are protected in relation to (a) only.
47. Paragraph 38 of the report advises that a documented equality analysis has been carried out as part of the requirement to have due regard to the PSED general duty in these recommendations. The cabinet must read the documented equality analysis (see background documents) and should satisfy itself that the PSED general duty has been complied with when considering these recommendations.
48. The cabinet should also note that the Equality Act 2010 (Specific Duties) Regulations 2011 impose on public bodies a specific duty (specific PSED duty) to annually publish proportionate equality information in respect of their workforce to demonstrate their compliance with the general PSED duty.
49. In producing and publishing the annual workforce reports the council is meeting that specific PSED duty.
50. The PSED general duty is a continuing one and the refreshed Workforce Strategy will assist the council in complying with that general duty.

#### **Strategic Director of Finance and Governance (FC16/020)**

51. The strategic director of finance and governance notes the recommendations in this report. Where the updates to the council's modernisation programme have financial implications, these will be managed within the existing agreed budgets for 2016 - 2017 and subsequent years for the council's general fund and housing revenue account.

#### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Southwark's Modernisation Programme Equalities and Health Analysis	160 Tooley Street London SE1 2QH	Paula Thornton Tel: 020 7525 4395
<b>Link:</b> <a href="http://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=5375&amp;Ver=4">http://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=5375&amp;Ver=4</a>		

#### **APPENDICES**

<b>No.</b>	<b>Title:</b>
Appendices 1 – 4 circulated separately	
Appendix 1	Southwark's Fairer Future modernisation programme 2017 - 2020
Appendix 2	Southwark's Fairer Future workforce strategy 2017 - 2020
Appendix 3	Southwark's Fairer Future workplace strategy 2017 - 2020
Appendix 4	Southwark's Fairer Future IT strategy 2017 - 2020

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Fiona Colley, Finance, Modernisation and Performance	
<b>Lead Officer</b>	Gerri Scott, Strategic Director of Housing and Modernisation	
<b>Report Author</b>	Emma Marinos, Director of Modernise	
<b>Version</b>	Final	
<b>Dated</b>	20 October 2016	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		20 October 2016



<b>Item No.</b> 13.	<b>Classification</b> Open	<b>Date:</b> 1 November 2016	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Thames Water – Historic Water Resale Case Update and Next Steps	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	

**FOREWORD - COUNCILLOR STEPHANIE CRYAN, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING**

In June cabinet considered a report following the recent High Court ruling in respect of the council’s contractual relationship with Thames Water for the collection of its tenants’ water rates. Cabinet agreed that the council should start consultation with tenants on its preferred option to terminate that contract and for tenants to enter a direct billing arrangement for their water rates. Since starting the consultation Thames Water has given notice to terminate the contract on 1 April 2017. This means that all tenants will have to have a direct billing arrangement in place with Thames Water by 31 March 2017.

This now necessitates the need for a smooth transition plan to help and support our most vulnerable residents through this change and I am pleased that Thames Water has recognised this and has made a commitment to working with the council through the establishment of a Project Board.

This report also provides an update on the progress made on the refunds to eligible tenants following the High Court Ruling.

**RECOMMENDATIONS**

1. That cabinet notes the outcome of the consultation with tenants regarding the preferred option to terminate the agreement with Thames Water.
2. That cabinet notes that on 22 September 2016 Thames Water served notice of termination of the contractual arrangement with the council. The notice will expire on 31 March 2017.
3. That cabinet notes that as Thames Water has given notice to terminate the agreement council tenants will switch to a direct billing arrangement with Thames Water with effect from 1 April 2017.
4. That cabinet agrees that given the termination of the agreement the strategic director of housing & modernisation be instructed to work with Thames Water to ensure as smooth a transition as possible for council tenants including support for vulnerable tenants on the process of switching to a direct billing arrangement with the water company.
5. That cabinet notes the progress with the process of refunds to eligible tenants.

## **BACKGROUND INFORMATION**

### **Contractual arrangement with Thames Water**

6. The council has, in common with a large number of other local authorities and social housing providers, a contractual arrangement with the local water supplier (in the council's case Thames Water). This arrangement was understood to be one by which the council was to provide billing and collection services, in return for a void allowance for empty properties and a commission to reflect both the administrative costs attached and the transfer of risk and bad debt associated with these accounts.
7. Thames Water has around seventy broadly similar contracts with other London boroughs, district councils and housing associations within its footprint. Such agreements also appear to be common across the country.
8. The contract has run for a number of years, and is mostly likely a direct "descendant" of the precepting arrangements in place until regional water authorities began to bill customers directly. In the 2016/17 HRA budget the gross charge for Thames Water which the council passes on to tenants was £13.6 million net of void allowance, whilst the commission income is £2.4 million. Leaseholders have a direct billing relationship with Thames Water, and the council plays no part in this. Similarly, some tenants have also chosen to opt out of the council's arrangements and also have a direct billing relationship with Thames Water; however they are comparatively few in number.
9. Throughout this process, the council regarded itself as acting as an agent for Thames Water, and has had no input into, nor ever sought to vary the billing amount for each individual tenancy as calculated by Thames Water itself.

### **Litigation background**

10. In 2011 the council sought to evict a tenant for non-payment of rent and associated charges, including water charges. The tenant resisted the claim, and the tactic of his solicitors was to question the legality of every charge made by the council to the tenant since the commencement of his tenancy in 1999. After a protracted period of correspondence, the council took advice from counsel and brought a possession claim in the Lambeth County Court.
11. At trial the court found for the council in almost every particular regarding the legality of the charges that made up the tenant's total rent liability; however the Judge was not minded to make a possession order because of reservations regarding the housing benefit position that the tenant found himself in. The tenant appealed, one of the stated grounds being that the court had erred in not finding the council to be a water reseller. This was listed at the Court of Appeal, but the case was settled with the tenant before the hearing commenced.
12. Following the conclusion of this legal action, the council felt it prudent to review the contractual arrangement with Thames Water in order to remove any possible ambiguity as to the legal relationship between the two parties, and with further advice from counsel, a Deed of Variation was drawn up, agreed with Thames Water and signed on 23 July 2013. The Deed explicitly states that the council is not acting as a water reseller under the relevant regulations.

13. On 15 October 2014, the council was served with a High Court claim commenced by a tenant residing in SE15 (N.B. not the tenant cited in paragraphs 10-11 above, though represented by the same firm of solicitors), seeking a declaration that the council was a water reseller as defined by the Water Resale Order 2006, and that, as a consequence, water charges made since the date that the regulations came into force should be recalculated under the provisions of that Order.
14. This case was heard at the High Court (Chancery Division) in February 2016, and on 4 March 2016 Newey J. found in favour of the tenant. However, there was an important proviso – the court had not felt equipped to judge on the effectiveness of the Deed of Variation since Thames Water was not a party to the tenant's claim. As part of settlement of the case, the tenant agreed that the Deed of Variation established that the council was no longer a water reseller after 22 July 2013.
15. Given the agreed position regarding the council's relationship with Thames Water post-July 2013, and bearing in mind the cost of further litigation, the chances of success, and the relative benefits to unmetered tenants as a whole, the council decided that the settlement was preferable to bringing an appeal on the "resale" issue.

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

16. On 7 June 2016 the cabinet received a report that set out the issues arising from the outcome of the High Court Claim that was heard in February 2016. As a result cabinet agreed that:
  - The council proceeds with immediate refunds to current tenants, with interest calculated under the provisions of the Water Resale Order 2006, the refunds themselves covering the period 1 April 2001 to 28 July 2013, and with interest covering the period 1 April 2001 to 30 June 2016.
  - Cabinet instructs the Strategic Director of Housing and Modernisation to make necessary arrangements for refunds to former tenants covering the periods outlined in paragraph 1 to take place during the course of 2016 and beyond if required.
  - The preferred option is to terminate the council's contractual agreement with Thames Water.
  - Cabinet instructs the strategic director of housing and modernisation to consult with tenants on the proposal to terminate the contractual agreement with Thames Water, and to provide information regarding likely timescales, their personal responsibilities regarding water charges, and the options available to them once termination has been implemented.

#### **Progress with the refund process**

17. Anyone who was a tenant of Southwark Council between 1 April 2001 and 28 July 2013, and was charged for water and sewerage by the council was potentially eligible to receive a refund. Given the large scale of the exercise this proceeded in several phases and included:

- 27,922 current tenants were eligible and were contacted by letter with a calculation of their refund.
  - Of these so far the council has issued about 23,500 cheques to those who are current tenants with the council.
  - The council has also refunded the 2,296 households whose properties are managed by Tenant Management Organisations (TMOs). The individual tenants are being paid through their TMO.
  - The council is currently refunding about 6,000 households who are current tenants but have had more than one tenancy with the council (because for example they moved from one Southwark council property to another).
  - This is to be followed by about 2,000 leaseholders (people who exercised their right to buy in the refund period) who remain in occupation of the property.
  - The remainder includes about 35,000 former tenants of the council for whom the council does not have current contact details will be able to apply to the council towards the end of October. The process for applications will be published on the council's website and in an advertisement in Southwark News.
18. In total, the council estimates that around 74,000 households will have been contacted or contacted the council regarding refunds when the process is complete. More detail on this is set out below.
19. Where possible, the council has offset refunds against arrears, in order to assist tenants in the management of their rent accounts. Not all the aggregate arrears of £15.1 million can be utilised in this way – there was a matching exercise to allow individual cases to be offset where this is possible. An early estimate of the proportion available to be utilised in this way is £4.6 million, as the table below sets out.

	<b>Cases</b>	<b>In credit</b>	<b>Nil balance</b>	<b>In arrears</b>	<b>Total Arrears £m</b>
Current tenants	31,070	17,103	308	13,659	10.2
Former tenants	43,358	9,837	29,891	3,630	4.9
<b>Total cases</b>	<b>74,428</b>	<b>26,940</b>	<b>30,199</b>	<b>17,289</b>	<b>15.1</b>

20. Analysis of the individual cases gives the following likely application of refunds as an offset against arrears:

	<b>Arrears</b>	<b>Likely offset</b>	<b>Arrears remaining</b>	<b>Net refunds</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Current tenants	10.2	3.5	6.7	13.6
Former tenants	4.9	1.1	3.8	10.4
<b>Total cases</b>	<b>15.1</b>	<b>4.6</b>	<b>10.5</b>	<b>24.0</b>

21. For the 31,000 current tenants, the average refund for eligible tenants was around £550. It is important to note that an individually calculated refund figure will be dependent on a number of variables, since the water charge itself as supplied to the council by Thames Water is based on rateable values, which gives rise to a greater variety of original debits. The water charge was also updated annually by Thames Water, so the timing of occupancy affected the final amount arrived at.
22. In summary to date the council has refunded approximately 31,000 current tenants and just over 2,500 TMO tenants a total of around £17m to date. Water refunds that were credited to rent accounts have now been debited for eligible current tenants and 23,977 cheques have been dispatched totalling £12.7m, with customers in rent arrears having those reduced by the credit applied to the rent account.
23. The table below sets out the total water charge and each of the stages above, separated into current and former tenants.

<b>1 April 2001 – 28 July 2013</b>	<b>Cases</b>	<b>Water Charge</b>	<b>Gross Refund</b>	<b>Admin. Fee</b>	<b>Interest 2001-2013</b>	<b>Interest 2013-2016</b>	<b>Total Credits</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Current tenants	31,070	70.2	15.5	(1.5)	2.7	0.4	<b>17.1</b>
Former tenants	43,358	46.8	10.3	(1.1)	2.1	0.2	<b>11.5</b>
<b>Total cases</b>	<b>74,428</b>	<b>117.0</b>	<b>25.8</b>	<b>(2.6)</b>	<b>4.8</b>	<b>0.6</b>	<b>28.6</b>

### Returned cheques

24. A total of 23,977 cheques were raised in the first phase of refunds with a value of £12,732,894.22 in the lead tenant's name. At the time of writing 1,505 cheques have yet to be presented and these outstanding total £630,235.01.
25. 637 cheques have been returned to Southwark to either be re-issued to tenants or credited back to the rent account: this represents 2.7% of all cheques issued

and only 1.5% for re-issue. Below is a breakdown of the reasons cheques were returned.

<b>Reason for Return</b>	<b>No of Cheques</b>
No Bank Account	29
Tenant Deceased/Succession Issues	52
Tenant no Longer Living at the Property	48
Cheque issued in the Wrong Name (e.g. tenant since married and changed surname or Incorrect Spelling)	284
Credited back to the Rent Account	159
Unknown / Other (Destroyed/Paid to a 3 <sup>rd</sup> Party)	65

26. Under the Water Resale Orders 2001 and 2006, the amount that a reseller can charge a third party must be calculated as a proportion of the sums paid by the reseller to the water supplier. The High Court judge found that the commission and void allowances, which until July 2013 were both deducted from the total sums paid by the council to Thames Water, should have been passed on to unmetered tenants in the form of lower bills. Taken together, the void allowance (5%) and commission (18%) is equivalent to 22.1% of the total charged to individual tenants for water. Under the terms of the Water Resale Orders, the council is allowed to charge an administration fee of 1.5p per day, which is being deducted from the total to be refunded.
27. The 2006 Order stipulates that overpayments by a reseller must be refunded including an element for interest equivalent to double the average Bank of England base rate for that period, calculated on a "simple" basis (i.e. the interest itself does not generate further interest).
28. Whilst the judgment was made in the context of the 2006 Water Resale Order, the council wished to avoid any further legal challenge and draw a line under the matter. After taking further legal advice regarding both the applicability of a limitation period and the relative effect of the two Water Resale Orders, the council formed the view that it would be both prudent and reasonable to extend the period of liability to the commencement of the first Water Resale Order (April 2001), and make refunds from that date up to 28 July 2013.
29. As noted above a Deed of Variation was signed on 23 July 2013, and the council was therefore not required to make any refunds in respect of water charges after this date. However, as rents and associated charges are accounted for on a weekly basis (Monday – Sunday), the refund period was extended to 28 July 2013, to the benefit of tenants.

#### **Consultation on the future relationship with Thames Water**

30. Following agreement of the 07 June 2016 cabinet report the council commenced consultation on the preferred option of terminating the agreement with Thames

Water with the intention of reporting the results back to cabinet to inform the decision on the future relationship with Thames Water.

31. The consultation included giving tenants information on the implications of termination, the rights and responsibilities of tenants as individual customers of Thames Water; the opportunities that this enables regarding alternative tariffs; and the likely timescales involved.
32. The consultation followed the councils agreed consultation framework that promised all our consultation would be:
  - Universal
  - Impartial
  - Comprehensive
  - Timely and
  - Cost effective.
33. The stakeholders for this consultation were all current tenants subject to the current arrangement for paying water charges. The chosen consultation method was by survey made available on the council consultation portal and in hard copy on request for those unable to complete them online. This was promoted to residents in the letters to them confirming the refunds and to all Chairs of Tenants and residents Associations, Tenant and Homeowners Council and Area Housing Forums.
34. The consultation provided information on the background, and set out the reasons for the council's current suggested way forward inviting feedback on this option.
35. The consultation was also monitored and analysed with the aim of ensuring that we receive responses from a representative sample of residents to give greater confidence in the results.
36. The response to the consultation was poor. A total of 15 responses were received and the consultation was therefore inconclusive as to tenants preferred way forward.
37. Given the termination of the agreement by Thames Water the council has no option regarding the ending of the agreement and the consultation will now end.

### **Termination of the agreement**

38. The agreement between the council and Thames Water is a commercial agreement which can be terminated by either party. Clause 7.2 of the agreement allows either party to terminate by giving at least six months' written notice to the other party.
39. On 22 September 2016 Thames Water Utilities Limited served formal notice in writing that the agreement would terminate and Thames Water would take over the billing relationship from 1 April 2017.

### **The transition plan**

40. Given the decision to terminate the agreement it is now important that the council and Thames Water ensure that there is as smooth a transition as possible for tenants switching to the direct billing arrangement on 1 April 2017.
41. Officers have met with officers of Thames Water to begin discussion as to how this process could work and are establishing a Project Board of Thames Water and council staff that will develop and ensure implementation of a Project Plan for the 6 months leading up to 1 April 2017.
42. As noted in the termination letter Thames Water has experience of previous transitions of tenants to direct billing. The transition plan will be based on this experience and Thames has made a commitment to working with the council to ensure this is as seamless as possible.
43. The transition plan will be complete by 14 November 2011 and include the following key elements:
  - Communication between the council and all affected tenants at the start of the process advising them of the change and the next steps
  - A communication plan agreed between the council and Thames Water for communication with affected tenants throughout the transition phase.
  - Engagement with tenants through attendance at tenants meetings such as Tenants & Residents Associations, Area Housing Forums and Tenants Council.
  - Engagement with key partners such as the advice agencies who may be approached by tenants for advice.
  - Engagement with frontline staff for example those in Resident Services and Communities so that they can respond to tenants queries in the transition period.
  - Engagement with other key staff in the council and elsewhere who deal with vulnerable tenants
  - Consistent and clear messaging using website, existing newsletters, noticeboards and other bulletins for tenants
  - Communication with tenants using the council rent letters in February 2017.
44. The cabinet member has already written to Tenants & Residents Associations and Tenant Council advising them that Thames Water has given notice to terminate the agreement. The aim was to give tenants as much notice as possible regarding the change to their billing arrangement.
45. A high level roadmap of the engagement approach is set out at Appendix B.



### **Community impact statement**

46. Under the Public Sector Equality Duty General Duty public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.
47. The protected groups covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.
48. The council's "Approach to Equality", which was agreed by cabinet in December 2011, outlines the council's legal duties under the PSED General Duty and its obligations under the Human Rights Act 1998. It also sets out the council's commitment to embedding equality and human rights within the day-to-day responsibilities of all members, officers and contractors, as a part of day to day business.
49. It is essential that when decisions are made they take into account the public sector equality duty's general duty (PSED General Duty) as set out in section 149 of the Equality Act 2010. As Thames Water has given notice to terminate the agreement and the response rate to the consultation was very low an exhaustive analysis of the options from an equalities perspective is not appropriate. However the council must consider how best to support residents who are vulnerable by reason of a protected characteristic such as age or disability; this is considered further below.

### **Support for vulnerable residents**

50. Thames Water already has a range of support in place for vulnerable residents who may be less able to manage the payment of their own water bills. Thames Water has a dedicated Extra Care Team that provide a range of support for example providing large print, braille, audio format and coloured background paper for customers with visual impairments, textphone, sign language interpreters and a dedicated mobile phone number for texting during emergencies for people with hearing difficulties; additional help in the event of a water supply interruption or sewage flooding for the less mobile, and a doorstep password scheme to visit a customer's home.
51. The council will also be proactive in ensuring that those in need of support regarding the switching process are helped through the transition. The council has records of vulnerable tenants but does not intend to share these records with Thames Water for data protection reasons. Council officers will work with Thames Water to develop a strategy for ensuring that the appropriate co-ordinated support is available to those who need it.
52. Advice and support is also available from agencies like the Citizens Advice Bureau and other independent advice organisations including Step Change Debt Charity and National Debtline. The council will ensure that all of our VCS partners are aware of the new arrangement including our local Citizens Advice Bureau and other advice agencies.

53. Section 44 of the Flood and Water Management Act 2010 enabled water companies to decide whether or not to bring forward a company social tariff as part of a package of targeted support to enable customers to pay their bills, including help with metering, payment methods, debt advice and water efficiency.
54. The intention of social tariffs is to deliver a wide range of benefits to water companies and their customers, including:
- assisting low income households who would otherwise struggle to pay their bills in full;
  - helping to prevent new cases of bad debt arising as a consequence of non-payment of water bills that may be unaffordable, and helping to resolve the existing problem of bad debt;
  - enabling water companies to design support schemes that are explicitly tailored to address local affordability problems and local affordability risks;
  - protecting unmetered low income households from unaffordable bills that may arise in areas with high levels of people who have the choice of metering;
  - protecting low income households from unaffordable bills in areas that have been designated an area of serious water stress where the water company has chosen to bring forward universal metering to help ensure a supply-demand balance; and
  - providing reputational and financial benefits to the water company through improved customer service and by placing a greater focus on the needs and views of customers.
55. In 2014/15 Thames Water introduced a social tariff for the most vulnerable customers to provide a 50% discount on bills for qualifying customers. More than 7,000 customers have also benefited from their metered bill being capped through the WaterSure scheme.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Democracy**

56. The legal issues arising are correctly set out in the body of the report.

### **Strategic Director of Finance and Governance (FC016/023/SR)**

57. As part of the final accounts process for 2015/16, the council accrued an amount equivalent to the then estimated total water refunds applicable to current tenants. This was in accordance with accounting principles regarding matching expenditure with income, given that the judgement of the high court case establishing this liability was in March 2016. With regard to refunds to former tenants, the council accepts that this could take an extended period of time to resolve, and therefore has made separate provision within its accounts to recognise this. This provision is likely to be revisited during 2016/17 and future years as the refund process nears completion. In all instances, liabilities are

contained within the ring-fenced housing revenue account, as required under the Local Government and Housing Act 1989.

58. The annual commission generated as part of the billing contract with Thames Water will no longer be available to the housing revenue account as an income stream. This forms the bulk (but not the entirety) of the income area identified as "Commission Receivable" within the annual HRA budget reports presented to cabinet in December and January each year. The council will remain liable for water charges on non-domestic assets such as council offices, garages, and tenant and resident halls; however these charges were not commission-generating in the first instance.

## BACKGROUND DOCUMENTS

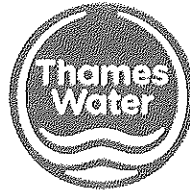
Background Papers	Held At	Contact
Thames Water refund of overpayments and future arrangements – Cabinet report 7 June 2016	160 Tooley Street London SE1 2QH	Paula Thornton Constitutional Team 020 7525 4395
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=5147&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=5147&amp;Ver=4</a>		
Deed of Variation agreed between LB Southwark and Thames Water – 23 July 2013	160 Tooley Street London SE1 2QH	Emily Springford Law and Democracy 020 7525 5778
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=5375&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=5375&amp;Ver=4</a>		

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix A	Letter giving notice of termination of the agreement between Thames Water Utilities Limited and London Borough of Southwark dated 6 <sup>th</sup> day of March 2000
Appendix B	Water Billing Transition Plan Roadmap

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
<b>Lead Officer</b>	Gerri Scott, Strategic Director of Housing and Modernisation	
<b>Report Authors</b>	Stephen Douglass, Director of Communities Ian Young, Departmental Finance Manager, Housing and Modernisation	
<b>Version</b>	Final	
<b>Dated</b>	20 October 2016	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		20 October 2016



Gerri Scott,  
Strategic Director of Housing and Modernisation,  
Southwark Council,  
160 Tooley St,  
London,  
SE1 2QH

22<sup>nd</sup> September 2016

Dear Gerri,

**Agreement between Thames Water Utilities Limited and London Borough of Southwark dated 6<sup>th</sup> day of March 2000**

I refer to the above agreement, which covers the collection of water service charges from your tenants.

Clause 7.2 of the agreement allows either party to terminate by giving at least six months' notice to the other party expiring at any time after a minimum five year period. Thames Water Utilities Limited has decided to terminate the agreement. I am therefore giving you notice of termination under clause 7.2. This notice expires on 31<sup>st</sup> March 2017, after which the agreement will be terminated.

This letter acts as formal notice of termination following our meeting on 21<sup>st</sup> September 2016. During this meeting we discussed the termination process at a high level, and we both intend to provide Southwark Council tenants with an effortless transition to a direct billing relationship with Thames Water.

Our transition process and customer on-boarding journey is based upon significant research undertaken on the requirements of Local Authority tenants during previous transitions. We are committed to work collaboratively with Southwark to ensure we build a joint engagement plan to deliver a seamless changeover from Southwark billing to Thames Water.

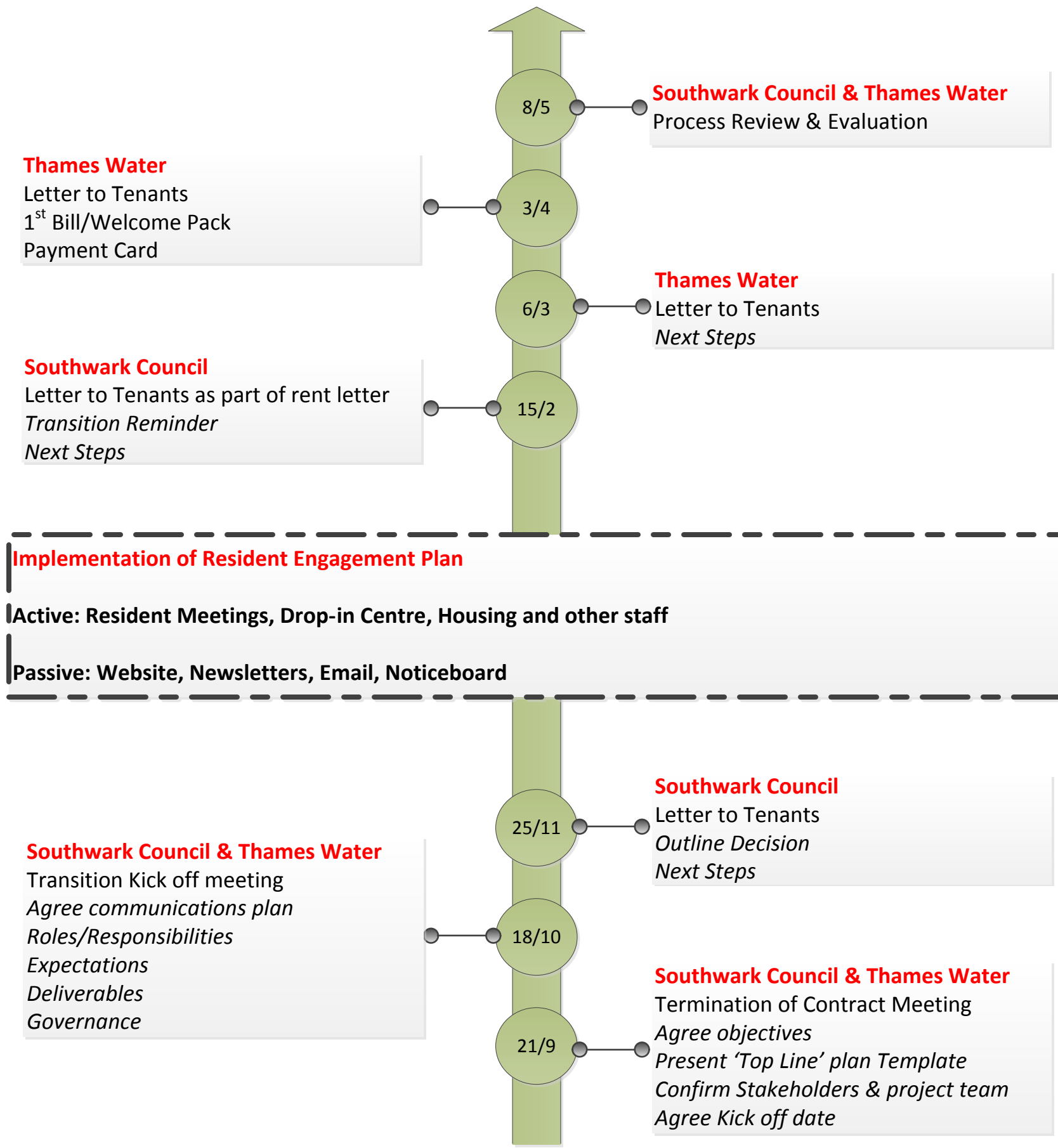
As agreed, our Transition Manager will be in contact with you over the next week to arrange a project kick off meeting with Thames representatives and Southwark appointed stakeholders to formally begin the process of developing our detailed transition plan.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Stuart Ledger".

Stuart Ledger,  
CFO Retail, Thames Water

# Southwark Council Tenant Water Billing Transition Process



<b>Item No.</b> 14.	<b>Classification:</b> Open	<b>Date:</b> 1 November 2016	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Month 5 Capital Monitoring for 2016-17 and Capital Programme Refresh for 2016-17 to 2023-24	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Finance, Modernisation and Performance	

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

I am delighted to be presenting this latest update of the council’s capital and housing investment programmes that underpins so many of our fairer future promises and our Council Plan priorities. This report not only provides the current status of the hugely ambitious programmes that are in progress but also seeks approval for new schemes that support a range of themes. These new schemes amount to more than £130m to be invested in the next few years.

These schemes span the full breadth of our commitment to the residents of Southwark and in particular those who are young or are vulnerable. They provide a framework to provide children with the best start in life, for all residents to lead healthy, active lives and for neighbourhoods to be revitalised and for the local economy to be strong. The programme also maintains our passion to provide quality affordable homes and for the borough to be clean, green and safe. The scale of these programmes are almost unique in London and demonstrate our drive and innovation to make Southwark the best place to learn, earn, rest and play in the capital.

Mindful of the budget pressures facing all councils, we give serious consideration to the resourcing of this programme, pursuing the maximisation of grant funding and keeping a watching eye on the level of capital receipts resulting from our regeneration schemes for both housing and general fund. It is likely that, in the next two to three years and in the context of the Fairer Future medium term financial strategy and integrated efficiency plan, the council will take advantage of prudential borrowing (at a time of low interest rates) to fund this visible investment in our borough – making Southwark a place to be proud of.

**RECOMMENDATIONS**

That cabinet:

1. Approves the virements and variations to the general fund and housing investment capital programme as detailed in Appendix C.
2. Approves the inclusion in the programme of the capital bids set out in Appendix E, supporting the delivery of the council plan themes totalling £131.766m (£118.056m General Fund and £13.710m Housing Investment Programme).

3. Notes the projected expenditure and resources for 2016-17 and future years for both the general fund and housing investment programmes as detailed in Appendices A, B and D as at Month 5 2016-17 and that this position will be updated during the year as more up to date information becomes available.
4. Notes the resulting general fund capital programme for the period 2016-17 to 2023-24 as at Month 5, as detailed in Appendices A and D.
5. Notes the substantial funding requirement of £201.952m which needs to be identified for the general fund programme in order for this to be fully delivered, as summarised in Appendix A.
6. Notes the resulting housing investment programme for the period 2016-17 to 2023-24 as at Month 5 2016-17, as detailed in Appendix B.
7. Notes the significant funding requirement of £180.940m which needs to be identified for the housing investment programme to be fully delivered.

#### **BACKGROUND INFORMATION**

8. On 25 March 2015 the capital programme was refreshed for the period to 2023-24. The 2015-16 capital outturn report was presented to the cabinet on 19 July 2016. This reported the capital outturn position of £70.7m on the general fund programme and £243.6m on the housing investment programme for the financial year 2015-16.
9. At that meeting, cabinet approved the re-profiling of expenditure and resources for the financial year 2016-17 and future years in light of the 2015-16 outturn position for both the general fund and housing investment programme. Cabinet noted that further re-profiling would be required during 2016-17 based on more up to date information becoming available.
10. The total programmed capital expenditure for general fund is £646m budgeted over the period 2016-17 to 2023-24 for general fund. The housing investment programme is forecasting a total expenditure budget of £1,161m over the programme from 2016-17 to 2023-24.
11. The scale of the capital programme is immense representing a major element of the council's financial activities. It has a significant and very visible impact on the borough and hence on the lives of those who live, learn, visit and do business in the borough.
12. Due to the size and scale of the capital programme and the number of projects involved, it is inevitable that unforeseeable delays can occur which lead to some variations against planned spend. Actual resources may also vary to the plan, due to, for example, a delay in the sale of a property, or an external development with s.106 or CIL obligations not being brought forward as quickly as anticipated.
13. Historically the capital programme has been over-programmed in year to compensate for these variations, whilst retaining a balanced programme over the entire 10-year life of the programme. However, the council now faces a position where planned spend is considerably in excess of forecast resources, not only in



year, but also over the life of the programme.

## **KEY ISSUES FOR CONSIDERATION**

### **Programme position at Month 5 2016-17**

#### **General fund**

14. The forecast spend for 2016-17 for general fund is £162.026m against a plan of £186.741m. The month 5 capital monitor report indicates that expenditure of £27.4m was spent to date (17% spent).
15. The forecast resources are £61m against a planned resource of £186.7m. This is to be explored further to ensure that the estimated capital receipts in year are achieved.
16. The current position shows a substantial gap of £100m between planned spend and available resources, which will need to be monitored very closely over the rest of this financial year, with action taken to balance the position. A further report will be presented to cabinet in February 2017.
17. A summary of the general fund programme position is attached at Appendix A, as at month 5 of 2016-17. The summary position and the programme by department are reflected in the narrative below and in Appendices A (overview) and D (project detail).
18. Appendix C shows the budget virements and variations arising at month 5 of 2016-17 for approval by cabinet including increases to the capital programme as a result various capital projects described in the departmental narratives below totalling £118m.
19. Appendix E details a list of capital programme bids to support the delivery of the refreshed council plan to deliver a fairer future for all. Departmental narratives provide further detail on these bids. This is summarised in Table 1.

#### **Housing investment programme**

20. The forecast total expenditure for 2016-17 is £221.309m, which is as planned at the start of the year. The spend to date is £51.813m (23%).
21. The forecast resources are £147.3m, as planned at the start of the year.
22. The current position shows a significant gap of £74m between planned spend and available resources. Action to bridge this gap, including borrowing, will be considered over the rest of this financial year. A further report will be presented to cabinet in February 2017.
23. Appendix B provides a summary of the housing investment programme position as at month 5 of 2016-17; with further detail provided in paragraphs 84 to 109.
24. Appendix E includes a capital programme bid for £13.710m as detailed in paragraph 83 for Leathermarket, providing quality affordable homes within the borough.

## Capital programme bids

25. This report contains a number of capital programme proposals including augmentation of decisions already taken at cabinet in addition to new capital bids. These bids contribute to delivering the council plan's vision for a fairer future; Appendix E provides the detail of these bids summarised in Table 1 below.

**Table 1: Summary of new bids by council plan theme**

Council Plan Theme	Bid Amount £000			
	2016-17	2017-18	2018-19+	Total
Best Start in Life	4,158	15,403	55,787	75,348
Cleaner, Greener, Safer	192	2,400	-	2,592
Fit For The Future	3,513	8,227	960	12,700
Healthy, Active Lives	6,379	2,818	418	9,615
Quality Affordable Homes	4,248	7,842	10,933	23,023
Revitalised Neighbourhoods	2,004	664	-	2,668
Strong Local Economy	492	5,328	-	5,820
<b>Total</b>	<b>20,986</b>	<b>42,682</b>	<b>68,098</b>	<b>131,766</b>

## Resource implications

26. The council's capital resources are comprised of the following:
- capital receipts from disposal of property
  - grants
  - external contributions
  - section 106 and Community Infrastructure Levy (CIL) contributions
  - housing major repair reserve.
27. In addition, the council can make contributions from revenue if available, and may make contributions from reserves
28. Any shortfall in available capital resources, which cannot be funded as above, would need to be funded from borrowing and repaid from revenue contributions to support the debt costs, with consequential impact on the revenue budgets for the life of the debt repayment.
29. The capital programme is influenced by resource timing and availability. Over the life of the programme, all commitments must be met from anticipated resources. The revenue cost pressures facing the council over the next three years are set out in the "Revenue Monitoring Report incorporating updated Medium Term Financial Strategy and Treasury Management 2016-17" also to be considered at this cabinet meeting.
30. During the financial year, the level of resources (such as capital receipts received and s106 agreed by planning committee) are monitored and applied as

appropriate to schemes in 2016-17. The final funding requirement will be based on the final actual expenditure, and will seek to maximise the use of grants and other funding sources, prior to the use of capital receipts in advance of incurring borrowing costs.

31. In developing and managing its capital programme the council has to maintain clear control on the selection and use of resources to finance capital expenditure. Strategies for investments, borrowing and treasury management facilitate this control and assist the council to have clear strategic direction on its use of resources.

### **Resourcing overall programme**

32. Overall there is a shortfall of available funds of £201.952m to meet the general capital programme commitments. This is a significant increase from £98.3m at outturn 2015-16. This increased shortfall reflects the impact of the new capital bids. This will require careful monitoring of commitments and a drive to secure the forecast capital receipts and other resources as planned over the rest of the financial year.
33. There is a shortfall in available funding to meet the ambitious housing investment programme of £180.9m. This shows a slight improvement from £254.5m at outturn 2015-16. As above, the council will continue to work to identify ways to deliver and finance our council plan commitments.
34. The amount and timing of any new borrowing to finance the council's capital investment plans will be included within the Treasury Management Strategy to be considered by council assembly in February 2017. Consideration is being given to the transfer of general fund debt to support the HIP this year, as up to £98m was made available as part of the approved 2016-17 treasury management strategy. This would not involve the council taking any new loans immediately but would ensure the council as a whole does not suffer a significant financial loss by borrowing money before it is actually needed.

### **Departmental updates**

35. The sections below provide commentary on the budget position by department for 2016-17.

### **General fund (Appendix A)**

#### **Children's and adults' services**

36. In summary, the capital programme forecast across children's and adults' services for the period 2016-17 to 2023-24 is £267.406m. The forecast for 2016-17 expenditure is £77.993m.

#### **Children's services**

37. The capital programme forecast for 2016-17 to 2023-24 is £241m. The forecast for 2016-17 is £70m and consists mainly of the £59m Schools Expansion Programme.

38. In 2016-17, additional temporary and permanent places will be provided at Robert Browning, Bellenden, Ivydale, and Redriff primaries, and again at Charles Dickens, Keyworth, Albion, Crawford, and Bessemer Grange primaries to provide temporary and permanent reception places for this academic year.
39. Capital bids totalling £72m have been submitted to support a “better start in life” council plan commitments. This includes the need for £35m further primary school expansion (including for Special Educational Needs) to meet the promise of “a guaranteed local primary place for every child”.
40. In addition, to ensure that our schools provide a “Warm, Dry, Safe” environment to learn £3.5m (£35m over 10 years) is proposed to spend on planned preventative maintenance programme for primary schools. Further to ensure that pupils can receive the right support in the borough it is proposed to expand the provision of autism spectrum disorder bases in secondary schools and invest in the Southwark Inclusive Learning Service (SILS4) building.
41. Further, it is proposed to include £5m as a capital bid for the creation of the Passmore Centre in partnership with London South Bank University. This will be a hub of the new Institute for Professional and Technical Education (IPTE) and support delivery of key Council Plan commitments including the creation of 2000 apprenticeships to support the council’s plan for a “strong economy”. A report will be submitted to cabinet once the details of the proposal have been finalised.

#### **Adults' services**

42. The capital programme forecast spend for the period 2016-17 to 2023-24 is £21m. The forecast spend for 2016-17 is £8m and consists mainly of the Orient Street respite care home refurbishment and the conversion of Half Moon Lane to supported accommodation for Learning Disabilities clients.
43. Capital bids totalling £8m have been submitted which includes: £3m to fund conversion of four properties into self-contained flats for Learning Disabilities clients increasing the bed spaces by 40% and £2.4m to develop the day centre at the Centre of Excellence to support our most vulnerable residents to lead and enjoy independent lives. Further, to ensure the council is fit for the future, proposals for £2.7m are included to develop more efficient office accommodation at Castlemead, and for ICT investment.

#### **Southwark schools for the future (SSF)**

44. The capital programme forecast for the period 2016-17 to 2023-24 is £12m. The forecast for 2016-17 expenditure is £2m.
45. The final stage of the SSF programme will be the Southwark Inclusive Learning Service (SILS) Key Stage 3 and 4. Estimated spend of £8m has been included for this purpose whilst plans are being drawn up. The anticipated costs can be contained within the existing identified SSF programme budgets.

## Environment and leisure

46. The total spend for the departmental capital programme for the period 2016-17 to 2023-24 is £106m. The latest projected spend for the year is estimated to be £21.7m compared to a plan set at the start of 2016-17 of £33.0m. The programme has been re-profiled in line with the projected expenditure for 2016-17 and future years. The progress of major schemes is outlined below.

## Highways

47. The Highway Asset Investment Programme (non-principal and principal roads) is forecast to spend a total of £5.9m against a plan set at £9.8m. On-going issues with contractor performance are resulting in a reduced forecast. The issues are being addressed however long lead-in times for highways works will prevent spend being accelerated further in the current year.
48. Cleaner Greener Safer Programme is forecast to spend £2.3m as per plan and deliver 230 individual projects.
49. It is proposed that from 2016-17, the devolved community council funding element of the non-principal road investment programme of £800k per annum be increased in scope to become a local highway and streets improvement fund to allow community councils to spend the funding on local priorities for street improvement such as traffic calming or cycle parking rather than only for like-for-like maintenance replacement. It is anticipated that this will enable the fund to meet community council priorities more effectively and therefore reduce delays in expenditure.
50. The expenditure on the cycle infrastructure fund is forecast at £250k towards implementation of the Southwark Spine route. This is a reduction from the plan set initially and reflects the prioritisation of TfL funding which is tightly time-limited and the council's continued ability to attract additional external TfL funding due to good delivery performance. The 20mph programme expenditure is forecast at £100k on design work for phase 2, with implementation programmed for 2017-18.
51. A capital bid has been submitted for £1.59m for the replacement of St Saviour's Dock footbridge. This follows a principal inspection which identified a number of serious defects which prevented the bridge from operating and recommended replacing it as the only way to restore the bridge to a fully operating condition.

## Parks and leisure

52. The implementation of the cemetery strategy continues in order to create further burial spaces and make associated infrastructure improvements. Both cremators have now been replaced and the new pair is now operational. Despite having planning permission, site work for Area Z and D1 is on-hold whilst the Diocese of Southwark makes a faculty decision. This decision was expected in winter 2015, then spring 2016 and is now expected in autumn 2016. The delay and absence of a decision creates uncertainty about the level of spend on these projects and the 2016-17 forecasts have been reduced accordingly. Site investigations and consultation in Area B has been completed and revised designs and cost plans are currently being produced with a view to submitting a planning application in

the autumn.

53. Southwark Athletics Track and Centre: The track was completed in May 2016. The planning application for the centre was delayed due to the need to identify a design which was within budget. This has now been achieved and the planning application has been submitted but there is no further spend forecasted due to the need to implement the tender process following planning approval. The remaining forecast spend for 2016-17 will need to be re-profiled into 2017-18 when construction is scheduled. There is also the need to undertake a feasibility study to identify the capacity required to service the electric supply for both the centre and the floodlights on the track.
54. Seven Islands Leisure Centre: Works start in August 2016 to upgrade the reception and entrance, install lift, pool hall upgrade, changing room refurbishment, sports hall refurbishment and converting meeting room to exercise studio and replace the pool pipes. The approved tender was under the forecasted spend for 2016-17 resulting in the variation presented. The variance is profiled across future years to meet the contractual requirements for repairs and maintenance and contingency for potential building issues.
55. Peckham Pulse Centre: A master plan for the centre has been developed which has been agreed with our new Leisure Management Contractor with a view to working in partnership to get best value from these works. Procurement is underway and works are scheduled for completion by the end of January 2017.
56. Homestall Road: The planning application for the building was delayed due to the need to identify a design which was within budget. This has now been achieved and the planning application has been submitted but there is no further spend forecasted due to the need to implement the tender process following planning approval. The remaining forecasted spend for 2016-17 will be re-profiled into 2017-18. The works are due for completion in late spring 2017.
57. Major Parks: Burgess Park projects are being progressed including the Burgess Park West project which has been submitted to planning. The programme was delayed by two months due to the need to identify a design and associated funding which met the council's strategic needs as well as cater for the feedback received from consultation. The forecasted spend for the anticipated construction at the end of 2016-17 will be re-profiled into 2017-18 as this is now scheduled to start in May 2017. The scheme will include a new play area, an increased area for ecology, cycle routes and a new welcoming entrance. Other projects include new toilet provision and a repair to a significant wall within the park. Southwark Park master plan is progressing well in that the planning application for the new building has been submitted.
58. A total of £4.2m capital bids are proposed to support Southwark residents to lead healthy active lives as set out in paragraphs 59 to 61 below.
59. The new Parks Grounds Maintenance Service contract for an initial seven year period was awarded on the basis that the council would provide capital for the purchase of all vehicles and major plant items to the value of £1.179m in order to reduce the revenue cost and achieve the identified savings on the contract.
60. Cabinet are requested to approve the allocation of £2m capital towards the

design and implementation of much needed accessible sport and play facilities for young people in Burgess Park. The area to be considered includes the existing adventure play building and structures and the under used area around the BMX track. The funding will contribute to the delivery of the key outcomes set out in the emerging strategy for universal services for children and young people in that the project will replace the existing limited accessible play facility with a top quality and fully accessible sport and play facility.

61. Cabinet are requested to approve the allocation of £1.2m capital to assist in the delivery of the top quality playground council plan target. The capital investment would result in the redesign and upgrade of two playgrounds in Leyton Square and Southwark Park. These playgrounds will be designed in conjunction with stakeholders to become neighbourhood-scale top quality playgrounds.

### **Libraries and heritage**

62. Nunhead library celebrates its 120<sup>th</sup> anniversary in 2016. The library is in need of maintenance improvements, redecoration and updated shelving and layout and updated IT provision. A virement of £100k capital funds is requested to be allocated from other underspent capital areas in libraries section to undertake this work. Refurbished library will provide an improved service for users of all ages which will be in line with service offer at other libraries across the borough. Refurbishment also provides an opportunity to attract new users and partners from the local community and increase overall take-up of service promoting social inclusion, digital literacy and reading initiatives. Improving the library is a fitting way to mark the anniversary.

### **Service development**

63. Pending successful feasibility calculations, a project to install new LED lighting throughout the 160 Tooley Street site is scheduled for delivery in 2016-17, with a predicted cost of around £220k. From a wider point of view, the energy investment programme is currently being reviewed and has therefore been re-profiled for future years. It is anticipated that a long term programme will be agreed with facilities management and property by early 2017.

### **Chief executive's department**

64. The total planned capital spend for the department over the period 2016-17 to 2023-24 is £177m. The latest capital monitor is currently projecting expenditure of £47m in 2016-17 with the remaining spend profiled in the following years. This is a preliminary forecast and project managers are currently reviewing the progress of the schemes against the profiled spend and a more up to date position will be reflected in the next capital monitor report to cabinet.
65. The main focus of chief executive's department is to lead the corporate agenda of transforming the borough, making it a better place to live, work and visit. This is achieved through the implementation and delivery of various physical and social regeneration programmes.
66. The department is on course to deliver various projects aimed at improving road safety, encourage greener and sustainable modes of transportation as well as supporting the commercial viability of local shopping areas through

environmental improvements, trader empowerment and continued business support. This is additional to the major regeneration projects at Aylesbury, Elephant and Castle, Camberwell and other parts of the borough.

67. Performance thus far in 2016-17 has been steady with expenditure of £7.6m at the end of first 5 months (August 2016) against the forecast spend of £47m for 2016-17. Work is continuing on the delivery of key community projects with the completion of a new leisure centre in Elephant and Castle which opened in May 2016. The leisure centre features a 25 metre six-lane swimming pool, learner pool with moveable floor, sauna and steam rooms, a sports hall, fully equipped gym and dedicated spinning studio, two exercise studios plus a crèche and café. The state of the art centre will also offer free wi-fi and full disabled access and specialist equipment throughout.
68. The other major capital project at Elephant and Castle is the regeneration of the Walworth Town hall which was badly damaged by fire in 2013 and Newington Library/Cuming buildings. The stage 2 cost appraisal reported that the scheme which would meet the council's vision agreed in July 2013 in providing space for a library, Southwark museum, community meeting space and registrars service would cost around £35m which was significantly in excess of the agreed budget of £20m. As a consequence of the budget shortfall, further consultation has been undertaken with the community to review options for taking the project forward. There will be a further report to cabinet by the end of the year on a proposed way forward.
69. In Peckham town centre, key projects are scheduled to start on site this year. Following recent planning approval, the creation of a new square at Peckham Rye Station and the construction of Peckham Palms will commence. The new home for Mountview Academy of Performing Arts is expected to start on site by the end of 2016. The budget requirement is expected to be updated in the next capital monitor when increased cost certainty will inform the likely draw down on the facilities agreement.
70. Further work in Peckham will see new facilities in Peckham Rye Park and Common. Work to replace the existing car park has commenced and once completed, this will allow a new children's play area to be created on the site of the car park. A new play room and changing room facilities will replace the old and dilapidated facilities, and this work is scheduled to start in early 2017.
71. The planning division comprises transport planning and planning projects. It has a planned spend of £13.2m in 2016-17 with the total planned spend of £21.8m profiled over future years. The transport planning budget is largely funded by Transport for London (TfL) to deliver transport improvement programme as contained within the borough's transport plan. Planning Projects budget is funded in part by s106 to deliver various projects to mitigate the impacts of new developments, improve public realm, parks and open spaces as well as supporting the commercial viability of local shopping areas.
72. The regeneration division comprises four project areas: Regeneration North, Regeneration South, Regeneration Capital Works & Development and Property Services. It has a planned spend of £24.8m in 2016-17 with the total planned spend of £98.2m profiled over future years.



73. The departmental spend also includes the s106/CIL contribution from the council to TfL towards the strategic transport improvements project in Elephant & Castle.
74. There are several transport projects funded by Transport for London and these are shown in Appendix C for formal approval. Some projects funded from S106 funds approved by planning committee under the revitalise neighbourhood theme are also included in Appendix C.

### **Housing general fund and modernisation**

75. Overall the total value of the Housing and Modernisation general fund capital programme for the period up to 2023-24 is £85.2m. The forecast spend for 2016-17 is currently shown as planned at £13.5m, with £1.0m spent at month 5. This includes the additional £3m commitment approved by cabinet in July to Leathermarket CBS for the new build development at Kipling Estate garages. Further scheme detail is provided below.

### **Traveller sites**

76. The Ilderton Road budget has been transferred from Regeneration to the Travellers Service and following a decision to undertake the health and safety works to the rear bank a structural survey has been commissioned which will better inform the extent of works required and potential cost, which may be greater than the planned spend of £300k.
77. The Springtide site refurbishment works are in the process of being commissioned and are expected to complete this financial year. It is possible that the full £100k budget may not be required and could be vired to support the Ilderton Road project as above.

### **Affordable housing**

78. This relates to the final Elephant and Castle off-site housing development. The remaining £1m budget is for the completion tranche to Guinness Housing Association for the provision of affordable housing on the Stead Street car park site. Completion is expected in 2016-17.

### **Modernisation**

79. Information technology remains a critical component of the council's strategy to transform the way it delivers services and there is an acceptance that long-term capital investment is essential to drive and support that transformation. In recognition, there is a bid for a further commitment of £2m per annum between 2017-18 and 2021-22 for this purpose, giving an overall allocation of £18.2m up to 2024-25. The current expenditure profile will evolve in line with the development of the IT strategy and service requirements, and taking account of tenders received in the current procurement project.
80. Over the medium-term, facilities management will deliver a comprehensive planned preventative maintenance and compliance programme for the council's operational estate.

81. Both IT and facilities management constantly need to re-evaluate the detail of their planned expenditure over the life of the existing programme, but for 2016-17 the forecast expenditure represents projects that the council is already committed to delivering in the shorter term.

### **Housing renewal**

82. The Disabled Facilities Grant (DFG) programme has to date committed schemes of £313k with 25 completions. The 2016-17 DFG subsidy allocation received from the Better Care Fund increased from £613k to over £1.1m with an overall budget of £1.9m. This will give scope to undertake more complex adaptations at the statutory maximum and approve an increased number of more common adaptations such as wet rooms and stair-lifts.

### **Leathermarket**

83. Cabinet in July 2016 approved grant funding to the Leathermarket Community Benefit Society (CBS) to build 27 properties at council rent levels on the Kipling Estate garage site. Contributing to the council plan commitment to provide quality affordable housing in the borough. The grant of up to £9.3m will be largely funded from section 106 contributions within the HIP, but £3m is required to be funded from other resources. As this is creating an asset outside of the HRA, the expenditure is accounted for in the General Fund capital programme.

### **Housing investment programme (Appendix B)**

#### **Overall position including resources**

84. The total value of the Housing Investment Programme for 2016-17 to 2023-24 is £1,161m. The forecast spend in 2016-17 is £221m against an agreed budget of £338m. The change is part of an ongoing programme wide review of budgets profiles and needs. Budgets have been re-profiled to future years or surrendered back to the programme for re-allocation. At the end of month 5, £51.8m has been spent against a forecast of £221m.
85. Resourcing continues to be a difficult task each year, as at month 5, a funding gap of £74m is forecast for 2016-17. With regulatory and financial restrictions on most sources of funding, plans to manage this are outlined in paragraph 34. In the future prudential borrowing within the HRA debt cap may be necessary to address the programme shortfall of £181m.

#### **Investment in existing stock**

86. At the end of 2015-16 over £400m had been spent on the warm dry and safe (WDS) programmes. In 2015-16 £130m was spent on WDS, with spend now being committed against the £985m capital bid allocation. The 2015-16 year was likely to be the highest investment in existing stock in the council's history. By March 2016 a 90% decency target was achieved.
87. All WDS 2012 major works schemes are completed. 19 schemes completed in Quarter 1. Five further schemes started in Quarter 1 of 2016-17 with a further 14 to start in Quarter 2 or 3. Spend to the end of Month 5 was £28.3m and is forecast to be £87.3m for 2016-17.

88. Vauban and Neckinger Estates environmental works are on site and scheduled to complete this financial year.
89. Leathermarket JMB is responsible for capital investment on annual renewal works to its stock, financed from the rent income element of its allowance. This annual expenditure on HRA assets is accounted for as part of the HRA capital programme.
90. Other notable schemes in progress include:
- Four Squares (HINE), which is expected to complete this financial year
  - Maydew, which is likely to now start on site in 2017-18
  - Portland, which is on site and is forecast to complete in 2018/19
  - Lakanal refurbishment and Undercroft, which are on site and due to complete this financial year.

#### **Future years budgets: Quality Homes Investment programme (QHIP)**

91. The asset management strategy was approved by cabinet in March 2016. It outlines a future investment requirement of £797m over the next 8-10 years from 2016-17, including the residual WDS programme commitments. The QHIP is agreed on an annual basis, with £48.3m approved for 2016-17.
92. Whilst works to this value are likely to be substantially committed during the second half of the year, it is expected the profile of expenditure will fall over the current and next financial year, which will assist in managing the HIP cash flow. So far one scheme has been committed and there are also some on-going works programmes subsumed within the overall QHIP allocation. Spend to the end of Month 5 was £0.6m.

#### **Regeneration schemes**

##### **East Dulwich estate**

93. Cabinet agreed the sale of 50 voids to help finance the regeneration of the estate. Of that 50, 43 have been sold, a further 5 have been identified and in order to achieve best value, require decoration to market standard prior to disposal. These works should take place in quarter 4.
94. The conversion of 18 drying rooms in Phase 1 and Phase 2 have been completed for private sale. Phase 1 included the creation of 9 units which have been sold as have 7 units from Phase 2, the remaining 2 are under offer. There is also an opportunity to convert a further 6 drying rooms with the completion of feasibility studies, and work should commence in quarter 4.
95. Health and safety works have now been completed. The environmental works programme is expected to start in January 2017.

### **Elmington estate phase 3**

96. Site C and D was handed over to the developer in February 2016 and all blocks demolished. Construction period is 24 months from Quarter 3 in 2016-17. Site E was handed to the developer in April 2016 and all blocks demolished. Construction period is 24 months from Quarter 3 or 4 in 2016-17.
97. At site G, all secure tenants and temporary occupants have been relocated and these units welded. There are six remaining leaseholders including three leaseholders who are resident, with two deemed eligible for rehousing to the Piper Court development, and three non-occupier leaseholders, two with tenants in-situ. Tenants have been advised to seek advice and assistance for rehousing from Bournemouth Road housing office. The construction programme, following demolition to be approved, is expected to be 24 months from Quarter 1 2017.

### **Wooddene and Acorn estate energy centre**

98. This involves re-provision of a heat and hot water plant within the Wooddene energy centre to serve the Acorn estate. The contract was awarded to Vital Energi Utilities Ltd, starting in August 2016 and due to complete in January 2017.

### **Regeneration north**

99. As part of the Elephant & Castle regeneration the council is constructing a new Crossway's church on land to the south of Strata Tower for the United Reformed Church [URC]. This project will provide a replacement facility in order to compensate the URC for the loss of their existing premises which will be demolished as part of the redevelopment of the former Heygate estate. The new building is expected to be completed by the end of the year. The only other remaining costs arising from the Heygate redevelopment are those associated with outstanding acquisition costs which are the subject of lands tribunal decisions and sub stations.

### **New homes programme**

#### **Hidden homes – refurbishment**

100. Two Hidden homes are currently on site and due to complete in Quarter 2. In addition, a further 11 have planning approved and are being progressed using existing budgets. These schemes will commence on site in 2016-17.

#### **Direct delivery**

101. Seven Direct Delivery schemes are on site and due to complete in the second quarter of 2016-17. The seven sites are located at Long Lane, Masterman House, Clifton Estate, Gatebeck and Southdown on the East Dulwich Estate, Cator Street and Nunhead Green site B.
102. The estimated cost of the works to these seven sites is approximately £42.3m. Part funding is from £27m from S106 Affordable Housing Fund, subject to Planning Committee approval, GLA grant (Building the Pipeline) £1.9m, and £8.7m from the part of RTB receipts set aside for new build. The balance is to

be met from an estimated £4.3m from sales (none to date) and from other capital resources.

103. Sumner Road has also started on site and is due to complete in 2018 with a Gateway 2 value for the main works of £19.7m plus £0.4m for enabling works.
104. Detailed design work is underway on a further 13 schemes with planning likely to be submitted in Quarter 3 of 2016-17. Spend to date on these schemes is limited to fees. A further eight sites have been approved for inclusion in the programme, and planning is likely to be submitted in Quarter 4 of 2016-17.
105. The programmes spend for 2016-17 was £6.3m at month 5. Forecast spend is £25.9m for 2016-17.

#### **Purchase of new homes from developers**

106. Deposits have been committed following exchange on the two purchase schemes reported in the Quarter 3 Capital Monitoring report to Cabinet in February 2016, at Salter Road (provisionally 24 social rented and 10 intermediate sale units) and Blackfriars Road (provisionally 56 social rented units).

#### **Southwark Regeneration in Partnership Programme**

107. The Southwark Regeneration in Partnership Programme (SRPP) initially comprised 18 sites with the potential to deliver over 500 new council homes of which up to 288 could be delivered within the 2018-19 programme year. The sites were tendered in two lots (Lot A and Lot B) through the London Development Panel Framework.
108. Unfortunately there were no bidders for Lot A. Feedback from some of the shortlisted bidders indicated the number and variety of sites included in the package increased the technical complexity and market risk of the contract. As a result, Lot A will be re configured into smaller, more manageable sites and retendered. Revised tenders are expected to be issued from November 2016.
109. In September 2016, cabinet approved the award of the contract for Lot B to Affinity Sutton Homes Limited. The contract aims to deliver 606 new homes of which 284 will be council owned. The contract is for a period of 10 years commencing October 2016.

#### **Community impact statement**

110. This report describes the current capital position on the council's capital programme. The projected expenditure reflects plans designed to have a beneficial impact on local people and communities, which will be considered at the time the services and programmes are agreed. It is important that resources are used efficiently and effectively to support the council's policies and objectives.
111. Each project within the capital programme will be considered with regard to its impact on age; disability; faith/religion; gender; race; ethnicity; sexual orientation; gender reassignment; marriage and civil partnership; pregnancy and maternity.

112. The council's capital programme is designed to deliver projects of value to local people.

### **Resource implications**

113. This report forms part of the council's budget framework and outlines the current position on the capital programme.
114. As highlighted in the resourcing paragraphs 32 to 34 there is a considerable shortfall in resources to deliver the programme in year, and over the life of the programme.
115. Staffing resources are generally contained within the council's current establishments and where additional or specialist resources are needed these will be subject to separate reports.

### **Legal implications**

116. The legal implications of this report are identified in the concurrent report of the Director of Law & Democracy.

### **Financial implications**

117. This report fully explores the financial implications of the capital programme for the general fund and the housing investment programme at month 5 of 2016-17. The report also presents an updated position on the refreshed capital programme over the period 2016-17 to 2023-24 on the predicted resources and expenditure across this period.

### **Consultation**

118. Consultation on the overall programme has not taken place. However, each of the individual projects is subject to such consultation as may be required or desirable when developed. Some projects may require more extensive consultation than others, for example projects with an impact on the public realm. Projects funded by grant or s106 may require consultation as a condition of funding.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Democracy**

119. The council has a duty to maintain a balanced budget throughout the year and, accordingly, members are required to regularly monitor the council's financial position. Section 28 of the Local Government Act 2003 imposes a duty on the council to monitor its budgets throughout the financial year, using the same figures for reserves as were used in the original budget calculations. The council must take necessary appropriate action to deal with any deterioration in the financial position revealed by the review.
120. The capital programme satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangement to secure the continuous

improvement in the way its functions are exercised, by having regards to the combination of economy, efficiency and effectiveness.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Capital Outturn Report for 2015-16 and Capital Programme Refresh for 2016-17 to 2024-25	Southwark Council Finance and Governance 160 Tooley Street London SE1 2QH	Fay Hammond, Departmental Finance Manager, Finance and Governance
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/documents/s62930/Report%20Capital%20outturn%20and%20refresh.pdf">http://moderngov.southwark.gov.uk/documents/s62930/Report%20Capital%20outturn%20and%20refresh.pdf</a>		

## APPENDICES

No.	Title
Appendix A	General fund summary monitoring position at month 5 2016-17
Appendix B	Housing investment programme summary monitoring position at Month 5 2016-17
Appendix C	Budget virements and variations at month 5 2016-17
Appendix D	General fund capital programme – 2016-17 month 5 report
Appendix E	Capital programme month 5 2016-17 - new bids for approval

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Fiona Colley, Finance, Modernisation and Performance	
<b>Lead Officer</b>	Duncan Whitfield, Strategic Director of Finance and Governance	
<b>Report Author</b>	Fay Hammond, Departmental Finance Manager, Finance and Governance	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director for Finance and Governance	N/A	N/A
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		21 October 2016



General Fund Month 5 Summary Monitoring Position

APPENDIX A

Department	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 23/24		
	Revised Budget	Spend to Date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's and Adults Services	101,508	14,205	77,993	(23,515)	76,028	99,435	23,407	88,495	89,977	1,482	266,031	267,406	1,375
Southwark Schools for the Future	3,311	133	2,111	(1,200)	8,207	5,559	(2,648)	-	3,848	3,848	11,518	11,518	-
Finance and Governance	-	-	-	-	-	-	-	-	-	-	-	-	-
Environment	21,659	4,462	21,659	-	38,355	38,355	-	45,999	45,999	-	106,013	106,013	-
Housing General Fund	13,615	1,044	13,615	-	24,793	24,793	-	46,774	46,774	-	85,182	85,182	-
Chief Executive	46,648	7,630	46,648	-	60,777	60,777	-	69,765	69,765	-	177,190	177,190	-
<b>TOTAL EXPENDITURE</b>	<b>186,741</b>	<b>27,474</b>	<b>162,026</b>	<b>(24,715)</b>	<b>208,160</b>	<b>228,919</b>	<b>20,759</b>	<b>251,033</b>	<b>256,363</b>	<b>5,330</b>	<b>645,934</b>	<b>647,309</b>	<b>1,375</b>
<b>FINANCED BY:</b>													
Capital Receipts	(33,208)	(9,985)	(12,193)	21,015	(87,000)	(87,000)	-	(162,000)	(162,000)	-	(261,193)	(261,193)	-
Reserves	(3,005)	(1,008)	(3,005)	-	(655)	(655)	-	(2,356)	(2,356)	-	(6,016)	(6,016)	-
Revenue	(22)	-	(22)	-	-	-	-	-	-	-	(22)	(22)	-
Capital Grants	(34,235)	(3,201)	(34,235)	-	(39,001)	(38,896)	105	(28,130)	(28,130)	-	(101,366)	(101,261)	105
Section 106 Funds	(13,051)	(765)	(11,442)	1,609	(23,421)	(25,030)	(1,609)	(41,217)	(41,217)	-	(77,689)	(77,689)	-
External Contributions	(1,076)	(33)	(696)	380	(121)	(501)	(380)	-	-	-	(1,197)	(1,197)	-
Pay back of Children's Services grant	-	-	202	202	-	202	202	-	1,617	1,617	-	2,021	2,021
<b>TOTAL RESOURCES</b>	<b>(84,597)</b>	<b>(14,992)</b>	<b>(61,391)</b>	<b>23,206</b>	<b>(150,198)</b>	<b>(151,880)</b>	<b>(1,682)</b>	<b>(233,703)</b>	<b>(232,086)</b>	<b>1,617</b>	<b>(447,483)</b>	<b>(445,357)</b>	<b>2,126</b>
<b>FINANCING TO BE AGREED</b>			<b>100,635</b>			<b>77,039</b>			<b>24,277</b>			<b>201,952</b>	

HRA Capital Programme

APPENDIX B

Project/Programme description	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 23/24		
	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
WDS carry-over schemes	-	-	-	-	-	-	-	-	-	-	-	-	-
WDS 2-year programme	603	193	603	-	-	-	-	-	-	-	603	603	-
WDS 2012 major works	515	303	515	-	-	-	-	-	-	-	515	515	-
WDS 2013 major works	615	331	615	-	-	-	-	-	-	-	615	615	-
WDS 2014 major works	7,855	3,119	7,855	-	4,534	4,534	-	3,367	3,367	-	15,756	15,756	-
WDS 2015 major works	66,984	22,985	66,984	-	5,725	5,725	-	4	4	-	72,713	72,713	-
FRA works	223	3	223	-	-	-	-	-	-	-	223	223	-
M&E electrical	0	-	-	-	-	-	-	-	-	-	0	-	-
M&E heating	4,156	1,095	4,156	-	616	616	-	-	-	-	4,773	4,773	-
M&E lifts	-	-	-	-	-	-	-	-	-	-	-	-	-
WDS voids works	-	-	-	-	-	-	-	-	-	-	-	-	-
WDS 2016 Major Works	5,486	27	5,486	-	5,306	5,306	-	-	-	-	10,793	10,793	-
HINE WDS works	819	289	819	-	-	-	-	-	-	-	819	819	-
WDS Leathermarket JMB	1,562	-	1,562	-	1,562	1,562	-	10,933	10,933	-	14,057	14,057	-
Asset Management Strategy unallocated (QHIP)	-	62	-	-	45,000	45,000	-	558,219	558,219	-	603,219	603,219	-
Kitchen and Bathroom	2,484	408	2,484	-	5,150	5,150	-	162,318	162,318	-	169,951	169,951	-
Asset Management Strategy 2016/17 (QHIP)	27,500	564	27,500	-	20,826	20,826	-	-	-	-	48,326	48,326	-
Additional FRA Works	100	-	100	-	-	-	-	-	-	-	100	100	-
HINE additional works	10,079	3,749	10,079	-	10,016	10,016	-	8,268	8,268	-	28,363	28,363	-
Aylesbury Estate PPM works	346	116	346	-	-	-	-	-	-	-	346	346	-
Aylesbury Estate regeneration	19,644	2,320	19,644	-	22,800	22,800	-	10,300	10,300	-	52,744	52,744	-
Bermondsey Spa refurbishment	779	137	779	-	-	-	-	-	-	-	779	779	-
East Dulwich Estate	2,811	304	2,811	-	-	-	-	-	-	-	2,811	2,811	-
Elmington Estate	1,474	818	1,474	-	-	-	-	-	-	-	1,474	1,474	-
Heygate Estate	3,797	1,507	3,797	-	1,300	1,300	-	-	-	-	5,097	5,097	-
Hidden Homes	465	237	465	-	-	-	-	-	-	-	465	465	-
Hostels new build	802	-	802	-	-	-	-	-	-	-	802	802	-
Local authority new build	222	55	222	-	-	-	-	-	-	-	222	222	-

Project/Programme description	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 23/24		
	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Misc regen, acquisitions and home loss	579	-	579	-	-	-	-	-	-	-	579	579	-
Purchase of S106 Prop from Developers	1,722	1,349	1,722	-	-	-	-	-	-	-	1,722	1,722	-
Direct Delivery - New Council Homes	25,864	7,405	25,864	-	14,353	14,353	-	6,457	6,457	-	46,674	46,674	-
Adaptations	2,000	916	2,000	-	2,100	2,100	-	7,886	7,886	-	11,986	11,986	-
Affordable housing through commuted sums	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash incentive & Home owner buy back scheme	2,867	740	2,867	-	697	697	-	-	-	-	3,564	3,564	-
Digital switchover	148	-	148	-	-	-	-	-	-	-	148	148	-
Disposals costs	185	31	185	-	-	-	-	-	-	-	185	185	-
Energy	-	-	-	-	508	508	-	-	-	-	508	508	-
Installation of Sprinkler & Smoke detectors	10,674	853	10,674	-	13,600	13,600	-	4,362	4,362	-	28,636	28,636	-
Lakanal House	6,240	2,109	6,240	-	3,005	3,005	-	1,742	1,742	-	10,987	10,987	-
Fire damage reinstatement	-	-	-	-	778	778	-	-	-	-	778	778	-
Group repairs	38	1	38	-	-	-	-	-	-	-	38	38	-
Hostels accommodation	44	518	44	-	-	-	-	-	-	-	44	44	-
Leasehold / freehold acquisitions	592	-	592	-	600	600	-	-	-	-	1,192	1,192	-
Major voids	1,520	7	1,520	-	-	-	-	-	-	-	1,520	1,520	-
Office accommodation	-	-	-	-	250	250	-	-	-	-	250	250	-
Scheme management costs	2,727	-	2,727	-	2,700	2,700	-	2,700	2,700	-	8,127	8,127	-
Security	57	-	57	-	300	300	-	-	-	-	357	357	-
Sheltered accommodation	337	-	337	-	-	-	-	-	-	-	337	337	-
T&RA halls	2,109	251	2,109	-	1,901	1,901	-	-	-	-	4,010	4,010	-
Heating Energy Efficiency Measures	4,284	(988)	4,284	-	-	-	-	-	-	-	4,284	4,284	-
	<b>221,309</b>	<b>51,813</b>	<b>221,309</b>	-	<b>163,626</b>	<b>163,626</b>	-	<b>776,557</b>	<b>776,557</b>	-	<b>1,161,492</b>	<b>1,161,492</b>	-

Project/Programme description	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 23/24		
	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

<b>FINANCED BY:</b>													
Capital Receipts b/fwd	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Receipts	(40,300)	-	(40,300)	-	(12,300)	(12,300)	-	(144,900)	(144,900)	-	(197,500)	(197,500)	-
RTB Receipts - Restricted to New Build	(9,887)	-	(9,887)	-	(2,804)	(2,804)	-	(2,866)	(2,866)	-	(15,556)	(15,556)	-
Depreciation charge (MRA)	(53,000)	-	(53,000)	-	(53,896)	(53,896)	-	(420,226)	(420,226)	-	(527,122)	(527,122)	-
Major Repairs Reserve (MRR)	(3,558)	-	(3,558)	-	-	-	-	-	-	-	(3,558)	(3,558)	-
Revenue Contribution	(22,752)	-	(22,752)	-	(22,752)	(22,752)	-	(159,264)	(159,264)	-	(204,768)	(204,768)	-
Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants (DH backlog funding)	(1,450)	-	(1,450)	-	-	-	-	-	-	-	(1,450)	(1,450)	-
Section 106 Funds & Grants	(16,387)	-	(16,387)	-	(5,335)	(5,335)	-	(8,876)	(8,876)	-	(30,598)	(30,598)	-
External Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL RESOURCES</b>	<b>(147,333)</b>	-	<b>(147,333)</b>	-	<b>(97,087)</b>	<b>(97,087)</b>	-	<b>(736,132)</b>	<b>(736,132)</b>	-	<b>(980,552)</b>	<b>(980,552)</b>	-
<b>FINANCING TO BE AGREED</b>			<b>73,976</b>			<b>66,539</b>			<b>40,425</b>			<b>180,940</b>	

FUNDED VARIATIONS AND VIREMENTS FOR APPROVAL

APPENDIX C

Project/Programme description	Children's & Adults Services	Southwark Schools for the Future	Finance and Governance	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>CURRENT PROGRAMME AS AT OUTTURN 2015</b>	<b>180,749</b>	<b>11,518</b>	<b>-</b>	<b>100,221</b>	<b>65,869</b>	<b>169,521</b>	<b>527,878</b>	<b>1,147,782</b>	<b>1,675,660</b>
<b>Month 5 - Virements to be approved</b>									
System Improvements	-	-	-	-	(1,087)	-	(1,087)	-	(1,087)
IT planned preventative programme (CRP)	-	-	-	-	1,087	-	1,087	-	1,087
EHI - 91 Kennington Pk Rd	-	-	-	-	(52)	-	(52)	-	(52)
EP&N MHL Env Imps	-	-	-	-	(51)	-	(51)	-	(51)
EP&N N&E Environmental	-	-	-	-	(21)	-	(21)	-	(21)
EP&N Paving	-	-	-	-	(200)	-	(200)	-	(200)
EP&N Security	-	-	-	-	(225)	-	(225)	-	(225)
EP&N miscellaneous works	-	-	-	-	(90)	-	(90)	-	(90)
Housing Renewal	-	-	-	-	639	-	639	-	639
Adult PSS Capital Allocations	32	-	-	-	-	-	32	-	32
Half Moon Lane	(405)	-	-	-	-	-	(405)	-	(405)
Orient Street	807	-	-	-	-	-	807	-	807
Kimmins Court	15	-	-	-	-	-	15	-	15
Fred Francis	14	-	-	-	-	-	14	-	14
Southwark Park Road	(19)	-	-	-	-	-	(19)	-	(19)
Transformation of LD care - Brandon Trust	(595)	-	-	-	-	-	(595)	-	(595)
Crebor Street	4	-	-	-	-	-	4	-	4
Mount Adon Park	(6)	-	-	-	-	-	(6)	-	(6)
Therapia road	(3)	-	-	-	-	-	(3)	-	(3)
Dover Lodge	(8)	-	-	-	-	-	(8)	-	(8)
Centre of Excellence	122	-	-	-	-	-	122	-	122
Anchor Rose court	2	-	-	-	-	-	2	-	2
Anchor Greenhive	(80)	-	-	-	-	-	(80)	-	(80)
Anchor Waterside	69	-	-	-	-	-	69	-	69
Anchor Blue Grove	51	-	-	-	-	-	51	-	51
WDS carry-over schemes	-	-	-	-	-	-	-	-	-
WDS 2-year programme	-	-	-	-	-	-	-	(2,112)	(2,112)
WDS 2012 major works	-	-	-	-	-	-	-	(5,896)	(5,896)
WDS 2013 major works	-	-	-	-	-	-	-	(7,882)	(7,882)
WDS 2014 major works	-	-	-	-	-	-	-	(21,582)	(21,582)
WDS 2015 major works	-	-	-	-	-	-	-	(41,845)	(41,845)
FRA works	-	-	-	-	-	-	-	(1,826)	(1,826)
M&E electrical	-	-	-	-	-	-	-	(1,634)	(1,634)

Project/Programme description	Children's & Adults Services	Southwark Schools for the Future	Finance and Governance	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000
M&E heating	-	-	-	-	-	-	-	(4,397)	(4,397)
M&E lifts	-	-	-	-	-	-	-	(13)	(13)
WDS voids works	-	-	-	-	-	-	-	(169)	(169)
WDS 2016 Major Works	-	-	-	-	-	-	-	10,057	10,057
HINE WDS works	-	-	-	-	-	-	-	(5,663)	(5,663)
Housing Stock - New Programme	-	-	-	-	-	-	-	69,942	69,942
Housing Stock - New Programme	-	-	-	-	-	-	-	(536)	(536)
Asset Management strategy 2016	-	-	-	-	-	-	-	(17)	(17)
Additional FRA Works	-	-	-	-	-	-	-	(2,799)	(2,799)
Additional FRA Works	-	-	-	-	-	-	-	10,768	10,768
Aylesbury Estate PPM works	-	-	-	-	-	-	-	(1,289)	(1,289)
Aylesbury Estate regeneration	-	-	-	-	-	-	-	4,256	4,256
Heygate Estate	-	-	-	-	-	-	-	(1,052)	(1,052)
Heygate Estate	-	-	-	-	-	-	-	(53)	(53)
Heygate Estate	-	-	-	-	-	-	-	5,400	5,400
Heating Energy Efficiency Measures	-	-	-	-	-	-	-	(1,658)	(1,658)
<b>Total virements to be approved at Month 5</b>	-	-	-	-	-	-	-	-	-
<b>Month 5 - Variations to be approved</b>									
Leathermarket - Kipling Garages	-	-	-	-	9,313	-	9,313	-	9,313
IT Investment Schemes	-	-	-	-	10,000	-	10,000	-	10,000
Dockley Road Bridges	-	-	-	-	-	14	14	-	14
Bush Road	-	-	-	-	-	188	188	-	188
Half Moon Lane	-	-	-	-	-	239	239	-	239
Evelina Road	-	-	-	-	-	232	232	-	232
Southwark Cycle Spine	-	-	-	-	-	1,000	1,000	-	1,000
Scheme Review	-	-	-	-	-	100	100	-	100
Coleman Road Area	-	-	-	-	-	50	50	-	50
Abbey Street to Southwark Park	-	-	-	-	-	400	400	-	400
Ilderton Road	-	-	-	-	-	50	50	-	50
Elmington Area	-	-	-	-	-	100	100	-	100
Local Environments Improvements	-	-	-	-	-	100	100	-	100
Walworth Road	-	-	-	-	-	500	500	-	500
Lower Road	-	-	-	-	-	150	150	-	150
Camberwell Town Centre	-	-	-	-	-	820	820	-	820
Bus Development Programme	-	-	-	-	-	161	161	-	161
Discretionary Funding	-	-	-	-	-	100	100	-	100
Nicholson St, Chancel St & Dolben St	-	-	-	-	-	358	358	-	358
Union Street West	-	-	-	-	-	818	818	-	818

Project/Programme description	Children's & Adults Services	Southwark Schools for the Future	Finance and Governance	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Union Street East	-	-	-	-	-	519	519	-	519
Newcomen Street	-	-	-	-	-	270	270	-	270
Kipling Street & Guy Street	-	-	-	-	-	175	175	-	175
Weston Street	-	-	-	-	-	311	311	-	311
Leathermarket Street & Tanner Street	-	-	-	-	-	462	462	-	462
Kennington Park	-	-	-	-	-	65	65	-	65
Canada Water	-	-	-	-	-	55	55	-	55
Great Suffolk Street BUP Project	-	-	-	-	-	1	1	-	1
Great Suffolk Street BUP Project(Closure Phase)	-	-	-	-	-	226	226	-	226
Grt Guilford North	-	-	-	-	-	57	57	-	57
Black Friars Play Spaces	-	-	-	-	-	148	148	-	148
Dulwich CGS	-	-	-	2	-	-	2	-	2
Burgess Park Urban Games Area	-	-	-	2,000	-	-	2,000	-	2,000
Top quality playgrounds	-	-	-	1,200	-	-	1,200	-	1,200
St. Saviour's Dock Footbridge	-	-	-	1,590	-	-	1,590	-	1,590
Park Infrastructure & Investment Programme	-	-	-	1,000	-	-	1,000	-	1,000
WDS Leathermarket JMB	-	-	-	-	-	-	-	13,710	13,710
Mosaic implementation	1,000	-	-	-	-	-	1,000	-	1,000
49 Mount Adon Park	634	-	-	-	-	-	634	-	634
26 Therapia road	470	-	-	-	-	-	470	-	470
41 Dover Lodge	783	-	-	-	-	-	783	-	783
Centre of Excellence	2,537	-	-	-	-	-	2,537	-	2,537
Castlemead, 232 Camberwell road	1,700	-	-	-	-	-	1,700	-	1,700
27 Camberwell road	38	-	-	-	-	-	38	-	38
52-60 Grosvenor terrace	1,120	-	-	-	-	-	1,120	-	1,120
Warm, Dry, Safe	35,000	-	-	-	-	-	35,000	-	35,000
Rotherhithe Primary School Expansion	20,200	-	-	-	-	-	20,200	-	20,200
Beormund Primary School Redevelopment	12,000	-	-	-	-	-	12,000	-	12,000
Southwark Inclusive Learning Service KS4	3,000	-	-	-	-	-	3,000	-	3,000
Autism Spectrum Disorder bases in existing secondaries	1,800	-	-	-	-	-	1,800	-	1,800
LSBU Passmore	5,000	-	-	-	-	-	5,000	-	5,000
<b>Total variations to be approved at Month 5</b>	<b>85,282</b>	<b>-</b>	<b>-</b>	<b>5,792</b>	<b>19,313</b>	<b>7,669</b>	<b>118,056</b>	<b>13,710</b>	<b>131,766</b>
<b>TOTAL PROGRAMME BUDGET VIREMENTS &amp; VARIATIONS AT MONTH 5 2016/17</b>	<b>85,282</b>	<b>-</b>	<b>-</b>	<b>5,792</b>	<b>19,313</b>	<b>7,669</b>	<b>118,056</b>	<b>13,710</b>	<b>131,766</b>
<b>REVISED BUDGETS</b>	<b>266,031</b>	<b>11,518</b>	<b>-</b>	<b>106,013</b>	<b>85,182</b>	<b>177,190</b>	<b>645,934</b>	<b>1,161,492</b>	<b>1,807,426</b>

Project/Programme description	Children's & Adults Services	Southwark Schools for the Future	Finance and Governance	Environment	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>VIREMENTS &amp; VARIATIONS REQUESTED TO BE APPROVED</b>									
<b>FINANCED BY:</b>	-	-	-	-	-	-	-	-	-
Capital Receipts	85,282	-	-	5,790	13,034	-	104,106	13,710	117,816
Major Repairs Allowance	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	-	-	-
Capital Grant	-	-	-	-	-	7,223	7,223	-	7,223
Section 106 Funds	-	-	-	-	6,279	446	6,725	-	6,725
External Contribution	-	-	-	2	-	-	2	-	2
	-	-	-	-	-	-	-	-	-
<b>TOTAL RESOURCES</b>	<b>85,282</b>	<b>-</b>	<b>-</b>	<b>5,792</b>	<b>19,313</b>	<b>7,669</b>	<b>118,056</b>	<b>13,710</b>	<b>131,766</b>



Capital Programme 2016/17 - 2023/24	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 23/24		
	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Environment</b>													
Seven Islands Leisure Centre Refurbishment	959	43	959	-	167	167	-	319	319	-	1,445	1,445	-
Other OLF Projects	49	58	49	-	3,100	3,100	-	-	-	-	3,149	3,149	-
Peckham Pulse Option 1 & 2	1,332	301	1,332	-	-	-	-	-	-	-	1,332	1,332	-
Leisure centres Lifecycle maintenance	258	9	258	-	150	150	-	900	900	-	1,308	1,308	-
Legacy Investment	355	155	355	-	-	-	-	-	-	-	355	355	-
Castle Leisure Centre	668	279	668	-	-	-	-	-	-	-	668	668	-
SDM Essential H & S Project	549	38	549	-	500	500	-	-	-	-	1,049	1,049	-
Other Public Realm Projects Funded by S106	257	2	257	-	282	282	-	-	-	-	539	539	-
Other Park projects	795	104	795	-	725	725	-	-	-	-	1,520	1,520	-
GMH Park accommodation refurbishment	109	-	109	-	-	-	-	-	-	-	109	109	-
Newington Ward Park Improvements	80	2	80	-	314	314	-	-	-	-	394	394	-
Major Parks	1,100	282	1,100	-	4,429	4,429	-	-	-	-	5,529	5,529	-
Cemetery Burial Strategy	1,321	831	1,321	-	1,877	1,877	-	1,042	1,042	-	4,240	4,240	-
Additional Replacement Tree Planting	150	30	150	-	50	50	-	247	247	-	447	447	-
Park Infrastructure & Investment Programme	749	41	749	-	2,769	2,769	-	3,990	3,990	-	7,508	7,508	-
Russia Dock Woodland	6	-	6	-	-	-	-	-	-	-	6	6	-
Little Dorrit Park	-	-	-	-	-	-	-	100	100	-	100	100	-
Nelson Square	570	-	570	-	134	134	-	-	-	-	704	704	-
Parks Grounds Maintenance contract	1,180	-	1,180	-	-	-	-	-	-	-	1,180	1,180	-
HEPWORTH REPLACEMENT	48	-	48	-	-	-	-	-	-	-	48	48	-
Burgess Park Urban Games Area	60	-	60	-	1,865	1,865	-	75	75	-	2,000	2,000	-
Kingswood House refurb	250	-	250	-	-	-	-	-	-	-	250	250	-
RFID	65	-	65	-	-	-	-	-	-	-	65	65	-
Grove Vale Library	-	-	-	-	160	160	-	-	-	-	160	160	-
Canada Water Public Art	42	-	42	-	-	-	-	-	-	-	42	42	-
Refurbishment at Peckham Library	196	230	196	-	-	-	-	-	-	-	196	196	-
Temporary library at Elephant & Castle	70	32	70	-	-	-	-	-	-	-	70	70	-
Cuming Museum fit out of temporary premises	39	-	33	(6)	-	-	-	-	-	-	39	33	(6)
Livesey Museum	-	6	6	6	-	-	-	-	-	-	-	6	6
Nunhead Library Refurbishment	100	-	100	-	-	-	-	-	-	-	100	100	-
Street Metal Works - Lamp Column Replacement	467	61	467	-	500	500	-	3,000	3,000	-	3,967	3,967	-
Integrated Waste Solutions Programme	-	-	-	-	1,759	1,759	-	-	-	-	1,759	1,759	-
Carbon Reduction Investment	220	-	220	-	555	555	-	1,500	1,500	-	2,275	2,275	-
Walworth Road	-	-	-	-	38	38	-	-	-	-	38	38	-
Street Care Non Principal Roads Programme	5,004	647	5,004	-	9,738	9,738	-	19,200	19,200	-	33,942	33,942	-
Principal Road Programme	900	582	900	-	1,391	1,391	-	-	-	-	2,291	2,291	-
Flood Prevention Programme	234	74	234	-	245	245	-	1,470	1,470	-	1,949	1,949	-
Herne Hill Flood Prevention	215	31	215	-	-	-	-	-	-	-	215	215	-
Monuments & memorials in the Public Realm	100	-	100	-	100	100	-	561	561	-	761	761	-
Parking Design Projects	-	15	-	-	-	-	-	-	-	-	-	-	-
Southbank Accessibility Improvements	25	17	25	-	150	150	-	-	-	-	175	175	-

Capital Programme 2016/17 - 2023/24	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 23/24		
	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dr Salter Statue	1	-	1	-	-	-	-	-	-	-	1	1	-
20mph Zone	100	3	100	-	793	793	-	-	-	-	893	893	-
Cycling Infrastructure Fund	250	32	250	-	1,404	1,404	-	250	250	-	1,904	1,904	-
Old Jamaica Road	29	19	29	-	78	78	-	-	-	-	107	107	-
Astley & Coopers ball court	15	1	15	-	15	15	-	-	-	-	30	30	-
Grange ward secure cycle storage	11	11	11	-	-	-	-	-	-	-	11	11	-
Stevens Street	21	-	21	-	-	-	-	-	-	-	21	21	-
Balfour Streetscape Improvement	50	2	50	-	368	368	-	-	-	-	418	418	-
Rotherhithe New Road	138	18	138	-	224	224	-	-	-	-	362	362	-
Cleaner Greener and Safer Programme	2,282	506	2,282	-	1,925	1,925	-	13,345	13,345	-	17,552	17,552	-
Top quality playgrounds	50	-	50	-	1,150	1,150	-	-	-	-	1,200	1,200	-
St. Saviour's Dock Footbridge	190	-	190	-	1,400	1,400	-	-	-	-	1,590	1,590	-
<b>Environment Total</b>	<b>21,659</b>	<b>4,462</b>	<b>21,659</b>	<b>-</b>	<b>38,355</b>	<b>38,355</b>	<b>-</b>	<b>45,999</b>	<b>45,999</b>	<b>-</b>	<b>106,013</b>	<b>106,013</b>	<b>-</b>
<b>Finance and Governance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Finance and Governance Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Chief Executive</b>													
Public Realm & Open Space Improvements	1,333	609	1,333	-	775	775	-	-	-	-	2,108	2,108	-
Borough & Bankside St.scape Improvements	-	2	-	-	-	-	-	-	-	-	-	-	-
Bermondsey Streetscape Improvements	102	55	102	-	1,062	1,062	-	-	-	-	1,164	1,164	-
Improving Local Retail Enviroments	10	-	10	-	40	40	-	-	-	-	50	50	-
Borough & Bankside Tourism Infrastructure	-	-	-	-	220	220	-	-	-	-	220	220	-
Housing and Area Renewal	262	14	262	-	723	723	-	-	-	-	985	985	-
Hatfields Streetscape Improvements	1	-	1	-	35	35	-	-	-	-	36	36	-
ILRE Phase 2	200	-	200	-	1,152	1,152	-	700	700	-	2,052	2,052	-
Walworth Road South(Missing bit of the Jigsaw)	300	-	300	-	550	550	-	2,000	2,000	-	2,850	2,850	-
Roads and Traffic Mgt Improvements	5,299	1,671	5,299	-	1,374	1,374	-	-	-	-	6,673	6,673	-
Major Schemes(Lower Road)	130	-	130	-	-	-	-	-	-	-	130	130	-
Quietways (Cycle paths)	1,856	1,210	1,856	-	-	-	-	-	-	-	1,856	1,856	-
Mayor's Air Quality Fund	17	-	17	-	-	-	-	-	-	-	17	17	-
Preventative Repairs & Maintenance	659	-	659	-	-	-	-	-	-	-	659	659	-
Central Cycle Grid	3,033	-	3,033	-	-	-	-	-	-	-	3,033	3,033	-
Bermondsey Spa Public Realm Improvements	498	4	498	-	-	-	-	-	-	-	498	498	-
Elephant & Castle Open Spaces	2,639	24	2,639	-	1,420	1,420	-	1,480	1,480	-	5,539	5,539	-
Walworth Town Hall	1,355	228	1,355	-	10,680	10,680	-	6,900	6,900	-	18,935	18,935	-
Rotherhithe Library (Albion Street) Demolition	1,114	8	1,114	-	208	208	-	-	-	-	1,322	1,322	-
St Olav's Square Redevelopment	583	-	583	-	-	-	-	-	-	-	583	583	-
Black Friars Play Spaces	148	-	148	-	-	-	-	-	-	-	148	148	-
Camberwell Green and Gateway to Peckham	8,455	2,230	8,455	-	10,847	10,847	-	3,600	3,600	-	22,902	22,902	-
Revitalise5 Camberwell	1,690	-	1,690	-	1,436	1,436	-	-	-	-	3,126	3,126	-
Camberwell Library	71	2	71	-	-	-	-	-	-	-	71	71	-
Eagle Wharf Development	2,000	275	2,000	-	15,943	15,943	-	-	-	-	17,943	17,943	-

Capital Programme 2016/17 - 2023/24	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 23/24		
	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Canada Wayer Library	109	7	109	-	-	-	-	-	-	-	109	109	-
Construction of Community Centre	31	1	31	-	-	-	-	-	-	-	31	31	-
Revitalise Peckham Rye	785	140	785	-	1,931	1,931	-	318	318	-	3,034	3,034	-
Mint Street Adventure	344	33	344	-	1,398	1,398	-	200	200	-	1,942	1,942	-
Construction of Elephant & Castle Leisure Centre	1,422	117	1,422	-	-	-	-	-	-	-	1,422	1,422	-
Voluntary Sector Strategy	200	-	200	-	831	831	-	-	-	-	1,031	1,031	-
Property Acquisition	3,300	-	3,300	-	2,000	2,000	-	12,000	12,000	-	17,300	17,300	-
Pullens Yard Improvements	52	-	52	-	250	250	-	150	150	-	452	452	-
Void Shops & Council Owned Parade	200	-	200	-	600	600	-	1,200	1,200	-	2,000	2,000	-
Lease of New office Accomodation	159	-	159	-	-	-	-	-	-	-	159	159	-
Assets	1,615	-	1,615	-	-	-	-	-	-	-	1,615	1,615	-
Acquisition of New office Accomodation	211	-	211	-	-	-	-	-	-	-	211	211	-
Elephant & Castle Regeneration	5,465	-	5,465	-	7,202	7,202	-	41,217	41,217	-	53,884	53,884	-
Blackfriards Road Boulevard	-	-	-	-	100	100	-	-	-	-	100	100	-
Tate Modern Extension Project	1,000	1,000	1,000	-	-	-	-	-	-	-	1,000	1,000	-
<b>Chief Executive Total</b>	<b>46,648</b>	<b>7,630</b>	<b>46,648</b>	<b>-</b>	<b>60,777</b>	<b>60,777</b>	<b>-</b>	<b>69,765</b>	<b>69,765</b>	<b>-</b>	<b>177,190</b>	<b>177,190</b>	<b>-</b>
<b>Children and Adult Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mosaic implementation	915	365	915	-	600	600	-	200	200	-	1,715	1,715	-
Southwark Resource Centre	259	-	259	-	-	-	-	-	-	-	259	259	-
Adult PSS Capital Allocations	88	-	88	-	125	125	-	-	-	-	213	213	-
Half Moon Lane	1,131	-	1,131	-	142	142	-	65	65	-	1,338	1,338	-
Adult PSS Orient Street	1,230	11	1,230	-	590	590	-	95	95	-	1,915	1,915	-
Kimmins Court	52	45	52	-	-	-	-	-	-	-	52	52	-
Adult PSS Fred Francis	34	-	34	-	2	2	-	-	-	-	36	36	-
Adult PSS Southwark Park Road	-	-	-	-	-	-	-	-	-	-	-	-	-
Transformation of LD care - Brandon Trust	-	-	-	-	132	132	-	-	-	-	132	132	-
Crebor Street	7	-	7	-	-	-	-	-	-	-	7	7	-
49 Mount Adon Park	194	-	194	-	408	408	-	32	32	-	634	634	-
26 Therapia road	30	-	30	-	350	350	-	90	90	-	470	470	-
41 Dover Lodge	20	-	20	-	602	602	-	161	161	-	783	783	-
Telecare expansion	150	-	150	-	-	-	-	-	-	-	150	150	-
Centre of Excellence	2,638	-	2,638	-	2,442	2,442	-	79	79	-	5,159	5,159	-
Autism learning provision	-	-	-	-	4,500	4,500	-	-	-	-	4,500	4,500	-
Anchor Rose court	294	21	294	-	16	16	-	-	-	-	310	310	-
Anchor Greenhive	405	12	405	-	22	22	-	-	-	-	427	427	-
Anchor Waterside	20	(5)	20	-	-	-	-	-	-	-	20	20	-
Anchor Blue Grove	20	18	20	-	-	-	-	-	-	-	20	20	-
Castlemead, 232 Camberwell road	205	-	205	-	1,410	1,410	-	85	85	-	1,700	1,700	-
27 Camberwell road	36	-	36	-	2	2	-	-	-	-	38	38	-
52-60 Grosvenor terrace	550	-	550	-	514	514	-	56	56	-	1,120	1,120	-
Other Grant Allocations	393	17	393	-	-	-	-	-	-	-	393	393	-
3 Primaries	530	-	530	-	-	-	-	-	-	-	530	530	-
Carbon Reduction in Schools	245	-	245	-	-	-	-	-	-	-	245	245	-

Capital Programme 2016/17 - 2023/24	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 23/24		
	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dulwich Wood Roof	-	9	-	-	-	-	-	-	-	-	-	-	-
Free School Meals	364	-	340	(24)	-	-	-	-	-	-	364	340	(24)
Bessemer	158	16	158	-	-	-	-	-	-	-	158	158	-
Dulwich Wood (Langbourne)	449	-	449	-	-	-	-	-	-	-	449	449	-
Lyndhurst major expansion & refurb 1.5 to 2 fe	401	4	401	-	-	-	-	-	-	-	401	401	-
Troubled Families	133	-	133	-	-	-	-	-	-	-	133	133	-
SILS Porlock Hall	54	53	54	-	-	-	-	-	-	-	54	54	-
Thomas Carlton fabric	51	-	51	-	-	-	-	-	-	-	51	51	-
Thomas Carlton ICT	71	24	71	-	-	-	-	-	-	-	71	71	-
Permanent Expansion	82,076	12,996	58,494	(23,582)	46,783	70,163	23,380	31,920	33,404	1,484	160,779	162,060	1,281
Maintenance Programme for Schools	4,405	620	4,496	91	-	27	27	-	-	-	4,405	4,523	118
Warm, Dry, Safe	3,500	-	3,500	-	3,500	3,500	-	28,000	28,000	-	35,000	35,000	-
Rotherhithe Primary School Expansion	200	-	200	-	3,000	3,000	-	17,000	17,000	-	20,200	20,200	-
Beormund Primary School Redevelopment	100	-	100	-	4,000	4,000	-	7,900	7,900	-	12,000	12,000	-
Southwark Inclusive Learning Service KS4	50	-	50	-	888	888	-	2,062	2,062	-	3,000	3,000	-
Autism Spectrum Disorder bases in existing secondaries	50	-	50	-	1,000	1,000	-	750	750	-	1,800	1,800	-
LSBU Passmore	-	-	-	-	5,000	5,000	-	-	-	-	5,000	5,000	-
<b>Children and Adult Services Total</b>	<b>101,508</b>	<b>14,205</b>	<b>77,993</b>	<b>(23,515)</b>	<b>76,028</b>	<b>99,435</b>	<b>23,407</b>	<b>88,495</b>	<b>89,977</b>	<b>1,482</b>	<b>266,031</b>	<b>267,406</b>	<b>1,375</b>
<b>Southwark Schools for the Future</b>													
St Michael's PFI	100	-	100	-	-	-	-	-	-	-	100	100	-
SMAA - Ark All Saints	1,410	2	1,410	-	123	123	-	-	-	-	1,533	1,533	-
Spa	31	31	31	-	-	-	-	-	-	-	31	31	-
New School Aylesbury	96	96	96	-	-	-	-	-	-	-	96	96	-
SSSO (VA) St Saviours and St Olaves	5	-	5	-	-	-	-	-	-	-	5	5	-
KS3/ KS4 SILS	1,500	4	300	(1,200)	6,496	3,848	(2,648)	-	3,848	3,848	7,996	7,996	-
ICT	124	-	124	-	381	381	-	-	-	-	505	505	-
Contingency and retention payments	45	-	45	-	1,207	1,207	-	-	-	-	1,252	1,252	-
<b>Southwark Schools for the Future Total</b>	<b>3,311</b>	<b>133</b>	<b>2,111</b>	<b>(1,200)</b>	<b>8,207</b>	<b>5,559</b>	<b>(2,648)</b>	<b>-</b>	<b>3,848</b>	<b>3,848</b>	<b>11,518</b>	<b>11,518</b>	<b>-</b>
<b>Housing General Fund</b>													
Springtide Close travellers site	101	10	101	-	-	-	-	-	-	-	101	101	-
Ilderton travellers site wall	300	-	300	-	-	-	-	-	-	-	300	300	-
Wadding Street and Stead Street	1,040	-	1,040	-	-	-	-	-	-	-	1,040	1,040	-
Information Service	185	179	185	-	-	-	-	-	-	-	185	185	-
IT Investment Schemes	3,765	359	3,765	-	7,175	7,175	-	7,237	7,237	-	18,177	18,177	-
Property Works Programme	-	-	-	-	947	947	-	900	900	-	1,847	1,847	-
PPM & Compliance Programme (CRP)	652	-	652	-	2,057	2,057	-	7,541	7,541	-	10,250	10,250	-
Planned Preventative Maintenance	1,591	68	1,591	-	4,387	4,387	-	20,875	20,875	-	26,853	26,853	-
Walworth Road Fire	15	6	15	-	7	7	-	-	-	-	22	22	-
Housing Renewal	1,760	277	1,760	-	3,939	3,939	-	10,221	10,221	-	15,920	15,920	-
Brayards Improvement Zone	1,173	145	1,173	-	-	-	-	-	-	-	1,173	1,173	-

Capital Programme 2016/17 - 2023/24	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 23/24		
Project/Programme description	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing General Fund Total	13,615	1,044	13,615	-	24,793	24,793	-	46,774	46,774	-	85,182	85,182	-
Capital Programme 2016/17 - 2023/24	Total General Fund Programme												
	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 23/24		
	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	-	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Expenditure	186,741	27,474	162,026	(24,715)	208,160	228,919	20,759	251,033	256,363	5,330	645,934	647,309	1,375
Total Resources	(84,597)	(14,992)	(61,391)	23,206	(150,198)	(151,880)	(1,682)	(233,703)	(232,086)	1,617	(447,483)	(445,357)	2,126
FINANCING TO BE AGREED			100,635			77,039			24,277			201,952	

Service/Council Theme	Project/Programme Description	Bid Amount				Financing	
		2016/17	2017/18	2018/19+	Total Programme	Funded (S106, Grant etc)	Resources to be identified
<b><u>Best Start In Life</u></b>							
Children	Warm, Dry, Safe	3,500	3,500	28,000	35,000	-	35,000
Children	Rotherhithe Primary School Expansion	200	3,000	17,000	20,200	-	20,200
Children	Beormund Primary School Redevelopment	100	4,000	7,900	12,000	-	12,000
Children	Southwark Inclusive Learning Service KS4 Autism Spectrum Disorder bases in existing secondaries	50	888	2,062	3,000	-	3,000
Children	Black Friars Play Spaces	50	1,000	750	1,800	-	1,800
Chief Executive	Burgess Park Urban Games Area	148	-	-	148	148	-
Environment & Leisure	Top quality playgrounds	60	1,865	75	2,000	-	2,000
Environment & Leisure		50	1,150	-	1,200	-	1,200
		<b>4,158</b>	<b>15,403</b>	<b>55,787</b>	<b>75,348</b>	<b>148</b>	<b>75,200</b>
<b><u>Cleaner, Greener, Safer</u></b>							
Environment & Leisure	St. Saviour's Dock Footbridge	190	1,400	-	1,590	-	1,590
Environment & Leisure	Park Infrastructure & Investment Programme	-	1,000	-	1,000	-	1,000
Environment & Leisure	Dulwich CGS	2	-	-	2	2	-
		<b>192</b>	<b>2,400</b>	<b>-</b>	<b>2,592</b>	<b>2</b>	<b>2,590</b>
<b><u>Fit For The Future</u></b>							
Housing and Modernise	IT Investment Schemes	3,108	6,217	675	10,000	-	10,000
Adults	Castlemead, 232 Camberwell Road	205	1,410	85	1,700	-	1,700
Adults	Mosaic implementation	200	600	200	1,000	-	1,000
		<b>3,513</b>	<b>8,227</b>	<b>960</b>	<b>12,700</b>	<b>-</b>	<b>12,700</b>
<b><u>Healthy, Active Lives</u></b>							
Chief Executive	Southwark Cycle Spine	1,000	-	-	1,000	1,000	-
Chief Executive	Nicholson Street, Chancel St & Dolben St	358	-	-	358	358	-
Chief Executive	Union Street West	818	-	-	818	818	-
Chief Executive	Union Street East	519	-	-	519	519	-
Chief Executive	Newcomen Street	270	-	-	270	270	-
Chief Executive	Kipling Street & Guy Street	175	-	-	175	175	-
Chief Executive	Weston Street	311	-	-	311	311	-

Chief Executive	Leathermarket Street & Tanner Street	462	-	-	462	462	-
Chief Executive	Kennington Park	65	-	-	65	65	-
Chief Executive	Canada Water	55	-	-	55	55	-
Adults	49 Mount Adon Park	194	408	32	634	-	634
Adults	26 Therapia Road	30	350	90	470	-	470
Adults	41 Dover Lodge	20	602	161	783	-	783
Adults	Centre of Excellence	1,516	942	79	2,537	2,415	122
Adults	27 Camberwell Road	36	2	-	38	-	38
Adults	52-60 Grosvenor Terrace	550	514	56	1,120	-	1,120
		<b>6,379</b>	<b>2,818</b>	<b>418</b>	<b>9,615</b>	<b>6,448</b>	<b>3,167</b>
<b><u>Quality Affordable Homes</u></b>							
Housing & Modernise	Leathermarket - Kipling Garages	3,033	6,280	-	9,313	6,280	3,033
Housing HRA	WDS Leathermarket JMB	1,215	1,562	10,933	13,710	-	13,710
		<b>4,248</b>	<b>7,842</b>	<b>10,933</b>	<b>23,023</b>	<b>6,280</b>	<b>16,743</b>
<b><u>Revitalised Neighbourhoods</u></b>							
Chief Executive	Dockley Road Bridges	14	-	-	14	14	-
Chief Executive	Bush Road	188	-	-	188	188	-
Chief Executive	Half Moon Lane	239	-	-	239	239	-
Chief Executive	Evelina Road	232	-	-	232	232	-
Chief Executive	Scheme Review	60	40	-	100	100	-
Chief Executive	Coleman Road Area	30	20	-	50	50	-
Chief Executive	Abbey Street to Southwark Park	250	150	-	400	400	-
Chief Executive	Ilderton Road	30	20	-	50	50	-
Chief Executive	Elmington Area	60	40	-	100	100	-
Chief Executive	Local Environments Improvements	60	40	-	100	100	-
Chief Executive	Walworth Road	300	200	-	500	500	-
Chief Executive	Lower Road	100	50	-	150	150	-
Chief Executive	Bus Development Programme	97	64	-	161	161	-
Chief Executive	Discretionary Funding	60	40	-	100	100	-
Chief Executive	Great Suffolk Street BUP Project	1	-	-	1	1	-
Chief Executive	Great Suffolk Street BUP Project(Closure Phase)	226	-	-	226	226	-
Chief Executive	Great Guilford North	57	-	-	57	57	-
		<b>2,004</b>	<b>664</b>	<b>-</b>	<b>2,668</b>	<b>2,668</b>	<b>-</b>
<b><u>Strong Local Economy</u></b>							
Chief Executive	Camberwell Town Centre	492	328	-	820	820	-

Children	LSBU Passmore	-	5,000	-	5,000	-	5,000
		<b>492</b>	<b>5,328</b>	-	<b>5,820</b>	<b>820</b>	<b>5,000</b>
	<b>Total</b>	<b>20,986</b>	<b>42,682</b>	<b>68,098</b>	<b>131,766</b>	<b>16,366</b>	<b>115,400</b>
	<b>Summary of New Bids by Council Plan Theme</b>	<b>Bid Amount £000</b>				<b>Financing</b>	
		<b>2016/17</b>	<b>2017/18</b>	<b>2018/19+</b>	<b>Total New Bids</b>	<b>Funded (S106, Grant etc)</b>	<b>Resources to be identified</b>
	Best Start in Life	4,158	15,403	55,787	75,348	148	75,200
	Cleaner, Greener, Safer	192	2,400	-	2,592	2	2,590
	Fit For The Future	3,513	8,227	960	12,700	-	12,700
	Healthy, Active Lives	6,379	2,818	418	9,615	6,448	3,167
	Quality Affordable Homes	4,248	7,842	10,933	23,023	6,280	16,743
	Revitalised Neighbourhoods	2,004	664	-	2,668	2,668	-
	Strong Local Economy	492	5,328	-	5,820	820	5,000
	<b>Total</b>	<b>20,986</b>	<b>42,682</b>	<b>68,098</b>	<b>131,766</b>	<b>16,366</b>	<b>115,400</b>



<b>Item No.</b> 15.	<b>Classification:</b> Open	<b>Date:</b> 1 November 2016	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Revenue Monitoring Report incorporating Updated Medium Term Financial Strategy and Treasury Management 2016-17	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Finance, Modernisation and Performance	

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

The first budget monitoring report for 2016-17 indicates that the general fund for the year is on target but with two significant adverse variations. The first is further pressures on the No Recourse to Public Funds budget, over and above the additional budget agreed at council assembly in February. This pressure, while under control, remains upward as demands increase on the service. We will continue to make representations to the Home Office to encourage them to manage the unsustainable backlog of cases under their control and where appropriate, allow access of those impacted to the benefits system.

The second and more significant pressures relate to a range of social care budgets that are facing the need to achieve large budget savings over the next three years while forging closer working with the CCG and the NHS, and dealing with an ever ageing population and increasing complexity of caseload. Management actions are already in place to attempt to recover the position by the end of the financial year, although there may still be some slippage into 2017-18 and beyond. The pressures reflect a continuation of those experienced in 2015-16. Any changes to the current budget plan will be considered by the cabinet in November and December, in advance of council assembly setting of the one year 2017-18 budget in February next year.

The position must also be considered alongside the continued loss of government funding of more than £116m over the last five years since austerity cuts arrived. Under these circumstances it is not surprising that delivering a balanced budget is becoming more and more challenging. We will continue to make prudent use of reserves and balances to fund one off projects such as the 2016-17 round of enhanced voluntary redundancy. However, we recognise that these funds are receding and we must ensure that we retain an adequate level to mitigate the financial risks as we move forward.

It is encouraging that we are maintaining a balanced position on the Housing Revenue Account.

## RECOMMENDATIONS

1. That the cabinet notes:
  - the general fund outturn forecast for 2016-17 of £8.619m after the utilisation of £9.342m reserves (table 1, paragraph 10)
  - the continuing pressures on the children's and adults' social care, public health and No Recourse to Public Funds budgets (paragraphs 11 - 24, paragraph 31)
  - the utilisation of the £4m contingency and £5m one-off windfall resulting from the early delivery of the minimum revenue provision saving to mitigate the full effect of cost pressures (paragraphs 36 and 37)
  - the housing revenue account forecast outturn for 2016-17 (table 2, paragraphs 40 to 45)
  - the treasury management activity in 2016-17 (paragraphs 60 - 69).
2. That the cabinet notes the implications of the current forecast for 2016-17 on future budget setting and the medium term financial strategy (paragraphs 54 - 57).
3. That the cabinet notes the revised financial remit for the three year planning period to 2019-20; the end of the current four year settlement term (table 3).
4. That the cabinet instruct officers to:
  - prepare proposals to balance the 2017-18 budget for consideration at December cabinet meeting (paragraph 57)
  - further propose options for 2018-19 to 2019-20, in the context of the cost uncertainty surrounding social care pressures, New Homes Bonus and arrangements for the Better Care Fund and the potential impact of welfare reform (paragraph 57).

## BACKGROUND INFORMATION

5. The purpose of this report is to provide a forecast for the end of the financial year 2016-17, using predictions based on the experience to date, and to use this to inform the policy and resources strategy for future years' budgets. Work continues throughout the council to ensure that a balanced position is achieved by the end of the year.
6. The council agreed a balanced general fund budget of £271.4m on 24 February 2016 based on a nil council tax increase (with 2% precept for adult social care), and £6.2m use of reserves, giving a budget of £277.6m. This budget was set in the context of further significant overall cuts in government funding.
7. The council also approved budget decisions including reductions of some £26.6m within the general fund for 2016-17. Performance on achieving these savings is closely monitored and significant variances will be included in departmental narratives.

8. The cabinet agreed a balanced housing revenue account (HRA) budget on 27 January 2016.

## KEY ISSUES FOR CONSIDERATION

### General fund overall position

9. Table 1 below shows the current forecast outturn position by department. All strategic directors will continue to take action ensure that they deliver their services within budget. Progress for each department is shown in the narrative below.

**Table 1: General fund outturn position for 2016-17**

General fund	Original budget	Budget movement	Revised budget	Forecast Spend in year	Variance before use of reserves	Net movement in reserves	Total use of resources	Variance after use of reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's and Adults	171,464	(100)	171,364	186,386	15,022		185,386	15,022
Environment and Leisure	67,316	0	67,316	66,656	(660)		66,656	(660)
Housing and Modernise	64,911	0	64,911	66,769	1,858		66,769	1,858
Chief Executive's	8,355	100	8,455	8,455	0	0	8,455	0
Finance and Governance	19,586	0	19,586	19,297	(289)	0	19,297	(289)
Strategic Finance	(14,513)	0	(14,513)	(19,513)	(5,000)		(19,513)	(5,000)
Support cost recharges	(44,071)	0	(44,071)	(44,071)	0	0	(44,071)	0
Contingency	4,000	0	4,000		(4,000)		0	(4,000)
<b>Total general fund services</b>	<b>277,048</b>	<b>0</b>	<b>277,048</b>	<b>283,979</b>	<b>6,931</b>	<b>0</b>	<b>283,979</b>	<b>6,931</b>
Cost of voluntary redundancies				9,342	9,342	(9,342)	0	0
Additional cost of employer's NI contributions	500			2,188	2,188		2,188	1,688
Use of reserves to underwrite base budget	(6,170)	0	(6,170)	0	6,170	(6,170)	(6,170)	0
<b>Net revenue budget</b>	<b>271,378</b>	<b>0</b>	<b>271,378</b>	<b>295,509</b>	<b>24,131</b>	<b>(15,512)</b>	<b>279,997</b>	<b>8,619</b>

10. As shown in table 1, within services there is a forecast adverse variance of £8.619m. This is after the utilisation of reserves to fund redundancy costs not able to be met within departments. Included in the table above are planned reserve movements totalling £6.170m, reserves are considered in more detail in paragraphs 46 to 49.

### Children's and adults' services (including public health)

11. Children's and adults' services experienced increased demand pressures in 2015-

- 16, at the same time as government cuts in funding. The department is encountering these pressures despite joint working with health, Better Care Fund services and a range of management actions and the council's protection of the children's social care budget.
12. The 2015-16 cost pressure of £18.7m was met by the planned use of departmental reserves. The increased pressures, in both level of demand and complexity of need, reflect the service pressures in social care being experienced across London and the country, and population increases of children and older people in Southwark. The 2016-17 position is made up of several years of pressures which were contained within previous higher funding levels, but now can't be met with lower resources. The department is aware that adjustments to the lower funding levels must be dealt with sensitively to reduce the impact on vulnerable residents.
  13. Children's and adults' services is currently forecasting a potential overspend of £15.022m for 2016-17. This is assuming successful implementation of significant and sometimes complex management actions. The forecast excludes a £1m pressure from National Insurance (NI) rate changes and the one-off cost pressure from redundancies, both of which will be met by corporate funds.
  14. The social care sector has been affected by demand pressures in both price (including London Living Wage) and volume. Inflationary pressures have been felt by providers and the department must consider the financial sustainability of providers to protect quality of care and safeguard our most vulnerable residents. The 2% precept for adult social care is rising in the region of £1.7m per annum and is being used to improve quality of services for older people and adults with disabilities living at home, in extra care housing, in care homes and in nursing care homes.
  15. Implementation of the Care Act has increased levels of referrals, information and advice, and carers assessments. Many local families, people with disabilities and their carers continue to experience increased pressure and uncertainty in regard to welfare reform with additional calls on support from the council. The closure of government programmes such as the Independent Living Fund mean that vulnerable people lose access to funding that had previously helped to address inequalities. Legislative reforms in regard to 'staying put' for children in care into adulthood and additional support for people with disabilities and carers have been welcomed but are not fully funded by government causing financial burden on the council.
  16. The council is committed to the Ethical Care Charter and has invested £2m, but there will be a further cost pressure in future years as part of the re-procurement of homecare contracts. In addition, the Better Care Fund has contributed £1.9m to support improved quality of care including this initiative. The position will need to be closely monitored through the procurement phases with a view to containing costs within the current budget constraints.
  17. The allocation of Better Care Fund in 2016-17 (£21.8m) is marginally smaller than in 2015-16 (£22.0m) and it includes monies previously provided separately for winter pressures. Funding has been required to meet increasing demand in areas such as end of life care and dementia, and to develop 7 day working which is a key national condition of the funding. The department continues to support services beyond social care eligibility levels (such as meals on wheels and telecare) and services supporting the acute sector.

18. Southwark is the sixth best performer nationally for low levels of delayed transfers of care (DTOCs), with delays less than a third of the national average. Re-ablement services have been improved with a reduction in the number of patients re-admitted to hospital (over 90% of patients remain at home 90 days after discharge). This performance represents a saving to the public sector as a whole, but at a cost to the council. Care home admissions have been kept at low levels, through re-ablement and services such as Night Owls and Care@home, allowing more people to be cared for at home, and helping to rebuild confidence, mobility, and independence.
19. Children's and adults' services represents the largest proportion of the council's general fund budget and accordingly have repeatedly set out to achieve significant budget efficiencies and savings. In 2015-16 these amounted to £17.5m, with a further £41.4m to be achieved from 2016-17 to 2018-19. The department is managing a large programme of efficiency initiatives and is mindful that the pace of change must allow for the correct fulfilment of obligations to appropriate consultation, procurement and value for money assessments, and implementation in ways that appropriately mitigate risk and treat residents with dignity and respect. Some departmental efficiencies are contingent on successful engagement with health partners to update service user pathways and ensure appropriate identification of, and funding for, health care needs. Slippage has occurred with savings relating to some commissioned services but the department has strong plans to achieve savings in the medium term, including in collaboration with the modernise programme.
20. Children's and adults' services continues to mitigate demographic growth (in numbers of referrals and level of need) by promoting re-ablement and improved independence, increasing resident access of existing services in the community, utilising assistive technologies (such as telecare), and efficient use of community-based services (such as homecare, day care, respite and fostering) to reduce the need for residential care. The department is also ensuring value for money by benchmarking unit costs against statistical neighbours, London and national levels to ensure that service provision is in line with national eligibility criteria.
21. The department has undertaken several reviews of services, engaging service users, carers, care staff, trade unions, partners and stakeholders in order to agree plans for modernisation and to achieve improved outcomes and best value. Immense efforts by staff and management continue to deliver high quality care and support to meet statutory obligations for children in need and at risk, families in crisis, vulnerable adults and carers. These efforts are also ensuring that opportunities created in Southwark are available to all residents, including care leavers, people with disabilities and carers.
22. The public health grant in 2016-17 is £28.9m following reductions of £2.3m over 2015-16 and 2016-17. Further reductions are indicated for the period 2017-18 to 2019-20 totalling £2.2m (7.6%). There is a continuing demand pressure in sexual health services of £2m, despite cost pressures being reduced where controllable through use of block contract arrangements and more efficient methods of service delivery. The public health grant currently supports council priorities including free healthy school meals, libraries and community sports, as well as core services for sexual health, substance misuse, obesity, health checks, children's health visitors and school nursing.
23. Southwark's education services continue to provide a high quality service, being

in the top eight of local authorities in the country for the proportion of schools rated as good or outstanding. The division is currently meeting significant special education needs cost pressures within its existing budget, with rising costs in placements and related transport, increasing demand in services for young people over 16 years old, and increasing demand in particular for Autistic Spectrum Disorder (ASD) placements. A strategy is being developed including increasing in-borough provision to reduce the need for expensive private and independent placements. Potential changes to the national funding formula remain a medium term risk for the division, and the education services grant (used to support statutory functions in relation to schools) was reduced in 2016-17 to £2.6m with the resulting budget pressure of £200k being met within the division.

24. The council has engaged RSM Tenon, under an executive board headed by the chief executive, to undertake a thorough review of the pressures underlying the current budget variations. These findings will be reported in November for consideration by the executive board.

### **Environment and leisure**

25. The environment and leisure department is forecasting a favourable variance of £660k. This does not include budget pressures of £589k from additional costs of employer's NI contributions to be met by corporate funds.
26. The main pressures within the departmental budget are from the impact of the Greater London provincial council pay agreement for low paid staff (£108k) and the net cost to the department of the voluntary enhanced redundancy scheme 3 (£600k).
27. These budget pressures are mitigated by favourable variances in road network management and parking services (£650k) resulting in a favourable variance of £660k as shown above.
28. The department has implemented most of its proposed savings for this financial year, although some of the savings options for the waste division have had to be delayed. The department is confident of fully achieving its savings target but should a shortfall result this will be mitigated by favourable variances elsewhere in the department.

### **Housing and modernisation**

29. Early forecasts show an adverse variance of £1.858m after the planned drawdown of earmarked reserves to cover known commitments within the modernisation division. The forecast is based on best estimates and includes a number of assumptions in terms of volumes, activity and costs. It remains subject to movement and should be viewed with caution at this point. The forecast currently excludes costs arising from the council's voluntary severance scheme, which it is assumed will be met from corporate reserves. At this time it is estimated that these will be in the region of up to £3.743m.
30. Previous monitoring reports have alerted cabinet to the significant financial pressure presented by increasing demand for temporary accommodation and consequent costs. This pressure is believed to have been caused not least by recent legislative changes especially with regard to welfare benefit, the costs of housing in inner London and population movements. Limited use of privately leased accommodation has helped to meet some demand, but for many providers

this is no longer financially viable given the impact of welfare benefit reforms. Wherever possible, the council uses its HRA hostels and estate voids rather than more expensive nightly paid accommodation as a means of mitigating the cost to the general fund. In recognition of the continued trend of rising demand and costs, the council agreed to increase the budget provision for temporary accommodation from 2016-17, which based on current activity levels can be contained within the resources available.

31. NRPF (No Recourse to Public Funds) is demand driven and has become a significant drain on council resources. Despite a thorough review of long standing cases and the introduction of a more rigorous assessment process caseload remains high. In recognition of this pressure, the council agreed to reinstate the budget provision to its former level prior to transfer to housing and modernisation. The total budget in 2016-17 is £4.13m. However, given the current upward demand trend, costs are almost certain to exceed budget and require the drawdown of corporate reserves or contingency to fund the additional expenditure of £1.87m.

#### **Chief executive's department**

32. The chief executive's department is forecasting a zero variance. The main budget pressures are from the removal of the 3.4% national insurance rebate for staff in the pension scheme (£62k), which is shown separately in table 1. The net cost of the voluntary enhanced redundancy scheme 3 is being managed within departmental budgets.
33. The department has implemented most of the proposed savings for this financial year. Although one of the 2016-17 proposed savings options for the chief executive's office has created a budget pressure the department is confident of fully achieving its savings target. Any shortfall which does arise will be mitigated by other favourable variances within the department.

#### **Finance and governance**

34. The department is currently forecasting a £289k favourable variance, before any planned utilisation of reserves. This does not include £441k additional costs of employer's national insurance contributions to be met by corporate funds, which are shown separately in table 1. The remaining variance is made up of two key areas:
  - £241k favourable variance from financial and information governance division mostly attributable to staff vacancies
  - £394k adverse variance reported by law and democracy, relating to the costs of the European Referendum election costs which may not be reimbursed from grant.
35. Work is underway to balance the budget position, including consideration of the use of reserves to support any unfunded election and referendum costs and any future voluntary severance costs.

#### **Strategic finance**

36. As part of the budget savings proposals, a review of the council's minimum revenue provision was undertaken, facilitating future savings of £5m per annum.

As noted in the outturn report, this saving was delivered in 2015-16 and will be ongoing in 2016-17. As this saving was not included in 2016-17 projections, it presents a one-off windfall which will be used to offset the budget pressures described above.

### Contingency

37. It is anticipated that the £4m contingency budget will be fully utilised to meet the children's and adults' services and No Recourse to Public fund budget pressures as described above.

### Voluntary severance

38. In order to mitigate the impact of cuts and budget reductions on staff, the enhanced voluntary severance scheme was re-opened for a limited period. Where possible departments are asked to meet these costs from within their departmental budgets and savings from related staff budgets. Where this is not possible departments have provided an indication of potential requests from reserves within the narrative above, and this has been reflected in table 1. A clearer forecast of these costs will be reported as part of the next planned revenue monitoring report in February 2017, and where relevant costs may be capitalised.

### Progress in delivering efficiencies and improved use of resources and income generation

39. As part of the budget setting process for 2016-17, £26.6m savings and income generation proposals were agreed. At this point, it is anticipated that in the majority of cases, where savings are at risk of being fully implemented in year, substitute savings have been identified, as reflected in the forecast outturn position reported for each department.

### Housing revenue account (HRA)

**Table 2: HRA forecast outturn position for 2016-17**

Division	Full Year Budget £000	Forecast Outturn £000	Forecast Variance £000
Central Services	(92,937)	(93,670)	(733)
Asset Management	49,070	50,233	1,163
Communities	(6,781)	(7,070)	(289)
Resident Services	28,610	28,693	83
Modernisation	(5,493)	(5,493)	0
Customer Services	(1,499)	(1,519)	(20)
Revenue funding to Housing Investment Programme	27,593	27,593	0
<b>Total variance (under)/overspend</b>			<b>204</b>
Appropriation to/from Reserves	1,436	1,232	(204)
<b>Total HRA</b>	<b>0</b>	<b>0</b>	<b>0</b>

40. Indications are that the outturn will be broadly neutral overall based on known budget pressures and commitments, with planned contributions to the housing



investment programme (HIP), reserves and debt repayment broadly in line with expectations, and a small overspend met by a reduced contribution to reserves. The key budget headlines are outlined below.

41. Landlord services, particularly the maintenance, repair and improvement of the housing stock, consume the greatest proportion of operating resources. The continued robust management and control of high volume, high value contracts continues to deliver greater value for money, but budgets remain under considerable pressure following the reduction in rents arising from the imposition of central government rent control. Included in the forecast is a projected adverse variance of £1.2m from Southwark Building Services (SBS) which falls as a cost to the HRA as their primary client. Management are currently considering measures to improve the trading performance going forward.
42. Under self-financing, income has assumed paramount importance for the sustainability of the HRA and delivery of landlord services to residents, particularly tenant rents and service charges. Mainstream residential rent debit is tracking to budget and rent collection performance continues to show resilience, notwithstanding the impact of welfare benefit changes and the roll-out of direct payment and universal credit. The HRA continues to maintain adequate provisions to meet potential losses of this nature at all times.
43. Homeowner service charges represent the second largest income stream to the HRA and costs are fully recoverable under the terms of our lease in order to prevent cross-subsidy from tenants. The value of rechargeable capital works is intrinsically linked to the HIP, but is not linear. The scale of investment and delivery of the Warm, Dry and Safe (WDS), Fire Risk Assessment (FRA) and other works programmes has accelerated rapidly in recent years, which has been reflected in higher billing and this will be carried through into the current year. Collection of £15.8m has been achieved to the end of July, including service charge loans, which suggests a full-year figure in excess of the target of £35.5m.
44. The central services activity accounts for over half of the gross HRA and comprises key budgets pertaining to departmental and corporate overheads, financing, capital expenditure from revenue account (CERA), depreciation, arrears write-offs/provisions and major projects, such as Aylesbury, the revenue impact of which falls outside mainstream operational budgets due to their exceptional nature. There are a number of known pressures and commitments in the pipeline, the extent of which are not yet fully quantified, but which are expected to be contained within budget.
45. The ring-fenced nature of the HRA requires that surpluses or deficits are carried forward between years and at 31 March 2016 HRA reserves stood at £16.6m. Whilst every effort is made to maintain reserves at an appropriate level to mitigate future risks, fulfil future commitments already made and enable the transformation and modernisation of services going forward, this is currently below the optimal level required and presents a moderate risk, which will be managed throughout the year and addressed in subsequent budget planning rounds.

## **Reserves**

46. The council retains a level of earmarked reserves and these are reported each year within the annual statement of accounts. These reserves are maintained to

fund:

- invest to save opportunities, which form part of the modernisation agenda and are expected to deliver future ongoing revenue savings
  - investment in regeneration and development where spend may be subject to unpredictable market and other factors
  - exceptional items or pressures which are difficult to predict and which are not included in revenue budgets or within the capital programme.
47. Where a department identifies a need for additional funding there is a robust process for seeking support from reserves. The department must demonstrate that it is unable to contain the identified additional pressure within its existing budget, or provide evidence of prior agreement that the expenditure will be met from reserves.
48. The budget approved by council for 2016-17 included a planned release of reserve of £6.2m. This call on reserves provided some flexibility in terms of budget setting and the savings that the council identified in the policy and resources strategy. This call on reserves will have to be made in full. As the year progress departments will continue to take management actions to reduce the cost pressures identified, and any plans to draw down further from reserves to support the budget for 2016-17 will be monitored.
49. The level of reserves will need to be kept under close review, in 2015-16, £21.6m revenue reserves were utilised, resulting in revenue reserves opening balances of £56.35m for 2016-17. As the period of austerity and funding reductions for local government continues, the council will wish to ensure that reserves are retained at appropriate and adequate levels to safeguard service provision as well as to support modernisation of the organisation. The strategic director of finance and governance will report on the adequacy of reserves moving forward.

#### **Council tax/business rate collection fund**

50. Business rate collection performance, together with additional development within the borough, continues to be ahead of target. Under the business rate retention system the council retains 30% of any business rate growth beyond the baseline set by the government.
51. With regard to council tax, the combination of increased homes, reduced council tax support claimants and lower awards of reliefs and exemptions means that council tax income in 2016-17 exceeds forecast. This has also contributed to an estimated surplus on the collection fund at 31 March 2017 of £3.6m, which, if confirmed closer to the date, will be distributed to preceptors to support the 2017-18 budget, in accordance with regulations.
52. The updated medium term financial strategy (table 3) reflects technical adjustments relating to a review of the council's balance sheet. A significant part of the £5.0m relates to amounts previously set aside for business rate appeals. If a business disagrees with a property's rateable value they can appeal the valuation which will be considered by an independent valuation tribunal. There are currently 2,300 outstanding appeals. The uncertainty created by appeals means that resources that could be spent on local services have to be held back to cover the costs of successful challenges and back dated appeals. In closing the 2015-16 accounts, and based on local experience of previously settled claims, we have

reviewed and reduced the level of resources set aside for appeals.

53. The medium term financial strategy assumes that the council tax will not increase over the three year period 2017-18 to 2019-20 and that the powers to raise the adult social care precept of 2% will be applied. Broadly, a 2% increase in council tax will raise around £1.7m per annum.

**Financial implications for the Fairer Future medium term financial strategy (FFMTFS) 2017-18 onwards**

54. In September 2016, cabinet was provided with an update on the FFMTFS. This set out a three year indicative budget (2017-18 to 2019-20), building on the original budget set in February 2016 and subsequently updated in line with the provisional government settlement for 2019-20. This included a further funding reduction of revenue support grant, other grants and New Homes Bonus of £9.2m. Budget setting is an iterative process; adjustments are expected to continue to be made as further information becomes available.
55. This report has described ongoing forecast cost implications for 2016-17 that need to be factored into the FFMTFS. These additional budget pressures netted against updated income forecasts have resulted in updated budget shortfall across the three years. This is set out in full in table 3. Assumptions for future years funding continues to be uncertain given changes in the New Homes Bonus, new Better Care funding arrangements and impact of welfare reforms.
56. The budget pressures identified in children's and adults' services, impact of increased national insurance costs across the council and no recourse to public funds cost pressures represents ongoing cost pressures of £18.5m. This is only in part offset by additional revisions to the minimum revenue provision. Further, over this period a review of council tax and business rates income and provisions has led to an assumed increase in income, offset against a revised downward estimate of new homes bonus. Further, the children's and adults' social care budget pressure assumptions of £15m will be subject to review once the RSM Tenon findings have been considered.
57. Officers are being asked to prepare proposals for savings over the next three years. These will represent a reduction of around 20% net budget above those savings (£42.6m) set out in the February 2016 indicative budget. The immediate priority is to provide savings to balance the budget for 2017-18 with further budget options for the following two years also to be considered.
58. As in previous years a robust budget challenge process will be followed with the initial budget proposals to be considered in December cabinet. Further, new savings proposals will be subject to equalities impact assessments and stakeholder consultation as appropriate.
59. By February 2017, a balanced budget for 2017-18 will be presented to council assembly. Meeting the challenge of £8.1m for 2017-18 will have positive benefits for future years, reducing the current predicted funding shortfall to £11.9m in 2018-19 and £23.3m in 2019-20.

Table 3: Medium term financial strategy as at October 2016

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
<b>Resources (change in each year)</b>		<b>(304.5)</b>	<b>(298.5)</b>	<b>(290.2)</b>
Retained Business Rates (DCLG)	(60.7)	(1.2)	(-1.8)	(2.1)
Business rates top-up (DCLG)	(45.3)	(0.9)	(1.4)	(1.5)
Revenue Support grant and other grants (inc. Public Health and Specific Grants)	(106.6)	17.2	11.5	11.8
<b>Total funding including public health and other specific grants</b>	<b>(212.6)</b>	<b>-289.4</b>	<b>(290.2)</b>	<b>-282.0</b>
Council Tax baseline	(83.2)	(2.5)	(0.7)	(1.2)
ASC Council Tax precept	(1.7)	(1.7)	(1.8)	(1.9)
Estimated Business Rates Retained	(4.6)	(4.3)	0	0
Collection fund surplus	(2.4)	(0.6)	2.5	0
<b>Total revenue from council tax and business rates</b>	<b>(91.9)</b>	<b>(9.1)</b>	<b>0</b>	<b>(3.1)</b>
<b>Total funding</b>	<b>(304.5)</b>	<b>(298.5)</b>	<b>(290.2)</b>	<b>(285.0)</b>
<b>Budget starting point including Public Health expenditure (change in each year)</b>	<b>318.2</b>	<b>310.7</b>	<b>316.6</b>	<b>314.2</b>
Employees (1% p.a)	1.7	1.7	1.7	1.7
Employees - NI increase	0.5	1.5	0.0	0.0
Contractual inflation	2.8	1.5	1.5	1.5
Commitments	11.0	7.8	6.2	0.3
Children and Adults budget pressure		15.0	0.0	0.0
No recourse budget pressure	2.3	2.0	0.0	0.0
Technical adjustments (paragraph 52)		(5.0)		
<b>Grants</b>				
Changes to New Homes Bonus	(6.3)	2.5	3.0	(0.8)
Changes in grant related expenditure	5.4	0.0	0.0	0.0
HB admin subsidy and council tax support	0.7	0.6	0.6	
Net change in council tax freeze grant	0.9			
<b>Net Budget before proposals</b>	<b>337.2</b>	<b>343.3</b>	<b>329.6</b>	<b>316.9</b>
<b>Proposals</b>				
Effective use of resources and efficiencies	(13.9)	(19.2)	(8.8)	0.2
Income generation	(10.0)	(6.0)	(5.0)	0.0
Savings impacting on service delivery	(2.6)	(1.5)	(1.6)	(0.7)
<b>Total budget</b>	<b>310.7</b>	<b>316.6</b>	<b>314.2</b>	<b>316.4</b>
Current contribution from balances	(6.2)	(5.0)	(4.0)	0.0
Net budget after contribution from balances	<b>304.5</b>	<b>311.6</b>	<b>310.2</b>	<b>316.4</b>
<b>Funding Shortfall / (Surplus)</b>	<b>0.0</b>	<b>8.1</b>	<b>20.0</b>	<b>31.4</b>

### Treasury management

60. The council holds its cash in money market instruments diversified across major banks, building societies, and bonds issued by the UK government and supranational entities. Cash funds represent income received in advance of expenditure plus balances and reserves. The investment priorities are capital

preservation and liquidity. These investments are managed by an in-house operation and two investment firms: Aberdeen Asset Managers and AllianceBernstein. Investments are rated in the following way by Fitch, Moody's and Standard and Poor's:

<b>Rating</b>	<b>Definition</b>
AAA	Highest credit quality
AA+/AA/AA-	Very high credit quality
A+/A/A-	High credit quality
F1+/F1	Highest short term credit quality; strongest capacity for timely payment (+donates exceptionally strong credit feature)

61. Up to the end of the period the sum invested averaged £164m (£245m during the same period last year) and the balance at 30 June 2016 was £186m (£264m at 30 June 2015). The reducing cash balances reflects a number of factors, in particular the use of reserves to support both capital and revenue spending and reduced government funding.
62. The average return over the quarter was 0.60%. Base rate at 31 July was 0.5%. At its meeting in August, the Monetary Policy Committee cut Bank Rate to 0.25% from 0.5% and introduced a term funding scheme. Rates had been held at 0.50% since 2009. Reducing cash balances and 'lower for longer' interest rates mean that investment returns will be lower than that earned in recent years.
63. The council's investment maturity profile as at 30 June 2016 is shown below

<b>INVESTMENT MATURITY PROFILE AND RATING - 30 JUNE 2016</b>				
<b>Yr Band</b>	<b>A</b>	<b>AA</b>	<b>AAA</b>	<b>Total</b>
Up to 1 Year	19%	18%	43%	<b>80%</b>
1 - 2 years	2%	9%	2%	<b>13%</b>
2 - 5 years	0%	4%	2%	<b>7%</b>
<b>Total</b>	<b>21%</b>	<b>32%</b>	<b>47%</b>	<b>100%</b>

Couterparty	Country Of Origin	CREDIT RATING			FUND			Grand Total £m
		Sovereign Rating	Long- term	Short term	Aberdeen £m	Alliance £m	In house £m	
AUSTRALIA & NEW ZEALAND BANKING	AUSTRALIA	AAA	AA-	F1+	2.0	1.4	-	3.4
BANK NEDERLANDSE GEMEENTEN N	NETHERLANDS	AAA	AAA		-	0.7	-	0.7
BANK OF AMERICA	UNITED STATES	AAA	A+	F1+	3.0	-	-	3.0
BANK OF MONTREAL	CANADA	AAA	AA-	F1+	-	1.7	-	1.7
BANK OF NOVA SCOTIA	CANADA	AAA	AA-	F1+	2.0	1.4	-	3.4
BARCLAYS BANK PLC	GREAT BRITAIN	AA+	A	F1	-	2.2	-	2.2
BRITISH POUND	GREAT BRITAIN	AA	AA+		-	11.3	-	11.3
CAISSE D'AMORTISSEMENT DE LA D	FRANCE	AA	A2		-	1.4	-	1.4
CANADIAN IMPERIAL BANK	CANADA	AAA	AA-	F1+	2.0	2.2	-	4.2
COMMONWEALTH BANK OF AUSTRALIA	AUSTRALIA	AAA	AA-	F1+	3.6	2.2	-	5.8
CREDIT AGRICOLE CORP & INVST BAN	FRANCE	AA	A	F1	1.5	2.3	-	3.8
CREDIT SUISSE AG/LONDON	SWITZERLAND	AAA	A	F1	1.2	1.3	-	2.5
DANSKE BANK A/S	DENMARK	AAA	A	F1	3.0	1.4	-	4.4
EUROPEAN INVESTMENT BANK	SUPRANATIONAL	AAA	AAA	F1+	4.9	-	-	4.9
EXPORT DEVELOPMENT CANADA	CANADA	AAA	AAA		-	1.4	-	1.4
FMS WERTMANAGEMENT AOER	GERMANY	AAA	AAA	F1+	-	2.9	-	2.9
GLOBAL TREAS FUNDS - MMF	GLOBAL	AAA	AAA		-	-	33.4	33.4
ING BANK NV	NETHERLANDS	AAA	A+	F1	-	2.1	-	2.1
INTERNATIONAL BANK FOR RECON & D	SUPRANATIONAL	AAA	AAA	F1+	-	2.9	-	2.9
INTERNATIONAL SECURITY FUND - M	GLOBAL	AAA	AAA		-	-	34.8	34.8
JPMORGAN CHASE & CO	UNITED STATES	AAA	AA-	F1+	-	1.4	-	1.4
LLOYDS TSB BANK PLC	GREAT BRITAIN	AA	A+	F1	3.0	2.2	-	5.2
NATIONAL AUSTRALIA BANK LTD	AUSTRALIA	AAA	AA-	F1+	2.5	1.5	-	4.0
NATIONWIDE BUILDING SOCIETY	GREAT BRITAIN	AA	A	F1	-	2.3	-	2.3
NEDERLANDSE WATERSCHAPSBANK	NETHERLANDS	AAA	AAA		-	2.2	-	2.2
NORDEA EIENDOMSKREDDIT AS	NORWAY	AAA	AA-	F1+	-	2.2	-	2.2
RABOBANK LONDON	GREAT BRITAIN	AA	AAA		-	1.9	-	1.9
ROYAL BANK OF CANADA	CANADA	AAA	AA	F1+	2.0	1.7	-	3.7
SANTANDER UK PLC	GREAT BRITAIN	AA	A	F1	-	1.4	-	1.4
SKANDINAVISKA ENSKILDA BANKEN	SWEDEN	AAA	AAA		-	1.6	-	1.6
SOCIETE GENERALE	FRANCE	AA	A	F1	4.5	2.3	-	6.8
STANDARD CHARTERED BANK	GREAT BRITAIN	AA	A+	F1	1.0	-	-	1.0
SWEDBANK HYPOTEK AB	SWEDEN	AAA	AAA		-	1.5	-	1.5
SVENSKA HANDELSBANKEN	SWEDEN	AAA	AA	F1+	3.0	-	-	3.0
TORONTO-DOMINION BANK	CANADA	AAA	AA-	F1+	3.0	1.4	-	4.4
UBS LONDON	SWITZERLAND	AAA	A	F1	3.5	-	-	3.5
UNITED KINGDOM I/L	GREAT BRITAIN	AA	AA+	F1+	-	7.1	-	7.1
UNITED KINGDOM TBILLS	GREAT BRITAIN	AA	AA+	F1+	-	2.3	-	2.3
WESTPAC BANKING CORP	AUSTRALIA	AAA	AA-	F1+	1.0	-	-	1.0
<b>Grand Total</b>					<b>46.7</b>	<b>71.9</b>	<b>68.2</b>	<b>186.8</b>

64. In the year £2.5m in Public Works Loan Board (PWLB) loans matured and were paid off. No new loans were taken and the debt balance outstanding at 30 June 2016 was £460m. Affordability and the “cost of carry” remained important influences on the council’s borrowing strategy.
65. All treasury management activity was in compliance with the approved treasury management strategy and prudential indicators for 2016-17.
66. In the lead up to, and following the result of the EU referendum there has been reassurance that the Bank of England was ready to support money market liquidity. Various indicators of credit risk reacted negatively to the result of the referendum on the UK’s membership of the European Union. UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing the largest falls.
67. Fitch downgraded the UK’s sovereign rating by one notch to AA from AA+, and Standard and Poor’s downgraded its corresponding rating by two notches to AA from AAA. Fitch, S and P and Moody’s have a negative outlook on the UK.

68. Moody's affirmed the ratings of nine UK banks and building societies and revised the outlook to negative for those banks and building societies that it perceived to be exposed to a more challenging operating environment arising from the 'leave' outcome.
69. There was no immediate change to Arlingclose's credit advice on UK banks and building societies as a result of the referendum result.

### Community impact statement

70. This report monitors expenditure on council services, compared to the planned general fund budget agreed in February 2016, and HRA budget agreed in January 2016. Although as a monitoring report this report has been judged to have no direct impact on local people and communities, the expenditure it is reporting reflects plans designed to have an impact on local people and communities. Community impact was considered at the time the services and programmes were agreed. It is important that resources are efficiently and effectively utilised to support the council's policies and objectives.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2016-17 to 2018-19: Cabinet 09/02/2016	160 Tooley Street PO Box 64529 London SE1P 5LX	Fay Hammond 020 7525 0614
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/documents/s59876/Report%20Policy%20and%20Resources%20Strategy%20201617%20-%20201819.pdf">http://moderngov.southwark.gov.uk/documents/s59876/Report%20Policy%20and%20Resources%20Strategy%20201617%20-%20201819.pdf</a>		
Housing Revenue Account budget: Cabinet 27/01/2016	160 Tooley Street PO Box 64529 London SE1P 5LX	Ian Young 020 7525 7849
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/documents/s59180/Report%20HRA%20final%20rent%20setting%20and%20budget%20report.pdf">http://moderngov.southwark.gov.uk/documents/s59180/Report%20HRA%20final%20rent%20setting%20and%20budget%20report.pdf</a>		

### APPENDICES

No.	Title
None	

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Fiona Colley, Finance, Modernisation and Performance	
<b>Lead officer</b>	Duncan Whitfield, Strategic Director of Finance and Governance	
<b>Report author</b>	Jennifer Seeley, Director of Finance	
<b>Version</b>	Final	
<b>Dated</b>	21 October 2016	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	N/A	N/A
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	21 October 2016	



<b>Item No.</b> 16.	<b>Classification:</b> Open	<b>Date:</b> 1 November 2016	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Safe As Houses? Commissioning independent social research into the early impacts of Universal Credit and changes to arrangements for payment of housing cost support among social housing tenants in Southwark	
<b>Ward(s) or groups affected:</b>		Working age social housing tenants in receipt of housing cost support through Universal Credit or housing benefit (control group)	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Finance, Modernisation and Performance	

**FOREWORD - COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, MODERNISATION AND PERFORMANCE**

During the summer the Government announced yet another delay to the national roll out of Universal Credit (UC). However, those changes *did not* affect Government plans for roll-out of Universal Credit across almost the whole of Southwark from this autumn – plans that will make Southwark among the first areas in the country to which UC “full service” is introduced.

The roll-out of UC in Southwark, when coupled with the impacts of the more recent *Housing & Planning Act* and *Welfare Reform & Work Act*, places us at the sharp end of what the Council regards as nothing less than an onslaught on social housing - and on Council tenants in particular.

UC was a reform that the Council might have at least partly welcomed in principle as it had initially appeared to offer a greater reward to work by allowing claimants who started work, or worked more hours, to keep more of what they earned before their benefits started to be clawed back. However, those principles have been stripped away – so much so that many working families on lower incomes and transferring to UC this year and next year will find themselves worse off than they would have been under the old system.

We now face a new, working age welfare system which carries huge risks for Council tenants, all social housing tenants and all social landlords managing homes for rent in Southwark - including the Council itself - but without any apparent, compensating advantages.

The full extent of those risks was exposed by the Council's participation in a pilot scheme which tested new aspects of UC design in 2012 and 2013 – in particular the change under which UC would be paid as a single, monthly, payment to a household that would include an amount to help meet the rent. The pilot project was carefully controlled and only selected tenants took part but, even so, we found that, by the end of the eighteen month project period, many more of those tenants were in rent arrears and the value of rent arrears among those tenants participating in the pilot had doubled.

The Government responded to pilot findings by introducing measures which, Ministers argued, would reduce the risks of UC to social housing tenants and their landlords. I am not convinced that these safeguards are adequate and it is a matter of fact that the effectiveness of those measures is still to be properly evidenced. Whilst the council continues to advise tenants through the provision of budgeting support, it is clear that financial exclusion among our residents is already a significant issue and one we fear that the introduction of UC may have the effect of worsening.

These changes also create a considerable financial risk for the council, coming on top of the impacts of the *Welfare Reform and Work Act* which imposes year on year rent reductions on a Council which already charges among the lowest social rents in London. Those rent reductions alone will result in a £62.5m loss to the Housing Revenue Account, potentially placing our planned housing investment programme in jeopardy.

As a Council and a landlord we can ill afford further losses as a consequence of Government welfare reform. That is why I have instructed officers to commission independent social research into the early impacts of UC for social housing tenants in Southwark.

I am delighted that Tenant Council have endorsed this approach and that other social landlords operating in Southwark – Peabody Trust and Family Mosaic - are also prepared to partner with the Council as we demonstrate leadership on this matter. Finally, I am pleased that our neighbouring local authority, Croydon, another early roll-out site for UC full service, which also manages its own Council housing stock and is facing similar challenges to our own, have also decided to ally themselves with the Council as we take this work forward.

I am also delighted that the well respected Smith Institute has now been commissioned to deliver this research. The Smith Institute provided secretariat for the independent commission on the *Future of Council Housing in Southwark* as it carried out its work a few years ago and the team carrying out this new research will bring a unique depth and breadth of knowledge and understanding of Southwark Council housing and Southwark Council's tenants to this task

The council cannot stop the roll-out of UC; nor has the council had any say in deciding where UC is to roll-out in our borough, or when. However, we will not stand idly by in the face of such grave risks and the council will act firmly and prudently to protect social housing and social housing tenants. When the research is concluded next year we will confront Government with the evidence of Universal Credit's impacts and, where the evidence justifies it, demand greatly strengthened safe-guards for social housing tenants and landlords alike.

## **RECOMMENDATIONS**

1. That cabinet note work being undertaken to commission independent social research into the impact of Universal Credit (UC) "full service" roll-out among affected social housing tenants in Southwark – predominantly Council tenants.

## BACKGROUND INFORMATION

2. Universal Credit will imply significant changes to how housing cost support is paid to social housing tenants – especially Council tenants. The purpose of the research is to allow the Council to better understand the early impacts of those changes and how our tenants are coping with them in terms of rent payment and patterns of payment and arrears. It will also explore tenants' behaviours and attitudes towards rent payments under the new arrangements. These require working age council tenants who are reliant on benefits to take greater personal responsibility for paying their rent than the existing arrangements (housing benefit) under which rent in the form of benefits is always paid directly to the Council (the landlord). Learning from the research is expected to inform the Council's future approach to rent income management, tenancy sustainment and homelessness prevention.

### (a) Government plans to reform working age welfare (Universal Credit)

3. Universal Credit was provided for in the Welfare Reform Act 2012 and was described by the then Government as the biggest change to the UK social security system for more than half a century.
4. According to the Government Universal Credit aims to reduce poverty, by making work pay, and to help claimants and their families to become more independent. It also aims to simplify the benefits system by providing a single, monthly, payment based upon the circumstances of the household. Support for housing costs, children and childcare costs are integrated in the new benefit. It also provides additions for disabled people and carers.
5. A simplified version of Universal Credit available only to certain defined groups was introduced in April 2013 in so called *pathfinder* areas of north-west England. Since October 2013, that version of Universal Credit has progressively been rolled out to other parts of Great Britain by the Department for Work and Pensions (DWP).
6. A test of what DWP describe as "full service" for Universal Credit was launched in a single postcode area of south London in late 2014. UC full service then expanded into a small part of the London Borough of Southwark, for the first time, from November 2015 - before rolling out to a larger area in the northern part of the borough, served by London Bridge Jobcentre, from the end of February 2016. Government plans for further roll-out of Universal Credit "full service provide for its expansion to the entire borough of Southwark during the autumn 2016 (areas served by Peckham JCP, Kennington Park JCP)
7. The following working-age benefits will be replaced as Universal Credit rolls out:
  - income-based Jobseeker's Allowance
  - income-related Employment and Support Allowance
  - income Support
  - working tax credit
  - child tax credit
  - housing benefit

8. The main differences between Universal Credit and the arrangements it will replace are set out below. The changes that the proposed research will focus on, particularly in terms of how affected social housing tenants in Southwark *are coping* with them, are highlighted in bold.
- Universal Credit is available to people who are in work and on a low income, as well as to those who are out-of-work (under existing arrangements different benefits are paid to those who are in work and those who are out of work)
  - **most people will apply online and manage their Universal Credit claim through an online account** (under existing arrangements many people claim benefits over the phone or using paper forms and must report any changes in their circumstances to the organisation that administers their benefits in writing)
  - Universal Credit will be responsive – as people on low incomes move in and out of work, they will get on-going support (under existing arrangements if you start work you may have to stop claiming out of work benefits and instead claim in work benefits)
  - most claimants on low incomes will still be paid Universal Credit when they first start a new job or increase their part-time hours.
  - **claimants will receive a single, monthly, household payment, paid into a bank account in the same way as a monthly salary; support with housing costs will usually go direct to the claimant as part of their monthly payment** (under existing arrangements housing cost support is paid as housing benefit and separately from other benefits. For Council tenants housing benefit is always paid weekly, direct to the tenant's rent account)
  - additionally Universal Credit design entails **a number of changes to how housing cost support is calculated and paid** – for example a seven day waiting period – compared with the existing housing benefit scheme (there is no formal waiting period for social security benefits under existing arrangements). Additionally those making a claim for Universal Credit may expect to wait for at least seven weeks for their first payment to be made (most housing benefit claims are paid much more quickly than that)
- (b) **What are government plans for Universal Credit rollout expected to mean for those living in rented social housing in the London Borough of Southwark**
9. Southwark has a larger proportion of its housing stock made up of rented social housing than any other local authority area in England and Wales (see reports papers). The Council itself is the largest social landlord in the borough and among the biggest social landlords in the south of England.
10. About half of all those living in rented social housing in Southwark currently receive support with paying their housing costs through housing benefit – one of the benefits to be replaced by Universal Credit for those of working age – or about one in five of all households in the locality. Most of those households are not working – but a rapidly growing proportion of those households claiming

housing benefit in Southwark include at least one adult who is in work. By 2022 it is expected that all those living in rented social housing who are of working age and in need of housing cost support will be receiving that support in the form of Universal Credit

11. Currently, most social housing tenants who are receiving housing benefit – including all Council tenants receiving housing benefit – have their housing cost support paid direct to their landlord by the local authority which administers housing benefit. For council tenants, housing benefit is always paid weekly. Those living in other tenures and claiming housing benefit usually have their benefit paid four weekly, or monthly, in arrears.
12. Universal Credit roll-out is expected to imply particularly significant changes for social housing tenants - and above all council tenants - in terms of how their housing cost support is paid and how they will need to budget and manage their household finances in future. Should social housing tenants fail to cope with the changes, or adapt quickly to the new arrangements, there is a significant risk that they will fall into rent arrears, or deeper into rent arrears, as a consequence - in some cases, potentially putting their home in jeopardy.
13. There is a wide range of evidence which suggests that social housing tenants will be among those who are most likely struggle to cope with the changes to how housing cost support is calculated and paid under Universal Credit. This is due to some of the characteristics of social housing tenants compared with similar households who own their own homes or who rent their home privately.
14. Those living in social housing in all parts of GB are, for a number of reasons, generally more likely to be considered “excluded” by a range of measures<sup>1</sup> – including economic inactivity, lack of access to a mainstream bank or building society account or lack of financial capability more generally and lack of access to the internet and poor digital skills – than those living in other tenure types (see report papers).

**(c) What steps have already been taken to prepare for the impacts of Universal Credit roll-out for social housing tenants in Southwark?**

15. The council and other providers of social housing in Southwark have been aware of the potential challenges presented by UC for tenants and landlords alike since before the inception of the new scheme. The Council has acted prudently by participating in a range of Universal Credit test and trial activity developed by Government following lobbying by local authorities and the social housing sector across Great Britain.
16. Southwark Council and Family Mosaic (a registered provider of social housing with a significant stock of rented, general needs, social housing in London Borough of Southwark) both participated in the DWP sponsored **Direct Payments Demonstration Project** (DPDP) which took place between 2011 and 2013. The project tested an approach under which social housing tenants had their housing cost support paid directly to themselves – rather than having it paid to their landlord - in a way that would replicate Universal Credit payment arrangements as closely as possible but at a time when Universal Credit had not yet been introduced anywhere in GB.

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17. The aims of the Direct Payment Demonstration Project were to:
- evaluate the impact of the demonstration projects on tenants and on a range of stakeholders (including local authorities, other social landlords and lenders)
  - test and further develop the trigger points for making payments to landlords and the associated safeguards for landlord income streams
  - evaluate the most effective forms of support to help individuals budget effectively and improve their financial independence
  - develop a definition of *tenants with significant support needs* to inform exemptions and safeguard policies and create a methodology for identifying these groups.
18. A number of other local authorities and social landlords took part in the project at a total of six sites in different parts of Great Britain. The project was evaluated by Centre for Regional and Economic Research (Sheffield Hallam University) and all reports are now publicly available (see reports papers)
19. Key findings from the national project evaluation included the following:
- in spite of various safeguards set in place, rent payments among tenants moving to a direct payment arrangement fell steeply during the three months following the change - before recovering somewhat.
  - where tenants taking part in the project remained on direct payment, continuously, for sixteen months, their rent payments for the period as a whole were more than 2% lower than among other tenants in a control group who did not move to a direct payment arrangement.. This finding was based on evaluation of cumulative results from different landlords of differing types across six test sites in different parts of GB and the 2% figure was an average. It should be noted that the rent loss for Southwark Council tenants who participated in DPDP, continuously, for a period of sixteen months was much greater than 2%
20. The analysis concluded that *In many respects the key consequence of the introduction of direct payment [is that it] introduced the potential (or risk) for tenants to underpay rent by a significant amount....Direct payment has not just introduced a degree of risk for landlords but also for tenants, many of whom are managing on limited budgets and already have debts and financial commitments they are struggling to meet. The package of support available is important in this context.....these results point clearly to the need for mitigating action during the transition to direct payment [taking the form of]*
- *support to tenants*
  - *close monitoring of rent accounts*
  - *cautious assessments of tenant's readiness for direct payment*
  - *on-going support processes or other interventions*
21. Government's response to DPDP findings was two-fold. First, Government published new official guidance setting out clear criteria for *alternative*

*payment arrangements* (APA) for UC, including an arrangement under which the housing cost element of a claimant's UC award could be paid directly to their landlord. The second part of the Government's response was based on acknowledgement that some UC claimants would need support as they made the transition to new arrangements. That support would take two main forms. First, *personal budgeting support* that would help claimants to manage their household budgets effectively under new arrangements, ensure they had a suitable transactional bank account into which their UC could be paid, and that they were able to make use of services such as direct debit to pay priority bills – especially rent. The second form of support would be *digital up-skilling* that would help claimants develop the improved digital skills they would need to set up and manage their UC account on-line.

22. In 2013 the Government announced that it would test and trial the delivery of what it terms *Universal Support* (encompassing both personal budgeting support and digital up-skilling) at a number of locations across the country. Southwark Council, together with Councils in the neighbouring boroughs of Lambeth and Lewisham, jointly expressed an interest in participating in those trials and was duly selected to take part. Both forms of Universal Support were tested and trialled in Southwark, at Peckham jobcentre, over a period of fifteen months between 2014 and 2015. An evaluation of that trial was published in July 2016 (see report papers) and found that all pilot sites had experienced challenges in both identifying support needs and in engaging those identified as possessing support needs. The report acknowledged that because the trials had been conducted at a time and place *before* UC had been rolled out, it was therefore, necessarily, difficult to draw meaningful conclusions about the effectiveness of support as a means of mitigating risk to landlords or tenants.
23. Partly because Universal Credit full service began to roll-out in parts of Southwark before that evaluation was published, but also because we were mindful that the Universal Support trial had not taken place in a live UC environment, the Council produced its own draft *Universal Support Framework – Pathways To Support* in early 2016. The framework set out the types of support that would be available to Southwark residents as they made the transition to Universal Credit, and how those requiring support were expected to be identified and sign-posted or referred to the support that was available and most appropriate to their needs. While informal work to develop support has continued the local US framework has been paused pending publication of a new national US Framework by DWP expected by the end of the calendar year.

## **KEY ISSUES FOR CONSIDERATION**

24. The proposed research will consider and evaluate the early impacts of UC. roll-out for rent payment behaviours among a group of social housing tenants who may have claimed UC, or who may have been required to transition to UC. Their experiences will be measured against those of a similar group of tenants who have claimed housing cost support under legacy arrangements (housing benefit).
25. Rented social housing makes up a bigger proportion of the housing stock in Southwark than in any other local authority area in the country. The Council is the biggest social landlord in the borough and among the biggest in the south of England, though many of those living in rented social housing in

Southwark have a housing association, or other provider, as their landlord. Southwark will be among the first places in the country to which UC *full service* is rolled out and is also among the places where the impacts for residents may be expected to be greatest given the preponderance of rented social housing among all the tenure types in the borough.

26. The council and other social landlords have previously participated in a range of test and trial activity to help prepare for UC and much of that activity has been thoroughly and independently evaluated. But the early limited roll out of UC full service marks the first time we will have been able to acquire a proper understanding, based on independent social research, of the impacts of UC for social housing tenants who have actual experience of claiming the new benefit and the changes to how housing cost support is calculated and paid under the new arrangements. We have a window of opportunity to learn from their experience and, if necessary, to set in place additional, remedial measures as UC expands to the whole borough - and before the number of social housing tenants claiming UC starts to increase rapidly. More details of the scope of the proposed research and timetable are set out below but the fundamental case for carrying out this research includes the following:
- enhanced understanding of impacts of UC for rent payment behaviours among social housing tenants from the perspective of those social housing tenants who have direct experience of UC and the new arrangements
  - building on learning from earlier test and trial activity
  - preparation for next bigger phase of UC expansion (managed migration) expected from 2019
  - mitigation of risks of UC for social housing tenants and landlords alike.
27. Carrying out this research at this time would be a sensible and prudent step given the extent of the uncertainty about UC impacts particularly for social housing tenants, the risks for social housing tenants and landlords alike and the lack of evidence about the effectiveness of the mitigating measures that have already been set in place.

### **Policy implications**

28. The proposed research will be consistent with the aims of the *Council Plan* (2014-2018) and the *Fairer Future* principles which underpin it. It will also support realization of the fourth strand of the *Southwark Housing Strategy* to 2043 which sets out the Council's commitment to *being more than a landlord* – helping vulnerable individuals and families to meet their housing needs ...supporting individuals back into work and providing quick and easy access to financial advice. The Council's new plan for provision of community advice services has been strongly influenced by Government plans to roll-out Universal Credit. Research findings may be expected to influence future plans for provision of community advice services beyond 2018
29. Additionally, it is expected that the proposed research will contribute to the fourth strand of the LBS Economic Wellbeing Strategy 2012-20; in particular the ambitions to help those who are vulnerable or facing challenging circumstances to manage their money better and independently....providing support to those with complex needs, getting them to point of readiness to access other services – including employment support....and ensuring that financial inclusion and debt advice services are more accessible and widely



used (including products to help low income households manage their finances)

30. The proposed research will also align with a number of other Council strategies and priorities including:
  - Health & Wellbeing Strategy
  - Digital Inclusion Strategy
  - Medium Term Resources Strategy – maximizing income due to the Council
  - HRA Business Plan
  - Homelessness Action Plan & Homelessness Prevention Protocol
31. The research project will be overseen by a steering group chaired by a member of F&G Exchequer SMT, including a number of key internal and external stakeholders and accountable to LBS Senior Welfare Reform Assurance Group (WRAG) – chaired by LBS Director of Exchequer (Finance & Governance). It is expected that membership of the steering group also will include an independent social research expert who will provide advice and assurance on the progress / quality of the research at key stages in its delivery.
32. The exchequer division within finance and governance will manage the project but as above the advisory group will oversee design and delivery of the research and the use and dissemination of report findings
33. The time frame for completion of research and report will be eight months and a final report is expected to be published in early summer 2017.

### **Community impact statement**

34. According to latest official statistics (ONS – see reports papers) 43% of the residential housing stock in Southwark is made up of rented social housing – more than in any other local authority area in England and Wales. The Council estimates that about half of those living in rented social housing currently need support to pay their housing costs from the benefit system – and that includes a significant and growing number of households where at least one adult is in work. The Council estimates that about forty thousand working age households in Southwark will eventually claim Universal Credit – whether in work or out of work – and whether economically active or economically inactive. Of these the majority are expected to be social housing tenants.
35. Universal Credit is the policy responsibility of the Department for Work and Pensions and an Equality Impact Analysis (EQIA) was carried out by the Department in respect of Universal Credit in 2012.
36. However, the changes that UC will imply for social housing tenants in Southwark – and their landlords – are expected to be significant and while these changes are not the result of Council policy, they may lead the Council to review a number of its own current policies in respect of rent collection, tenancy sustainment and homelessness prevention. The Council is particularly

concerned about the latter as it has already seen an increase in homeless presentations by households evicted from homes in the private rented sector. The council believes that this is at least partly accounted for by the unwinding of impacts of earlier Government welfare reform and is determined to do all it can to prevent a widening of that trend into the social housing sector. Findings from the proposed research are likely to prove valuable in informing the substance of any changes to the Council's own policy. Those may in turn require a separate EQIA so that the Council may be confident that it continues to meet its *Public Sector Equality Duty* by having due regard to the need to eliminate discrimination and advance equality of opportunity for those who share relevant protected characteristics and those who do not.

### **Sustainability considerations**

37. The Public Services (Social Value) Act 2012 requires the Council to consider a number of issues including how what is proposed to be procured may improve the economic, social and environmental well-being of the local area. These are considered in the paragraphs below which set out the relevant economic, social and environmental considerations.

### **Social considerations**

38. Rented social housing is the most common tenure type in Southwark and rented social housing also makes up a bigger proportion of the borough's housing stock than any other local authority area in England and Wales. Almost half of those living in rented social housing in Southwark currently receive support with paying their housing costs through housing benefit – one of the benefits to be replaced by Universal Credit for those of working age – or about *one in five* of all households in the locality.
39. The impact of changes that UC will imply for how housing cost support is calculated and paid are expected to be greatest for social housing tenants. Findings from earlier test and trial activity lead the commissioners of the proposed research to expect that a significant number of social housing tenants *“will struggle to cope with the changes to arrangements for payment of housing cost support under UC, and that overall rent payments among that group will fall as a result. It is also believed that the fall in rent payments will be particularly pronounced during the period immediately following implementation of the change.”*
40. There is additional evidence that a disproportionately high number of social housing tenants, though by no means all, or even a majority of social housing tenants, will likely struggle to cope with the changes implied by UC. This is due to some of the characteristics of social housing tenants, as a cohort, compared with those who own their own home, or who rent their home privately. That evidence suggests that those living in rented social housing are, for a number of reasons, more likely to be “excluded” in terms of economic activity, access to a mainstream bank account, or their financial capability more widely; and also in terms of their access to the internet or digital skills, than those living in other tenure types.

41. Among the desired outcomes from the proposed research is that findings better enable the key audience – the Council, social landlords, tenants' representative groups and other stakeholders – to assess whether the very large numbers of social housing tenants in Southwark are now better able to cope with the changes to how housing cost support is claimed, calculated and paid under UC. And, second, should evidence emerge that significant numbers of social tenants are indeed struggling to cope that necessary changes are made, or national policy influenced, in ways that may better enable them to do so. We believe that this will help protect the interests of those living in social housing and their landlords alike; and also help ensure a smooth and safe implementation of UC across our locality, supporting the Council's aim to promote economic well-being.
42. While the proposed research to be commissioned will be a one-off piece of work, we may, dependant on final report findings and recommendations, retain an option to carry out further research with the same participants, twelve to eighteen months later. Such a report may, potentially, prove helpful in gauging how social housing tenants are coping or adapting their behaviours following a longer period of "acclimatisation" to the new arrangements. It may also prove helpful in providing evidence about how effective any changes to the support offer, or practice in respect rent arrears management / prevention, or tenancy sustainment that may be adopted in light of original report findings have proven to be.

#### **Financial implications**

43. A budget to meet costs of research has been set aside and will be met by the council within the existing budget framework.
44. Please see supplementary advice from strategic director of finance & governance.

#### **Investment implications**

45. None

#### **Legal implications**

46. Please see supplementary advice from director of law & democracy

#### **Consultation**

47. Consultation has taken place with departmental officers in the Chief Executive's department, Housing and Modernization, Finance and Governance. We have also consulted with London Councils and with a number of RSLs operating in Southwark.

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

#### **Director of Law and Democracy**

48. The Welfare Reform Act 2012 introduced Universal Credit, which is being implemented pursuant to further legislative provisions.

49. The report correctly states the Equalities Duties requirements would have been addressed by the DWP but the Council is duty bound to ensure the implementation is made with as little adverse impact as possible.
50. Cabinet should also note that as the duty is a continuing one, it will be necessary for decision-makers to have due regard again at the time at which subsequent decisions may be taken.

#### **Strategic Director of Finance and Governance (FC16/24)**

51. The cost of this research is £56,250, of which £20,000 has been agreed to be funded from the Tenant Fund, £22,500 from other external organisations (Croydon Council, Family Mosaic and Peabody) with the balance of £13,750 to be funded from within existing departmental budgets which have been identified for this purpose.
52. The financial implications of the recommendation to commission independent social research into the impact of Universal Credit (UC) set out above are fully funded.

#### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
<i>Safe As Houses?</i> social research project brief	Exchequer Division, Southwark Council 1 <sup>st</sup> Floor, 160 Tooley Street,	Paul Anderson 020 7525 7808
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ielListDocuments.aspx?CId=302&amp;MId=5375&amp;Ver=4">http://moderngov.southwark.gov.uk/ielListDocuments.aspx?CId=302&amp;MId=5375&amp;Ver=4</a>		
<i>Safe As Houses?</i> social research proposal evaluation framework	Exchequer Division, Southwark Council, First Floor, 160 Tooley Street	Paul Anderson 020 7525 7808
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ielListDocuments.aspx?CId=302&amp;MId=5375&amp;Ver=4">http://moderngov.southwark.gov.uk/ielListDocuments.aspx?CId=302&amp;MId=5375&amp;Ver=4</a>		
<i>LBS Universal Support Framework – Pathways To Support</i>	Exchequer Division Southwark Council First Floor 160 Tooley Street	Paul Anderson 020 7525 7808
<b>Link:</b> <a href="http://moderngov.southwark.gov.uk/ielListDocuments.aspx?CId=302&amp;MId=5375&amp;Ver=4">http://moderngov.southwark.gov.uk/ielListDocuments.aspx?CId=302&amp;MId=5375&amp;Ver=4</a>		
John Hills. <i>Ends and means: the future roles for social housing in England</i> . Case Report 34, 2007	Exchequer Division Southwark Council First Floor 160 Tooley Street	Paul Anderson 020 7525 7808
<b>Link:</b> <a href="http://eprints.lse.ac.uk/5568/http">http://eprints.lse.ac.uk/5568/http</a>		

Background Papers	Held At	Contact
<i>Direct Payment Demonstration Project</i> – reports and evaluation (2013)	Exchequer Division Southwark Council First Floor 160 Tooley Street	Paul Anderson 020 7525 7808
<b>Link:</b> <a href="http://www.shu.ac.uk/research/cresr/ourexpertise/direct-payments-evaluation">http://www.shu.ac.uk/research/cresr/ourexpertise/direct-payments-evaluation</a>		
<i>Evaluation of the Universal Support Delivery Locally Trials: Final Report</i> (2016)	Exchequer Division Southwark Council First Floor 160 Tooley Street	Paul Anderson 020 7525 7808
<b>Link:</b> <a href="https://www.gov.uk/government/publications/evaluation-of-the-universal-support-delivered-locally-trials">https://www.gov.uk/government/publications/evaluation-of-the-universal-support-delivered-locally-trials</a>		
ONS <i>Summary Housing Measures: social housing stock as a percentage of total housing stock by local authority district, England and Wales 2010-2014</i> (Aug 2015)	Exchequer Division Southwark Council First Floor 160 Tooley Street	Paul Anderson 020 7525 7808
<b>Link:</b> <a href="https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/housingsummary-measuressummarymeasuresdata">https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/housingsummary-measuressummarymeasuresdata</a>		

## APPENDICES

No.	Title
None	

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Fiona Colley, Finance, Modernisation and Performance		
<b>Lead Officer</b>	Dominic Cain, Director of Exchequer, Finance & Governance		
<b>Report Author</b>	Eugene Nixon, Senior Strategy, Performance & Planning Manager, Exchequer Division, Finance & Governance		
<b>Version</b>	Final		
<b>Dated</b>	20 October 2016		
<b>Key Decision?</b>	Yes		
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>			
	<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
	Director of Law and Democracy	Yes	Yes
	Strategic Director of Finance and Governance	Yes	Yes
	<b>Cabinet Member for Finance, Modernisation and Performance</b>	Yes	Yes
	<b>Deputy Leader &amp; Cabinet Member for Housing</b>	Yes	Yes
	<b>Date final report sent to Constitutional Team</b>		20 October 2016

<b>Item No.</b> 17.	<b>Classification:</b> Open	<b>Date:</b> 1 November 2016	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Disposal of Dockley Road Business Estate Bermondsey (Site N Bermondsey Spa)	
<b>Ward:</b>		Grange	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Finance, Modernisation and Performance	

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

Who would have thought twenty years ago that the Bermondsey Spa area would be winning community and architectural awards not to mention being considered one of the most desirable places in London to live? This has been a striking change in place. It has been achieved by foresight and genuine partnership between all stakeholders. It has harnessed enterprise with public assets to bring an additional 1,400 new homes of which almost 500 are extra homes for social rent and new and improved community infrastructure.

The project is nearing completion and the last remaining part of the jigsaw is the Dockley Road Business Park. The report sets out how a land ownership blockage will be removed to enable a mixed commercial/residential scheme that has planning consent to proceed, to further enhance the locality. As well as providing 59 new homes (including 19 affordable ones), there will be modern business space. The existing businesses in Dockley Road will, if they choose, be able to relocate to nearby railway arches that the Council and developer is working together to provide electrical power to bring them back into use. When the redevelopment is completed the new business accommodation together with the railway arches will provide a considerable increase in employment space and job opportunities for local residents. In addition to all this, the proposal in the report will realise a much needed receipt to contribute to the funding of the capital programme.

**RECOMMENDATION**

That Cabinet agrees:

1. To transfer its freehold and leasehold interest in the land shown edged on the attached plan to the Wardens & Fellows of Nuffield College In the University of Oxford on the terms set out in paragraph 20 of this report.

**BACKGROUND INFORMATION**

2. The transformation of the Bermondsey Spa has been remarkable. In the 1990s it was a backwater with unused bomb sites and now it is part of a wider bustling community that has been named by *City AM* as having the best quality of life in London.
3. The catalyst for the transformation was the Jubilee Underground Line extension and the provision of Bermondsey Station. However, in identifying the

regeneration opportunity and putting an effective framework in place the Council has played a crucial role.

4. Having identified the opportunity for change a Masterplan was commissioned and adopted. The Masterplan designed a number of sites that were predominantly Council owned. In a phased way the sites were then assembled, planning consent secured and transferred (following Executive/Cabinet approval) to a variety of partners that regenerated them.
5. Dockley Road Business Estate was designated in the Masterplan as Site N.
6. The transformation has been residential led as befits the locality's proximity to the City of London and excellent public transport links to the rest of central London. The table below sets out the present housing change from implementation of the Masterplan.

Homes demolished	Social rent homes demolished	New homes provided	New for sale	New shared ownership	New social rent	Net new	Net new social rent
147	133	1,553	794	268	491	1,406	358

7. Although primarily a residential transformation, the Project has also delivered other place making components including:
  - A children's centre including a nursery (Kintore Way) at Grange Road
  - New neighbourhood shops to Spa Road replacing former dilapidated ones
  - A larger convenience store and restaurant to Spa Road
  - A new large convenience store to Jamaica Road
  - A permanent nursery (Strawberry Babybuds) replacing a temporary structure at St James Road
  - Environmental improvements to St James Churchyard
  - New general practice surgeries to Grange Road and Jamaica Road
  - Environmental and security improvements to Casby House and Lupin Point
  - A new Salmon Youth Centre
  - A refurbished park at Spa Gardens
  - Highway realignments to create permeability between the north and south of the railway
8. The Project has also brought forward other schemes including:
  - Refurbishment of railway arches along Enid Street and Old Jamaica Road
  - Regeneration of the former Salvation Army hostel at Spa Road
  - Regeneration of the former custard factory at Spa Road and Rouel Road
  - Regeneration of the former Larnaca Works

The housing numbers produced by these schemes are not included within the table at paragraph 6.

9. The last remaining significant site in the Bermondsey Spa Masterplan to be regenerated is Site N the Dockley Road Business Park. This is shown edged on the Plan at Appendix A.
10. The Business Park was built in the late 1970's. At that time, this was a very different locality. Its construction was funded by an external party; the Wardens



& Fellows of Nuffield College In the University of Oxford ('Nuffield') with the Council providing an annual financial return to the funder. This was secured as follows:

- a) Council granted a 99 year lease from 29 September 1978 at a rent of £1 per annum, in return Nuffield paid the Council a premium that covered the cost of constructing the Park.
  - b) Nuffield granted the Council an under-lease for 99 years (less 1 day) from 29 September 1978 at a rent of 75% of the full rental value (whether let or not) of the Business Park; this was effectively Nuffield's return on its capital investment
11. The Estate provides 11 single storey brick faced units on either side of a communal concrete surfaced yard accessed from Rouel Road. The Estate provides a total floorspace of 1,686m<sup>2</sup> for light industrial/storage/distribution.
  12. The current usage of the Estate is set out in the table below:

<i>Unit#</i>	<i>Usage</i>
1	Janitorial Supplies
2	Janitorial Supplies
3	Newspaper distribution
4	Printing
5	Artisan food production
6	Artisan food production
7	Theatre prop/furniture production
8	Café supplies
9	Newspaper distribution
10	Artisan food production
11	Artisan food production

13. The Business Park links to railway arches opposite Lucey Way. Indeed, one of the tenants of the Park; Spa Terminus Ltd ('STL') holds the lease of those arches. Those arches are currently very under-occupied as a result of the lack of a three-phase electrical supply being available to occupiers. However, terms have recently been agreed between the Council and STL that will see an electrical transformer station being provided. This will enable the necessary electricity supply to be available to all the units. As a consequence, those units will come back in to economic life and provide employment opportunities.
14. Railway arches in Bermondsey have attracted a popular following for artisan food and provide an alternative to Borough Market. Arches at Rope Walk and Maltby Street are very successful in this and there is real potential for the arches opposite Lucey Way to replicate this.

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

15. The land ownership situation has delayed the bringing forward of the subject site. The fall in interest rates over the past ten years has caused annuity and similar investment returns to fall; this has been well publicised particularly in relation to pension returns. The structure of Nuffield's under-lease to the Council means that in property valuation terms it is akin to an annuity; the income is very secure (as the rent is payable by the Council), it is subject to five year rent

upward only reviews and in recent years rents in the locality have risen significantly, this combined with reduced annuity rates has discouraged the funder from wishing to participate in any regeneration.

16. In 2013, an unsolicited planning application was submitted by Matching Green Limited ('MGL') that is a connected company with STL. The application provides for the demolition of the existing industrial units. The erection of buildings up to 7 storeys comprising 15 industrial units with distribution and ancillary retail use at ground floor level and 59 residential units on upper levels.
17. The proposed development provides for 59 residences containing 190 habitable rooms. 19, containing 66 habitable rooms will be affordable. One of these residences will provide an affordable wheelchair accessible dwelling. The proposed development will therefore provide a net addition of mixed tenure housing to the area.
18. The planning application has been considered under delegated planning powers and has been approved subject to MGL entering into a s106 agreement. However, as MGL does not at this time have an interest in the land the completion of the s106 agreement has not been possible.
19. In order to bring the site forward for council led development, officers have endeavoured to negotiate terms with Nuffield but its financial requirements in this regard are too high taking into account the risk of holding the site whilst vacant possession is obtained and potential value changes in the housing market. In order to avoid the regeneration being further stalled discussions have taken place with Nuffield with a view to the council relinquishing its interest in the site and these have requested in principal terms being agreed. It is considered that this is the only realistic approach to bringing forward the regeneration.
20. The following principal terms are agreed:
  - a) The council surrenders its under-lease of the Business Park
  - b) The council transfers its freehold interest to Nuffield for the consideration set out in the closed version of this report.
  - c) In the event that, after five years substantive regeneration of the Business Park has not taken place then the council will have the option to acquire its interests back.
  - d) The parties to meet their own costs of the transaction.
21. Nuffield is in negotiation with MGL that has planning subject consent subject to completion of the s106 agreement to enable that development to proceed. It is proposed that Nuffield will take a lease of the ground floor commercial accommodation and in doing so preserve/enhance its income flow. Should the Council transfer its freehold interest Nuffield will transfer an interest in the site to MGL to enable the s106 to be completed and the planning consent described in paragraphs 16-18 to be completed.
22. As mentioned in paragraph 13 MGL is connected with STL and can therefore provide nearby premises arches for the existing Business Park tenants to locate to; all leases will expire shortly or have break clauses. This will afford the Business Park tenants the opportunity to stay in the locality and mitigate moving

disruption. It will bring vitality to those arches as well as maintaining employment. Of course, the relocation of those tenants will produce a healthy income flow for arches lessee.

23. The scheme that has obtained planning consent subject to the completion of the s106 agreement provides for 1,038m<sup>2</sup> of employment space whereas the existing Business Park contains 1,850m<sup>2</sup>. However when the Lucey Way arches is included this will provide another 1,800m<sup>2</sup> of employment space thus resulting in a net addition of space of around 1,000m<sup>2</sup>. The Business Park currently provides jobs for around 40 persons so the additional employment space should generate around 20-25 welcome new jobs for the immediate locality.
24. The proposed transfer is not without risk, for a variety of reasons; regeneration may not happen within a reasonable timescale hence the provision of the reacquisition option after five years. The purchaser may seek to develop the site differently than the approved scheme; this risk is however mitigated by the fact that obtaining a different planning consent will be time consuming and expensive. In addition, Nuffield will need to work closely with the STL to relocate the existing Business Park lessees to achieve vacant possession.
25. The proposed transfer of the council's interests in the Business Park to the funder follows many years of negotiation. It is usual practice when disposing of land interests for a period of marketing to take place with offers invited to give confidence that the best price has been achieved. However, in this case, the previously described lease arrangement mitigates this. Even if a purchaser were found for the council's under-lease, the approval Nuffield would be necessary before the lease could be transferred to a third party and unless the purchaser was of a similar financial standing to the council (improbable) it is most unlikely Nuffield would agree to the transfer.
26. The Business Park is held in the corporate property holdings account and therefore forms part of the General Fund. S233 of the Town & Country Planning Act 1990 enables the council to dispose of land held for planning purposes as this is for the proper planning of the area.

### **Rationale for Recommendations**

27.
  - a) Furthering the long standing Bermondsey Spa regeneration policy.
  - b) Securing additional mixed tenure housing for the locality
  - c) Improvement of the physical/aesthetical environment of the locality
  - d) Creation of additional employment
  - e) Protection of the council's influence in the event of the regeneration not commencing within five years

### **Community impact statement/public sector equalities duty**

28. The Equality Act 2010 imposes a general equality duty on public authorities (PSED), in the exercise of their functions, to have due regard to the need to:
  - Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act.

- Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it.
- Foster good relations between people who share a relevant protected characteristic and those who do not share it.

29. For the purpose of the PSED the following are 'protected characteristic' considerations:

- Age
- Civil partnership
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex and sexual orientation.

30. This report sets out an initiative that will result in a low rise business park being demolished and replaced with new higher quality business/retail space with new housing above. It is not considered that there will be any detrimental impact to the protected characteristics outlined above.

31. The initiative will have an impact on the existing occupiers of the Business Park that will not have the leases of their accommodation renewed. However, the prospective developer's connected company holds the lease of the railway arches fronting Lucey Way that can be used to provide nearby replacement accommodation. The terms for such relocations will be a commercial matter for the parties concerned.

### **Resource implications**

32. These are set out in the closed version of this report.

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

#### **Director of Law and Democracy**

33. Paragraph 9 of the report explains that this land at Dockley Road remains the last significant site within the Bermondsey Spa Masterplan area which remains to be regenerated. The reason for the delay is explained by the reluctance of the owner of the long leasehold interest to dispose of a valuable asset which produces a rental income flow which is increased by the regular five yearly rent reviews which can only be upwards.

34. The desire to try and facilitate a redevelopment has increased following a planning application which originated from a developer connected with one or more of the occupiers of the Business Park. Whilst there is delegated approval for this application, the planning permission has not been granted since the applicant or developer does not have any interest in the site. The council has therefore been exploring different possibilities to progress the regeneration.
35. The significant difficulties which militate against an open market disposal of the site are indicated at paragraph 24 of the report. In view of these, a decision has been taken to dispose of both the council's freehold and its long leasehold interests at what is considered to be the best consideration reasonably obtainable. Details of this are as set out at paragraph 6 of the closed report. Accordingly the disposal will satisfy the requirement as contained in section 123, Local Government Act 1972 which provides that a council shall not dispose of land (unless it is by way of a short tenancy) for a consideration which is less than the best that can be reasonably obtained without obtaining the consent of the Secretary of State.
36. Since the obligation under section 123 is satisfied, the council is empowered to dispose of this site in accordance with the general power of competence contained within section 1, Localism Act 2011 which allows a local authority to do anything that individuals are able to do unless otherwise restricted by a separate piece of legislation such as the requirement to obtain best consideration.
37. It is noted that the proposal will include a right of buyback by the council if the substantial development has not taken place on the site.

**Strategic Director of Finance and Governance**

38. These are set out in the closed version of this report.

**BACKGROUND DOCUMENTS**

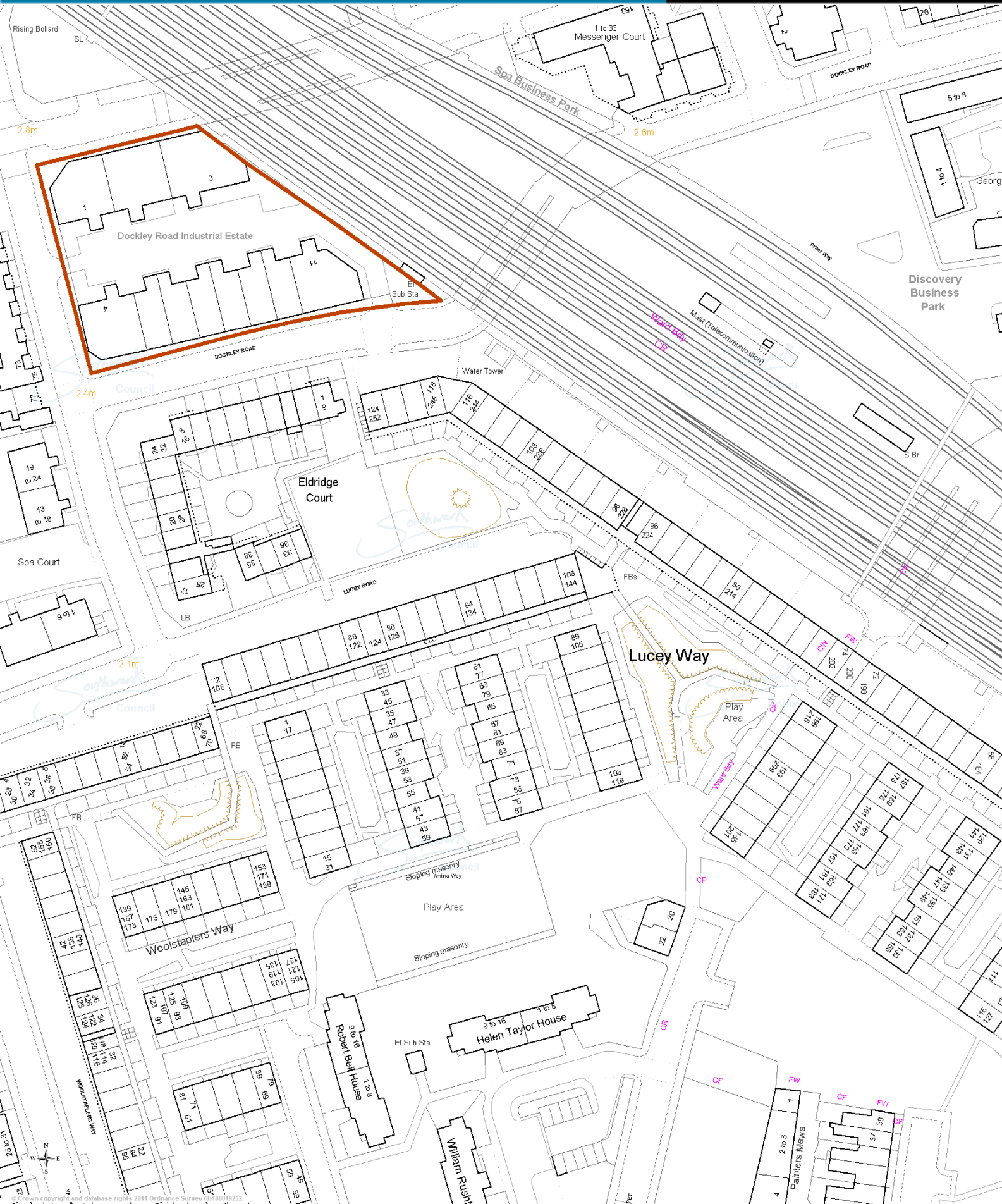
<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Bermondsey best quality of life in London	160 Tooley Street London SE1 2QH	Patrick McGreal 0207 525 5626
<b>Link:</b> <a href="http://www.cityam.com/248483/these-londons-best-areas-quality-life">http://www.cityam.com/248483/these-londons-best-areas-quality-life</a>		
Masterplan summary	160 Tooley Street London SE1 2QH	Patrick McGreal 0207 525 5626
<b>Link:</b> <a href="http://www.southwark.gov.uk/info/200180/bermondsey_spa/1144/bermondsey_spa_masterplan">http://www.southwark.gov.uk/info/200180/bermondsey_spa/1144/bermondsey_spa_masterplan</a>		
Planning application document	160 Tooley Street London SE1 2QH	Patrick McGreal 0207 525 5626
<b>Link:</b> <a href="http://planbuild.southwark.gov.uk:8190/online-applications/applicationDetails.do?activeTab=summary&amp;keyVal=_STHWR_DCAPR_9550863">http://planbuild.southwark.gov.uk:8190/online-applications/applicationDetails.do?activeTab=summary&amp;keyVal=_STHWR_DCAPR_9550863</a>		

**APPENDICES**

<b>Appendix</b>	<b>Title</b>
Appendix A	Plan showing Dockley Business Park edged

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Fiona Colley, Finance, Modernisation and Performance	
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Patrick McGreal, Regeneration, North	
<b>Version</b>	Final	
<b>Dated</b>	19 October 2016	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	In closed version
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		19 October 2016



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