

Cabinet

Tuesday 24 January 2017

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 and Social Regeneration
Finance, Modernisation and Performance
Communities and Safety
Adult Care and Financial Inclusion
Children and Schools
Business, Culture and Social Regeneration
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

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 16 January 2017



Cabinet

Tuesday 24 January 2017
4.00 pm

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

Order of Business

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PART A - OPEN BUSINESS

MOBILE PHONES

Mobile phones should be turned off or put on silent during the course of the meeting.

1. APOLOGIES

To receive any apologies for absence.

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

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

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

There are no closed items scheduled for consideration at this meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

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

Item No.	Title	Page No.
5.	PUBLIC QUESTION TIME (15 MINUTES)	
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules. The deadline for the receipt of public questions is midnight Wednesday 18 January 2017.	
6.	MINUTES	1 - 11
	To approve as a correct record the minutes of the open section of the meeting held on 13 December 2016.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests. The deadline for the receipt of deputations is midnight Wednesday 18 January, 2017.	
8.	RESPONSE TO THE OVERVIEW AND SCRUTINY REPORT ON FEMALE GENITAL MUTILATION (FGM)	12 - 23
	To note the progress against the recommendations of the education and children services scrutiny sub-committee report on female genital mutilation (FGM).	
9.	HOUSING REVENUE ACCOUNT - FINAL RENT-SETTING AND BUDGET REPORT 2017-18	24 - 45
	To consider the final report on the housing revenue account budget 2017-18 and agree recommendations.	
10.	BOROUGH-WIDE DISTRICT HEATING STRATEGY	46 - 68
	To approve an interim three year investment plan whilst the options for funding the modernisation of Southwark's heat network are fully explored.	
11.	48 WILLOWBROOK ROAD, SE15 (FORMERLY KNOWN AS THE WILLOWBROOK CENTRE) - DISPOSAL OF FREEHOLD INTEREST	69 - 73
	To authorise the disposal of the council's freehold interest in 48 Willowbrook Road, SE15.	

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| 12. | ADDENDUM TO THE ADOPTED S106 AND COMMUNITY INFRASTRUCTURE LEVY SUPPLEMENTARY PLANNING DOCUMENT (2015); COMMUNITY INFRASTRUCTURE LEVY (CIL) DRAFT CHARGING SCHEDULE AND REGULATION 123 LISTS | 74 - 112 |
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To consider recommendations in respect of the addendum to the adopted Section 106 and Community Infrastructure Levy (CIL) Supplementary Planning document, CIL draft charging schedule, Regulation 123 List and consultation statements.

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| 13. | NEW SOUTHWARK PLAN: SITE ALLOCATIONS AND AREA VISIONS - PREFERRED OPTION | 113 - 125 |
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To agree the New Southwark Plan Preferred Option: site allocations and area visions for consultation. To note the consultation plan/report and integrated impact assessment.

OTHER ITEMS

The following item is also scheduled for consideration at this meeting.

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| 14. | POLICY AND RESOURCES STRATEGY 2017-18 | |
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DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING

EXCLUSION OF PRESS AND PUBLIC

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

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

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

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PART B - CLOSED BUSINESS

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

Date: 16 January 2017



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 13 December 2016 at 4.00 pm at the Council Offices, 160 Tooley Street, London SE1 2QH

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 of the following late items:

- Item 7: Deputation requests
- Item 21: Policy and Resources Strategy 2017-18.

Reasons for urgency and lateness will be specified in the relevant minutes.

ANNOUNCEMENT FROM THE LEADER

The Leader announced the death of Stephen Humphrey, Southwark's local historian, archivist and Freeman of the Borough. A one-minute silence was observed in his memory.

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

There were no closed items considered at this meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

None were declared.

5. PUBLIC QUESTION TIME (15 MINUTES)

The following public question received from Maria Marquez was circulated.

Public Question from Maria Marquez

Does the Councillor agree in principle that low-income families who have been unable to find or afford suitable housing should not be considered to have caused their own overcrowding by a 'deliberate act' within the meaning of the allocations policy?

Response from the Deputy Leader and Cabinet Member for Housing

Housing Action Southwark and Lambeth (HASL) have raised a number of cases with the council where they consider that our allocations policy is unfair or has not been appropriately applied. Officers have reviewed all of these cases and believe that it is acting appropriately.

Given HASL's concerns around these cases, we have commissioned the homelessness charity Shelter to undertake a piece of work, looking at all of the background information with full consideration of the legislative framework, and the council's policies and how they are being applied, and to provide us and HASL with their findings and recommendations as soon as possible.

We expect them to report back to us early in January and will update HASL once this is done. We will also consider the findings from Shelter and whether there are any changes which we need to make to our policy.

It is difficult to apply an overarching principle to each individual case of overcrowding. We shouldn't adopt a blanket approach when looking at overcrowding situations, each matter must be considered on its own merits in order that the right decision is made in every case. The current housing crisis and the affordability of suitable housing in the private rented sector is of concern and continues to be so. We are exploring and encouraging a range of affordable and intermediate housing solutions across Southwark, including our commitment to build new council homes, to provide more choice and stability for housing options.

6. MINUTES**RESOLVED:**

That the minutes of the meeting held on 1 November 2016 be approved as a correct record and signed by the chair.

7. DEPUTATION REQUESTS

The deputation request had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent because the request was received in line with the constitutional deadline for the receipt of deputation requests.

RESOLVED:

That the deputation be heard.

The spokesperson for the Housing Action Lambeth and Southwark addressed cabinet about the application of the housing allocation policy and the impact on families living in overcrowded accommodation, with particular reference to the band allocation for rehousing.

In response to the deputation, it was explained that given these concerns the council had already commissioned the homelessness charity Shelter to undertake a piece of work to examine the application of the council's policies. The council is expecting this report back from Shelter in January 2017.

MOTION OF ADJOURNMENT

At 5.30pm it was moved, seconded and

RESOLVED:

That the meeting stand adjourned for 10 minutes.

The meeting reconvened at 5.40pm.

8. PETITION FROM FOSSIL FREE SOUTHWARK**RESOLVED:**

That the petition be received.

The group "Fossil Free Southwark" presented their petition to cabinet.

Councillor Fiona Colley responded to the petitioners, outlining the council's commitment and measures in place to address the issues highlighted in the petition.

9. RESPONSE TO SCRUTINY SUB-COMMITTEES' REPORT ON THE DEVELOPMENT OF A SOUTHWARK JOINT MENTAL HEALTH STRATEGY

Councillor Jasmine Ali, chair of the children's and education scrutiny sub-committee was unable to attend the meeting but wished make clear that mental health continues to be an important priority for the scrutiny sub-committee, who will continue to monitor progress.

RESOLVED:

1. That the current actions that are being taken to address the key recommendations made by the scrutiny sub-committees in their report on the development of a Southwark Joint Mental Health Strategy with NHS Southwark Clinical Commissioning Group (CCG) be noted.
2. That the additional actions to be taken to address a number of the key recommendations be noted.

10. SOUTHWARK SCHOOL STANDARDS REPORT 2016

Liz Robinson (primary school head teacher and from the head teachers group) and Serge Cefai (secondary school head teacher) also presented their comments and feedback to cabinet.

RESOLVED:

That the 'Best start in life - Southwark school standards report 2016' attached at Appendix 1 of the report be noted.

11. 2016 PRIMARY AND SECONDARY SCHOOL PLACE PLANNING STRATEGY UPDATE

Councillor Victoria Mills explained that representations had been received from John Donne school in respect of paragraph 36 of the report.

RESOLVED:

1. That the updated forecasts of primary and secondary school places be noted.
2. That the potential future shortfall of primary reception places in planning areas 1 (Borough, Bankside and Walworth) and planning area 2 (Bermondsey and Rotherhithe) from 2020-21 onwards be noted.
3. That the potential future shortfall of secondary places be noted.
4. That it be noted that the word 'tentatively' should be deleted from paragraph 36 of the report (third line of paragraph).

12. ACTIVITY STRATEGY FOR CHILDREN AND YOUNG PEOPLE 2017- 2020

RESOLVED:

1. That the:
 - proposed Activity Strategy for Children and Young People 2017– 2020 (ASCYP) be agreed
 - grant allocation process for the provision of youth and play services be noted
 - approach to commissioning the voluntary sector to deliver specific services that support the delivery of the outcomes in the strategy be noted.

13. PERFORMANCE REPORT FOR HOME CARE CONTRACTS 2015-16

Councillor Richard Livingstone confirmed that it was expected that the new contracts would be in place for November 2017 (and not October as stated in his foreword).

RESOLVED:

1. That the delivery of the contracts over the fifth year has met the council's requirements on Southwark's Ethical Care Charter (SECC) be noted.
2. That it be noted that the delivery of the contracts over the fifth year has largely met the council's contractual requirements and that service users have expressed their satisfaction with the services through provider feedback mechanisms and through one-to-one interviews conducted by Age UK.
3. That the gap in meeting one indicator on the proportion of qualified staff be noted. This is due to qualified staff leaving the agency in the last year to progress their career. An action plan will be agreed with the provider regarding this indicator.
4. That the improvement of the services on the quality issues raised by the Care Quality Commission (CQC) in their inspections during 2015 be noted.

14. HOUSING REVENUE ACCOUNT - INDICATIVE RENT SETTING AND BUDGET REPORT 2017-18

RESOLVED:

1. That it be noted on a provisional basis a rent decrease of 1.0% for all housing revenue account (HRA) dwellings (including estate voids and hostels) with effect from 3 April 2017. This is in accordance with the provisions of the Welfare Reform and Work Act 2016. The average dwelling rent in 2017-18 under such a reduction would be £99.48 per week.
2. With regard to other HRA-wide charges, it be noted on a provisional basis an increase in tenant service charges, comprising estate cleaning, grounds maintenance, communal lighting and door entry maintenance as set out in paragraphs 42 – 43 of the report, with effect from 3 April 2017.

3. That it be noted on a provisional basis no increase to sheltered housing service charges as set out in paragraph 44 of the report with effect from 3 April 2017.
4. That it be noted on a provisional basis an increase in charges for garages, as set out in paragraph 45 of the report.
5. That it be noted on a provisional basis no increase to district heating and hot water charges as set out in paragraphs 46 – 48 of the report with effect from 3 April 2017.
6. That the decision of the government not to make the provisions within the Housing and Planning Act 2016 with regard to higher income social tenants (“pay-to-stay”) mandatory, and resolves not to introduce said provisions on a voluntary basis be noted.
7. That it be noted that the council will no longer be responsible for the billing and collection of water and sewerage charges levied by Thames Water with effect from 1 April 2017 as set out in paragraphs 26 – 27 of the report.
8. That commitment to ensure that savings proposals are primarily based on efficiencies, and where staffing reductions form part of any savings proposal, that due consultation and process is followed with trade unions be reaffirmed.
9. That officers provide a final report on rent setting and the housing revenue account (HRA) budget for 2017-18 after due consultation processes with residents have been followed for consideration at their meeting on 24 January 2017.

15. REFRESH OF SOUTHWARK’S ECONOMIC WELLBEING STRATEGY 2017-2022

RESOLVED:

That the proposed refresh of the economic wellbeing strategy for 2017-2022 (Appendix 1 of the report) be approved.

16. ASSET MANAGEMENT PLAN FOR THE COMMERCIAL PROPERTY ESTATE

RESOLVED:

1. That the asset management plan (AMP) for the commercial property estate contained in Appendix 1 of the report, be approved including:
 - A clear strategic direction and performance management arrangements for the portfolio
 - a pilot letting scheme for the Market Place/Southwark Park Road area (“the Blue”)
 - actions identified through the recently completed Southwark Voluntary and Community Sector Strategy 2017-2022.
2. That it be noted that the new AMP presents a refreshed approach to achieving a vibrant and sustainable commercial property estate, encompassing work by

members and officers, review by overview and scrutiny committee and fully responding to recommendations made by the council's internal auditors in their reports of January and September 2016.

17. GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL ABBEYFIELD ESTATE HINE (MAYDEW HOUSE)

RESOLVED:

1. That the revised procurement strategy for the use of the GLA's London Development Panel framework to procure development partners for the Abbeyfield Estate High Investment Needs Estate (HINE) (Maydew House) works at an estimated value of £22m for an estimated period of 208 weeks from 21 August 2017 be approved.
2. That estimated internal fees of £651,200 and external fees of £1,577,000 making a total estimated scheme cost of £24,228,200 be noted.

18. RESETTLEMENT OF SYRIAN REFUGEE HOUSEHOLDS

RESOLVED:

1. That an overall ambition to rehouse five Syrian refugee households a year for the next five years (2017-2021) be agreed.
2. That the strategic director of housing and modernisation be instructed to make a formal offer to the Home Office to resettle five Syrian refugee households in Southwark within the next year (phase 1). This offer would be based on the local authority led model, utilising the offer of accommodation from the Salvation Army, and support from Citizens UK.
3. That the strategic director of housing and modernisation bring a report back to cabinet at the end of 2017 on the plan for housing the phase 2 households, taking account of any changes in the housing market. This will include identifying opportunities with our community partners where possible.
4. That officers be instructed to set up a Southwark Syrian Refugee Multi Agency Working Group to:
 - Develop the formal offer to the Home Office
 - Ensure the arriving households receive the full range of support required.
5. That it be noted that phase 1 of the scheme will be fully funded by central Government. There may be financial pressures for phase 2 dependent on the tenure(s) used. These are set out in paragraphs 22 to 28 of the report.

19. STRATEGIC COORDINATION OF COUNCIL COMMISSIONING

RESOLVED:

1. That the council-wide approach to improve co-ordination of commissioning across the council and with key partners be approved, consisting of:
 - A council-wide senior officer commissioning board to oversee the planning and co-ordination of commissioning intentions and activity and strengthen the governance arrangements around voluntary sector commissioning
 - Commissioning principles that align with the Fairer Future Procurement Strategy and deliver high quality services, encourage local sourcing and employment, being open, honest and accountable, spending money as if it were coming from our own pockets, contribute to reducing inequality through added social value and are focused on delivering outcomes
 - The implementation of a more consistent and efficient approach to how the council works across departments, bringing commissioners together in the council and with our partners to improve co-ordination, remove duplication and build commissioning expertise
 - The emerging council and NHS Southwark Clinical Commissioning Group (CCG) partnership commissioning team, leading on mental health, children and young people, older adults and complex needs mainly through contracts
 - In line with our new Voluntary and Community Sector (VCS) Strategy 2017-2022, the adoption of an outcome-based commissioning model centered on a “common outcomes framework” – a set of benefits for the whole community against which council, CCG and VCS plans will be aligned and measured
 - In line with our new VCS Strategy 2017-2022, changing the way that the council uses contracts and grants with a proportionate balance between longer funding cycles and shorter term innovation projects.
2. That officers be instructed to implement the changes set out in the report.

20. THE COUNCIL TAX BASE FOR 2017-18

RESOLVED:

1. That the schedule of discounts and exemptions in paragraph 12 of the report, which remains unchanged from 2016-17 be approved.
2. That it be noted that the council tax reduction scheme (CTRS) for both working and pensionable age claimants shall remain unchanged in 2017-18 and it be noted that the consequential reduction in tax base of 16,550 (was 17,997 in 2016-17) band D equivalent dwellings as shown in paragraph 22 of the report.
3. That the council tax base for 2017-18 be set at 95,941 (was 91,231 in 2016-17) band D equivalent dwellings, as shown in paragraph 32 of the report be agreed.

4. That the assumed council tax collection level should be 97.20% (was 97.00% in 2016-17) noting the risks outlined in paragraph 25 of the report be agreed.
5. That the council tax base for 2017-18 for St. Mary Newington be set at 11,602 (was 10,979 in 2016-17) band D equivalent dwellings be noted.
6. That the council tax base for 2017-18 for St. Saviour's be set at 1,257 (was 1,174 in 2016-17) band D equivalent dwellings be noted.
7. That it be noted that:
 - Any minor and consequential amendments to the CTRS written policy are to remain delegated to the strategic director of finance and governance, in consultation with the monitoring officer
 - No changes were made under the strategic director of finance and governance's authority during 2016-17.
8. That it be noted that, as for 2016-17 the NNDR1 return showing the national non-domestic rates base will be signed off by the council's section 151 officer (strategic director of finance and governance).
9. That it be noted that the existing exemptions for foster carers and adopters remain unchanged.

21. POLICY AND RESOURCES STRATEGY 2017-18

The report had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent because the council were committed to publishing budget proposals at the earliest possible opportunity to ensure they are available to the public for comments and questions. Presenting the report to cabinet on 13 December 2016 would give the opportunity for debate prior to presentation of budget figures to cabinet on 24 January 2017. Under the council's constitution there is a requirement for the overview and scrutiny committee to review and challenge budget proposals and this is due to take place on 30 January 2017.

RESOLVED:

1. That it be noted that the autumn statement was presented on 23 November and provided little further clarity on local authority funding, subject to the provisional local government funding settlement scheduled for release at some time during December 2017 (paragraphs 27 - 29 of the report).
2. That it be noted that the Department for Communities and Local Government (DCLG) has confirmed the four year settlement in response to the council's acceptance of the four year funding settlement (paragraph 18 of the report).
3. That it be noted that as reported to cabinet in November and given continued uncertainties over adult social care and children's services cost and demand pressures and government funding sources, the intention is to prepare a balanced

one year 2017-18 budget for presentation to cabinet for approval in advance of council assembly in February 2017 (paragraph 16 of the report).

4. That the reducing level of reserves and balances available to the council to help mitigate the risks of funding reductions moving into future financial years (paragraphs 52 - 54 of the report) be noted.
5. That the current budget options proposed to help achieve a balanced budget 2017-18 (Appendices B – D of the report) be noted.
6. That the current budget gap for 2017-18 of £2.6m after the incorporation of these options be noted.
7. That it be noted that the general fund budget proposals for 2017-18 contained within the report include:
 - Estimated grant resources likely to be available arising from the provisional settlement expected on 16 December (Appendix A of the report)
 - Estimated council tax revenue of £87.5m and retained business rates growth of £8.9m (paragraph 35 of the report)
 - Planned use of balances of £4.0m
 - Planned contingency of £4m (paragraph 55 of the report)
 - Proposals for budget changes in 2017-18 of:
 - commitments £11.0m (paragraphs 38 - 43, Appendix B of the report)
 - efficiencies and improved use of resources £13.3m (paragraphs 44 – 47; Appendix C)
 - income generation proposals of £3.4m (paragraphs 48 - 49; Appendix D of the report)
 - other savings impacting on service delivery of £1.4m (paragraphs 50 – 51; Appendix E of the report)
8. That it be noted this budget currently assumes that the Southwark element of the council tax continues to remain frozen for 2017-18; this has been the case since 2008-09 (paragraph 24 of the report).
9. That the proposed approach to address the children's and adults' social care budget pressures (paragraphs 30- 33 of the report) be noted.
10. That it be noted that this budget proposes to use the flexibility offered by the government to support social care through an increase in the adult social care precept, equivalent to 2% of council tax, on the basis that these additional funds will be used exclusively for adult social care (ASC) (paragraph 25 of the report).
11. That officers complete further work in the light of further notifications from government and recommendations from cabinet and represent a fully balanced budget position for cabinet on 24 January 2017.
12. That the continuing work underway by strategic directors to complete appropriate equality assessments for all budget proposals in advance of cabinet meeting on 24 January 2017 (paragraphs 61 - 68 of the report) be noted.

13. That the consultation that took place prior to agreeing the indicative budget options for 2017-18 and 2018-19 and that further consultation will be undertaken for new budget options where necessary or appropriate (paragraphs 56 - 59 of the report) be noted.
14. That it be noted that the further report to cabinet on 24 January 2017 will be considered by overview and scrutiny committee on 30 January 2017 and that any recommendations arising will be incorporated into the final report to cabinet on 7 February 2017 for recommendation to council assembly on 22 February 2017 (paragraph 60 of the report).

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

22. MINUTES

RESOLVED:

That the minutes of the closed section of the meeting held on 1 November 2016 be approved as a correct record and signed by the chair.

The meeting ended at 6.35pm.

CHAIR:

DATED:

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

Item No. 8.	Classification: Open	Date: 24 January 2017	Meeting Name: Cabinet
Report title:		Response to the Overview and Scrutiny report on Female Genital Mutilation (FGM)	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Children and Schools	

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

FGM is an illegal, extremely harmful practice and a form of child abuse and violence against women and girls. Southwark Council, working with our partners through the Safeguarding Children’s Board and Safeguarding Adults Board, has agreed a multi-agency intervention framework for identifying, assessing and responding to Female Genital Mutilation. Together we are committed to supporting vulnerable female children and adults and to end the practice of FGM.

The partnership welcomes the recommendations made by the education and children services scrutiny sub-committee and is already able to set out the good progress made towards implementing them.

Our commitment to eradicate FGM will be supported by Southwark recently becoming the London partner of the National FGM Centre, a partnership between Barnados and the Local Government Association (LGA) to achieve a systems change in the provision of services for girls and women affected by FGM. This initiative’s work will begin in February 2017 and will bring together experience and learning that will be invaluable in supporting partners working on FGM across Southwark.

The scrutiny sub-committee report is right to emphasise engagement, communication and awareness raising. Based on national research there are populations at risk of FGM and under-reporting. Community engagement is therefore a key priority for the next six months and we will work in collaboration with statutory agencies, Public Health, the National FGM Centre, Barnados, Community Southwark, African Advocacy Foundation and schools to ensure this work is a success.

RECOMMENDATIONS

That:

1. The cabinet is asked to note the progress against the eight recommendations made within the education and children services scrutiny sub-committee report on FGM dated March 2016.
2. The cabinet continues to support the work locally in raising public awareness through community outreach for the eradication of FGM.
3. The cabinet supports the new initiative of Southwark becoming the London partner working with the National FGM Centre and Barnardos for the eradication

of FGM.

Introduction

4. This report sets out the progress made towards implementing the recommendations within the education and children services scrutiny sub-committee report on FGM dated March 2016 to the council's Overview and Scrutiny Committee.

BACKGROUND INFORMATION

5. The mandatory reporting duty for FGM was introduced via the Serious Crime Act 2015 on the 31 October 2015. The duty required regulated health and social care professionals and teachers in England and Wales to report known cases of FGM in under 18-year-olds to the police:
 - when a professional has been informed by a girl under 18 that an act of FGM has been carried out on her
 - when the professional has observed physical signs which appear to show that an act of FGM has been carried out.
6. The mandatory reporting duty means that Acute NHS Trusts (Foundation and non-Foundation) must provide returns to the Department of Health (DH) on a monthly basis reporting the prevalence of FGM within their treated population. The monthly returns of aggregated patient data collected is a count of incidence of patients with FGM identified in acute care trusts in England. The FGM Enhanced Dataset Information Standard (SCCI2026) which was published on 1 April 2016 builds on the FGM Prevalence Dataset containing more data items, including some patient identifiable demographic data, and is extended to include mental health trusts and GP practices.
7. Complying with the duty to report does not breach any confidentiality requirement or other restrictions on disclosure which might otherwise apply. FGM is child abuse and employers and the professional regulators are expected to pay due regard to the seriousness of breaches of the duty.
8. Prior to the implementation of mandatory reporting, a multi-agency task and finish steering group was established. This comprised key partners from the Children Safeguarding Board and Adult Safeguarding Board in Southwark. This group developed and implemented an FGM guidance document which provides a framework to support partner agencies in meeting their statutory duties (see link in background papers).
9. Research undertaken by Professor Alison Macfarlane (2015) at City University found that the highest *estimated* prevalence rates in the population were in London boroughs, with the highest *estimated* prevalence being 4.7% of women in Southwark and 3.9% in Brent, compared to 0.5% in England and Wales as a whole. This *estimate* was based on the ethnic breakdown of communities within the boroughs based on *estimates* from countries of origin. These are referred to as "practicing communities". Hence, in order to know the Southwark FGM practicing communities it is necessary to collect good data and to understand the varying social norms that sustain the practice.

Current development

10. The National FGM Centre is a partnership between Barnardos and the Local Government Association (LGA) to achieve a systems change in the provision of services for girls and women affected by female genital mutilation (FGM). Funded initially by the Department of Education as part of its Children's Social Care Innovation Programme, the centre works closely with key partners from Local Authorities, Health, Education, Police, and the voluntary sector to achieve its vision and aims which is to prevent, protect, support and partner with stakeholders to deliver solutions, bring together experience and learning on what works for tackling FGM. The London Borough of Southwark has been invited to be part of this initiative by the National FGM Centre and Barnados who will provide:
- Support for primary schools
 - Interactive theatre performance on FGM with the aim of raising awareness and increasing viewers' confidence in acting effectively to safeguard girls from the abuse
 - Learning seminar to share the learning from work that was undertaken in pilot sites. This initiative is due to commence from February 2017.

KEY ISSUES FOR CONSIDERATION

11. Education and children services sub-committee recommendations:

Recommendation 1:

Develop a community profile of the FGM practicing communities in Southwark, drawing on available statistical data and community knowledge. Update this regularly as more accurate primary data becomes available and local knowledge of practicing communities develops.

12. The on-going development of a community profile of FGM in Southwark is being undertaken by the Community Engagement Subgroup and the Southwark Multi Agency FGM Steering Group. ROSA, which is a charitable fund set up to support initiatives that benefit women and girls in the UK and the National FGM Centre will also assist with this by highlighting best practice. With support from Public Health this work is being undertaken to a timeline of June 2017 and will be updated regularly going forward as knowledge develops.
13. Health data has been collected for a number of years by the Africa Well Women Clinic at Guys and St Thomas' NHS Foundation Trust and other health services. Now through the commissioning of African Advocacy Foundation (AAF) and the support of public health the collection of data can be extended to include schools and communities. Mandatory reporting is progressing and builds on the original profile developed by public health (see background papers).
14. Data from Southwark public health shows the existing routine data sources taken from Southwark maternity units:
- 3.3% of bookings in 2010 to 3.7% in 2015 (St Thomas')
 - National figure is 1.5%
 - FGM cases (2010-15) for Southwark and Lambeth at Kings College

Hospital (KCH) found:

- 77% of cases in black or black British-Africans and 15% those of any other black origin
- Variation by ethnicity e.g. 71% of Somali bookings, 56% Eritrean, and 16% Nigerian (St Thomas')
- KCH bookings data for Southwark and Lambeth by FGM types for 2010-15 were 321 (55%) type I, 132 (23%) type II and 87 (15%) type III.

15. The table below is based on FGM cases reported following the implementation of mandatory reporting in October 2015. Guys and St Thomas's Foundation Trust and Kings College Hospital Foundation Trust report to NHS Southwark CCG quarterly as part of the NHS assurance process. The table shows the data reported so far as of January 2016 to September 2016.
16. Table - Reported FGM cases by Acute Hospitals Trusts and General Practice within Southwark. **Please note that these are not new cases.**

2016/17	Jan/Mar	April/June	July/Sept	Oct/Dec
GSTT	28	35	27	Not yet available
KCH	40	66	28	Not yet available
GP Recorded on NHS Digital	Not noted	5	Not yet published	Not yet available

Recommendation 2:

Support the existing good work of community organisations, particularly African Advocacy Foundation. (See report attached in background papers)

17. An initiative investing in community based organisations over 3 years to safeguard children through community based preventative work has been undertaken by Children's Services through the commissioning of African Advocacy Foundation (AAF). The aim of the initiative is to raise awareness, increase confidence in the community to reject the procedure, increase workforce skills, coordinate interventions, develop stronger networks and improve policy and practice. AAF will also support the further development of our community profile, in order that we can better understand and work with our practicing communities in Southwark. Community Champions, most of them survivors, have been trained to help deliver work and engage with FGM practicing communities in Southwark.

Recommendation 3:

Raise local awareness of FGM through community events, publicity, media campaigns and via community champions. Work with the local voluntary sector groups and professionals; African Advocacy Foundation,

World of Hope, FGM survivors and Dr Comfort Momoh of the African Well Women's Centre to support planned events and generate appropriate publicity material. Keep the survivor voice at the forefront.

18. There are several local community events and initiatives within Southwark which are undertaken by partners with an interest in seeing the eradication of FGM. For example:
- Dr Comfort Momoh in collaboration with Rotherhithe School has set up an FGM clinic within the school/children centres and will use this as a model (once evaluated) across other schools. This model of FGM clinics within children centres is a good way of encouraging wider community engagement.
 - An event was held in June 2016 providing an FGM open forum and luncheon inviting women, young people and parents to attend. The forum provided answers to questions and reassurance about the mandatory reporting by health staff. Another similar event is being planned.
 - During the summer Dr Momoh provided a stall at the Camberwell Fair to raise public awareness of FGM.
 - The Community Engagement Subgroup held a half day safeguarding conference in October 2016 which included FGM for local voluntary and charitable organisations. There was high interest for the FGM work being undertaken in Southwark.
 - The training of Champions by AAF will help the progress of FGM work and an area for further development is to ensure that enough clinical staff are also trained.

**Recommendation 4:
Work with schools on integrating teaching on FGM as part of the PSHE curriculum development and ensure schools Safeguarding Leads understand FGM and how to protect girls. Consider using the material developed by FORWARD.**

19. This is a key priority for the Schools Safeguarding Forum (SSF) which is supporting ongoing messages and good practice re FGM in schools.
20. FGM is included in the Personal, Social and Health Education (PSHE) and Wellbeing curriculum offer. It is one of the areas covered in the three yearly whole school safeguarding INSETs and in the two yearly schools designated and deputy designated safeguarding leads training.
21. FGM training is also included in the local authority safeguarding training for school staff.
22. Professionals who access FGM training receive resource packs which are specific to FGM. This include further guidance of the practice and UK law, information/links about educational resources, lesson plans by FORWARD, NSPCC FGM hotline number, specialist clinics in London and posters to display in school/college toilets. Professionals from educational settings are encouraged to include FGM discussions in the PSHE lessons.

23. Part of the free offer provided by the National FGM Centre and Barnardos is support for primary schools through the delivery of in-school FGM programmes.

Recommendation 5:

Develop ways for young people to get help, information or report concerns, making sure that it is particularly tailored for girls at risk, and their siblings and peers who can help safeguard them e.g. via a confidential phone line and for the phone application Petals.

24. The FGM protocol and AAF leaflets are on the Local offer website and newsletter which goes to all partners within Southwark. Further initiatives need to take place locally to ensure young people can access information on FGM as and when required. This will be discussed at the FGM Steering group to see how best the views of young people can be captured regarding this. The lead for change makers along with sexual health leads will be invited to attend this group.
25. Child Line and the National Society for the Prevention of Cruelty to Children (NSPCC) provide an FGM hotline which offers advice, information, and assistance to members of the public and to professionals. The helpline counsellors are able to make referrals, as appropriate, to statutory agencies and other services. This information has been shared widely across agencies, schools, within communities and via social media by Southwark Young Advisers and their network.

Recommendation 6:

Continue to seek to engage the High Commission of the countries where most families originate from, particularly: Sierra Leone, Nigeria and Somalia.

26. High Commissions have been contacted by Southwark Social Care as part of specific investigations into FGM cases, and on one occasion they supported the safe return of two children from abroad. Further engagement from the Southwark Safeguarding Children's board will follow, and will include invitations to SSCB events and sessions on FGM.

Recommendation 7:

Request a detailed report back in 6 months time of the FGM steering group training of primary care professionals and frontline professionals.

27. A joint FGM conference was held in March 2016 by the Children's and Adults Safeguarding Boards resulting in the attendance of 144 people across agencies and partners.
28. Attendance by organisation:

GSTT	10% (14)
KCH	0.5% (1)
LBS C&AS	16% (23)
LBS other	15% (22)
GPs	14% (14)
Schools	16% (23)
SLAM	9% (13)
Others	19.5% (34)

29. 107 feedback forms from 144 attenders (74%):

Category	Satisfaction	Responses
Content	94.3%	101
Presentations	92.1%	101
Relevance	95.2%	101
Overall assessment	94.1%	101
The Law and FGM (Project Azure)	89.0%	49
FGM clinics in an education setting	93.0%	20
FGM, Faith and Culture	80.6%	34
FGM and Data collection	84.0%	5
FGM and Support	100.0%	6
FGM and Children's Health	95.7%	23
Violence Against Women and Girls and Adult Safeguarding	85.6%	18
FGM and Community Engagement	87.5%	16
All workshops	88.4%	171

Satisfaction = %age of possible maximum (5) score.

30. NHS Southwark Clinical Commissioning Group provided a Protected Learning Time (PLT) event on Safeguarding for Primary Care/GPs with FGM as headline topic. There were approximately 200 GPs and practice nurses in attendance.
31. Across the NHS, FGM training of health staff has being undertaken at levels 1 -3 as per the recommendation of the intercollegiate document (*Safeguarding Children and Young People: roles and competencies for health care staff, 2014*). Each provider organisation is required to meet a minimum standard of 80% training. The training is offered as e-learning and face to face on a rolling programme.
32. Kings College Hospital Foundation Trust and Guys and St Thomas's Foundation Trust have referral and information pathways in place.

33. Sharing of best practice models across health agencies is in place to help safeguard children and adults at risk of FGM and to promote their welfare and that of survivors.
34. Level 3 FGM training is provided by Dr Comfort Momoh to multi-agency safeguarding leads and their teams through the local authority My Learning Source (MLS).

Recommendation 8:

Conduct a community engagement programme to end FGM in partnership with local voluntary sector and community organisations and using the expertise of the REPLACE 2 Coventry University programme and 28 Too Many.

35. AAF recruits volunteers and community champions, most of them FGM survivors, to engage and work with FGM practicing communities in Southwark. They provide non direct conversations e.g. holding henna nights, going to back room of mosques to speak to women, attending community events. They also engage and recruit young people, girls and boys who are essential in empowering young people to keep themselves and others safe.
36. A meeting has been arranged with Coventry University to discuss if they can support AAF in engaging the community.
37. The use of '28 Too Many' was considered, however, it was felt that AAF were already undertaking that work locally.
38. Community Southwark are currently focusing on engaging local faith organisations and FGM is one of the topics that are given priority as these organisations can play a significant role in changing attitudes and practice in the local community.
39. A Southwark multi-agency steering group is taking forward development of the FGM work plan with a key focus on community engagement. The steering group will explore the role children centers could play as a venue for group work in educating and raising awareness of FGM.
40. The reporting of FGM has been incorporated into the work plan of the Violence Against Women and Girls (VAWG) subgroup and one of the key performance indicators within the dataset. Information is reported from sources such as the Health and Social Care Information Centre (renamed as NHS Digital), Department of Health and the Police.

Support services for survivors of FGM

41. Solace is a locally commissioned service that provides support and advocacy for gender-based violence issues including FGM.
42. African Advocacy Foundation (AAF) support victims of FGM through a variety of support levels such as counselling and group work with families. They have been commissioned to deliver some of the work mentioned in recommendation 3.
43. These are some examples of the activities being currently undertaken:
 - Training of community champions

- Monthly women only discussions
- Monthly man to man talks
- Faith group activities
- Community outreach
- Support for survivors
- Training frontline professionals.

44. Whilst there have not been any convictions of perpetrators of FGM, Southwark Children's and Adults' Services in partnership with the Police Child Abuse Investigation Team have over the last year, obtained 4 FGM Protection Orders through the courts to ensure the safety of children in Southwark. These orders did not result in foster placements as all were able to remain with a protective parent/carer whilst further assessment and interventions were undertaken.
45. The African Well Woman Clinic provides counselling, support, advice for women who have experienced FGM, as well as advice for practitioners. The clinic also provides the reversal or de-infibulation for type III FGM.
46. NHS Southwark CCG commission's mental health support for adults, children and young people who have experienced trauma, including trauma associated with FGM. As part of the Local Transformation Plan for Children and Young People's Wellbeing, a specific trauma focused Practitioner was commissioned within the core Child and Adolescent Mental Health Service (CAMHS).

Conclusion

47. The FGM work in Southwark, which is led by the Southwark Safeguarding Children's Board Health Subgroup, is leading the FGM agenda via strong partnership working, shared values and a shared commitment. Based on national research there are populations at risk of FGM and under-reporting, however further development of this work will require community engagement. This is a key priority for the FGM Multiagency Steering Group over the next six months. Working in collaboration with statutory agencies, Public Health, AAF, Barnardos, the National FGM Centre, Community Southwark and schools will help make this work a success in mission to eradicate FGM.

Community impact statement

48. The targeted actions being undertaken as set out in this report to prevent FGM and to respond to the challenges posed by practicing communities, directly responds to the needs of girls and women at risk of FGM or who have experienced FGM prior to coming to the UK. The further development of the FGM community profile will ensure that the protected characteristics of those concerned are very well understood and responded to effectively in a culturally sensitive and appropriate way. This approach permeates the current work and will be at the heart of future developments.

Legal and financial implications

49. There are no legal or financial implications arising.

BACKGROUND DOCUMENTS

Background paper	Held at	Contact
Southwark FGM guidance document for Safeguarding Children and Vulnerable Adults	Website	Children's and Adults' Services
Link: http://safeguarding.southwark.gov.uk/training-and-events/sscb-ssab-joint-conference-downloads/		
The Southwark Profile Picture of FGM	Website	Public Health Consultant Dr Abdu Mohiddin
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5377&Ver=4		
FGM activities in Southwark by AAF	Website	African Advocacy Foundation
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5377&Ver=4		

APPENDICES

No.	Title
Appendix 1	Support Services for Survivors of FGM

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Children and Schools	
Lead Officer	David Quirke-Thornton, Strategic Director of Children's and Adults' Services	
Report Author	Clarisser Cupid, Designated Nurse- Safeguarding Children and Kate Moriarty-Baker, NHS Southwark CCG	
Version	Final	
Dated	11 January 2017	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	13 January 2017	

APPENDIX 1

Community Based Support Agencies

Organisation:	Solace Advocacy and Support Service(SASS) Southwark
Telephone number:	0207 593 1290
Email address:	southwark@solacewomensaid.org
Web address:	www.solacewomensaid.org
Opening hours:	9:00 – 18:00 (with additional out-of-hours on-call service provided via same contact number)
Referral criteria:	Women and Men aged 16 or over who live in Southwark and are experiencing abuse.
Project Description	<p>Solace offers and provides help through advice and support to women and men who are or have suffered abuse which can be physical, sexual, emotional or financial abuse which takes place within an intimate or family relationship. Abuse can include neglect, controlling behaviour, forced marriage, honour based violence or female genital mutilation.</p> <p>Help is provided through advice and support with:</p> <ul style="list-style-type: none"> • Improving your safety • Housing and homelessness • Finances and welfare benefits • Access to legal services • Parenting and children • Emotional support • Making your home safer.

Organisation:	Africa Advocacy Foundation
Telephone number:	0208 698 4473
Email address:	mulkaht@a-af.org or shani@a-af.org
Web address:	www.sacredbodies.org
Opening hours:	Monday - Friday 10am - 6pm
Referral criteria:	Women and girls affected /at risk of Female Genital Mutilation

Project description:	<p>The Sacred Bodies Project works to reduce the risk of FGM to young girls in Lambeth, Southwark and Lewisham. We educate and empower men, women and youth about the health implications of FGM and the law.</p> <p>Our services include one to one counselling, community outreach support, advice and referral for women affected by FGM, delivered in culturally appropriate manner.</p>
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Organisation:	African Well Women's Clinic at Guy's and St Thomas' Hospital
Telephone number:	020 7188 6872 or 07956542576 or via Geraldine Joyce, Safeguarding
Email address:	Comfort.Momoh@gstt.nhs.uk
Opening hours:	Monday to Friday 9:00 - 17:00
Referral criteria:	Women who have experienced female genital mutilation
Project description:	<p>The clinic provides counselling, support, advice for women who have experienced female genital mutilation (FGM), as well as advice for practitioners. The clinic also provides the reversal or de-infibulation for type III FGM.</p> <p>Women from anywhere across the UK can access the service.</p>

Organisation:	FGM Hotline
Telephone number:	0800 028 3550
Email address:	fgmhelp@nspcc.org.uk
Opening hours:	24 hour hotline
Referral criteria:	Anyone affected by FMG
Project description:	<p>A 24/7 UK-wide service staffed by specially trained child protection helpline counsellors who can offer advice, information, and assistance to members of the public and to professionals. Helpline counsellors will also be able to make referrals, as appropriate, to statutory agencies and other services.</p>

Agenda Item 9

Item No. 9.	Classification Open	Date: 24 January 2017	Meeting Name: Cabinet
Report title:		Housing Revenue Account – Final Rent-Setting and Budget Report 2017-18	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	

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

In December cabinet approved the indicative rent setting and budget report for the Housing Revenue Account. This report went out to consultation with Tenants Council and the final report is now being presented for approval.

The budget for 2017-18 factors in the national rent reduction of 1% that was introduced as part of the Welfare Reform and Work Act 2016 and we are beginning to feel the impact of this since it was introduced last year.

The report sets out the council's position not to increase sheltered housing, district heating or hot water charges for the financial year.

There will be an increase to tenant service charges and to the direct charges for garages, store sheds and parking bays and this increase is rebalancing the decision made in previous years not to raise these charges.

In a time when we are receiving less income into the Housing Revenue Account as a result of Government policy we need to ensure that savings are generated in the main through efficiencies and we remain committed to our Quality Housing Investment Programme and delivering new kitchens and bathrooms to our tenants despite the financial pressures we currently face.

I recommend that cabinet approve the report and note the proposed savings and income generation in the appendices.

RECOMMENDATIONS

1. That cabinet agrees a rent decrease of 1.0% for all HRA dwellings (including estate voids and hostels) with effect from 3 April 2017. This is in accordance with the provisions of the Welfare Reform and Work Act 2016. The average dwelling rent in 2017-18 under such a reduction will be £99.48 per week. Paragraphs 15 and 16 contain further detail.
2. That with regard to other HRA-wide charges, cabinet agrees that tenant service charges, comprising the estate cleaning, grounds maintenance, communal lighting and door entry maintenance charges be increased as set out in paragraph 21 with effect from 3 April 2017.
3. That cabinet agrees that no increase be made to sheltered housing service charges as set out in paragraph 22 with effect from 3 April 2017.

4. That cabinet agrees that direct charges for garages, store sheds and parking bays be increased as set out in paragraph 23 with effect from 3 April 2017.
5. That cabinet agrees that there be no increase to district heating and hot water charges as set out in paragraph 24 with effect from 3 April 2017.
6. That cabinet reaffirms the commitments made last month not to introduce the voluntary provisions of the Housing and Planning Act 2016 with regard to higher income social tenants ('pay-to-stay') and to ensure that savings made are primarily based on efficiencies, and where staffing reductions form part of any said savings, that due consultation and process is followed with trade unions.

BACKGROUND INFORMATION

Indicative HRA budget (13 December report)

7. On 13 December 2016 the cabinet considered the indicative HRA rent-setting and budget position for 2017-18. This report contained all of the background information necessary to consider the reasons behind the proposals for rents and other charges. It is not proposed to repeat this detail here, but where further and updated information has been received that is germane to this process it is outlined below. Officers will provide a formal report of any resolutions from Tenant Council, Homeowner Council, Southwark TMO Committee and area housing forums at the cabinet meeting.
8. The purpose of this final report is to seek formal approval of the recommendations in respect of rents and other charges outlined at paragraphs 1 to 6 above.

Statutory framework

9. The HRA reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, homeowner service charges and other income. The HRA forms a specific part of the council's accounts, and a report regarding the general fund budget including those aspects provided via the housing and modernisation department is being considered separately.
10. Whilst there is no statutory requirement to consult, the council is committed to engaging with stakeholders, particularly under the terms of the tenancy agreement, and so the December report formed the basis of early consultation with the bodies listed in paragraph 7 above. This process commenced before Christmas 2016, and continued throughout January 2017.
11. The council is obliged by statute to agree a balanced HRA budget, whereby income and expenditure levels for the forthcoming year match. Appendix A summarises budget movements between 2016-17 and 2017-18, predicated on the basis of a rent reduction of 1% and any other proposed changes to charges.

KEY ISSUES FOR CONSIDERATION

Financial context

12. Whilst self-financing provided financial freedoms, it also brought with it a number of increased risks and budget pressures, particularly in the early years of operation. To a large extent these have already been mitigated through the delivery of efficiency savings and wholesale restructuring of landlord services since 2012-13. Appendix B sets out savings and income generation for 2017-18 specifically. Commitments are listed as Appendix C.
13. Budgeted expenditure and income for 2017-18 is represented in bubble map form in Appendix D; Appendix E indicates the revised budget for 2016-17 and the base for 2017-18 incorporating the changes identified in Appendix A. This is further analysed to a divisional level in Appendix F.

HRA reserves and financing

14. The 13 December 2016 report also set out the current position in regard to council policy on HRA reserves and balances, in common with the council's general fund. HRA reserves and balances continue to be managed in accordance with the council's Fairer Future Medium-Term Financial Strategy 2016-17 to 2019-20.

Current legislative issues

15. As set out in the indicative budget report, two major pieces of legislation were enacted by parliament recently; both with significant impact on the financing of social housing. The first, the Welfare Reform and Work Act 2016, implements a cut of at least 1% in local authority rents for each of the financial years from 2016-17 to 2019-20. The Act contains provision for the reduction to exceed 1%, but given the ongoing impact in resource terms as set out in both the previous report for 2017-18 and in the corresponding budget report for 2016-17, it is recommended that this be minimised by adhering to the 1% reduction level.
16. It remains unclear what government intentions are regarding social rents for April 2020 onward.
17. The second legislative item – the Housing and Planning Act 2016 – contained several elements impacting directly on the financing of social housing in future years. These include enforcement of the “pay to stay” policy for high income tenants; the enforced sale of higher-value void properties, and the ending of automatic secure tenancies for new tenants.
18. In December 2016 the government announced that it no longer intended to press on with the mandatory application of the high income tenants rent policy (commonly referred to as ‘pay-to-stay’), which had previously been timetabled to become law from April 2017. Whilst the government has stressed that it is still available for social housing providers to apply on a voluntary basis, it has never been the policy of Southwark Council, and cabinet formally rejected its application in December 2016.
19. The detail of the higher-value void sale requirement remains subject to the issue of as yet unpublished regulations from central government. However, the current understanding is that the implementation of this policy is not imminent as the practical implications of the vote to leave the European Union in June 2016 are addressed. The

council's investment programme already contains assumptions as to a base level of void receipts to part-fund the new-build programme.

20. The relevant provisions of the Housing and Planning Act 2016, when brought in force, will also make fundamental changes to the issuing of tenancies to new tenants, and also around the succession of existing tenancies to other family members. "Lifetime" secure tenancies will no longer be available to new tenants, and 'new style' secure tenancies for fixed terms of between two – ten years provided instead. This policy will not apply to housing associations. There are some exemptions written into legislation, including 'old style' secure tenancies remaining available to qualifying tenants moving as a result of regeneration decants (which also happens to form an exemption from the council's own target rents policy). Also, tenants who are asked to move by their council will be able to take their security of tenure with them and those who apply for a transfer will also be able to have an 'old style' secure tenancy when they move if their council agrees. The budget implications of this change are as yet unclear, beyond additional administrative costs of implementing a policy of review and/or renewal of fixed tenancies and the costs of appeal processes.

Tenant service charges

21. As set out in the 13 December report, the council intends to vary tenant service charges for 2017-18 in order to fully re-align the income receivable to the cost of service provision (the table below refers). For a tenant in receipt of all four services, it represents an increase of 8.9%, but this follows a freeze for several years and then a below cost increase in 2015-16, which was capped at CPI +1% in line with rents. For comparison, service charges will have increased by a relatively modest 12% over the course of the last eight years (2010-11 – 2017-18).

	2016-17 per week	2017-18 per week	Change pence per week
Estate Cleaning	£4.70	£5.21	51p
Grounds Maintenance	£1.11	£1.16	5p
Communal Lighting	£1.20	£1.33	13p
Door Entry System Maintenance	£0.70	£0.70	nil
Total	£7.71	£8.40	69p

Sheltered housing service charges

22. Service charges for sheltered residents were first introduced in 2013-14 to meet the cost of enhanced housing management provision not covered by the base rent. Notwithstanding inflationary pressures over the period, costs have been able to be contained at broadly similar levels through restructuring and rationalisation and the number of sheltered and extra care places available have increased, such that the impact is broadly neutral. It is therefore not proposed to vary charges from their existing level.

Non-residential rents and charges

23. Garage and associated non-residential charges were last subject to change in 2012-13, and small-scale service charges were introduced during the current year. Tenant Council and Homeowner Council have been consulted on the proposed increase for 2017-18, as set out in the table below. Following recent benchmarking, the proposed charge levels remain reasonably competitive in comparison to other providers and offers value for

money, particularly with regards to the provision of storage. The proposed increase will generate additional income of £448,000 in a full year (assuming occupancy levels remain stable) and assist in mitigating the need to find greater savings in other more critical budget areas impacting residents, such as repairs. The £5.00 concessionary charge reduction for elderly and Blue Badge holders is preserved under these proposals.

	2016-17 £ per week	2017-18 £ per week	Change £ per week
Standard charge	18.62	20.50	1.88
Concessionary charge	13.62	15.50	1.88
Small sites	10.00	11.00	1.00
Non-resident charge	27.50	30.25	2.75

District heating charges

24. As previously stated, the council reviews charges annually to ensure that within the context of the current flexibly-priced gas supply contracts, charges are set at a level to smooth price volatility as far as possible over the contract period; these contracts delivered substantial savings compared to retail market prices. Alongside this, on-going investment in the infrastructure to increase energy efficiency/reduce consumption contributes to the financial sustainability of the heating account which has enabled charges to be maintained at the same level over the medium-term. Together with the potential use of accrued balances, this means that charges for tenants can be held at existing levels once again for 2017-18. Homeowners pay on an actual consumption basis plus the cost of repairs and maintenance, which prevents direct comparison with tenants' fixed charges.

Thames Water

25. As reported to cabinet on 1 November 2016, from April 2017 the council will no longer be responsible for the billing and collection of water charges from tenants as the water provider (Thames Water) gave notice of termination of this contract earlier in 2016. The council is currently working closely with Thames Water in order to facilitate the smooth transition to direct billing for tenants, particularly those with vulnerabilities.

Commitments and savings

26. The 13 December 2016 report set out recommended budget pressures and commitments for 2017-18. These included general inflation at £1.9m, specific service commitments of £3.3m (including £2.3m loss of commission receivable from Thames Water) and rent loss due to the statutory rent reduction of £3.1m. As noted in the appendices below, savings at £6.8m and further income generation proposals of £0.2m have also been identified, enabling a balanced budget to be set for 2017-18.
27. To place this in context, paragraph 28 of the indicative HRA budget report indicated that savings of £34.1m have been identified over the last five years. This has been to address the gap between committed expenditure and resources within the HRA budget, which over the same time period totalled £45.1m, with the balance being bridged by additional income of £11.0m. Further detail on the 2017-18 figures in particular is contained in Appendix B, and also in paragraphs 30 – 35 of the 13 December report.
28. In line with other local authorities, during 2017-18 the council intends to phase out the use of the 0800 number for repairs calls, which will save in the region of £65,000 per

year. This number, (which already incurs costs for the user depending on the mobile network used) will be replaced with an 0300 number which will cost no more than a national rate call and is included in any inclusive minutes packages from any type of line including mobile, BT, other fixed line or payphone. Calls from landlines are typically charged up to 10p per minute; calls from mobiles typically cost between 3p and 40p per minute. The average customer calls the repairs line seven times per year. The old number will be phased out over several months.

Community impact statement

29. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and advance equality of opportunity and foster good relations between different groups.
30. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with the budget for 2017-18 and for previous years, each department will undertake equality analysis/screening on its budget proposals ahead of the final decisions being taken. Where screenings identify potential impacts more detailed analysis is being carried out.
31. Undertaking equality analysis helps the council to understand the potential effects that the budget proposals may have on different groups. The analysis also considers if there may be any unintended consequences and how any of these issues can be mitigated. Analysis is also undertaken to consider any cross-cutting and organisation-wide impacts.
32. For many services the budget proposals will include efficiencies which have staffing implications. As specific proposals are brought forward, and at each stage of implementation thereafter, the different impacts on different categories of staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures.
33. Equality analysis will continue through the cycle of planning and implementation of these budget proposals. In line with our Public Sector Equality Duty, any changes to services arising from these proposals will be implemented in such a way so as to not impact disproportionately on any specific section or group in our community. Where necessary, consultation will be undertaken alongside mitigating actions where necessary. In line with the process across the council, information on the equality analysis will be shared with the relevant cabinet members so it can be considered when decisions are taken. To date no cumulative impacts have been identified through the analysis.

Consultation and notification

34. The purpose of presenting rent-setting and budget information to cabinet in two stages is to facilitate the early commencement of consultation with representative groups (i.e. before the Christmas break). To that end, the 13 December 2016 report was labelled 'indicative' and all figures therein were subject to change. The sections in this final report have set out such changes as are required to provide the HRA with a balanced budget for 2017-18.
35. Tenant Council met on 3 January 2017 to consider the December report, and to refer it on to area housing forums. They reconvened on 23 January 2017 to consider any recommendations arising from the area forum consultation, and wider HRA budget consultation outcomes, where available; and make consolidated recommendations to cabinet, which due to time constraints are reported under separate cover as Appendix G

to this report. Homeowner Council are unable to make recommendations in the matter of tenant rents and service charges, but may do so in terms of any proposals regarding non-dwellings rents and other charges and in terms of the rest of the HRA budget and considered the report at their meeting of 11 January 2017. Any such comments will also be reported to cabinet alongside those of Tenant Council. The December report was also the subject of formal consultation with Southwark TMO Committee at their meeting on 18 January 2017.

Statutory and contractual notifications

36. Subsequent to the approval of the final report on 24 January 2017, either as set out or as amended by cabinet, and the passing of the necessary date for its implementation, the council will issue a statutory and contractual notification of variation in rents and other charges to all tenants, not less than 28 days prior to the commencement of the new rents and charges referred to above.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

37. Statutory requirements as to the keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989 ('the 1989 Act'). The 1989 Act provisions include a duty, under Section 76 of the 1989 Act, to budget to prevent a debit balance on the HRA and to implement and review the budget.
38. Under Section 24 of the Housing Act 1985, local housing authorities have the power to "*make such reasonable charges as they may determine for the tenancy or occupation of their houses*". Section 24 also requires local authorities, from time to time, to review rents and make such changes as circumstances may require. This provision conferring discretion as to rents and charges made to occupiers, effectively limited by the above HRA provision, is subject to further restrictions arising from the provisions of the Welfare Reform and Work Act 2016 ('the Act') which received royal assent on 16 March 2016.
39. Section 23 of the 2016 Act introduces for a period of four years, a 1% annual reduction to the rent payable by social tenants. Schedule 2 of the Act introduces, for a period of four years commencing 2016, requirements about the maximum levels of rent for social tenancies beginning after the beginning of 8 July 2015; these requirements apply to tenancies of new homes and re-lets to a new tenant, but not the grant of a new tenancy to an existing tenant. Regulations made in 2016 set out exceptions to and circumstances in which exemptions may be given from the rent regime otherwise applicable and make alternative provision for certain exempt categories. For social rent properties, the reduction applies to the rent element and not to service charges.
40. Rent and other charges are excluded from the statutory definition of matters of housing management in respect of which local authorities are required to consult their tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996 in relation to secure, introductory and demoted tenants respectively. As a term of the tenancy agreement with its tenants however, Southwark Council has undertaken to consult with the Tenant Council before seeking to change rent and other charges. The report indicates consultation has taken place in order to comply with this term.
41. It is further provided by Section 103 of the Housing Act 1985 in relation to secure tenancies, which also applies in respect of introductory tenancies by virtue of Section 111A of the Housing Act 1985, together with the council's agreement with its tenants,

that they are notified of variation of rent and other charges at least 28 days before the variation takes effect by service of a notice of variation.

42. As noted at paragraph 33 of this report, the public sector equality duty (PSED) contained within section 149 of the Equality Act 2010 requires the council to have due regard in its decision-making processes 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; and
 - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
43. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The duty also applies to marriage and civil partnership, but only in relation to (a) above.
44. The council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making decisions in the current context. The cabinet must consider the report author's reference to equalities considerations at paragraphs 29 –33 of this report.

Strategic Director of Finance and Governance

45. The financial implications arising from the various movements in expenditure/income on the HRA are covered within this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Thames Water – Historic Water Resale Case Update and Next Steps	160 Tooley Street London SE1 2QH	Paula Thornton Constitutional Team 020 7525 4395
Link: (copy and paste into browser) http://moderngov.southwark.gov.uk/documents/s64602/Report%20Thames%20Water%20Historic%20Water%20Resale%20Case%20Update%20and%20Next%20Steps.pdf		
HRA Indicative Rent-Setting and Budget 2017-18	As above	As above
Link: (copy and paste into browser) http://moderngov.southwark.gov.uk/documents/s65505/Report%20Housing%20Revenue%20Account%20-%20Indicative%20Rent%20Setting%20and%20Budget%20Report%202017-18.pdf		
Fairer Future Medium-Term Financial Strategy 2016-17 – 2019-20	As above	Jennifer Seeley Director of Finance 020 7525 0695
Link: (copy and paste into browser) http://moderngov.southwark.gov.uk/documents/s63776/Report%20Policy%20and%20resources%20strategy.pdf		

APPENDICES

No.	Title
Appendix A	HRA Budget Movements 2016-17 to 2017-18
Appendix B	HRA Summary Proposed Savings and Income Generation Schedule 2017-18
Appendix C	HRA Summary Commitments Schedule 2017-18
Appendix D	HRA Expenditure and Income Budget 2017-18 Bubble Maps
Appendix E	HRA Revised Budget 2016-17 and Base Budget 2017-18
Appendix F	HRA Base Budget 2017-18 by Division
Appendix G	Results of consultation – to be circulated as a separate document

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Ian Young, Departmental Finance Manager, Housing and Modernisation	
Version	Final	
Dated	12 January 2017	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	N/a	N/a
Date final report sent to Constitutional Team		12 January 2017

APPENDIX A

HRA BUDGET MOVEMENTS 2016-17 TO 2017-18

	Paragraphs	£m
Commitments:		
General inflation	26	1.9
Service commitments	26	3.3
Sub-total		5.2
Tenant rents and charges:		
Net dwelling rent (including stock/void movements)	15 – 20	3.1
Tenant service charges	21	(0.5)
Sub-total		2.6
Other rents and charges:		
Non-residential rents and charges	23	(0.4)
Homeowner and other income streams		(0.4)
Sub-total		(0.8)
DEFICIT/(SURPLUS) BEFORE SAVINGS		7.0
Savings and income generation:		
Efficiency and other savings	27 – 28	(6.8)
Income generation	27 – 28	(0.2)
Sub-total		(7.0)
NET DEFICIT/(SURPLUS)		0.0

Note: where a paragraph for this report is not referenced above, further information may be obtained by reference to the cabinet report of 13 December 2016.

APPENDIX B

HRA SUMMARY PROPOSED SAVINGS/INCOME GENERATION SCHEDULE 2017-18

Division	Efficiency and Other Savings £'000	Income Generation £'000	Total £'000
Housing Solutions rationalisation	(70)	–	(70)
Introduction of 0300 prefix for repairs calls	(65)	–	(65)
Cease using Opti-time system for repairs logging	(150)	–	(150)
TOTAL CUSTOMER EXPERIENCE	(285)	–	(285)
Budget realignment – bad debt provision (water arrears)	(624)	–	(624)
Budget realignment – utility costs	(1,000)	–	(1,000)
Decent Homes contribution to Investment Programme	(1,108)	–	(1,108)
Increase in Barrow store licence fees	–	(20)	(20)
Increase in RTB/loan/mortgage portfolio fees	–	(185)	(185)
Re-profiling of garage refurbishment programme	(200)	–	(200)
TOTAL CENTRAL SERVICES/EXCHEQUER	(2,932)	(205)	(3,137)
Budget realignment – TRA Hall maintenance	(200)	–	(200)
TMO Allowances review in line with HRA cost base	(324)	–	(324)
Resident Involvement rationalisation	(500)	–	(500)
TOTAL COMMUNITIES	(1,024)	–	(1,024)
Strategy and Improvement/Programme team merger	(325)	–	(325)
Re-profiling of fire safety works programme (hostels/TA)	(265)	–	(265)
Supported Housing rationalisation	(160)	–	(160)
TOTAL RESIDENT SERVICES	(750)	–	(750)
Project/Contract Management establishment costs	(250)	–	(250)
APEX system efficiencies	(150)	–	(150)
Asset Management client-side efficiencies	(150)	–	(150)
Repairs contract savings (works redefinition)	(450)	–	(450)
Voids contract savings (volume reduction)	(750)	–	(750)
TOTAL ASSET MANAGEMENT	(1,750)	–	(1,750)
TOTAL HOUSING REVENUE ACCOUNT	(6,741)	(205)	(6,946)

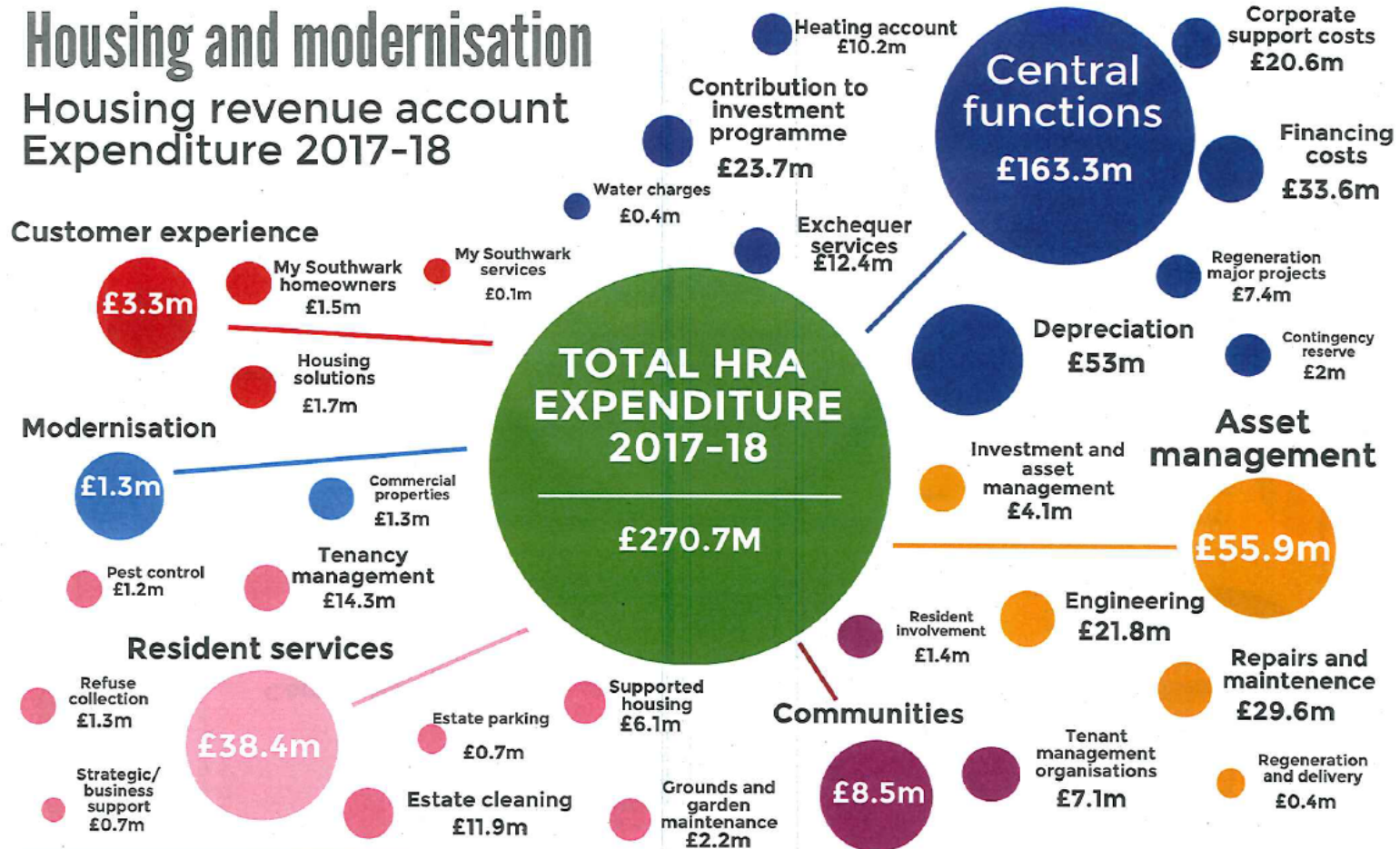
APPENDIX C

HRA SUMMARY COMMITMENTS SCHEDULE 2017-18

Division	Total £'000
Thames Water contract termination – loss of commission	2,337
HRA proportion of restructured IT service	475
Homeowner buildings insurance premium increase	200
Budget realignment – possession claims on-line (PCOL) legal fees budget	234
TOTAL CENTRAL SERVICES/EXCHEQUER SERVICES	3,246
TOTAL HOUSING REVENUE ACCOUNT	3,246

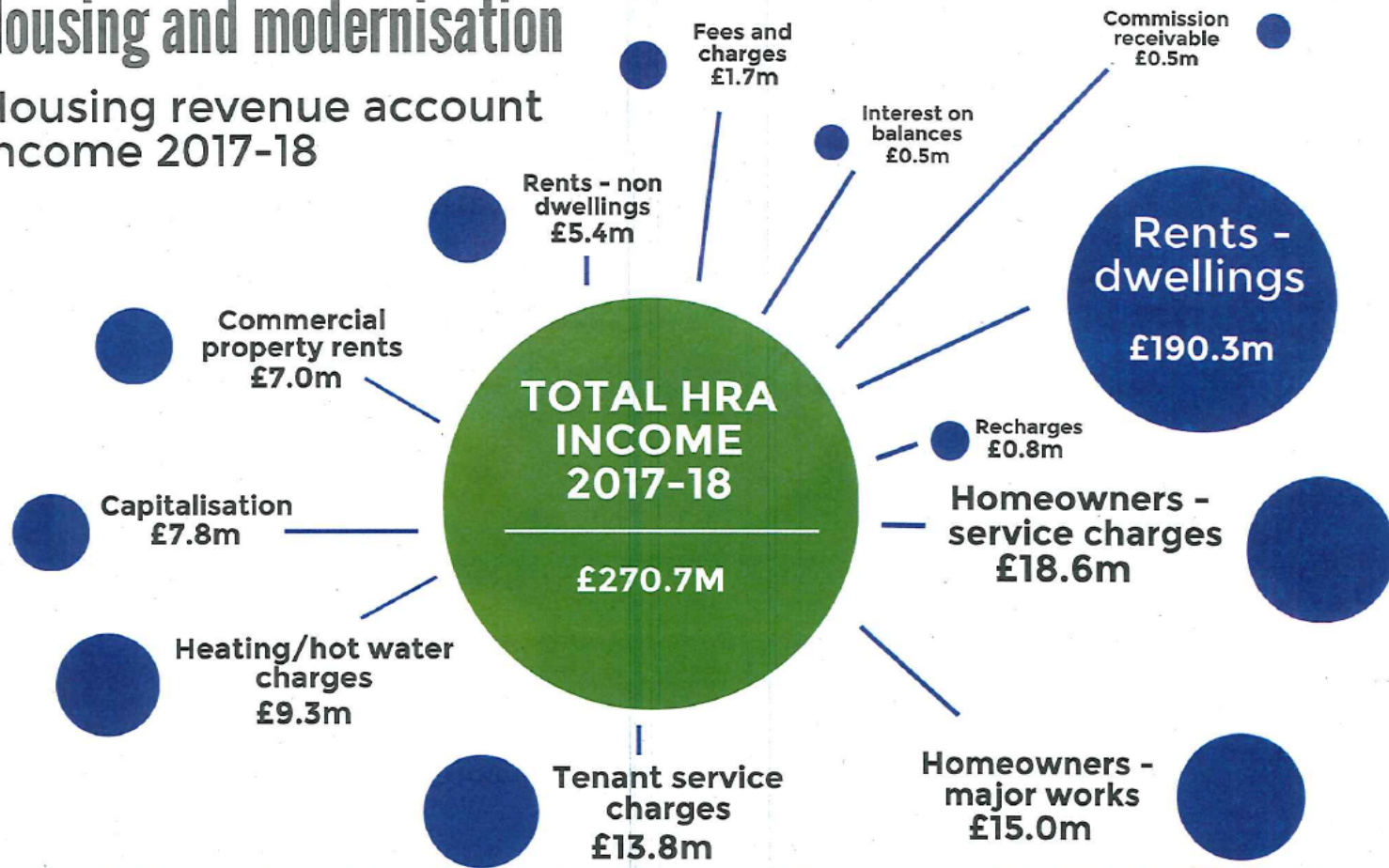
HRA EXPENDITURE AND INCOME BUDGET 2017-18 BUBBLE MAPS

Housing and modernisation
Housing revenue account
Expenditure 2017-18



Housing and modernisation

Housing revenue account Income 2017-18



APPENDIX E

HRA REVISED BUDGET 2016-17 AND BASE BUDGET 2017-18

HOUSING REVENUE ACCOUNT	2016-17	Inflation	Commitment	Financing	Rents & Service Ch.	Savings	Redist.	2017-18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	32,468	879	–	–	–	(1,418)	–	31,929
Running Costs	32,252	55	709	–	–	(1,387)	–	31,629
Water Charges	13,478	–	–	–	(12,986)	–	–	492
Contingency/Contribution to Reserves	1,437	–	–	–	–	–	–	1,437
Grounds Maintenance/Estate Cleaning	15,979	265	–	–	–	–	–	16,244
Responsive Repairs/Heating Repairs	49,259	777	–	–	–	(1,665)	–	48,371
Contribution to Inv. Programme	32,252	–	–	–	–	(1,108)	–	31,144
Corporate Support Costs/SLAs	19,973	–	200	–	–	(215)	–	19,958
Depreciation	53,000	–	–	–	–	–	–	53,000
Financing Costs	33,555	–	–	–	–	–	–	33,555
Tenant Man. Organisation Allowances	3,242	–	–	–	–	(324)	–	2,918
Sub-total	286,895	1,976	909	–	(12,986)	(6,117)	–	270,677
Income:								
Rents – Dwellings	(192,774)	–	–	–	3,094	(624)	–	(190,304)
Rents – Non-Dwellings	(4,968)	–	–	–	(448)	–	–	(5,416)
Heating/Hot Water Charges	(9,289)	–	–	–	–	–	–	(9,289)
Tenant Service Charges	(13,284)	–	–	–	(454)	–	–	(13,738)
Thames Water Charges	(12,986)	–	–	–	12,986	–	–	–
Commission Receivable	(2,817)	–	2,337	–	–	–	–	(480)
Homeowners – Major Works	(15,000)	–	–	–	–	–	–	(15,000)
Homeowners – Service Charges	(18,386)	–	–	–	(219)	–	–	(18,605)
Interest on Balances	(411)	–	–	–	–	(75)	–	(486)
Commercial Property Rents	(6,864)	–	–	–	(136)	(20)	–	(7,020)
Fees and Charges	(1,563)	–	–	–	(75)	(110)	–	(1,748)
Capitalisation	(7,758)	(38)	–	–	–	–	–	(7,796)
Recharges	(795)	–	–	–	–	–	–	(795)
Sub-total	(286,895)	(38)	2,337	–	14,748	(829)	–	(270,677)
NET EXPENDITURE	0	1,938	3,246	–	1,762	(6,946)	–	0

APPENDIX F

HRA BASE BUDGET 2017-18 BY DIVISION

HOUSING REVENUE ACCOUNT	2016-17 £'000	Inflation £'000	Commitment £'000	Financing £'000	Rents & Service Ch. £'000	Savings £'000	Redist. £'000	2017-18 £'000
Customer Experience	3,574	24	–	–	–	(285)	–	3,313
Central Services/Exchequer Services	177,035	636	909	–	(12,986)	(2,308)	–	163,286
Communities	9,475	16	–	–	–	(1,024)	–	8,467
Resident Services	38,823	357	–	–	–	(750)	–	38,430
Asset Management	56,675	943	–	–	–	(1,750)	–	55,868
Modernisation	1,313	–	–	–	–	–	–	1,313
TOTAL EXPENDITURE	286,895	1,976	909	–	(12,986)	(6,117)	–	270,677
Customer Experience	(1,040)	–	–	–	–	–	–	(1,040)
Central Services/Exchequer Services	(241,641)	–	2,337	–	14,884	(829)	–	(225,249)
Communities	(16,256)	–	–	–	–	–	–	(16,256)
Resident Services	(14,287)	–	–	–	–	–	–	(14,287)
Asset Management	(6,865)	(38)	–	–	–	–	–	(6,903)
Modernisation	(6,806)	–	–	–	(136)	–	–	(6,942)
TOTAL INCOME	(286,895)	(38)	2,337	–	14,748	(829)	–	(270,677)
Customer Experience	2,534	24	–	–	–	(285)	–	2,273
Central Services/Exchequer Services	(64,606)	636	3,246	–	1,898	(3,137)	–	(61,963)
Communities	(6,781)	16	–	–	–	(1,024)	–	(7,789)
Resident Services	24,536	357	–	–	–	(750)	–	24,143
Asset Management	49,810	905	–	–	–	(1,750)	–	48,965
Modernisation	(5,493)	–	–	–	(136)	–	–	(5,629)
NET EXPENDITURE	0	1,938	3,246	–	1,762	(6,946)	–	0

CUSTOMER EXPERIENCE	2016-17	Inflation	Commitment	Financing	Rents & Service Ch.	Savings	Redist.	2017-18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
My Southwark Homeowners	1,483	10	-	-	-	-	-	1,493
My Southwark Service Points	362	3	-	-	-	(215)	-	150
Housing Solutions	1,729	11	-	-	-	(70)	-	1,670
TOTAL EXPENDITURE	3,574	24	-	-	-	(285)	-	3,313
My Southwark Homeowners	(965)	-	-	-	-	-	-	(965)
My Southwark Service Points	-	-	-	-	-	-	-	-
Housing Solutions	(75)	-	-	-	-	-	-	(75)
TOTAL INCOME	(1,040)	-	-	-	-	-	-	(1,040)
My Southwark Homeowners	518	10	-	-	-	-	-	528
My Southwark Service Points	362	3	-	-	-	(215)	-	150
Housing Solutions	1,654	11	-	-	-	(70)	-	1,595
NET EXPENDITURE	2,534	24	-	-	-	(285)	-	2,273

CENTRAL SERVICES/ EXCHEQUER SERVICES	2016-17	Inflation	Commitment	Financing	Rents & Service Ch.	Savings	Redist.	2017-18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Heating Account	11,198	–	–	–	–	(1,000)	–	10,198
Water Charges	13,354	–	–	–	(12,986)	–	–	368
Dwelling Rent Income	–	–	–	–	–	–	–	–
Regeneration Major Projects	7,400	–	–	–	–	–	–	7,400
Depreciation	53,000	–	–	–	–	–	–	53,000
Financing Costs	33,555	–	–	–	–	–	–	33,555
Contingency Reserve	2,020	6	–	–	–	–	–	2,026
Corporate Support Costs	19,577	571	475	–	–	–	–	20,623
Contribution to Inv. Programme	24,852	–	–	–	–	(1,108)	–	23,744
Exchequer Services	12,079	59	434	–	–	(200)	–	12,372
TOTAL EXPENDITURE	177,035	636	909	–	(12,986)	(2,308)	–	163,286
Heating Account	–	–	–	–	–	–	–	–
Water Charges	(2,337)	–	2,337	–	–	–	–	–
Dwelling Rent Income	(205,744)	–	–	–	15,626	–	–	(190,118)
Regeneration Major Projects	–	–	–	–	–	–	–	–
Depreciation	–	–	–	–	–	–	–	–
Financing Costs	(236)	–	–	–	–	–	–	(236)
Contingency Reserve	6,301	–	–	–	–	(624)	–	5,677
Corporate Support Costs	(530)	–	–	–	–	–	–	(530)
Contribution to Inv. Programme	–	–	–	–	–	–	–	–
Exchequer Services	(39,095)	–	–	–	(742)	(205)	–	(40,042)
TOTAL INCOME	(241,641)	–	2,337	–	14,884	(829)	–	(225,249)
Heating Account	11,198	–	–	–	–	(1,000)	–	10,198
Water Charges	11,017	–	2,337	–	(12,986)	–	–	368
Dwelling Rent Income	(205,744)	–	–	–	15,626	–	–	(190,118)
Regeneration Major Projects	7,400	–	–	–	–	–	–	7,400
Depreciation	53,000	–	–	–	–	–	–	53,000
Financing Costs	33,319	–	–	–	–	–	–	33,319
Contingency Reserve	8,321	6	–	–	–	(624)	–	7,703
Corporate Support Costs	19,047	571	475	–	–	–	–	20,093
Contribution to Inv. Programme	24,852	–	–	–	–	(1,108)	–	23,744
Exchequer Services	(27,016)	59	434	–	(742)	(405)	–	(27,670)
NET EXPENDITURE	(64,606)	636	3,246	–	1,898	(3,137)	–	(61,963)

COMMUNITIES	2016-17	Inflation	Commitment	Financing	Rents & Service Ch.	Savings	Redist.	2017-18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tenant Management Organisations	7,411	6	-	-	-	(324)	-	7,093
Resident Involvement	2,064	10	-	-	-	(700)	-	1,374
TOTAL EXPENDITURE	9,475	16	-	-	-	(1,024)	-	8,467
Tenant Management Organisations	(16,192)	-	-	-	-	-	-	(16,192)
Resident Involvement	(64)	-	-	-	-	-	-	(64)
TOTAL INCOME	(16,256)	-	-	-	-	-	-	(16,256)
Tenant Management Organisations	(8,781)	6	-	-	-	(324)	-	(9,099)
Resident Involvement	2,000	10	-	-	-	(700)	-	1,310
NET EXPENDITURE	(6,781)	16	-	-	-	(1,024)	-	(7,789)

RESIDENT SERVICES	2016-17	Inflation	Commitment	Financing	Rents & Service Ch.	Savings	Redist.	2017-18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Supported Housing	6,550	19	-	-	-	(425)	-	6,144
Estate Cleaning	11,538	265	-	-	-	-	-	11,803
Refuse Collection	1,307	-	-	-	-	-	-	1,307
Pest Control	1,240	-	-	-	-	-	-	1,240
Grounds Maintenance	2,113	-	-	-	-	-	-	2,113
Other Environment Services	1,546	-	-	-	-	-	-	1,546
Tenancy Management	5,994	47	-	-	-	-	-	6,041
Investigations and Support	7,511	16	-	-	-	-	-	7,527
Strategy and Performance	1,024	10	-	-	-	(325)	-	709
TOTAL EXPENDITURE	38,823	357	-	-	-	(750)	-	38,430
Supported Housing	(13,106)	-	-	-	-	-	-	(13,106)
Estate Cleaning	-	-	-	-	-	-	-	-
Refuse Collection	-	-	-	-	-	-	-	-
Pest Control	-	-	-	-	-	-	-	-
Grounds Maintenance	-	-	-	-	-	-	-	-
Other Environment Services	-	-	-	-	-	-	-	-
Tenancy Management	(1,140)	-	-	-	-	-	-	(1,140)
Investigations and Support	(41)	-	-	-	-	-	-	(41)
Strategy and Performance	-	-	-	-	-	-	-	-
TOTAL INCOME	(14,287)	-	-	-	-	-	-	(14,287)
Supported Housing	(6,556)	19	-	-	-	(425)	-	(6,962)
Estate Cleaning	11,538	265	-	-	-	-	-	11,803
Refuse Collection	1,307	-	-	-	-	-	-	1,307
Pest Control	1,240	-	-	-	-	-	-	1,240
Grounds and Garden Maintenance	2,113	-	-	-	-	-	-	2,113
Other Environment Services	1,546	-	-	-	-	-	-	1,546
Tenancy Management	4,854	47	-	-	-	-	-	4,901
Investigations and Support	7,470	16	-	-	-	-	-	7,486
Strategy and Performance	1,024	10	-	-	-	(325)	-	709
NET EXPENDITURE	24,536	357	-	-	-	(750)	-	24,143

ASSET MANAGEMENT	2016-17	Inflation	Commitment	Financing	Rents & Service Ch.	Savings	Redist.	2017-18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment and Asset Management	4,026	36	-	-	-	-	-	4,062
Engineering Services	21,808	282	-	-	-	(275)	-	21,815
Reactive and Planned Maintenance	30,427	622	-	-	-	(1,475)	-	29,574
Regeneration and Delivery	414	3	-	-	-	-	-	417
TOTAL EXPENDITURE	56,675	943	-	-	-	(1,750)	-	55,868
Investment and Asset Management	(2,653)	(26)	-	-	-	-	-	(2,679)
Engineering Services	(1,067)	(11)	-	-	-	-	-	(1,078)
Reactive and Planned Maintenance	(3,071)	(1)	-	-	-	-	-	(3,072)
Regeneration and Delivery	(74)	-	-	-	-	-	-	(74)
TOTAL INCOME	(6,865)	(38)	-	-	-	-	-	(6,903)
Investment and Asset Management	1,373	10	-	-	-	-	-	1,383
Engineering Services	20,741	271	-	-	-	(275)	-	20,737
Reactive and Planned Maintenance	27,356	621	-	-	-	(1,475)	-	26,502
Regeneration and Delivery	340	3	-	-	-	-	-	343
NET EXPENDITURE	49,810	905	-	-	-	(1,750)	-	48,965

MODERNISATION	2016-17	Inflation	Commitment	Financing	Rents & Service Ch.	Savings	Redist.	2017-18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commercial Properties	1,313	-	-	-	-	-	-	1,313
TOTAL EXPENDITURE	1,313	-	-	-	-	-	-	1,313
Commercial Properties	(6,806)	-	-	-	(136)	-	-	(6,942)
TOTAL INCOME	(6,806)	-	-	-	(136)	-	-	(6,942)
Commercial Properties	(5,493)	-	-	-	(136)	-	-	(5,629)
NET EXPENDITURE	(5,493)	-	-	-	(136)	-	-	(5,629)

Item No. 10.	Classification: Open	Date: 24 January 2017	Meeting Name: Cabinet
Report title:		Borough-wide District Heating Strategy	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	

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

Southwark provides 17,000 council properties with heat and hot water through existing district heating systems and networks. These systems require a large investment to ensure that they are brought up to a modern standard, remain in good working order and are as efficient as possible.

The council want to provide sustainable heating solutions that provide for the needs of council residents and the wider community. To allow time for the opportunities for the district systems and heat networks to be fully explored, the council are agreeing a three year plan to tackle some of the current highest priority investment needs.

This three year plan addresses some of the key issues that residents have raised to members, such as the overheating problems at the Cossall Estate. The council is pleased to be able to commit to addressing these concerns and will continue to listen to residents in planning and carrying out the investment to our district heating systems.

The council cannot continue to maintain ageing district systems to the current levels and a step change is needed to ensure that a longer term investment strategy is found. A recent audit of the district heating systems across Southwark highlighted the optimum solution for each of our district heating systems and this report asks cabinet to recommend that the council undertake a wider strategic review of heat production in the borough.

The strategic review will be guided by a commitment to providing solutions that deliver a fair deal for residents, environmental benefits, as well as providing the levels of investment required to deliver modern heating solutions in the borough.

RECOMMENDATIONS

That cabinet:

1. Notes that 17,000 council properties rely on district heating systems that are in need of capital investment and modernisation. There is not the funding in the current plans and models to upgrade the systems to a modern standard.
2. Approves the interim three year investment plan, whilst the options for funding the modernisation of Southwark's heat network are fully explored, including bringing the Cossall estate district heating works forward from 2020-21 to 2017-18 to address the overheating issues experienced by residents.

3. Notes that a recent study into costs of modernising the boroughs district heating concluded that in most cases that the current district heating systems should be retained and modernised. There is an estimated £44m shortfall in prioritised investment funding over the next 10 years and £350m capital investment required over the next 40 years.
4. Notes the development of decentralised energy schemes and heat networks are embedded in the London Plan and in the preferred option for the Southwark Plan. These networks are seen as essential in reducing CO₂ emissions. Nearly half the UK's energy use is for heating and creating a low carbon source of heating homes is essential to meet climate change ambitions. Developing and modernising Southwark's networks can contribute to these aims as well as deliver a cost effective and effective solution for residents.
5. Notes that to fully explore the scheme viabilities and develop a funded strategic investment plan is expected to take approximately 3 years. Officers will provide an interim update in a year on the progress made exploring options and any earlier opportunities that are being progressed. The options will aim to deliver the modernisation of Southwark's heat network in a way that will deliver for customers and the environment, as well as leveraging in funding and expertise to enable this step change to be realised.

BACKGROUND INFORMATION

6. The council owns and operates 220 boiler houses and plant rooms which supply heating to over 120 separate district/communal heating networks. These range from small communal boilers supplying heat to a block of flats to a number of estates connected to South-East London Combined Heat and Power (SELCHP) providing heat and hot water from waste. These networks in turn provide heating and hot water to over 17,000 council properties consuming over 300 GWh of heat every year.
7. There has been some investment in these networks over the past 15 years but this has mainly focused on the central plant and underground distribution mains networks which were considered to be the worst performing parts of the systems.
8. There is an urgent need to develop a long term strategy for the district heating assets to ensure that the council invests in the most cost effective way in order to meet the needs of tenants and leaseholders.

KEY ISSUES FOR CONSIDERATION

Parsons Brinckerhoff

9. Consultants, Parsons Brinckerhoff, were commissioned by the council to undertake a review of the borough's heat networks and assess strategies for future heat supply across all the housing estates currently served by district heating systems.
10. The review was to:
 - Assess requirements and costs for the modernisation of Southwark's heat networks.
 - Determine the economic viability of modernising the heat networks, compared to an alternative of installing individual gas boilers in each dwelling currently served from a heat network.

- Develop a costed strategy for modernising Southwark’s heating delivery across estates currently served by a heat network.
11. The review considered 4 options:
- **Business as usual** – the existing heat networks are maintained, with replacement on a like-for-like basis of individual elements as required by the condition and expected life cycle of each element.
 - **District Heating (DH) good practice, no internal refurbishment** – boilers and balance of plant items are replaced in order to allow for efficient heat generation and distribution. DH pipework is replaced at the end of its life. Dwelling internals, including hot water cylinders, remain unchanged. Individual dwellings are provided with a direct Heat Interface Unit (HIU) board containing valves, a heat meter, timer-clock and thermostat for better supply regulation and metering in line with new *Heat Network (Metering and Billing) Regulations 2014* requirements.
 - **District Heating good practice, no internal refurbishment, addition of combined heat and power unit** – this option is as per the DH good practice option described above, but integrating a new combined heat and power plant (CHP) unit at the central plant, operating as lead boiler in conjunction with a thermal store.
 - **Individual gas boilers - no internal refurbishment** – the DH network is decommissioned and individual, non-combi gas boilers are installed in each dwelling. Dwelling internals remain unchanged – i.e. the non-combi boiler supplies the existing hot water cylinder coils.
 - In addition to these options, the potential costs and benefits of upgrading dwelling internal system were also evaluated for each estate in conjunction with the options above.
12. Parsons Brinckerhoff considered the whole life capital costs through time and these were input into a 40 year whole life cost model as required by the five options described above. The analysis was based on the detailed surveying of several estates plus information provided by the council to model the rest of the portfolio.
13. Only estates with partial heating would benefit in purely economic terms from dwelling internal system upgrades. The results showed that none of the other estates would benefit. However, it should be noted that internal upgrades would improve efficiency and comfort levels.
14. The analysis took into account disruption and likelihood of an improvement being accepted in any change to a system and therefore only recommends a change where there was a clear economic case.
15. Following the initial report there has been work to verify the model resulting in changes to the output to give a better picture of the need and future of the council’s heat network.
16. The analysis against the options for the whole life cost benefit found that:
- 19% of estates the best option was business as usual.
 - 14% of estates the best option was individual boilers.
 - 67% of estates the best option was district heating upgrade.
17. The analysis estimates that by making capital investment upgrading the district heating or, in limited cases, changing to individual boilers would save an estimated £210m at

today's prices (lifetime cost) against business as usual across all the estates.

18. The preferred options are estimates that are used to model the investment requirement across the district heating portfolio. Any decision on the best option for an individual system would need to be based on a further detailed cost/benefit analysis.
19. Based on prioritising the most important estates, where the maximum economic benefit can be realised a 10 year capital/replacement spend on preferred options is estimated at £100m (including on costs and inflation). There is a significant shortfall in both our short term and long term investment plans.
20. The current asset management strategy allowed for £56m investment in DH over the period leaving an estimated shortfall of around £44m required over the 10 year period, based on the current scenario. It should be noted that this only includes the cost of dwelling internal upgrades in partially heated estates or the few estates for which internal upgrades were recommended. Additional budget should be set aside for individual dwelling upgrades in estates where resident comfort levels and/or maintenance costs for the dwellings are unsatisfactory.

Wider strategic context

21. The report clearly demonstrates the need for a wider strategic consideration of the council's district heating systems to ensure they are upgraded to a modern standard. It is clear that it is not economically sound to continue to simply continue a piecemeal investment into gas powered district heating systems. Gas powered heating systems are not a low carbon option and the council needs to give a consideration of how it can develop its heat networks and also achieve the investment needed. Switching to individual boilers is still expensive, and although in some limited cases it may be the best option, it would limit any possible future switch to a low carbon heat source if a network may be available in the future.

National context

22. The UK government has set a target of reducing greenhouse gases by at least 80% by 2050. Nearly half the gas use in the UK is used on heating (The Department of Energy and Climate Change (DECC), 2012, Digest of UK Energy Statistics).
23. The DECC (now part of Department for Business, Energy and Industrial Strategy) sees the development of heat networks as a key part of its strategy for a low carbon future.
24. The government has been supporting local authorities to realise the potential of heat networks through the Heat Networks Delivery Unit (HNDU) to provide expertise that local authorities may not have in house.

Local context

25. The London Plan required Southwark and other London boroughs to embed support for decentralised heat networks within local plans. The London Plan committed to meet 25% of London's energy requirements through the use of decentralised energy by 2025 (expected to be predominantly through gas-fired CHP and heat networks). London Plan policies 5.5 and 5.6 support development of decentralised heat networks. Policy 5.6 is particularly important as it requires major developments to follow a hierarchical approach, starting with connecting to an existing heat network; then moving to a site wide CHP network where this is not feasible; or lastly opting for a communal heat

network.

26. The council aims to reduce borough-wide CO₂ by 22.4% by 2020 and 80% by 2050 and promote the use of CHP and district heating networks as the main means of tackling CO₂ emissions from buildings.
27. The Mayor of London's, London heat Network Manual states that: *'Large scale decentralised energy schemes incorporating heat networks offer an affordable way of achieving low carbon energy supply in densely populated areas such as London, meeting domestic, commercial and some industrial space heating and domestic hot water requirements. It achieves this through the supply of low cost low carbon sources of heat distributed in bulk via heat networks.'*
28. The preferred option version of the emerging New Southwark Plan (October 2015) supports the development of heat networks linked to a low carbon heat source. Policy DM56 states that planning permission will be granted for: *'Major development that connects to existing or planned decentralised energy networks. Where connection to an existing or planned network is demonstrated not to be feasible, major development should prioritise use of a site wide CHP communal heating system. Where CHP is feasible, the opportunity to oversize the CHP and extend the network to supply nearby buildings beyond the site should be evaluated and enacted.'*
29. The supporting text to the policy highlights that: *'Most carbon dioxide emissions come from heating, cooling and powering buildings accounting for 84% of emissions in Southwark. Reducing carbon dioxide emissions, especially through requiring zero carbon buildings, will contribute to objectives to reduce greenhouse gas emissions and tackle the effects of man-made climate change.'*
30. *Decentralised energy networks provide an important opportunity for reducing carbon emissions and fuel poverty in dense urban areas like Southwark. The policy therefore seeks to encourage the expansion of existing decentralised energy networks within the borough and, where this is not practicable, the development of new networks.'*

Funding options to meet the investment need

31. Asset management looked at options to fund the gap or prioritise investment within the constraints of the overall financial Housing Revenue Account (HRA) business plan.
32. The maintenance costs will only increase without considerable investment; this will put mounting pressure on the HRA, adding to the pressures of the HRA from the reduction in rents, welfare reform and housing and planning act.
33. There are a number of funding options that were considered.

Funding option 1: Savings in the HRA

34. The senior strategic business manager was asked to look at potential savings within the HRA which could be used to fund part of the financial shortfall on the district heating replacement programme.
35. Over the last 5 years individual budgets have been scrutinised against historical actual spend and anticipated future spend to realise savings totalling £33m for the period 2011-16. The HRA budgets and actuals for the last 5 years were looked at, but this clearly highlighted the savings that have taken place over the last 5 years and didn't

indicate any areas where significant savings could be made without affecting delivery. Any savings that could emerge would have to be provided through a fundamental review of housing service delivery but this is constantly looked at as evidenced by the staffing restructures in asset management and residents services. Even if any savings did emerge then the use of the savings would have to be prioritised by officers and members and not automatically used to fund the capital shortfall on the district heating programme.

36. The current Asset Management Strategy only allows for £56m investment in district heating over a 10 year period. The remaining programme cannot be reprioritised without affecting the programmes ability to deliver existing commitments including to maintaining decent homes, the kitchen and bathroom guarantee and providing external decorations.

Funding option 2: Looking at the rent and service charge to ensure we are adequately recovering costs for services and improvements

37. Homeowners pay a variable rather than a fixed service charge, based on the actual cost of fuel, together with repairs and maintenance in accordance with the terms of their lease, whereas for tenants, energy costs are pooled across the dwelling stock and standardised charges are set on a borough-wide basis for tenants, depending on the number of bedrooms and type of heating installation. And the cost for repair and maintenance forms part of the basic rent. At present, the heating account currently pays for remote equipment for monitoring usage and contribution towards the energy management team, as well as on-going investment in the infrastructure to increase energy efficiency/reduce consumption.
38. The heating account is ring fenced within the HRA and run on a trading account basis, with surpluses/deficits carried forward between years allowing pricing consistency. Although, the charges are reviewed annually. In 2014-15 the heating account expenditure was not fully met by income, requiring the drawdown of £0.48m from the heating account reserve, leaving an overall balance of £2.24m (shown below). In 2015-16, income exceeded expenditure and the balance carried forward was increased to £3.36m. Given that this is a trading account rather than an on-going surplus, there is limited capacity to fund any significant works.

	Notes	£
Electricity		835,213
Gas		10,737,046
Fuel Oil	A	63,588
Telephones	B	26,146
Energy Management	C	89,347
Total Expenditure		11,751,340
Tenant Contributions	D	(8,996,896)
Homeowner Contributions	E	(2,269,829)
Total Income		11,266,725
Net Expenditure		484,615
Balance brought-forward		(2,720,184)
Movement during 2014-15		484,615
Balance carried forward		(2,235,569)

39. There is limited scope for service charging other non heating items such as TV aerial maintenance, however in terms of this paper these items would not yield a significant income to the council to enable funding to be diverted to the district heating.

Funding option 3: Looking at external grant funding opportunities

Energy Company Obligation (ECO)

40. The Energy Company Obligation (ECO), a programme to deliver energy efficiency measures in homes across Great Britain, is due to finish at the end of March 2017. The 2015 spending review set out government plans to have a supplier obligation in place until 2022, with a focus on fuel poverty. A consultation from the DECC took place from 29 June 2016 to the 17 August 2016 and we await the outcomes.
41. The proposed scheme will be the primary vehicle through which government would meet its commitments to insulate homes, tackle fuel poverty, whilst making progress towards carbon budgets. It has an estimated funding level of £640m per year.
42. This consultation sets out proposals to allow all those living in social tenure housing with an Energy Performance Certificate (EPC) band of E, F or G to be eligible within Affordable Warmth funding. Also, given the high proportion of fuel poor households living in this housing and the general low income levels, it was proposed that additional eligibility criteria relating to the occupants of those properties is not required.
43. Void EPC data from 2012 to 2015 indicates that less than 10% of properties are a Band E or lower, which may limit the funding opportunities.
44. There are also proposals that local authorities would provide a declaration to energy suppliers that they had determined a private household, or a number of households, as eligible under Affordable Warmth funding with eligibility around low income and vulnerability.
45. Officers have met with British Gas to discuss funding opportunities and passed them six sample schemes in order to determine the likely funding available under the current obligations:
- D'Eynsford Estate
 - Cossall Estate
 - Canada Estate
 - Lettsom Estate
 - North Peckham Estate
 - Sceaux Gardens Estate.
46. British Gas estimated that the grant funding would cover less than 10% of the capital outlay estimated prior under the current obligations.
47. Although the limited grant funding available to the programme will help meet interim funding needs this does not resolve Southwark's long term funding issues or allow for a long term strategy to be developed.
48. However, for any projects going forward Southwark will look to maximise funding available through Affordable Warmth funding to deliver improvements to residents.

The London Energy Efficiency Fund (LEEF)

49. The London Energy Efficiency Fund (LEEF) allows access to loans of up to 10 years and interest rates from 1.65% to public and other bodies in the Greater London area if projects contribute to improved energy efficiency through reducing consumption and/or carbon emissions; and the funding requirement is between £1m and £20m. However, this money will need to be paid back and as Southwark currently passes on heating savings directly to residents there is no pay back period on the investment.

Department for Business, Energy and Industrial Strategy

50. The DECC's Heat Networks Delivery Unit, now part of the Department for Business, Energy and Industrial Strategy has been supporting local authorities to explore heat network opportunities since 2013.
51. HNDU funding has been available for early stage development support, with the last round (round 6) funding available published in April 2016 with further funding expected to be announced later in the financial year.
52. HNDU grant funding can provide up to 67% of the estimated eligible external costs of early stage development studies. The funding covers identification and prioritisation of heat network project opportunities through feasibility to detailed design and commercialisation.
53. Due to the London Heat Mapping Work carried out by 2010 for Southwark it would be advisable to target any funding around a recap of this work for the early stages and a feasibility study into scheme specific options.
54. The Heat Network Investment Project (HNIP) aims to provide £320m of capital support by March 2021 to increase the volume of heat networks being built, deliver carbon savings, and help create the conditions necessary for a self-sustaining heat network market to develop. This funding is to contribute directly towards the construction costs of heat networks, and help stimulate a self-sustaining heat network market. The initial funding pilot is open for local authorities and other public sector bodies excluding central Government Departments to bid for a pot of £39m funding by 28 November 2016. The council would need to explore development options possibly utilising HNDU funding so that it would be in a position to bid for HNIP funding in later rounds.
55. One of the aims is to '*...build capability among local actors to develop optimised heat networks that will meet local needs. Seek to support the type of heat networks with the following technical, contractual and financial characteristics that would not have been developed without Government support: will have explored a suitable range of technical options and are efficient heating and cooling systems that are technically future-proofed; are commercially future-proofed; and will operate with no customer detriment in comparison to the likely alternative heat supply.*'

Other funding streams

56. Prudential borrowing (in the case of a council led delivery model), however, this would clearly increase the short term debt burden on the council and means the council carries the risk should the payback and other benefits not be realised.
57. Other developer contributions such as section 106 funding.

58. The Greater London Authority (GLA) are also providing a framework that is currently being evaluated to fund the consultancy work under a support agreement. The framework should be available early in 2017.

Funding Option 4: Looking at the priorities, especially in the short term, so we can balance the investment need with the resources available

59. Southwark engaged the RE:NEW team who are a team employed through the GLA to reduce carbon emissions and energy bills in London's homes. This team helps organisations such as Southwark and other local authorities, housing associations, and universities to implement retrofit projects and alleviate fuel poverty.
60. RE:NEW carried out some analysis of estimated fuel usage across the boroughs district housing stock. This showed the usage at D'Eynsford and Cossall per property was amongst the highest across the borough.
61. RE:NEW also provided contacts for some of the case studies and helped set out options for possibilities for the future delivery of the heat networks, including funding and delivery vehicles.
62. The analysis has been used alongside existing information on the systems to revise a programme.
63. Following the Parsons Brinckerhoff study and work by RE:NEW, a three year delivery programme has been put in place pending a longer term strategic review of the boroughs heat networks.
64. Since 2012, there have been many reports of overheating in dwellings from residents on Cossall Estate, coinciding with the last major works programme which included for replacement windows. The existing heating system provides heating and hot water to all properties on the estate (392 properties) and is served from a central boiler house. The main boilers and internal pipework is the original and around 35 years old. However, the main underground pipe work supplying each block was replaced in 2002 and is thought to be in reasonable condition.
65. Council officers attended a number of resident meetings to understand the extent of the problems that residents are encountering. Residents requested that a number of options were explored to reduce/remove the overheating problems in their homes.
66. Officers agreed to commission an independent feasibility study into the root cause of the overheating and to recommend costed solutions. It was agreed to share the report with residents. Officers engaged a specialist consultant, PCM, to investigate and carryout the feasibility report. PCM reported back on 18 December 2014.
67. Some residents voiced a strong opinion to move to individual boilers but the consultation carried out in 2015 on the options had such a low return it was inconclusive.
68. It is recommended that further consultation is carried with residents with a view that a costed solution is worked up to begin in 2017-18 rather than in 2020-21 as currently planned in the asset management strategy.

Funding option 5: Look at the models for service provision to district heating

69. Below is a list from Parsons Brinckerhoff potential commercial arrangements possible for public-private partnerships that have been undertaken to date. Sometimes different forms of arrangements are used throughout the life of a project.

Description	Funding	Construction	Ownership	O&M	Potential application
Public Sector - traditional	LBS funds Grant funding Other public funds	Public procurement of construction contracts by LBS	LBS direct	LBS internal or public procurement of O&M contract	LBS procure schemes. The heat is then sold on to heat customers. Full LBS control. LBS take all the risk and benefit.
Public sector – arms length organisation	LBS funds Grant funding Other public funds ALMO Borrowing	Public procurement of construction contracts by ALMO	ALMO	ALMO direct or public procurement of O&M contract	As above but LBS set up an ALMO to manage the delivery and operation of the scheme. Potential to avoid public procurement rules and engage in commercial markets. Full LBS control. LBS take all the risk and benefit.
Public Private Partnership – JV company	Part as Public Sector plus private sector equity plus private sector debt	Public/private sector procurement of construction contracts (depends on JV structure and partner capabilities)	JV Ltd Co	JV Co direct or Public/private sector procurement of O&M contracts (depends on JV structure and partner capabilities)	LBS and a partner as shareholders of a single entity. LBS able to exert influence over priorities such as reduction of fuel poverty, CO2 reduction, prioritising connection of future developments. Shared risk.
PPP – split responsibilities (e.g. energy supply private – infrastructure public sector)	Part as public sector plus private sector equity plus private sector debt	Split public/private procurement with interface management	Split public/private	Split public/private procurement of O&M services. Public O&M potentially packaged with private sector partner	LBS and partner with different roles, e.g. LBS procure pipe network, partner funds EC and customer interfaces. Benefits as with JV option, i.e. LBS retain maximum possible influence. Risk is shared in part, but can be weighted heavily in one direction (e.g. network construction risk if LBS fund the network installation would sit with LBS).
Private sector – direct energy services contract	Private sector debt/equity Grant funding – limited availability Supported by contract for services	Public procurement for energy services (heat, power) – fixed scope Private sector construction contracts	Private sector – reversion to public after defined period	Private sector	Infrastructure ownership reverts to public sector once the contract for services has repaid the private sector debt/capital spend. Risk sits with private sector until asset is transferred.
Private sector – concession	Private sector debt/equity Grant funding – limited availability. Supported by concession	Public procurement for concession – fixed area/service variable scope. Private sector construction contracts	Private sector – reversion to public after defined period	Private sector	As with direct energy services contract option above, but the concession covers a fixed area rather than a fixed set of loads. Typically this would be for a new development area where specific requirements can be placed on developers to connect to a network. Risk sits with private sector until asset is transferred.

Description	Funding	Construction	Ownership	O&M	Potential application
Private sector speculative	Private sector debt/equity Grant funding – limited availability. Underwritten by supply contract	Private sector	Private sector	Private sector	LBS has no influence over the connected loads, receives none of the commercial benefits but takes none of the risk. Still contributes towards some of LBS's drivers – CO ₂ reduction etc., but risks being at odds with LBS social agenda.

Other models

70. There are other models in the energy sector including Mutual Energy which is a mutual company which manages strategic energy assets in the long term interests of Northern Ireland's energy consumers. Mutual Energy is a company limited by guarantee with no shareholders, commonly known as a mutual.
71. Co-op Energy is a co-operative, owned and run by their members. When they make a profit, members and communities see the benefits.

Energy Services Company (ESCO)

72. An ESCo refers to a commercial structure that has the purpose of selling energy services to end customers. An ESCo may be set up to produce and supply energy usually in the form of heat to customers. A full ESCo would finance, design, install, maintain and bill, delivering an end to end energy service.
73. ESCos can be developed and owned by a public authority, a privately owned businesses or a mixture of the two.
74. Public ESCOs are set up of public sector organisation to sell heat to public buildings or estates often through a separate company. Private ESCOs hold service contracts with clients in order to generate profits but also often guarantee energy savings. Joint public/private ESCOs allow the public body lever in capital investment whilst ensuring environmental benefits and benefits to residents and sharing the risks.
75. A public ESCo has the advantage of being fully owner and controlled by the council. However, the council would have to borrow or invest directly to deliver capital investment and all the risk would be placed on the council. The heat network competes directly with other funding priorities.
76. A private ESCo has the advantage of transferring risk from the council, however, the council would also be surrendering control and less able to protect customers except through contractual arrangements.
77. A joint public/private ESCo would allow the council to lever in private investment into delivering the heat network whilst ensuring environmental benefits and benefits to residents and sharing the risks. This would be structured through special purpose vehicle and allow public and/or private funding.
78. The ESCo would work by providing and investing in a heat network and selling on the heat to residents at a rate favourable or equivalent to the market price they could obtain as an individual purchaser. The model works where there is a surplus in producing energy to allow an eventual return on any capital outlay, allowing the ESCo

to operate. The ESCo should also work to improve efficiency thus reducing costs and customer consumption. With private investment, the return would go back to the private sector or could be shared in a mixed funding arrangement.

79. The establishment of an ESCo and selling heat directly to customers would require a licence.
80. Nottingham City Council has successfully established Robin Hood Energy, which is a not-for-profit company that supplies electricity directly to customers. Similarly the Mayor of London is establishing Energy for Londoners, a not-for-profit company providing a comprehensive range of energy services. Energy for Londoners has applied for a Licence Lite. They predict that it could help bring in more than £300 million of investment for 22 new heat and power projects in London.
81. There is unlikely to be private interest in an ESCo based on district heating replacement of gas boilers and upgrades. An ESCo is more likely to be an option for a combined heat and power plant.

Opportunities for investment

82. Southwark currently pays on average around 2.2p per kWh for gas through the LASER consortium (an energy buying consortium). In addition, the price the council pays for heat from the SELCHP heat network is significantly lower than to LASER as a result of specific financial arrangements with our waste PFI partner, and part owner of SELCHP, Veolia Environmental Services Southwark Ltd (VESS). These charges are passed onto residents through a fixed service charge for tenants or leasehold service charges and amount to approximately £10.7m for gas. An individual customer can expect to pay in excess of 3.7p kWh on the open market. It should be noted that although the prices paid are low the current networks are generally old and inefficient meaning that consumption is high particularly on some estates.
83. The analysis by Parsons Brinckerhoff identifies that on a number of the larger estates the addition of CHP as part of the system upgrade would deliver value over the alternative options. These could be further explored to look at wider loads available locally. The savings generated through technology could be used for investment depending on how the investment was structured, the cost at which heat was sold and the overall viability of the scheme.
84. Parsons Brinckerhoff suggests as a local authority, the council has the potential to provide certainty to the market in a way that the private sector cannot. This ability should enable Southwark, should the council wish to, to attract a private sector partner to help develop opportunities on the basis of anchor load customers based around key estates and other council owned loads. However, further work is needed to explore the viability of these opportunities.
85. Parsons Brinckerhoff, also caution that a piecemeal approach could risk the best opportunity areas being 'cherry-picked' and put forward that a borough-wide partnership arrangement may represent a possible way forward, if there appears to be sufficient potential across the wider portfolio of estates. The viability of this proposition remains to be tested, with the alternative route being a division of approaches, where the smaller, less easily 'connectable' estates continue to be operated by LBS alone, and a partnership arrangement is developed for those sites with greater opportunity for forming part of a wider area network.

86. There are various other options that can be explored, as part of a wider and more strategic view of the councils portfolio of district heating and potential heat networks.

Background to existing heat networks and plans

87. In May 2010 Ramboll carried out heat mapping for Southwark as part of the London Heat Map study which identified seven focus areas for further study.
- Canada Water (High)
 - North Southwark (High)
 - Bermondsey Spa (High)
 - Southampton Way (High)
 - Camberwell (Medium)
 - Surrey Gardens (Medium)
 - Peckham (Medium).
88. It was recommended that further feasibility studies be carried out to determine what buildings could form part of a network and the heat production facility. As well as a study on how the boroughs heat energy needs can be met from low carbon sources.

Canada Water

89. In February 2016 the council began sharing the draft masterplan for Canada Water. These sites cover an area of 46 acres, making it one of the most significant opportunities in London and has opportunity for a major new town centre.
90. The Canada Water Energy Study has assessed the opportunities for the generation and supply of low carbon and renewable energy across the AAP area and identified a significant opportunity to establish a district heating network. There would be several options to achieve this. The first would be to establish an energy centre in the area and link infrastructure on individual sites to create a network. However, in terms of cost to amount of carbon saved, district heating which utilises waste heat from the SELCHP plant in Lewisham would be the most cost effective district heating option. Both options would provide a significant opportunity to incorporate housing on Southwark's estates within the network.
91. The council has entered in to a contract with Veolia Environmental Services Southwark Ltd (VESS) to supply heat and hot water from SELCHP to Southwark homes to the south of the action area.

Old Kent Road

92. The emerging draft Old Kent Road Area Action Plan includes Policy 24 which requires major new developments to support the development of heat networks in the Opportunity Area (OA) and to evaluate the feasibility and viability of providing an energy centre to serve other developments. This policy is supported by an Old Kent Road Decentralised Energy Strategy that was delivered by AECOM. The council is currently working with the GLA to scope out further decentralised energy feasibility work in the Old Kent Road OA, to be funded by the GLA's new heat network fund (launching in early 2017). This will provide additional support to the development of heat networks in two key emerging clusters of development sites and would also seek to demonstrate to the government's Heat Network Investment Project a good case for capital investment to help deliver this network.

93. The action plan states: *'Research into the potential for developing a decentralised energy (DE) network in the opportunity area has indicated that, given the significant growth proposed, delivery of a district heat network is feasible and viable. There are several options for delivering this including a phased network with a single large energy centre, a variant of the first option with three smaller energy centres, or a single energy centre which is connected to the SELCHP Energy Recovery Facility located in Lewisham. Where connection to an existing or future DE network is feasible and viable, a commitment to a connection will be secured via Section 106 planning obligations.'*
94. *Where a major development is expected to be completed before the Old Kent Road Heat Network (OKRHN) is able to supply it with heat, but there are firm plans that would enable connection within a five year period, then we would expect developments to be fitted with temporary boilers. Where there are no firm plans, developments should be future proofed to enable connection at a later date. We will use the design standards and specifications for DE networks and secondary heating systems set out in the London Heat Network Manual (2014, or as updated) and the CIBSE/ADE Heat Networks: Code of Practice for the UK (2015, or as updated) in the implementation of this policy.'*

Elephant and Castle

95. A community energy centre is being delivered as part of Lendlease's redevelopment of Elephant and Castle's Heygate Estate, which it calls Elephant Park. Generating plant for the centre, which will include two combined heat and power boilers (263kWt and 985kWt), will be based on the building's ground and first floors. The boilers will not be switched on until there is sufficient thermal demand – this is defined as 3GWh or the occupation of 823 dwellings for the first boiler, and 7GWh or the occupation of 2,064 dwellings for the second boiler. A temporary energy hub has been installed in a containerised facility north of Heygate Street to ensure the initial heat demand is met before the practical completion of the permanent energy centre and the first CHP boiler becoming operational.
96. The centre will be operated by energy firm E.ON UK plc. Originally aiming to connect at least 1000 homes off site to the heat network (commitment secured via section 106 agreement on the planning application), the modular energy centre will now have capacity to supply the equivalent of an additional 3,346 dwellings in the surrounding area over and above the 2,469 dwellings in the Elephant Park development and 235 dwellings in the adjacent Trafalgar Place development.

Peckham and Nunhead Area Action Plan

97. The energy action plan requires major developments to evaluate the feasibility of connecting to existing heating and cooling networks and CHP systems. Where a new CHP system is appropriate proposals should also assess the feasibility of extending the system beyond the site boundary to adjacent sites. Where practical and viable, developments will be required to connect to existing or future networks.
98. The energy study (2012) for Peckham and Nunhead demonstrated how this could be delivered. This includes the potential to link developments to a decentralised energy network which could provide heat. It also considers linking different sites together to create a heat and power network. The energy study demonstrates that a district heat network in the Peckham core action area would be feasible and deliverable.

99. In accordance with our sustainable design and construction supplementary planning document, where a development will be completed prior to the completion of the district CHP/Combined cooling, heating and power system(CCHP) system, an efficient gas or bio-fuel boiler system should be used temporarily. The development should be designed so that it can quickly switch to the public CHP or CCHP system once it is completed.

Aylesbury Estate

100. The February 2015 Aylesbury Estate energy strategy was produced for Notting Hill Housing as part of the Aylesbury Overall Masterplan. It is proposing a site wide district heating network including two energy centres at the site, the first serving the first development site and a second to be included in Phase 2 of the Masterplan to be completed in 2023. SELCHP extension was not considered feasible due to the current distance from the current network.

SELCHP

101. The council has entered in to a contract with Veolia Environmental Services Southwark Ltd (VESS) to provide heat and hot water to estates. SELCHP began to provide heat and hot water from waste from February 2014. The estates connected to SELCHP are: New Place Estate (Four Squares), Keetons Estate, Rouel Road Estate, Abbeyfield, Pedworth Estate, Westlake and Tissington.
102. Currently there is 30MW installed capacity (1 x 10MW and 1 x 20MW heat exchangers) at SELCHP with the capacity to add a further 1x 10MW heat exchanger. Currently the peak off-take has been 10MW, meaning there is capacity to deliver further heat.
103. VESS are happy to discuss further opportunities.

Case studies of what others have done

Enfield Council

104. Enfield Council has set up *energetik*, a wholly-owned subsidiary, aiming to be a different kind of energy company. With feasibilities first starting in 2010, the first 40 homes were planned to be supplied in late 2016. The company want to supply environmentally friendly low carbon decentralised energy in the form of hot water. Ultimately it aims to supply 12,000 new homes and businesses across Enfield through the community heat network. This includes 10,000 new homes and businesses at Meridian supplied through the Lee Valley Heat Network. The Lee Valley Heat Network will initially use heat and steam from the Energy from Waste (EfW) facility at the Edmonton EcoPark.
105. *energetik* is to be commercially viable but the cost to the end customer has been a key consideration at all stages. Investment has come from direct investment, the European Investment Bank and London Energy Efficiency Fund.
106. Robin Hood Energy was the first council owned energy company launched in September 2015. As a not for profit supplier it seeks to provide gas and electricity at the lowest possible price by using locally produced energy as well buying from the market.

Pimlico District Heating Network (PDHN)

107. PDHN came into being in 1950 with approx. 2500 homes built on the site of a redundant dock. Heating and hot water was supplied communally via waste heat generated from Battersea Power Station on the other side on the River Thames.
108. Battersea power station closed in 1980 and heat generation then started to come from a stand alone gas fired boiler house on the power station site. This was not a long term solution as eventually the power station would be re developed.
109. It was decided to switch to communal boilers on the Pimlico site in the early 2000's together with two gas fired Caterpillar combined heat and power engines which generate electricity.
110. This required the heat network to apply and register as a energy supply company to sell on electricity. The income generated from electricity sales covers over half the cost of running the network where proportion of the savings are passed to the residents and is allowing the network to expand to supply private dwellings, commercial and public buildings.
111. There are on site engineers maintaining the system with a large importance placed on planned preventive maintenance to assist longevity and reliability.
112. The original idea of this network was to supply cheap heat and hot water to some of London's poorest residents in homes built to encounter abject poverty during slum clearance following the Second World War. By following this principle PDHN appear to have brought this network into a modern efficient communal heating system and power generator.

Birmingham City Council

113. District energy is part of Birmingham City Council's long held a vision to develop large scale sustainable energy infrastructure across the city and reduce its CO₂ emissions. The Birmingham District Energy Scheme is owned and operated by Cofely District Energy, working in partnership with Birmingham City Council, Aston University and Birmingham Children's Hospital, under the name of Birmingham District Energy Company Ltd (BDEC), an ESCo. Cofely District Energy was selected as the preferred partner and has signed 25 year energy supply agreements for Eastside and Broad Street. These systems use large scale combined heat and power systems with conventional boilers. Further expansion of the network is planned. Charges are indexed to market prices to guarantee savings.

Newcastle City Council

114. In 2010 Newcastle City Council appointed New and Renewable Energy Centre (Narec) as the energy masterplanner for the city. In 2012 a masterplan was produced that set out a strategic direction and actions for the next 20 years. This set out a strategy with the following objectives: carbon reduction, affordable energy, community energy, ESCo development, renewable energy technologies, partnerships and finance. In 2013 the council carried out technical and financial feasibility, heat mapping and identification of financially viable schemes.
115. This was to be developed with a tendered 40 year partnering agreement to jointly develop district energy projects in Newcastle with the council, with two projects at an

advanced stage of development and the potential for future potential public-sector led projects for inclusion in the partnership.

Denmark

116. Denmark embarked on changing its reliance on imported fuels following the oil crisis of the 1970's. Danish district heating systems now provide heat to 6 out of 10 Danish residents and more than half of the country's electricity needs comes from combined heat and power plants.

Billing and metering

117. Under the Heat Network (Metering and Billing) Regulations 2014 Southwark is required to prepare information on each district heating scheme and once viabilities are carried out assess if individual meters are viable. The original viability tool was suspended in 2015 and Southwark awaits a replacement in order to be able to carry out the viability and act on the regulations. These assessments and, where viable, any resulting installations were to be completed by 31 December 2016.
118. The cost effectiveness tool is currently being revised by BEIS. Therefore, pending the revision of the tool it is advised that no further assessments should be undertaken.
119. BEIS is working towards launching a public consultation in early 2017 on a revised methodology for assessing the cost effectiveness of metering for district and communal heat networks. The consultation will also seek views on some additional areas where the regulations could benefit from clarification following the first two years of implementation.
120. Following the planned public consultation, BEIS intend to launch the new cost effectiveness tool and accompanying regulatory amendments later in 2017.
121. A cross department working group has been developed to look at the impact and practicalities around metering and charges to residents.

Conclusion

122. 17,000 council properties rely on district heating systems that are in need of capital investment and modernisation. There is not the funding in the current plans and models to upgrade the systems to a modern standard. It is clear that Southwark needs to take a wider strategic view of its district heating systems and heat network in order to deliver a sustainable investment and reductions in borough-wide CO₂ by 22.4% by 2020 and 80% by 2050.

Policy implications

123. The London Plan committed to meet 25% of London's energy requirements through the use of decentralised energy by 2025.

Community impact statement

124. 17,000 residents rely on the council's district heating systems. Without further plans to seek the funding to upgrade the systems residents will be disadvantaged. Vulnerable residents will be particularly disadvantaged by increasingly unreliable and inefficient district systems particularly affecting disabled, very young and older residents.

125. Fuel poverty should remain a key consideration for any future solution. A modern and efficient system should decrease fuel usage, particularly when internal controls are introduced. However the cost of providing heat to residents should remain a key consideration alongside the overall efficiency of their homes.
126. Improving all aspects of housing in Southwark is central to the council's wider plans to create a fairer future for all.
127. The three year investment plan takes account of the work undertaken to identify those systems in most need of investment.
128. With regard to locations where the decision is taken to proceed with investment in heating systems, those living in properties may experience some inconvenience and disruption in the short-term, while works are taking place but communities as a whole will benefit in the longer term.
129. In local areas, the effects will be mitigated by working closely with residents on the delivery process and using experience gained on a significant number of recent projects. Residents will continue to be at the centre of and involved in works that take place. Where financially viable other positive community impacts will also be included as part of the works.
130. The works will provide a better standard of heating for residents and contribute to improved general health and well being. Due consideration will be given to those tenants with specific needs both during works and after completion.
131. The public sector equality duty 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 to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.

Financial implications

132. This report has no financial implications as all the current budgets for district heating are contained within the Asset Management strategy.
133. Costs around developing proposals with a partner will need to be given further consideration once these have been explored.

Consultation

134. A summary of the new three year plan and an accompanying paper will be sent to tenant council and home owners council.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

135. This report requires cabinet to approve an interim three year investment plan for the heat network (including works at Cossall Estate) whilst the options for funding modernisation of that network are explored and to note a number of matters in relation to the district heating strategy. Pursuant to Part B of the council's constitution, the cabinet is responsible for

formulating the council's overall policy objectives and priorities and to approve key strategies and they are therefore asked to approve this plan and will receive the funded strategic investment plan once developed.

136. There are no specific legal implications arising regarding the recommendations noted in this report. However, in considering these recommendations, the cabinet should have regard to the council's obligations to carry out its duties in accordance with the principles of best value and to ensure its functions are exercised having regard to a combination of economy, efficiency and effectiveness. In developing the plan, the council is under a duty to consult on the options to inform the report recommendations. This should include residents where the district heating work will impact. Officers should ensure that such consultation is updated on a regular basis for the purpose of monitoring the effectiveness of the interim plan and to assist future decision making in this area.
137. The cabinet must continue to take into account the public sector equality duty (PSED) general duty under the Equality Act 2010 and when making decisions, to have regard to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) to advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The PSED general duty also applies to marriage and civil partnership but only in relation to (a). The PSED general duty is a continuing duty and potential equality considerations should be considered at the different stages of the programme. Cabinet is specifically referred to the community impact statement at paragraphs 124-131 of the report, which sets out the consideration that has been given to equalities issues for this programme.
138. The report highlights a number of options that will be considered as part of the longer term plan. Officers from legal services will provide legal advice, when required, on the models for service provision considered, some of which may have procurement implications.

Strategic Director of Finance and Governance

139. This report recommends an interim three year investment plan for the council's district heating systems and the development of a funded strategic investment plan in the longer term. The costs arising from the interim investment plan will be contained within the existing housing capital investment programme. The financial implications of proposals developed as part of the longer term strategic investment plan will be considered when they are put forward.

BACKGROUND DOCUMENTS

Background paper	Held at	Contact
Asset Management Strategy	Southwark Council Major Works Housing and Community Services Department Hub 3, 3rd Floor PO Box 64529 London SE1P 5LX	Richard George 020 7525 3293
Link: (copy and paste into browser) http://modern.gov.southwark.gov.uk/documents/s60406/Appendix%205%20Asset%20Management%20Strategy.pdf		

APPENDICES

No.	Title
Appendix 1	Asset Register of District Heating Systems
Appendix 2	3 year programme

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
Lead Officer	Gerri Scott, Strategic Director Housing and Modernisation	
Report Author	Dave Markham, Director of Asset Management	
Version	Final	
Dated	13 January 2017	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		13 January 2017

Boiler Houses/ Plant Rooms Area 1

APPENDIX 1

Ref	Boiler House	Plant Room
80380	Acorn Boiler House	
80554	Albert Barnes Boiler House	
80555	Bankside Boiler House	
80511	Barset Boiler House	
		Barset SHU Plant Room 1 (Hot water)
		Barset SHU Plant Room 2 (Hot water)
		Barset SHU Plant Room 3 (Hot water)
		Barset SHU Plant Room 4 (Hot water)
80512	Basswood Close Boiler House	
80384	Bells Gardens Community Center Boiler House	
80358	Birmingham Boiler House	
80391		Clifton Way Roof Top Plant Room
80390		Bath Close Roof Top Plant Room
80388		Laburnum Close Plant Room
80387		Bath Close Plant Room
80386		Staveley Close Plant Room
80389		Staveley Close Roof Top Plant Room
80529	Brook Drive Boiler House	
80464	Cardinal Bourne Boiler House	
80392	Clifton Boiler House	
80514	Consort Boiler House	
80393	Cossall Boiler House	
80401	Crane House Boiler House	
80556	Dodson Boiler House	
80465	Fair Street	
80620	Garnies Close Boiler House (Tank Room)	
80557	Gaywood Boiler House	
80467	Haddonhall Boiler House no 2	
80466	Haddonhall Boiler House no 1	
80394	Harry Lambourne Boiler House	
80381	Hastings Boiler House	
80558	Helen Gladstone Boiler House	
80402	Heron Boiler House	
80395	Hoyland Boiler House	
83774	Jack Jones Boiler House	
RPAU250103	Keyworth Street Hostel Boiler House	
80468	Kipling Boiler House	
80568	Lancaster Boiler House	
80383	Leontine Boiler House	
83776	Lew Evans Boiler House	
80521	Linden Grove Boiler House	
80397	Lindley Boiler House	
83772	Lucy Brown Boiler House	
80469	Meakin Boiler House	
80470		Meakin Plant Room 1
80471		Meakin Plant Room 2
80472		Meakin Plant Room 3
80473		Meakin Plant Room 4
80382	Neville Boiler House	
80474	New Place Boiler House (aka Clement's Road Boiler House)	
80476		Keetons Plant Room
80475		Rock Grove Way Plant Room
80477		Woolstaplers Plant Room
80481		Lucey Way Plant Room
80478		Amina Way Plant Room 1
80479		Amina Way Plant Room 2
80486		St James's Road Plant Room
83800		Arica House Plant Room
80483		Marden Square Plant Room
80482		Layard Square Plant Room
80484		Lockwood Square Plant Room
80485		New Place Square Plant Room
80424	North Peckham Boiler House	
80440		Gloucester Grove 5
80429		North Peckham Plant Room 5
80430		North Peckham Plant Room 6
80431		North Peckham Plant Room 7
80432		North Peckham Plant Room 8
80433		North Peckham Plant Room 9
80435		North Peckham Plant Room 10
80436		Gloucester Grove 1
80489	Pardoner Boiler House	
80450	Pennack Boiler House	
80398	Primrose Boiler House	
80513	Priory Court Boiler House	
80569	Redman Boiler House	
80572	Scovell Boiler House	
80488	Setchell Boiler House	
80570	Smeaton Court Boiler House	
80571	Styles House Boiler House	
80490	Tatsfield Boiler House	
80399	Wakefield 1 Boiler House	
80400	Wakefield 2 Boiler House	

Boiler Houses/ Plant Rooms (Area 2)

Ref	Boiler House	Plant Room
80528	Alberta Boiler House	
80404	Aylesbury Boiler House	
80405		Aylesbury Plant Room A
80406		Aylesbury Plant Room B
80407		Aylesbury Plant Room C
80408		Aylesbury Plant Room D
80409		Aylesbury Plant Room E
80410		Aylesbury Plant Room F
80411		Aylesbury Plant Room G
80412		Aylesbury Plant Room H
80413		Aylesbury Plant Room J
80414		Aylesbury Plant Room K
80415		Aylesbury Plant Room L
80592		Ravenstone Plant Room
80417	Barlow Boiler House	
80451	Brandon Boiler House	
83761		Maddock Way Plant Room
83762		Morton House Plant Room
83763		Napier House Plant Room
83757		Bateman House Plant Room
83758		Brawne House Plant Room
83759		Cornish House Plant Room
83760		Cruden House Plant Room
83764		Prescott House Plant Room
83918		Walters House Plant Room
80492	Canada Boiler House	
80530	Castlemead Boiler House	
80532	Conant Boiler House	
80533	D'Eynsford Boiler House	
80452	Deighton (Dighton) Court Boiler House	
80453	Fielding Street Boiler House	
80534	Gilesmead Boiler House	
80605	Grosvenor Park Boiler House	
80535	Hampton 1 Boiler House	
80536	Hampton 2 Boiler House	
80515	Harfield Gardens Boiler House	
80537	Havil Street Boiler House	
80454	Hillingdon Street Boiler House	
80462	Hodister Close Boiler House	
80419	Ivy Church Boiler House	
83775	King Charles Court Boiler House	
80455	Langdale Close Boiler House	
80516	Lettsom Boiler House	
80518		Camberwell Grove Plant Room
80520		Fearnley Plant Room
80519		Pembury Plant Room
80517		Rignold Plant Room
80418	Leysdown Boiler House	
80456	Livingstone 1 Boiler House	
80457	Livingstone 2 Boiler House	
80458	Masterman House Boiler House	
80491	Abbeyfield (Maydew) Boiler House	
80420	Minnow Walk Boiler House	
80538	Newington Boiler House	
83766	PLANT ROOM	Room 1, Hughes Plant Room
83765	PLANT ROOM	Room 2, Canterbury Place Plant Room
83768	PLANT ROOM	Room 3, Marlborough Close Plant Room
83767	PLANT ROOM	Room 4, Lucy Ashe Plant Room
83769	PLANT ROOM	Room 5, Winchester Close Plant Room
80500	Osprey Boiler House	
80459	Owgan Close Boiler House	
80544	Pasley Boiler House	
80501	Pedworth Boiler House	
80726		Pedworth Plant Room
80460	Pelier Street Boiler House	
80421	Plaxdale Boiler House	
80600	Portland Boiler House	
80601		Broadmayne Plant Room 1
80602		Woodsford Plant Room 2
80603		Studland Plant Room 3
80604		Lulworth Plant Room 4
80566		Salisbury Boiler House
80551	Sceaux Gardens Boiler House	
80502	Silwood 1 Boiler House	
80503	Silwood 2 Boiler House	
80461	Slade Walk Boiler House	
80422	Soane House Boiler House	
80552	Stanswood Boiler House	
80504	Surrey Docks Boiler House	
80526	Sydenham Hill Boiler House	
80522		Thetford Plant Room
80523		Dunton Plant Room
80505	Tissington Boiler House	
80507		Adron Plant Room (hot water)
80506		Millender Plant Room (hot water)
80403	Tustin Boiler House	
80463	Wyndham Boiler House	

APPENDIX 2**Proposed 3 Year Programme**

Year	District Heating	Scope
2017-18	Perronet	boiler and plant
	Cossall Estate	Internal upgrade/boiler house upgrade and above ground mains
	Brandon Estate	Plant room refurb
	Four Squares/Rouel Road Plant Rooms	Hydraulic Separation
2018-19	Wentworth Crescent 1-16 (Leontine)	underground mains
	Wentworth Crescent 17-36	underground mains
	Wentworth Crescent 37-62	underground mains
	Wyndham Estate	Heating Mains
	Birmingham Estate	Heating Mains
Rouel Road Water Tower	Relocation	
2019-20	Albert Barnes	boiler house, plant and internals (warm air)
	Bankside Blr House	boiler and plant
	Adron 1-16	Plant room
	Millender Walk 1-78	Plant room
	Masterman	boiler house, plant and internals (warm air)

Item No. 11.	Classification: Open	Date: 24 January 2017	Meeting Name: Cabinet
Report title:		48 Willowbrook Road, SE15 (formerly known as the Willowbrook Centre) – Disposal of Freehold Interest	
Ward(s) or groups affected:		Livesey	
Cabinet Member:		Councillor Fiona Colley, Finance, Modernisation and Performance	

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

This report proposes the sale of the council's freehold interest in 48 Willowbrook Road London SE15. The property is currently empty and at risk of deterioration. The council has no operational need for the building which is in need of substantial investment and modernisation.

It is therefore recommended that we dispose of the premises. The proceeds will help fund our general fund capital programme of projects such as Warm, Dry and Safe Schools, top quality playgrounds, transport improvements and park, library and leisure centre upgrades.

RECOMMENDATIONS

That the cabinet authorises:

1. The Head of Property to dispose of the council's freehold interest in 48 Willowbrook Road, SE15, (the "Property"), either by auction or by an alternative method of sale for a sum that equates to its market value.
2. The earmarking of the capital receipt for the purposes of funding the capital programme.

BACKGROUND

3. The property comprises an attractive Regency style grade II listed detached house with associated out-buildings. The property is laid out over three floors and was extended in the mid 1980's at ground floor level to provide improved access as well as additional space and facilities. The accommodation comprises a number of small and medium sized meeting rooms together with ancillary offices and kitchen.
4. The property is identified in bold outline on the attached Ordnance Survey extract at Appendix 1.
5. The property was first acquired by the council on the 23 August 1976 as part of the Colegrove Road (No2) Compulsory Purchase Order 1973.
6. It was initially acquired for housing purposes but was appropriated to the general fund by the planning committee in October 1983 for use as an urban studies and community centre.
7. The Willowbrook Urban Studies Centre and later the Willowbrook Centre leased and occupied the property until 2011. Direct grant funding from the council ceased and the

property became vacant.

8. The property was then leased to the Peckham Voluntary Sector Forum for two years from February 2012. The property was taken back by the council after the non payment of rent.
9. The property was until recently subject to a tenancy at will for the outbuildings which adjoin the house. A number of horses were stabled there. This was terminated in December due to the non payment of rent.
10. The property is currently occupied by guardians who are protecting the asset from illegal trespass.
11. The property is held in the council's property holding account (CPHA).
12. Authority to sell is delegated to the head of property in individual cases where the sale price is below £750,000. The sale price of the property will exceed this limit and cabinet approval is therefore required.
13. The configuration of the accommodation at the property together with its listed status does not make this property suitable for continued community use. It is not currently Disability Disabled Act (DDA) compliant and it would be prohibitively expensive to make it so.
14. Due to the age of the building as well as the length of time that the property has been vacant it is likely that there are a number of other compliance issues as well as ongoing costly maintenance which need addressing if the property were to be retained by the council.

KEY ISSUES FOR CONSIDERATION

15. In accordance with the principles and policy of good asset management laid down by government, together with local authority regulations, councils are required to dispose of surplus property assets subject to best consideration and/or market value requirements. The sale of the property will comply with these requirements.
16. It is considered that due to the unique nature of this property, together with its current planning designation, that a sale by auction to be the most appropriate method of sale in this instance. The auction route is also quick and transparent. Prior to the auction a suitable reserve price representing market value will be agreed by the head of property in consultation with the auctioneer. A sale will only proceed if the reserve price is met or exceeded.
17. The sale of the property to owner occupiers, developers and/or investors should ensure that it is quickly brought back into beneficial use. Any prospective purchaser is likely to seek a change of use back to residential. However other uses are also possible subject to permission being granted.
18. This report recommends that the receipt from the sale of the property be earmarked for the capital programme.
19. The head of property has declared this property asset surplus to the council's operational requirements.

Policy implications

20. The disposal of the property will generate a substantial capital receipt, which will be used to provide capital funding in support of the council's key priorities.
21. In recommending this disposal regard has been made of the council's recently adopted asset management plan for the commercial property estate.

Community impact statement

22. The potential impact, on the community, of the proposed sale of this currently unused property has been taken into account. This includes people identified as having protected characteristics. No specific equality implications have been identified. The reuse of the capital raised from the sale however will assist with the delivery of the council's corporate objectives, achieving its stated budget principles and working together with communities towards a 'fairer future for all'.
23. As this individual property sale is considered to be non-contentious, consultation is thought not to be appropriate.
24. Any future planning application seeking to redevelop or change the use of any part of the property will have to conform to the requirements of the local development framework and will be subject to the statutory consultation process.

Resource implications

25. This report recommends the disposal of the property on the open market for a sum that equates to the market value of the property. The property has been declared surplus to the council's requirements.
26. There will be a loss of rental income associated with a tenancy at will in the sum of £2,000 per annum. There are no current recurring costs.
27. Disposals expenditure would include reasonable incidental management and legal charges which would be reimbursed from receipts, as well as sales and marketing costs as a percentage of the value of the receipt which is standard.
28. There are no other risks or costs involved.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

29. This report seeks authority for the sale of the freehold property at 48, Willowbrook Road, London SE15 as it is anticipated that the sale proceeds will be well in excess of £750,000 and therefore will exceed the maximum figure where an authority to sell can be given by the Head of Property. Cabinet approval is therefore necessary.
30. The property was appropriated to the general fund in 1983 and it was most recently leased to the Peckham Voluntary Sector Forum. It is now vacant as confirmed in paragraph 10 of this report.
31. The method of sale will comply with the requirement to obtain best consideration as explained in paragraph 15. The disposal will therefore satisfy the requirement contained

in section 123, Local Government Act 1972. The council is therefore empowered to dispose of the 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 restricted by a separate piece of legislation.

Strategic Director of Finance and Governance

32. This report is requesting cabinet to authorise the head of property to dispose of the council's freehold interest in 48 Willowbrook Road SE15, (the "Property"), either by auction or by an alternative method of sale for a sum that equates to its market value.
33. The Strategic Director of Finance and Governance notes that the property has been declared surplus and the capital receipts generated from the disposal will be recycled into the council's capital programme in funding council priorities.
34. The financial implication section explains that the loss of rental income of £2k from the disposal will be incorporated into the council's budget process. The report also states that all disposals related expenditure will be reimbursed from the capital receipts.
35. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
Appendix 1	OS plans, 48 Willowbrook Road - highlighted in bold

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Finance, Modernisation and Performance	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Paul Davies, Principal Surveyor	
Version	Final	
Dated	12 January 2017	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	12 January 2017	

Draft pdf source

TITLE. 48 Willowbrook Road, SE15 6BW.



DRAWING No. LBS_3516

DRAWN BY. MMANKTELOW
Property Division

DATE. 22/11/2016

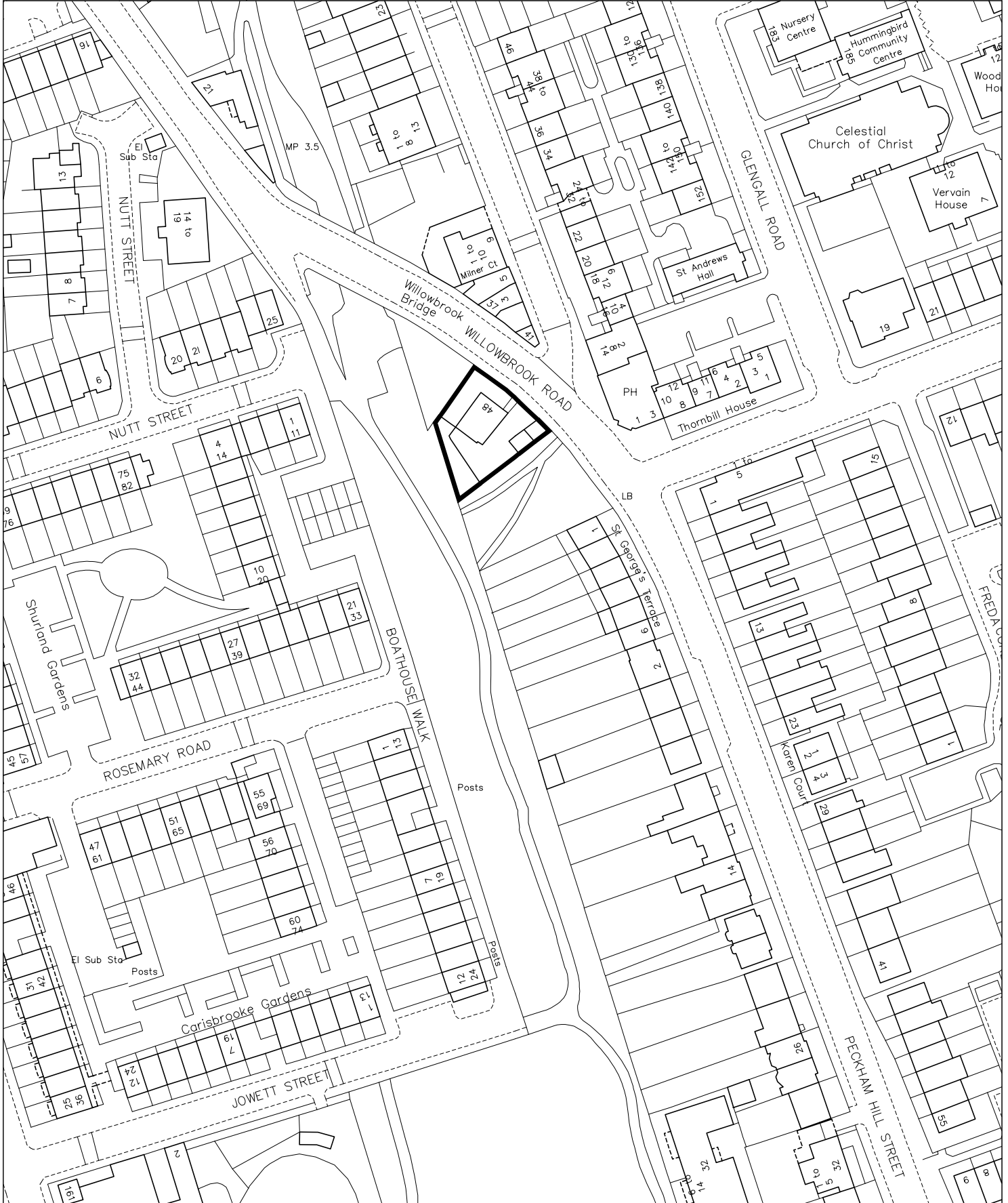
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Item No. 12.	Classification: Open	Date: 24 January 2017	Meeting Name: Cabinet
Report title:		Addendum to the adopted Section 106 and Community Infrastructure Levy Supplementary Planning Document (2015); Community infrastructure levy (CIL) draft charging schedule; and Regulation 123 lists	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

FOREWORD – COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION AND NEW HOMES

As part of Southwark’s work to tackle the housing crisis we have been consulting with local residents, businesses and community groups along the Old Kent Road on how we can significantly regenerate the area. This work culminated in the publication of the Old Kent Road Area Action Plan which sets out how and where we expect 20,000 new homes, 5,000 new jobs, and new parks, schools and health facilities to be built over the next 15-20 years. We have listened to local residents and are clearly setting out that we want to extend the Bakerloo Line down the Old Kent Road with two new stations.

We also want to see significant improvements to the Old Kent Road itself including bus lanes, cycle lanes, more and better crossings for pedestrians and the creation of a tree lined boulevard from the Lewisham border all the way to Tower Bridge Road. Working with landowners and developers we will create a new park at Mandela Way and at the gasholders as well as a new green route along the former Surrey Canal. We will work with the affected businesses to help them take advantage of and adapt to new development or find new more suitable premises elsewhere. This will require intensive work from our officers to make sure that as many businesses as possible benefit from these proposed changes.

We also set out in the Old Kent Road AAP that we will require 35% affordable housing with 70% of these units being social rent with the remainder being intermediate homes. This approach means that those who both need social housing and help getting on the housing ladder will receive assistance. We will also require developers to help pay for the infrastructure needed to allow this scale of development to happen, most notably the Bakerloo Line extension. We are in the process of uprating the Community Infrastructure Levy for this area; this includes amending the boundary between CIL zones 2 and 3 so that the whole opportunity area falls within zone 2 and all residential development pays a rate of £218 per square metre.

Whilst this work is underway we will introduce a section 106 obligation for the Old Kent Road area so that developments providing 100 or more homes in the southern part of the opportunity area (currently falling within CIL zone 3) will be expected to contribute towards the Bakerloo Line extension stations. This s106 obligation will take effect immediately and will mean that schemes that may come forward before the CIL zone changes are made will have to contribute towards the Bakerloo extension. The AAP also sets out the need to provide new primary and secondary schools, improved play space for our children, and that development must improve air quality in the local area.

RECOMMENDATIONS

That cabinet:

1. Approves the Addendum to the adopted Section 106 and Community Infrastructure Levy Supplementary Planning Document (2015) (Appendix A) for adoption.
2. Approves the Community Infrastructure Levy (CIL) draft charging schedule (Appendix E) for public consultation.
3. Approves the "Regulation 123 List" (the list of infrastructure items which will not be funded by section 106 planning obligations) (Appendix I) for adoption and the new draft "Regulation 123 List" for public consultation (Appendix J).
4. Notes the consultation statements for the SPD addendum and charging schedule (Appendix B and H respectively), SEA screening assessment and Habitat Regulations Assessment for the SPD addendum (Appendix C and D), the draft infrastructure plan (Appendix F) and equalities analysis (Appendix G).
5. Approves the submission of the community infrastructure levy (CIL) revised draft charging schedule to the Planning Inspectorate for an examination-in-public, provided no substantive changes are necessary following consultation.
6. Delegates the approval of any minor amendments resulting from consultation on the community infrastructure levy (CIL) revised draft charging schedule and the draft "Regulation 123 List" to the director of planning in consultation with the cabinet member for regeneration and new homes.

BACKGROUND INFORMATION

Old Kent Road Opportunity Area

7. Working with the GLA and wider stakeholders the council is preparing the Old Kent Road Area Action Plan (AAP). The draft AAP is planning for significant growth of 20,000 new homes and 5,000 additional jobs in the Old Kent Road opportunity area.
8. Key growth drivers include delivery of the Bakerloo Line extension and wider transport improvements. Developments will be expected to contribute to funding this infrastructure through the Community Infrastructure Levy (CIL) and section 106 planning obligations.
9. The ambition and vision in the emerging Old Kent Road AAP is changing land values in the opportunity area. The council is therefore revising its CIL charging schedule so that CIL rates reflect current land values and to maximise the funding which can be generated for new infrastructure, while also ensuring that other policies objectives, such as provision of affordable housing, can continue to be met. The introduction of a revised CIL charging schedule could take around a year to complete. In the interim the council will seek to negotiate section 106 planning obligations in the opportunity area to contribute towards transport infrastructure, including two new Bakerloo Line extension stations. A draft addendum is proposed to the adopted Section 106 Planning Obligations and CIL Supplementary Planning Document (SPD) to achieve this.

CIL

10. The CIL is a levy that local authorities can choose to charge on new developments in

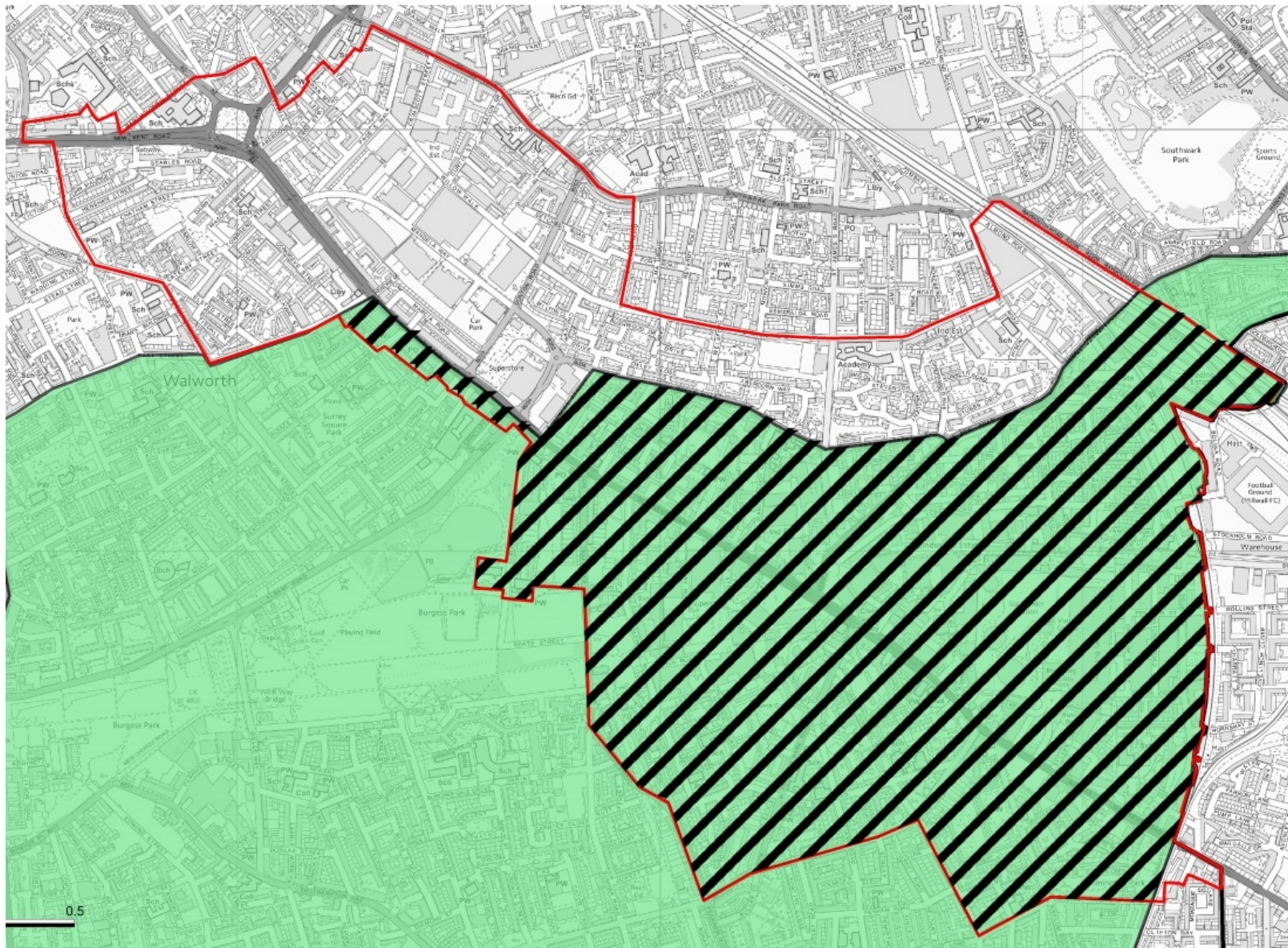
their area. The money can be used to support development by funding infrastructure that the council, local community and neighbourhoods want. Infrastructure is defined in the CIL regulations to include: roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities and open spaces. The benefits are increased certainty for the funding and delivery of infrastructure, increased certainty for developers and increased transparency for local people.

11. If intending to apply the levy, councils (which are designated as “charging authorities”) must produce a document called a charging schedule which sets out the rate for their levy. These rates must be supported by an evidence base including:
 - An up-to-date development plan
 - The area’s infrastructure needs
 - An overall assessment of the economic viability of new development.
12. The levy is a compulsory charge levied on most new developments that involve an increase of 100sqm or more of additional floorspace, or that involve the creation of a new residential unit. The charging authority can set one standard rate or it can set specific rates for different areas and types of development.
13. Some developments are exempt from paying the levy. These are developments of affordable housing and developments by charities of buildings used for charitable purposes.
14. It should be noted that in London’s case, the Mayor is also a charging authority. The Mayor has introduced a CIL to fund Crossrail. The Mayor’s levy is £35 per square metre, with a limited number of exceptions. Southwark collects this levy on behalf of the Mayor.

Revision of CIL

15. Southwark’s CIL charging schedule was adopted in 2015. This sets rates for residential, hotel, office, retail and other developments. Rates are varied by area, with three separate CIL zones defined.
16. The 2015 CIL charging schedule sets CIL rates of £200 per sqm and £50 per sqm for residential developments in CIL charging zones 2 and 3 respectively. The CIL regulations establish a mechanism for inflating CIL using the All-in-Tender Price Index. By 2017 Southwark’s residential CIL charges are forecast to be £218 per sqm in zone 2 and £54 in zone 3.
17. The Old Kent Road Opportunity Area falls across CIL zones 2 and 3. The council proposes to revise the CIL charging schedule to increase the rate paid by residential developments currently falling within CIL zone 3 in the southern part of the opportunity area. By amending the boundary between CIL zones 2 and 3 the whole of the opportunity area will be brought within CIL zone 2 (see Figure 1 overleaf). This is important to help fund the transport infrastructure required to support growth in the opportunity area, including delivery of the Bakerloo Line extension.

Figure 1: Map showing current CIL charging zone 3 (green), OKR OA boundary (red) and area that currently falls within CIL zone 3 which will be brought within CIL zone 2 (hatched)



18. No other changes to the CIL charging schedule are proposed beyond increasing the existing CIL rates in line with the All-in-Tender Price Index, as provided for in the CIL Regulations.

Process for preparing a CIL

19. The process for preparing a CIL involves a number of stages which are identified below:
1. Consultation on a preliminary draft charging schedule.
 2. Consultation on a draft charging schedule (as proposed here).
 3. Submission of the draft charging schedule to an independent examiner, consultation on any post-submission modifications and examination-in-public.
 4. Receipt of the examiner's report and adoption of CIL.
20. The council recently completed the first stage of revising the existing CIL charging schedule by consulting on the 'preliminary draft charging schedule' between June and November 2016. This set out the initial revised proposals for the CIL rates. Further details of the responses are provided in the next section.
21. The council proposes to complete the second stage of the process, a six week consultation on the draft charging schedule, in spring 2017, subject to cabinet approval. No changes are proposed to the rates consulted upon in the preliminary draft charging schedule. An examination-in-public of the revised draft charging schedule is anticipated in summer 2017 and adoption (subject to receiving a favorable report from the examiner) by end of 2017.

Section 106 planning obligations

22. Since the introduction of CIL, section 106 planning obligations continue to be used, including to fund affordable housing, but they have a more restricted role. Local authorities are now not able to pool more than 5 separate planning obligations to pay for one item of infrastructure. The intention of the CIL regulations is that section 106 planning obligations should mainly be used to secure site specific infrastructure which is needed to directly mitigate the impact of development.
23. The Section 106 planning obligations and CIL SPD (2015) provides detailed guidance on the use of planning obligations alongside CIL. The council has developed an addendum to this SPD setting out interim guidance on the approach to using section 106 planning obligations to contribute towards funding the two new Bakerloo Line extension stations planned to serve the opportunity area. This interim approach will apply in the period while the CIL revision is prepared; ensuring that the council can secure funding for this infrastructure while the revision of the CIL charging schedule is taking place. In addition to contributing towards the stations, planning obligations will also be sought to mitigate site specific impacts of development including improvements to bus capacity and improvements for people walking and cycling.
24. The draft SPD addendum was consulted on alongside the CIL charging schedule and Old Kent Road Area Action Plan between June and November 2016. Further details of the responses are provided in the next section.
25. The SPD addendum (Appendix A) is now being reported back to cabinet for adoption in early 2017.

Infrastructure planning

26. In conjunction with preparing a CIL charging schedule, authorities should also prepare an infrastructure plan setting out strategic infrastructure required to support growth over the period of the council's local plan. Southwark's updated draft infrastructure plan, which now includes the infrastructure required to support growth in the Old Kent Road Opportunity Area, is set out in Appendix F. The infrastructure plan is part of the evidence base needed to help justify levying a CIL. The infrastructure set out in the infrastructure plan is not an exhaustive list. It is intended to be a living document which can be updated regularly. Omission of infrastructure items from the list would not preclude such items being funded in the future through CIL. Nor does the infrastructure plan commit the council to spending the amounts set out in the plan.

Regulation 123 list

27. A key principle of CIL is that after CIL is adopted authorities should not be spending both CIL and section 106 planning obligations on the same item of infrastructure. Government guidance requires authorities to be clear about those items which will not be funded by section 106 planning obligations and set these out in a list. This is called a Regulation 123 list (which refers to Regulation 123 of the CIL Regulations 2010).
28. The council consulted on an on amended Regulation 123 List alongside the SPD draft addendum, CIL charging schedule and AAP. This proposed amending the existing list for the period in which the council is revising the CIL charging schedule to clarify that contributions towards construction of the Bakerloo Line extension (BLE) will be generated through CIL, but that this excludes contributions towards the two new BLE stations in the opportunity area. These can be part funded through section 106 planning obligations.
29. Following completion of the consultation the revised Regulation 123 List (Appendix I) is now being reported back to cabinet for adoption in early 2017. One minor amendment has been made to the list to clarify the requirements relating to schools.
30. The Regulation 123 List will be updated again following the adoption of the revised CIL charging schedule in late 2017 to enable CIL to contribute towards all elements of the BLE. The council intends to consult on this draft Regulation 123 List (Appendix J) alongside the draft charging schedule in spring 2017.

Consultation

31. The CIL Regulations 2010 (as amended) set out consultation requirements for planning documents. In accordance with Southwark's statement of community involvement (SCI), the preliminary draft charging schedule was made available for comment over a twelve week period from June 17 2016 (later extended to 4 November 2016) alongside the draft section 106 SPD addendum, draft Regulation 123 List and the draft Old Kent Road Area Action Plan.
32. In response to the consultation on these documents 13 representations were made. Most responses focused on CIL with only Berkley Homes, Barkwest Ltd and Sport England making significant comments on the section 106 proposals. Some residents and a developer were supportive of the plans to use funding from developments to deliver new infrastructure in the area. The GLA and TfL were broadly supportive of the proposals, welcoming the principle of Southwark seeking to secure appropriate developer contributions in order to support the funding and delivery of improved transport infrastructure, particularly the Bakerloo Line extension. TfL highlighted the challenges in

securing funding for infrastructure critical to unlocking growth, including the timing of contributions, the scope of development that should pay, and the impact of such payments on the viability of development.

33. The main areas of concern raised in representations are summarised below:

Residents/Old Kent Road People Network

- Disagree with using CIL to fund infrastructure, the Old Kent Road does not need new tube stations.
- Object to the provision of green spaces and amenity for the benefit of overseas investors speculating on the property market.
- Concerned about the level of funding that will be secured for infrastructure from developers, particularly after contributions are allocated to the Bakerloo Line extension.

Summary of council response:

There is widespread public support for new tube stations on the Old Kent Road. Developments will be private sector led but the AAP and wider Development Plan policies will ensure that it delivers a wide range of benefits for local people. CIL and section 106 will not be able to fund all of the required infrastructure alone, as highlighted previously. Work is ongoing to identify alternative funding sources (including for Bakerloo Line Extension) and the infrastructure plan will be updated to reflect this.

Developers

- Key sites may stall on viability grounds through the requirements of CIL and S106, therefore the council should consider a lower CIL rate for the southern part of the opportunity area or must take a pragmatic approach to viability to ensure sites are deliverable
- Raised queries about the benchmark cost data used in the viability assessment and recommended further viability testing
- Requested clarification of SPD addendum wording on how the Bakerloo Line extension will be funded
- Requested clarification that where a site contributes to the delivery of social infrastructure such as a school this will form part of viability discussions on other planning obligations.

Summary of council response

The adopted Development Viability SPD provides clarity on how viability will be assessed. Where justified by rigorous viability assessment, formulated in accordance with the SPD, a flexible approach to the application of the Council's affordable housing targets will ensure the viability of developments is not adversely affected whilst still delivering the maximum quantum of viable affordable housing. Further details of the method used to derive the benchmark build costs have been provided by WT Partnership. The wording of the SPD has been clarified to make it clearer how the Bakerloo Line extension will be funded. We are amending our Regulation 123 List to make clear which infrastructure will not be funded by s106 and we will ensure robust monitoring measures are in place to avoid any 'double dipping' in practice.

Sport England

- Requested clarification of what sport facilities and play facilities will be funded through section 106 and CIL.
- Concerned that Southwark does not have a robust evidence base for sports facilities and therefore objects to the proposed revisions until the Council is clear about what facilities are required.

Summary of council response

Information on funding sources for projects identified in the infrastructure plan is currently being updated; it is important to note that this is a living document which is subject to change. The text in the SPD addendum on sport and play facilities has been clarified. The Regulation 123 List will be updated in future as required. The council has substantial evidence for demand for sports and leisure facilities including a Playing Pitch Strategy that is soon to be completed; this will inform any required updates to the Infrastructure Plan. New facilities such as the Castle Leisure Centre and planned facilities at Canada Water, Burgess Park and on Surrey Canal Road in Lewisham will help meet needs. Progress in delivering this significant pipeline of facilities will be monitored to ensure shortfalls are addressed.

34. The consultation responses received and the council's responses to these are summarized in further detail in Appendix C of the consultation plans for the section 106 addendum (Appendix B of this cabinet report) and the charging schedule (Appendix H of this cabinet report).
35. Following the consultation some minor amendments have been made to the documents. Minor amendments have been made to the s106 addendum to clarify that s106 will be used to fund work on the two stations prior to the adoption of CIL; and that on adoption of CIL, a revised Regulation 123 list will be adopted making it clear that further work to the stations will be funded through CIL rather than s106. The text in the SPD addendum on sport and play facilities has also been clarified. One minor amendment has been made to the Regulation 123 list to clarify the requirements relating to schools. To changes are proposed to the charging schedule.
36. A second round of consultation is now proposed on the draft CIL charging schedule and new draft Regulation 123 List, as highlighted above. The CIL draft charging schedule, draft Regulation 123 List and supporting documents will be made available on the council's website and in local libraries. The council will also notify around 1,000 consultees in the Planning Policy mailing list and My Southwark. These documents and the SPD addendum will also be publicised at the community councils.

KEY ISSUES FOR CONSIDERATION

37. The council is planning for significant growth of 20,000 new homes and 5,000 additional jobs in the Old Kent Road opportunity area through the emerging Old Kent Road AAP. The delivery of new and improved transport infrastructure, particularly the Bakerloo Line extension, is critical to unlocking the growth opportunities.
38. CIL and section 106 planning obligations will make a key contribution towards the cost of delivering this infrastructure.

CIL

39. By 2017 Southwark's residential CIL charges are forecast to be £218 per sqm in zone 2

and £54 in zone 3. The council has proposed to change the boundary of CIL zone 2 so that residential developments currently falling within CIL zone 3 in the Old Kent Road opportunity area will fall within zone 2. This will mean that residential development across the Old Kent Road opportunity area pays the higher rate of £218 per sqm. This will be important to help to fund the transport infrastructure required to support growth.

40. The CIL regulations and the National Planning Practice Guidance (NPPG) specify that in setting their levies charging authorities should **strike a balance between the desirability of securing funding for infrastructure and the potential impacts of charging a CIL on the economic viability of development across their areas.** Charging authorities should be able to show and explain how their proposed levy rates will contribute towards the implementation of their plan and support development across the area. Levies must also take into account the requirement to pay the Mayoral CIL and should also consider impacts on planning policies, including the requirement to provide affordable housing.
41. The National Planning Policy Framework (NPPF) requires planning authorities to properly consider development viability when considering infrastructure delivery. If development is not viable, it will not proceed and this would impact on the provision of new homes, including affordable homes, and new jobs to support the economy. The viability study undertaken to inform the change to the CIL charging schedule indicates that while viability may be challenging for a number of sites, schemes on lower value land that would be expected to come forward in the early years are viable with a range of affordable housing levels. CIL represents a small proportion of overall development costs and therefore does not have a significant influence on making a scheme viable or unviable, or on the level of affordable housing that can be provided. The council's viability testing suggests that where the quantum of affordable housing is affected, on some sites CIL might result in a decrease of up to around 5%.
42. The council has made an assessment of the infrastructure required to support growth in the Old Kent Road opportunity area, and across the borough more generally, over the next 20 years (appendix F). Sources of committed funding to support infrastructure have also been identified. Inevitably, there is more certainty over funding sources for projects to be delivered in the short term and much less certainty over mid and longer term projects. The infrastructure plan is a living document and can be updated regularly. CIL will play an important role in contributing to the infrastructure requirements to support growth in the Old Kent Road Opportunity Area. However it will not be sufficient to cover the cost entirely and the council will continue to explore other sources of funding to deliver the infrastructure set out in the infrastructure plan.
43. The CIL regulations allow up to 5% of CIL generated to be used to monitor and administer the charge. As with section 106 planning obligations, once the CIL is brought into effect the council will monitor funding generated and publish regular monitoring reports on the website.
44. Charging authorities should also make available a draft list of infrastructure items that in the future will not be funded by section 106 planning obligations (the Regulation 123 List). These are items which could be funded or part funded by CIL. Projects not referred to on the list could be funded by either CIL or planning obligations. The NPPG advises that authorities should ensure they are clear about what infrastructure is needed and what will be paid for via CIL and via section 106 planning obligations. There should be no actual or perceived 'double dipping' with developers paying twice for the same item of infrastructure through CIL and section 106 planning obligations. By amending the regulation 123 list the council will further clarify which infrastructure will be funded by which route.

45. Overall it is considered that the change of the CIL zone 2 boundary to ensure that all residential development in the Old Kent Road Opportunity Area pays the higher CIL rate of £218 per sqm represents an appropriate balance between generating funding to secure provision of infrastructure and ensuring that CIL does not put development and regeneration in the borough at risk.

SPD addendum

46. The council has drafted and consulted on an addendum to the section 106 planning obligations and CIL SPD setting out the approach to negotiating section 106 planning obligations in the opportunity area. In the interim period before the revised CIL can be adopted the council will negotiate contributions for two new Bakerloo Line extension stations from residential developments providing 100 or more homes. The value of the contribution would be £164 per square metre and affordable housing would be exempt. This value has been informed by the viability testing which has underpinned the AAP and also takes into account the cost of the Bakerloo Line extension stations.
47. A key consideration is the pooling restriction, referred to above, which prevents local authorities from pooling more than five separate planning obligations to pay for one item of infrastructure. The council could negotiate this planning obligation from up to 10 developments (five obligations per station). Following the adoption of a revised CIL in late 2017, together with a revised Regulation 123 List, CIL could contribute to both the stations and the tunnel itself; no pooling restriction applies to CIL.

Community impact statement

Equalities analysis

48. An equalities analysis was undertaken as part of the preparation of the council's existing CIL charging schedule. This has been updated to reflect the changes proposed in the revised draft schedule. In accordance with the Equality Act 2010, the analysis considers the potential impacts of the charging schedule on those groups identified within the Act as having protected characteristics. The main issues are summarised below.
49. The change to the CIL charge proposed for residential developments in CIL zone 3 in the Old Kent Road Opportunity Area is considered to give rise to limited impacts on the individual groups that are identified in the Equality Act. The equalities analysis for the original CIL identified that the imposition of an increased CIL charge could have potential impacts on small businesses in some parts of the borough, which could impact on a range of groups including BME communities. However, the council is proposing no changes to the CIL charging schedule, other than a revised rate for residential development in CIL zone 3.
50. There is a small risk that the proposed increase in the CIL rate will drive up values which will make it harder to access housing which is affordable. However, the proposed charging schedule has been informed by viability appraisals and the level of CIL reflects existing values and is not reliant on any increase in values.
51. Ultimately, CIL is a mechanism intended to raise money to fund infrastructure that will contribute to sustainable development in the borough. In this sense, the adoption of CIL should have an overall positive impact on the various equalities groups. More specific impacts may arise depending on the types of infrastructure that are ultimately funded through CIL, but such issues are not broached as part of the charging schedule and will be considered in due course in the context of decisions concerning expenditure.

Sustainability appraisal

52. The Core Strategy 2011 and emerging Old Kent Road Area Action Plan were subject to sustainability appraisal incorporating strategic environmental assessment to ensure that the principles of sustainable development were thoroughly considered. The Southwark CIL is an extension of the spatial vision and policies set out in the Core Strategy and Old Kent Road Area Action Plan and should not raise additional implications for sustainable development objectives which have not been previously considered; nor should the SPD addendum which involves limited amendments to an existing adopted SPD. The NPPG notes that SPDs do not require a sustainability appraisal.

Financial implications

53. Significant new infrastructure, including the Bakerloo Line extension costing £1.25 billion (for works relating to the Southwark stretch), is required to unlock growth opportunities in the Old Kent Road Opportunity Area. CIL and section 106 planning obligations will make a key contribution towards the cost of delivering this infrastructure. The council proposes to increase the CIL rate paid by residential developments falling within CIL zone 3 in the Old Kent Road Opportunity Area so that residential development across the opportunity area pays the higher rate of £218 per sqm. In the interim, before the revised CIL charging schedule is adopted, the council will seek to negotiate section 106 planning obligations to help to fund key infrastructure such as the Bakerloo Line extension stations (in line with the section 106 SPD addendum).
54. A combination of CIL and section 106 planning obligations funding in the opportunity area would generate around £158m over the plan period. These measures will help to reduce the infrastructure funding gap, but alternative sources of funding will still need to be identified.
55. Costs associated with both managing, monitoring and establishing Southwark CIL can be recouped from up to 5% of any CIL income.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

56. Community Infrastructure Levy ("CIL") was introduced by the Planning Act 2008 (PA 2008) as a discretionary planning charge. The statutory framework for CIL is set out in sections 205-225 of the PA 2008 and further detail is provided under a number of regulations, in particular, the CIL Regulations 2010 (as amended).
57. Section 211 of the PA 2008 provides that the council, in setting its rates or other criteria, must have regard to:
- a) the actual and expected costs of infrastructure
 - b) the economic viability of development (which may include, in particular, actual or potential economic effects of planning permission or of the imposition of CIL); and
 - c) other actual and expected sources of funding for infrastructure.
58. The CIL charging schedule for Southwark was adopted in 2015 but amendments are now being considered in order to take into account such issues as the Old Kent Road Area Action Plan and the changes that are taking place to land values in the area. Any

increase to the CIL charging schedule will assist in funding transport infrastructure and in particular the planned Bakerloo Line extension.

59. There is no legislation on how long a charging schedule should apply once adopted; planning guidance encourages charging authorities to keep their charging schedule and Regulation 123 Lists under review. If it is decided to review the charging schedule then the charging authority must follow the same process of consultation, examination and approval as for the initial schedule. This is the process which is being proposed in this report.
60. The amendments proposed are set out in this report and are summarised in Appendix B and following this, minor amendments have been made to the addendum to the adopted section 106 and Community Infrastructure Levy Supplementary Planning Document (2015). This report asks the Cabinet for approval to submit the revised CIL draft charging schedule and the associated Regulation 123 List for public consultation and also note the accompanying consultation statements, the SEA screening assessment, the Habitat Regulations Assessment and the equalities analysis.
61. If any minor amendments are required to the revised drafting schedule and the draft regulation 123 List then cabinet are also agreeing to delegate these to the Director of Planning in consultation with the cabinet member for regeneration and new homes
62. CIL forms part of the Local Development Framework and can be considered analogous to other LDF documents such as the Development Plan Documents. Under Part 3 (C) of the council's constitution, the cabinet collectively has responsibility for the council's policy framework (function 3), its finances (function 7) and approval of preferred options (effectively advanced drafts of) development plan documents (function 20). In any event, cabinet has power under Article 6 of the constitution to carry out all of the local authority's functions which are not the responsibility of any other part of the council.
63. An equalities assessment was carried out when the charging schedule and SPD were first introduced and have been (and will continue to be) updated. Possible impacts have been identified and are set out and discussed in paragraphs 49 and 50 of this report. The council also intends to consult a broad range of groups and will make every effort to be inclusive.

Strategic Director of Finance and Governance

64. The report is requesting cabinet to approve the Community Infrastructure Levy (CIL) preliminary draft charging schedule for public consultation and draft addendum to the adopted Section 106 and Community Infrastructure Levy Supplementary Planning Document (2015). The report is also requesting approval of the "Regulation 123 List" for adoption and the new draft "Regulation 123 List" for public consultation. Full details of all related recommendations are detailed in paragraphs 1-6 and the background is provided within the main body of the report.
65. The Strategic Director of Finance and Governance notes that the proposals are expected to increase the value of income available from CIL which will contribute towards the high value infrastructure projects planned for the area. It is also noted that the council will seek to negotiate section 106 planning obligations in the interim to help fund key infrastructure projects until the revised CIL charging schedule is adopted.
66. The availability of income under the revised proposals in funding the council's infrastructure projects will need to be closely monitored on a regular basis.

67. It is also noted that the costs associated with managing, monitoring and establishing Southwark CIL can be recovered from the 5% of any CIL income permitted under CIL regulations.
68. Staffing and any other costs connected with this recommendation to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background paper	Held at	Contact
Southwark Statement of Community Involvement 2008	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link: http://www.southwark.gov.uk/info/856/planning_policy/1238/statement_of_community_involvement_sci		
New Southwark Plan preferred options	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link: http://www.2.southwark.gov.uk/downloads/download/4346/new_southwark_plan_preferred_option		
The Core Strategy 2011	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link: http://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/development-plan/local-plan		
Draft Old Kent Road Area Action Plan 2016	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link: http://www.southwark.gov.uk/info/856/planning_policy/3112/old_kent_road		
Old Kent Road Opportunity Area Viability Study	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link: http://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/evidence-base/viability		

APPENDICES

No.	Title
	Section 106 SPD addendum:
Appendix A	Addendum to the adopted Section 106 and Community Infrastructure Levy Supplementary Planning Document (2015) (for adoption) (available with the report)
Appendix B	Consultation Report for Section 106 SPD Addendum (available with the report)
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Link for appendices C, D, F, G, H:	
http://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5377&Ver=4	

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams, Regeneration and New Homes	
Lead Officer	Simon Bevan, Director of Planning	
Report Author	Doug McNab, Planning Policy	
Version	Final	
Dated	12 January 2017	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		12 January 2017

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Addendum to the Section 106 Planning Obligations and CIL SPD (2015)

January 2017

WHAT IS THIS DOCUMENT?

The Section 106 Planning Obligations and Community Infrastructure Levy (CIL) SPD, April 2015, provides detailed guidance on the use of section 106 planning obligations alongside the community infrastructure levy. It outlines how we will use s106 planning obligations to address the site specific negative impacts of development and explains how Southwark negotiates the most common section 106 (s106) planning obligations.

This document is an addendum to Southwark's adopted Section 106 Planning Obligations and CIL SPD, April 2015. It explains how we will use section 106 planning obligations and CIL in the Old Kent Road opportunity area (OA) and provides guidance on our approach to negotiating section 106 contributions for transport infrastructure for applicable developments within part of the opportunity area. As well as the adopted Section 106 Planning Obligations and CIL SPD, 2015, this document should be read alongside the Old Kent Road area action plan (AAP) which is currently at draft stage.

THE INFRASTRUCTURE NEEDED TO DELIVER GROWTH ON THE OLD KENT ROAD

We are planning for 20,000 new homes and 5000 additional jobs in the Old Kent Road opportunity area. Upwards of 40,000 new people living in the area will require improvements to infrastructure including public transport, open space, schools, public realm, etc. This is explained in more detail in the draft Old Kent Road AAP.

We anticipate that this will cost in the region of £1.5 Billion and may be funded from a variety of sources (see tables 1 and 2 below). Funding generated by CIL and section 106 planning obligations will make a key contribution towards the cost of delivering this infrastructure.

In line with the adopted Section 106 and Planning Obligations and CIL SPD we will also help deliver local projects in addition to those listed above; at least 25% of CIL funds will be spent locally on projects listed in the Community Infrastructure Project Lists (CIPL) or where relevant on projects listed in an adopted neighbourhood plan.

Table 1: Old Kent Road infrastructure projects by phase

Plan phase	Population growth	Infrastructure required	Who is involved?	Cost	Funding sources
2015/16 – 2020/21	1430	1 primary school	LB Southwark, Academies, Free Schools, Developers	£7.5M	CIL Investment by education providers DfE funding
2021/22 – 2025/26	10435	1 primary school, 1 secondary school	LB Southwark, Academies, Free Schools, Developers	£16M	CIL. Investment by education providers DfE funding.
		New open spaces (former Surrey Canal green route)	LB Southwark, Developers	£6M	Direct provision by developers on-site; CIL and grant applications for off-site facilities. CIL and grant applications
		Primary substation	UK Power Networks, LB Southwark, Developers	£16M (excluding land costs)	
2026/27 – 2030/31	14844	3 primary schools	LB Southwark, Academies, Free Schools, Developers.	£22.5M	Off-site subsidy through CIL; Investment by education providers DfE funding.
		New open spaces (Mandela Way and Gas Works)	LB Southwark, Developers	£6.5M	Direct provision by developers on-site; CIL and grant applications for off-site facilities
2031/32 – 2035/36	14334	2 primary schools 1 secondary school	LB Southwark, Academies, Free	£23.5M	Off-site subsidy through CIL; Investment by education providers

		New open spaces (Mandela Way and Gas Works)	Schools, Developers LB Southwark, Developers	£5M	DfE funding. Direct provision by developers on-site; CIL and grant applications for off-site facilities
TOTAL	41043				

Table 2: Old Kent Road infrastructure projects delivered across multiple phases

Project	Who is involved?	Funding	Timescales
Bakerloo Line extension (feasibility studies and tunnelling) (portion of line which is within the Old Kent Road OA)	LB Southwark, LB Lewisham, TfL, GLA	£855 million Funding sources likely to include CIL, TfL and Treasury	Throughout all delivery phases
Two stations on the BLE	LB Southwark, LB Lewisham, TfL, GLA	£397.9 million Funding sources likely to include s106 planning obligations prior to the revision of the CIL Charging Schedule; CIL, TfL and Treasury	Throughout all delivery phases
Improvements to walking and cycling facilities and routes	LB Southwark, TfL, Developers	Cost tbc; In kind provision on-site, s106 planning obligations and TfL	Throughout all delivery phases
Improvements to bus infrastructure and services	LB Southwark, TfL	Cost: tbc; s106 planning obligations, TfL	Throughout all delivery phases
Enhancements to Old Kent Road public realm	LB Southwark, TfL	Cost: tbc; In kind provision on-site, s106 planning obligations, TfL	Throughout all delivery phases
Improvements to existing open spaces	LB Southwark, Developers	£12M? CIL and grant applications	Throughout all delivery phases
Decentralised energy network	Energy Services Company (ESCo), LB Southwark, Developers	£57.5-63.6 Million (depending on option implemented). An ESCo could pay the capital costs and recoup these through connection	Phased delivery through to 2026

		and heat charges	
Strategic SUDS	Thames Water, LB Southwark, Developers	Tbc. Anticipated funding from s106. Potential funding from Thames Water.	Throughout all delivery phases
Upgrade access to superfast broadband	Broadband providers, LB Southwark, Developers	~£3 Million. Funded by digital providers through agreements with developers and service charges	Phased delivery through to 2026
Health facilities	LB Southwark, NHS Southwark CCG	£15.5M CIL and NHS funding?	2026-2031?
Sports facilities	LB Southwark, Commercial leisure providers	£15M Private investment; CIL if need for new public facilities arises	Timescale will be identified if monitoring indicates need for new facilities
Play facilities	LB Southwark, Developers	Direct provision by developers on-site; Section 106 and grant applications for off-site facilities	Throughout all delivery phases
Early years care	LB Southwark, Developers, Commercial providers	Direct provision by developers and private investment	Throughout all delivery phases

REVISION OF CIL

Our 2015 CIL charging schedule sets CIL rates of £200 per sqm and £50 per sqm for residential developments in CIL charging zones 2 and 3 respectively. The CIL Regulations establish a mechanism for inflating CIL using the Building Cost Information Service (BCIS) All-in-Tender Price Index. By 2017 Southwark's residential CIL charges are forecast to be £218 p/sqm in zone 2 and £54 in zone 3 (based on BCIS February 2016 update). We are revising our CIL charging schedule to charge £218 for residential development across the Old Kent Road opportunity area. Examination and adoption is planned for late 2017. CIL charging rates in other CIL zones and for other uses will be updated in line with the All-in-Tender Price Index. We will review our CIL charging schedule again in 2018.

APPROACH TO SECTION 106 PLANNING OBLIGATIONS IN THE OLD KENT ROAD OPPORTUNITY AREA

Across the opportunity area section 106 planning obligations will be sought where necessary to mitigate the impact of development, in line with the approach set out in the adopted Section 106 Planning Obligations and CIL SPD (2015). This will include the need to mitigate the impact of development on transport capacity, including through improvements to surface public transport and facilities for people walking and cycling, prior to the delivery of the Bakerloo Line extension which is projected to be around 2030. Development will also need to pay the Mayoral CIL and Southwark CIL.

In addition, in the period prior to adopting a revised CIL charging schedule, major developments located in the south of the opportunity area (see hatched area in Figure 1 below) which provide 100 or more residential homes will be expected to contribute towards the cost of delivering the transport infrastructure projects listed below. We will ordinarily expect the contribution to be £164 per square metre of residential floorspace, subject to the legal test of regulation 122 of the Community Infrastructure Levy Regulations 2010 as amended. Affordable housing will be exempt. Contributions from large scale non-residential development of over 10,000sqm floorspace will be negotiated on a case by case basis.

The funds secured via this obligation will be directed to the following infrastructure projects:

- Old Kent Road Station 1 (Northern station) on the Bakerloo Line extension
- Old Kent Road Station 2 (Southern station) on the Bakerloo line extension

The value of this obligation will be indexed to the All-in-Tender Price Index and will be updated annually. It will be calculated using the gross internal area (GIA) of the development and will be applied to new residential floorspace (existing residential floorspace can be offset).

Funds will be strictly managed by the council and will only be allocated to those projects listed above. In accordance with section 123 of the CIL Regulations 2010 (as amended) we will not pool more than five separate planning obligations towards any one of these infrastructure items; and we will not seek to use this charge to fund any infrastructure projects identified on our Regulation 123 list.

The NPPG advises that authorities should ensure they are clear about what infrastructure is needed and what will be paid for via CIL and via section 106 planning obligations. There should be no actual or perceived 'double dipping' with developers paying twice for the same item of infrastructure through CIL and section 106 planning obligations. By amending our Regulation 123 List (see below) we will further clarify which infrastructure will be funded by which route. We will ensure robust monitoring measures are in place to avoid any 'double dipping' in practice.

When the revised CIL charging schedule is adopted (which we anticipate will be in 2017) this particular obligation will no longer be sought.

REGULATION 123 LIST

Our Regulation 123 List is a list of those infrastructure projects or types for which we will not seek to negotiate section 106 planning obligations; these projects or types of infrastructure may be funded partly or wholly by CIL.

The current Regulation 123 List identifies a range of projects for funding via CIL including existing primary school expansion, health facilities, open space improvements to district parks and the Bakerloo Line extension (BLE).

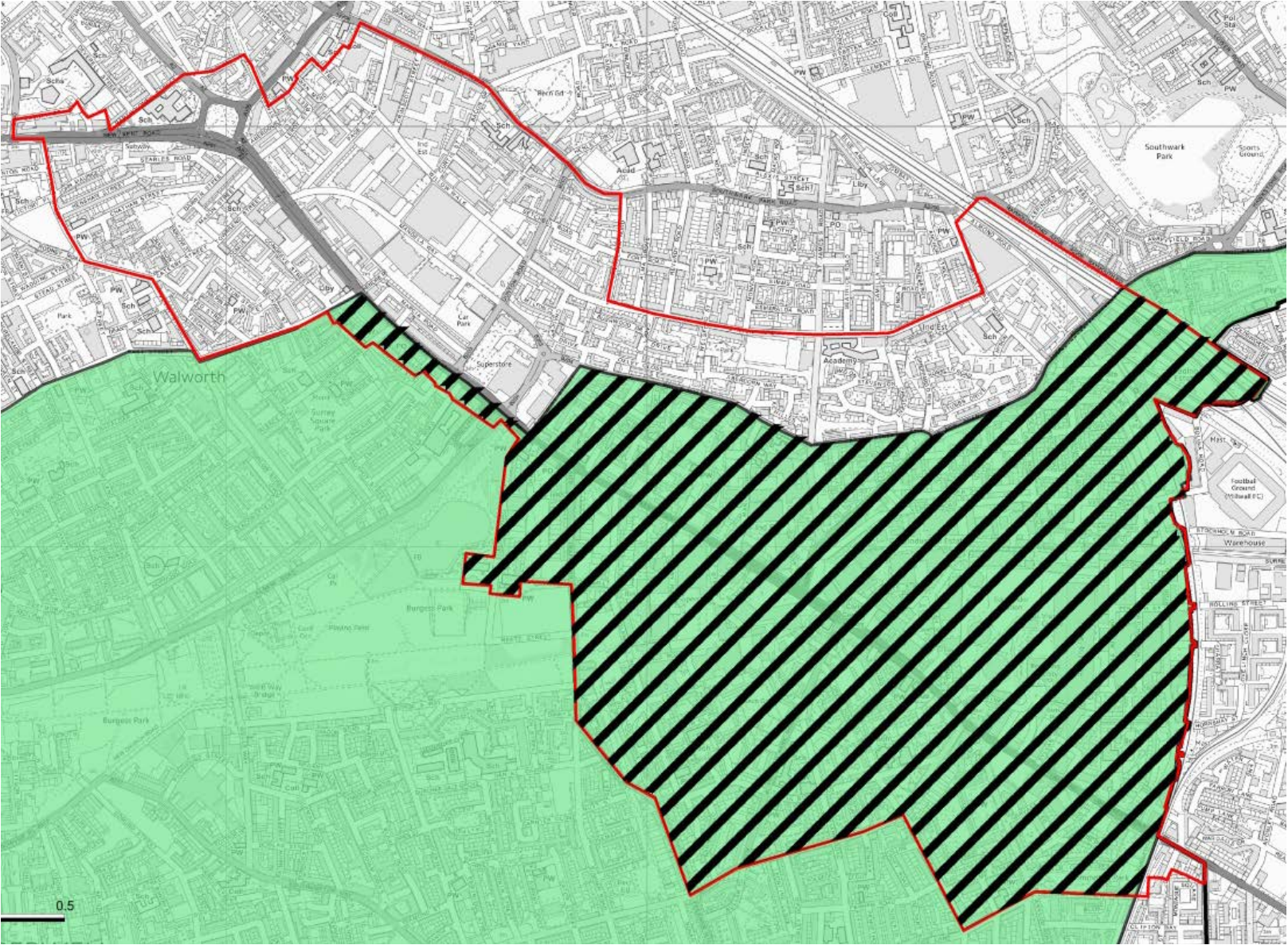
When the existing CIL charging schedule and Regulation 123 List were developed we had limited information on the BLE. In particular we did not know where the stations would be located and how many would be appropriate within the Old Kent Road opportunity area. Based on ongoing joint working with the GLA and TfL we now have a more detailed understanding of the proposed route of the BLE and the location and size of two new BLE stations required to support the planned growth in the opportunity area.

Based on this new evidence and to support delivery of the BLE station infrastructure, we propose to amend our Regulation 123 List for the period in which the s106 transport tariff is in place to clarify that contributions towards construction of the two BLE stations in the opportunity area will be secured via s106 rather than CIL. Contributions to delivery of the BLE itself, excluding the stations, will continue to be secured via CIL.

The revised Regulation 123 list is being consulted on alongside this addendum.

The Regulation 123 list will be revised again when the CIL charging schedule is adopted (anticipated to be in late 2017) to indicate that we will no longer seek to negotiate section 106 planning obligations for funding land and infrastructure costs for delivering the two stations in the Old Kent Road Opportunity Area. From this point on CIL will be used to contribute towards all elements of the BLE (i.e. stations and tunnels).

Figure 1: Map showing CIL charging zone 3 (green), OKR OA boundary (red) and area where section 106 will be negotiated for transport infrastructure (hatched)



REASONS

The CIL regulations require that s106 planning obligations must be:

- a) necessary to make the development acceptable in planning terms;
- b) directly related to the development; and
- c) fairly and reasonably related in scale and kind to the development.

The section 106 planning obligation set out above is necessary to deliver the specific infrastructure projects identified, which are critical to unlocking delivery of 20,000 new homes in the opportunity area. Evidence suggests that an increase in land values will be required to deliver the densities and numbers of homes envisaged in the 20 year timescale of the AAP. Improvements to transport infrastructure including the BLE will play a key part in increasing values and accelerating growth. Delivery of these improvements is therefore critical to realising the scale of growth planned for the AAP.

The design of the BLE, including the requirements for new stations, was not known in detail when Southwark's 2015 CIL was put in place and therefore are not reflected in the existing CIL arrangements. By introducing this section 106 planning obligation we will ensure that we can secure funding towards the delivery of the BLE stations in a timely manner, helping to unlock growth.

Cumulatively, all developments in the opportunity area will impact on the existing transport networks and will require mitigation. Similarly, all development benefit from the delivery of this infrastructure. It is therefore fair and reasonable that development should pay a contribution towards these costs.

We are committed to revising CIL to take into account the latest evidence on infrastructure requirements and to help reduce the funding gap and deliver the infrastructure required to support growth in the opportunity area. The section 106 obligation proposed here is therefore an interim measure prior to our planned introduction of revised CIL charges for the opportunity area in 2017.

The value of the obligation has been informed by viability testing of notional and real developments in the opportunity area to ensure that the charge remains reasonable and related in scale to development. This work indicated the combination of CIL and planning obligations would equate to a small percentage of overall costs and therefore it would have limited impact on the viability of developments. In accordance with the NPPF (paragraphs 173-175) the viability testing assessed the likely cumulative impacts on development of all existing and proposed local standards and policy requirements, including affordable housing requirements and sustainability requirements to ensure that that development viability was not undermined.

The value of the obligation has been set having regard to the need to secure the Bakerloo Line extension stations and the need to ensure that most development is not made unviable as a result of the obligation. No changes are proposed to the CIL/section 106 burden in zone 2.



Consultation Report

Section 106 SPD Addendum

January 2017

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1. Introduction

- 1.1. The Old Kent Road Area Action Plan (AAP) is a plan to regenerate the Old Kent Road and surrounding area. It sets out a vision for how the area will change over the period leading up to 2036. This includes delivering 20,000 new homes and 5,000 additional jobs. The vision is supported by a strategy with policies we will put in place to deliver it. The AAP will make sure that over the next twenty years we get the right development needed to support a healthy, safe and prosperous community and a fairer future for all in the Old Kent Road area.
- 1.2. Between June and November 2016 we consulted on the Old Kent Road AAP alongside other documents including an Addendum to the Section 106 Planning Obligations and Community Infrastructure Levy (CIL) Supplementary Planning Document (“the SPD addendum”) and a revised CIL charging schedule.
- 1.3. The SPD addendum, the focus of this report, sets out interim guidance on the approach to using section 106 planning obligations to contribute towards funding transport infrastructure in the Old Kent Road Opportunity Area prior to the introduction of a revised CIL charging schedule (once the revised CIL is adopted this section 106 contribution no longer be required). the SPD addendum states that developments providing 100 or more homes in the southern part of the opportunity area (currently falling within CIL zone 3) will be expected to contribute £164 per square metre towards the Bakerloo Line extension stations.

2. How we consulted

- 2.1. We carried out consultation in accordance with our adopted statement of community involvement, which explains how we will consult the community in the preparation of planning policy documents.
- 2.2. The documents were published on the council's website and made available at libraries, one stop shops and the council's Tooley Street offices. An advert publicising the documents being consulted on was put in the press and written notification will be sent to around 1000 contacts on the Planning Policy mailing list and My Southwark. Council officers also attended a large number of public events and consultation activities and a leaflet was sent to all addresses in the Opportunity Area. Further details are provided in the Consultation Plan on the Draft Old Kent Road Area Action Plan, CIL Preliminary Charging Schedule and SPD Addendum available on the Council's website at: <http://www.southwark.gov.uk/planning-and-building-control/planning-policy/development-plan/area-action-plan?chapter=2>

3. Representations received

- 3.1. Following the consultation on the Section 106 SPD addendum we reviewed the comments received. Table 1 overleaf provides summaries of the representations along with an officer response to each representation. Where relevant the response provides details of how representations were taken into account in developing the final version of the SPD Addendum.

Table 1: Summary or representations and Council responses to each

Summary of representation	Council response
<i>Resident:</i> Object to the provision of green spaces and amenity for the benefit of overseas investors speculating on the property market. If the scheme is led by private investors then almost all public realm should be removed and more housing packed in to increase the section 106 contribution that Southwark can go off elsewhere and do some good with.	Noted. Developments will be private sector led but the AAP and wider Development Plan policies will ensure that it delivers a wide range of benefits for local people.
<i>OKR people network:</i> The Council's delivery plan says that developer contributions towards infrastructure costs will bring in £188 million and that this could pay for the new schools, new open space and an electricity network. No funds are allocated for health, sports and play facilities. Even the contributions proposed could be lost as the Council says it has to show developers are contributing to the Bakerloo Line Extension, costed at between £1.25 billion – 2.5 billion.	There is indeed a funding gap identified (i.e. a gap between known commitments and the total cost of infrastructure required) and CIL and section 106 will not be able to fill this alone, as acknowledged in the original cabinet report and background paper. Work is ongoing to identify alternative funding sources (including for Bakerloo Line Extension) and the infrastructure plan, a living document, will be updated to reflect this.
<i>Barkwest Ltd:</i> Request that a sentence is included in the addendum to state that where a site or linked site contributes to or facilitates social infrastructure, such as a school or school expansion, this will form part of viability discussions on other planning obligations.	Southwark's section 106 and CIL SPD states that Section 106 planning obligations will be negotiated where items sought are clearly linked to the development site and are needed to make that particular development acceptable. The draft Old Kent Road AAP states that we will secure land for schools through Section 106 planning obligations where needs arising from development exceeds available school places. The adopted Development Viability SPD is clear that where viability is a relevant consideration in respect of achieving planning policy compliance, applicants should submit a financial viability appraisal. The process and information requirements are clearly set out in the SPD. Therefore it is not considered that any further text on viability discussions is required.
<i>Sport England:</i> There is a lack of a robust evidence base to support the actions identified in the Infrastructure Plan, SPD and Regulation 123 List and therefore they object to the proposed revisions until the Council are clear on what sports facilities are actually required.	Southwark has commissioned the production of a Playing Pitch Strategy, the latest trajectory of housing development is being used in its preparation and a draft is expected early in 2017. This will inform any required updates to the Infrastructure Plan. In February 2016 Southwark worked with Sport England to understand the supply and demand for swimming pools and sports halls using Sport England's Facilities Planning Model and Sports Facilities Calculator. There is some unmet demand in the south of the borough and increased future demand is expected in the Old Kent Road area. Since then the Castle Leisure Centre has opened. Further new facilities are anticipated in Canada Water, Burgess Park and on Surrey Canal Road in Lewisham will help meet needs. Southwark also encourages shared facilities in school and commercial indoor sports facilities. Progress in delivering this significant pipeline of facilities will be

	<p>monitored to ensure shortfalls are addressed (the larger part of the need for sports facilities will not arise until 2026 onwards). The text in the SPD on sport and play facilities has been clarified; new sport facilities will be funded through CIL where the need arises; off site play facilities will be funded through s106 in accordance with the s106 SPD.</p>
<p><i>Berkley Homes:</i> The wording of the Draft Revised SPD requires further clarification regarding how the Bakerloo Line Extension (BLE) is to be funded by CIL and S106 payments. There is a risk that 'double dipping' will occur as it is not clear from the Draft Revised SPD what consideration is given to the direct provision in schemes of infrastructure and what requirements will form additional pooled contributions through Section 106 or potentially future CIL infrastructure contributions</p>	<p>As stated in the SPD addendum, we will amend our Regulation 123 List to make clear which infrastructure will be funded by CIL rather than s106 and we will ensure robust monitoring measures are in place to avoid any 'double dipping' in practice. The wording of the SPD has been clarified to make it clear that s106 will be used to fund work on the two stations prior to the adoption of CIL; and that on adoption of CIL, a revised regulation 123 list will be adopted making it clear that further work to the stations will be funded through CIL rather than s106. Where specific infrastructure is to be provided on a particular site as part of the development scheme, such as open space, clearly it would be unreasonable to seek to secure s106 funding for the same item of infrastructure as this would fail to meet the statutory tests.</p>
<p><i>Berkley homes:</i> Key sites may stall on viability grounds through the requirements of CIL and S106 paying for the Bakerloo Line Extension and the delivery of affordable housing and other infrastructure. The Council must therefore take a pragmatic approach to the viability of developments if a comprehensive approach is to be taken to the plan area.</p>	<p>The adopted Development Viability SPD is clear that where viability is a relevant consideration in respect of achieving planning policy compliance, applicants should submit a financial viability appraisal. The process and information requirements are clearly set out in the SPD. As stated in the background paper, the Council's flexible approach to the application of its affordable housing targets will ensure the viability of developments is not adversely affected over the economic cycle whilst still delivering the maximum quantum of viable affordable housing.</p>
<p><i>GLA:</i> The Mayor welcomes the principle of Southwark seeking to secure appropriate developer contributions in order to support the funding and delivery of improved transport infrastructure, particularly the Bakerloo Line extension. Likewise, the proposed amendments to your S106 SPD support and reinforce this objective.</p>	<p>Noted.</p>

4. Next steps

- 4.1. No examination-in-public is required for Supplementary Planning Documents. The amended SPD addendum will now be taken to Cabinet for approval and then adopted.

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**Planning Act 2008
Community Infrastructure Levy Regulations 2010 (as
amended)**

London Borough of Southwark
Draft Community Infrastructure Levy
Charging Schedule (January 2017)

**Planning Act 2008
Community Infrastructure Levy Regulations 2010 (as amended)**

**London Borough of Southwark
Draft Community Infrastructure Levy
Charging Schedule (January 2017)**

The London Borough of Southwark is a charging authority for the purposes of Part 11 of the Planning Act 2008 and may therefore charge the Community Infrastructure Levy in respect of development in the London Borough of Southwark.

The rate at which CIL will be charged shall be:

Development type	Zone *	CIL Rate £ per sq.m.
Office	Zone 1	£76
	Zones 2-3	£0
Hotel	Zone 1	£272
	Zones 2-3	£136
Residential	Zones 1	£435
	Zone 2	£218
	Zone 3	£54
Student housing – Direct let **	Zones 1-3	£109
Student housing – Nomination ***	Zones 1-3	£0
All retail (A1 – A5 & Sui Generis uses akin to retail) ****	Zones 1-3	£136
Town centre car parking *****	Zones 1-3	£0
Industrial and warehousing	Zones 1-3	£0
Public libraries	Zones 1-3	£0
Health	Zones 1-3	£0
Education	Zones 1-3	£0
All other uses	Zones 1-3	£0

*These zones are shown in the CIL Zones Map 2016 below.

** Direct let student housing schemes – market rent levels

*** Nomination student housing schemes – rental levels set below an average of £168 per week and secured through a section 106 planning obligation

**** Sui generis akin to retail includes petrol filling stations; shops selling and/or displaying motor vehicles; retail warehouse clubs

***** Town centre car parking which is made available to all visitors to the town centre

As per Regulation 14 of the Community Infrastructure Levy Regulations 2010 (as amended), the Council is designated the collecting authority for the Mayor of London in Southwark. This requires a current charge of £35 per square metre to be levied in addition to the amounts specified above.

The amount to be charged for each development will be calculated in accordance with Regulation 40 of the Community Infrastructure Levy Regulations 2010 (as amended). For the purposes of the formulae in paragraph 5 of Regulation 40 the relevant rate (R) is the rate for each charging zone shown in the charging schedule above.

CIL will be applied on the chargeable floor space of all new development apart from that exempt under Part 2 and Part 6 of the Community Infrastructure Levy Regulations 2010 (as amended). The exemptions from the CIL rates are:

- The gross internal area of a new buildings or extensions to buildings will be less than 100 square metres (other than where the development will comprise one or more dwelling);
- A building into which people do not normally go;
- A building into which people go only intermittently for the purpose of maintaining or inspecting machinery; or
- A building for which planning permission was granted for a limited period;
- Development by charities of their own land to be used wholly or mainly for their charitable purposes;
- Social Housing.

Statement of Statutory Compliance

The Charging Schedule has been approved and published in accordance with the Community Infrastructure Levy Regulations 2010 (as amended) and Part 11 of the Planning Act 2008 as amended.

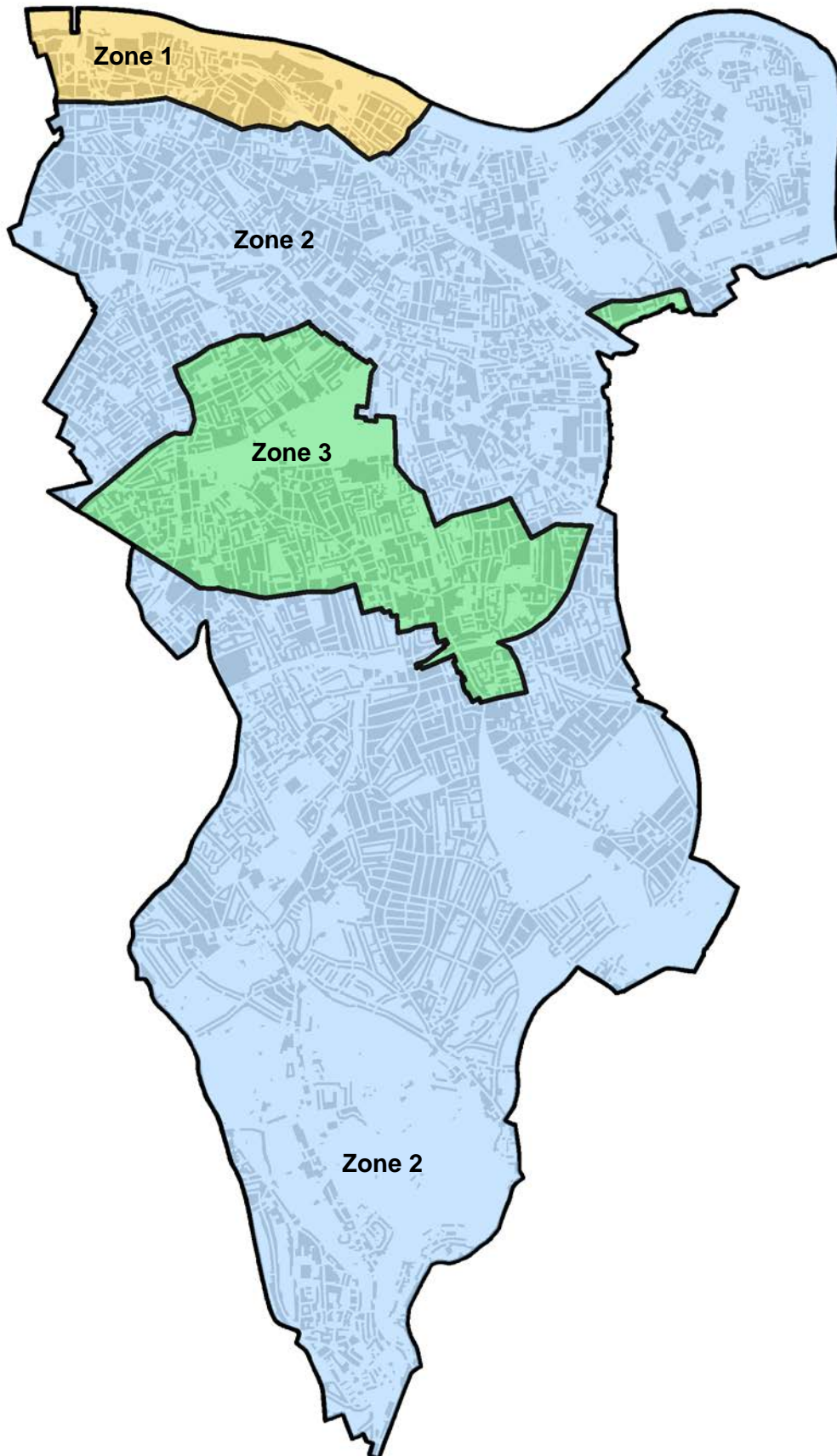
In setting the levy rates, the Council has struck an appropriate balance between;

- a) the desirability of funding from CIL in whole or in part the estimated cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding, and
- b) the potential effects, taken as a whole, of the imposition of CIL on the economic viability of development across its area.

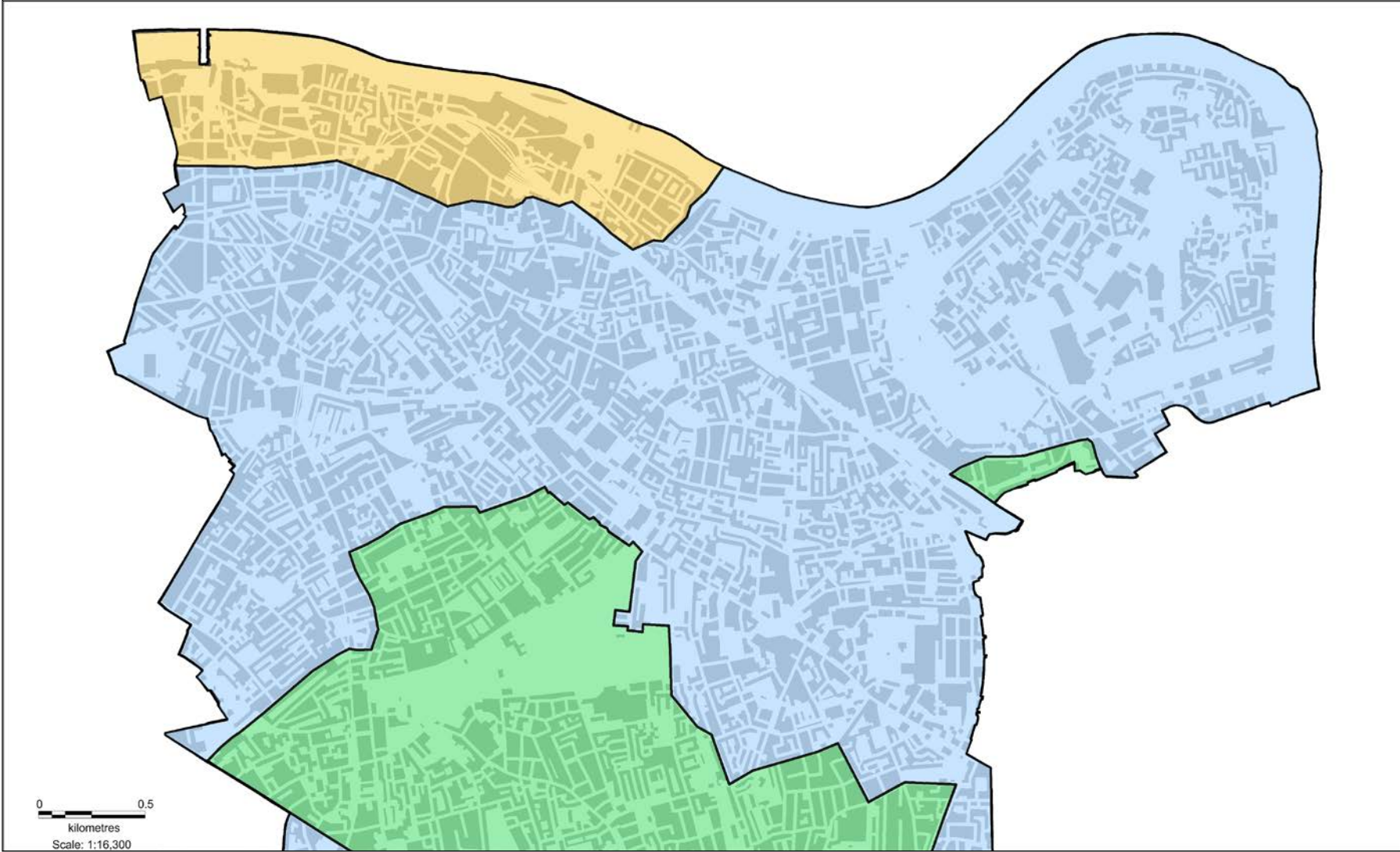
This Charging Schedule was approved by the Council on (date to be inserted following examination)

This Charging Schedule will come into effect on (date to be inserted following the examination and approval)

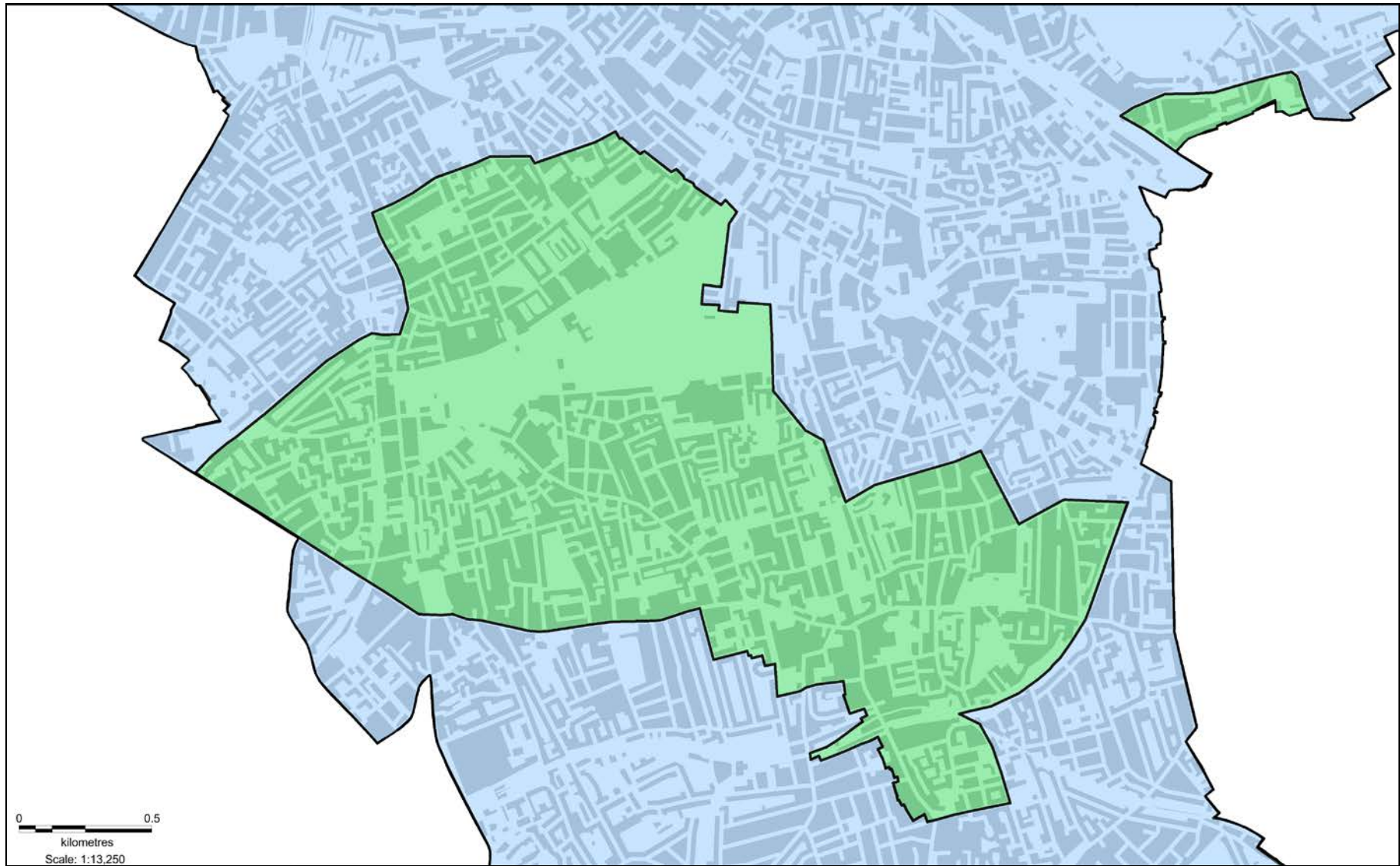
CIL Charging Zones



CIL Zones Map (inset showing Zones 1 and 2)



CIL Zones Map (inset showing Zone 3)



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	Regulation 123 list:
Appendix I	Regulation 123 list (for adoption) (available with the report)
Appendix J	Draft Regulation 123 list (to be adopted at the point we adopt the revised) (available with the report)

Infrastructure type and projects
Education
Primary school provision /expansion (not land), except for Alfred Salter, Redriff and Rotherhithe primary schools
Secondary school provision /expansion (not land), except for Bacon’s College secondary school
Health
All with the exception of sites where there is a planning requirement to provide a health use, including a new facility to serve the Canada Water core area
Libraries
All with the exception of sites where there is a planning requirement to provide a library
Open Space
Improvements to District Parks (Burgess Park, Dulwich Park, Peckham Rye and Southwark Park).
Other
Cemeteries (not including land)
Modernised adult care facilities
Storm water storage areas: Camberwell, Dulwich, Peckham Rye and North Peckham
Sports
New leisure centre in Canada Water town centre (not including land)
Transport
Bakerloo line extension (not including land and infrastructure costs for delivering the two stations on Old Kent Road)
Camberwell Station (not including land)
Camberwell town centre improvements to pedestrian crossings, signals and pavements
Cycle routes and parking (not including cycle infrastructure in the Old Kent Road opportunity area; on-site cycle infrastructure; and development specific signage)
Elephant and Castle northern roundabout pedestrian and cycle improvements
Elephant & Castle underground stations (not including land)
New cycle and pedestrian Thames crossing at Rotherhithe
Peckham Rye station

¹ Refers to Regulation 123 of the Community Infrastructure Regulations 2010 (as amended)

No.	Title
	Section 106 SPD addendum:
Appendix A	Addendum to the adopted Section 106 and Community Infrastructure Levy Supplementary Planning Document (2015) (for adoption) (available with the report)
Appendix B	Consultation Statement for Section 106 SPD Addendum
Appendix C	SEA screening assessment (required for SPD addendum only) (available on the website)
Appendix D	Habitat Regulations Assessment (required for SPD addendum only) (available on the website)
	Community infrastructure levy:
Appendix E	Community infrastructure levy (CIL) draft charging schedule (available with the report)
Appendix F	Infrastructure Plan (available on the website)
Appendix G	Equalities Analysis (available on the website)
Appendix H	Consultation Statement/Plan for CIL (available on the website)
	Regulation 123 list:
Appendix I	Regulation 123 list (for adoption) (available with the report)
Appendix J	Draft Regulation 123 list (to be adopted at the point we adopt the revised) (available with the report)

Infrastructure type and projects
Education
Primary school provision /expansion (not land), except for Alfred Salter, Redriff and Rotherhithe primary schools
Secondary school provision /expansion (not land), except for Bacon's College secondary school
Health
All with the exception of sites where there is a planning requirement to provide a health use, including a new facility to serve the Canada Water core area <u>and Old Kent Road opportunity area</u>
Libraries
All with the exception of sites where there is a planning requirement to provide a library
Open Space
Improvements to District Parks (Burgess Park, Dulwich Park, Peckham Rye and Southwark Park) <u>(excludes improvements to play space)</u> .
Other
Cemeteries (not including land)
Modernised adult care facilities
Storm water storage areas: Camberwell, Dulwich, Peckham Rye and North Peckham
Sports
New leisure centre in Canada Water town centre (not including land)
Transport
Bakerloo line extension (not including land and infrastructure costs for delivering the two stations on Old Kent Road)
Camberwell Station (not including land)
Camberwell town centre improvements to pedestrian crossings, signals and pavements
Cycle routes and parking (not including cycle infrastructure in the Old Kent Road opportunity area; on-site cycle infrastructure; and development specific signage)
Elephant and Castle northern roundabout pedestrian and cycle improvements
Elephant & Castle underground stations (not including land)
New cycle and pedestrian Thames crossing at Rotherhithe
Peckham Rye station

¹ Refers to Regulation 123 of the Community Infrastructure Regulations 2010 (as amended)

Item No. 13.	Classification: Open	Date: 24 January 2017	Meeting Name: Cabinet
Report title:		New Southwark Plan: Site Allocations and Area Visions – Preferred Option	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

FOREWORD – COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION AND NEW HOMES

The New Southwark Plan sets out how we will deliver further regeneration and wider improvements for our great borough in the years to come. We have welcomed development to our borough, providing much needed homes and affordable homes for our residents, along with jobs – both in construction and in the completed schemes themselves. At the same time as welcoming new development we have maintained a strong commitment to preserving and enhancing the historic nature and identity of our borough.

Looking to the future we must answer the pressing need for housing, of all tenures, for our residents. To meet this need, Southwark has an ambitious target to deliver 41,040 new homes over the New Southwark Plan period. A significant proportion of these homes will be brought forward in our regeneration areas, with almost half in the Old Kent Road area, but all areas of Southwark will contribute towards meeting our housing challenge. We will also strengthen and grow the local economy by providing new commercial space suitable for small, medium and large businesses thereby providing a wide range of new local employment opportunities. In order to support growth in housing and employment we will ensure we build the right infrastructure, including new open spaces, health facilities and schools.

Last year we consulted on a preferred option for our strategic policies and development management policies to guide all future development across the borough. This document sets out renewed spatial development strategy to ensure development responds positively to its local setting and contributes towards enhancing the character of Southwark's unique areas. The borough's key development sites are also identified to show the areas that will undergo the greatest change over the plan period. These sites will be allocated in the plan to provide new homes, employment space and social infrastructure to ensure development contributes towards achieving our strategic vision for sustainable and positive change.

I look forward to hearing from residents, businesses and community groups from across our borough on the proposed area visions and site allocations set out in this preferred option New Southwark Plan. By working together we can continue delivering the homes, jobs and social infrastructure our borough needs.

RECOMMENDATIONS

That Cabinet:

1. Agree the New Southwark Plan Preferred Option: Area Visions and Site Allocations (Appendix A) for consultation.
2. Note the Consultation Plan (Appendix B), Consultation Report (Appendix C), Integrated Impact Assessment (Appendix D) and Habitats Regulations Assessment (Appendix E).

BACKGROUND INFORMATION

Background to the New Southwark Plan

3. The New Southwark Plan will form part of Southwark's development plan along with the London Plan and area action plans. It is a regeneration strategy for Southwark and will be used to make decisions on planning applications. While the New Southwark Plan must be in general conformity with the London Plan and the National Planning Policy Framework, it can adapt some of these policies to reflect specific issues in Southwark. It will replace the Core Strategy (2011) and saved Southwark Plan (2010) policies.
4. The Southwark Plan will be prepared with several stages of consultation taking place between 2013 and 2017. The first stage of consultation was the *issues* consultation from October 2013 to February 2014. This consultation was a community conversation on 'Health of the High Streets'. The 'Issues and Options' set out a detailed strategy for regeneration in Southwark and the council's approach to planning to deliver the Fairer Future promises updating the strategy and area visions in the Core Strategy. Consultation took place from October 2014 to February 2015.
5. Following the 'Issues and Options' consultation the document was divided into two sections for the 'Preferred Option' consultation. Part One: Strategic Policies and Development Management Policies were consulted on from November 2015 to March 2016. The 'Preferred Option' of Part Two: Area Visions and Site Allocations (Appendix A) has been prepared for consultation from February 2017.
6. There may be a need to consult on amendments to the 'Preferred Option' if the emerging policies in the New Southwark Plan are brought into conflict with national or regional planning policy as a result of significant changes to national or regional policy. A final stage of consultation on the 'Proposed Submission' version of the Plan will be undertaken prior to public examination by a planning inspector. The 'Proposed Submission' version consultation is a formal stage of consultation and changes will only be made if there are legal reasons which mean the Plan would be 'unsound'.
7. The regeneration strategy, planning policies and implementation plan aim to deliver Fairer Future promises to achieve the strategic objectives of the council.
8. Area Visions provide the strategic vision for the future of Southwark's distinct places. They set out key infrastructure enhancements, opportunities for public realm and transport improvements and growth opportunities. Area Visions also

identify the prevailing character of different places to be renewed, retained or enhanced. Development proposals should be formulated in the context of the relevant Area Vision and should demonstrate how they contribute towards realising the strategic vision for that area.

9. Site allocations are planning policies which apply to potential development sites of strategic importance. Site allocations are needed to ensure that when strategic sites come forward for redevelopment they integrate into their surroundings and contribute towards meeting the local area's spatial needs. Site allocations are also needed to demonstrate the New Southwark Plan has been developed in conformity with the London Plan, which requires boroughs to identify strategic development sites which can meet housing targets and future infrastructure and land use needs.
10. Site allocations set out land use requirements that must be provided as part of any redevelopment alongside other acceptable land uses. Site allocations may specify development provides new public open space, public access routes or social infrastructure, such as health or education facilities. Site allocations are not required for sites which are likely to be redeveloped acceptably under the development management policies of the New Southwark Plan.
11. Site allocations generally set out the indicative development capacity that will be acceptable on each site in terms of massing and scale. A site allocation may also provide site specific design considerations. However, the acceptability of any development proposal in terms of massing, scale and design will be subject to the same development management policies as all development proposals.
12. There will be a separate consultation on Gypsies and Travellers policy and sites as a separate Development Plan Document.

KEY ISSUES FOR CONSIDERATION

13. The approach to spatial planning in the New Southwark Plan differs to that taken in the Core Strategy (2011). The New Southwark Plan proposes an area vision for fourteen 'areas' including:
 - Bankside and The Borough
 - Bermondsey
 - Blackfriars Road
 - Camberwell
 - Dulwich
 - East Dulwich
 - Elephant and Castle
 - Herne Hill
 - London Bridge
 - Nunhead
 - Old Kent Road
 - Peckham
 - Rotherhithe
 - Walworth.
14. Each area has a high level vision that sets out the type of changes that will occur and be supported over the New Southwark Plan Period. Detail is provided for the existing character and heritage to be retained, enhanced and renewed. Strategic

transport and accessibility aspirations for the area that will be supported such as transport enhancements, including new train stations, new green links and new walking and cycling routes.

15. Aspirations to enhance the local economy, such as through improved high streets and new employment spaces are noted in the area visions as are plans to provide new infrastructure such as open space, health centres and schools. The area visions also set out the scale and nature of growth that can be accommodated over the plan period in each area, particularly on key strategic development sites.
16. The plan also proposes allocating 64 potential development sites, known as site allocations. Adopted site allocations are in the Southwark Plan (2007) and area action plans. When the New Southwark Plan is adopted the site allocations in the Southwark Plan (2007) will be rescinded. It is not proposed to allocate any sites in the Old Kent Road Opportunity Area through the New Southwark Plan because a new area action plan is being prepared for the Old Kent Road Opportunity Area alongside the New Southwark Plan. However, it is proposed that some site allocations in adopted area action plans are revised through the New Southwark Plan (these are the NSP55: Aylesham Centre and Peckham Bus Garage, NSP61: Decathlon Site, Surrey Quays Shopping Centre and overflow car park and NSP62: Site E, Mulberry Business Park, Harmsworth Quays and Surrey Quays Leisure Park). The full list of proposed site allocations are set out below:

Bankside and the Borough:

- NSP01: Site Bordering Great Suffolk Street and Ewer Street
- NSP02: 62-67 Park Street
- NSP03: 185 Park Street
- NSP04: London Fire and Emergency Planning Authority
- NSP05: 1 Southwark Bridge Road and Red Lion Court
- NSP06: Land bounded by Southwark Street, Redcross Way and Crossbones Graveyard
- NSP07: Land between Great Suffolk Street and Glasshill Street.

Bermondsey:

- NSP08: Biscuit Factory and Campus
- NSP09: Tower Workshops
- NSP10: Land between West Lane, Jamaica Road and Marigold Street
- NSP11: Chambers Wharf
- NSP12: 21 and 25-29 Harper Road.

Blackfriars Road:

- NSP13: Conoco House, Quadrant House, Edward Edwards House and Suthring House
- NSP14: Telephone Exchange and 50-60 Blackfriars Road
- NSP15: Friars House, 157-168 Blackfriars Road
- NSP16: Land enclosed by Colombo Street, Meymott Street and Blackfriars Road
- NSP17: Ludgate House & Sampson House, 64 Hopton Street
- NSP18: Southwark Station and 1 Joan street

- NSP19: McLaren House, St George's Circus
- NSP20: St Georges Health Centre and Tadworth House, Blackfriars Road
- NSP21: Land between Paris Gardens, Colombo Street, Blackfriars Road and Stamford Street
- NSP22: 1-5 Paris Garden and 16-19 Hatfields.

Camberwell:

- NSP23: Camberwell Station
- NSP24: Burgess Business Park
- NSP25: Butterfly Walk & Morrisons Car Park
- NSP26: Valmar Trading Estate
- NSP27: Camberwell Bus Garage and Post Sorting Office
- NSP28: Abellio Bus Garage, Camberwell
- NSP29: Land Between Camberwell Station Road and Warner Road
- NSP30: Iceland, 118-132 Camberwell Road
- NSP31: Wesson Mead, Camberwell Road
- NSP32: 49 Lomond Grove
- NSP33: Camberwell Business Centre, Lomond Grove
- NSP34: 123 Grove Park.

Dulwich:

- NSP35: The Grove Tavern, 520 lordship Lane
- NSP36: Guys and St Thomas Trust Rehabilitation Centre, Crystal Palace.

East Dulwich:

- NSP37: Kwik Fit and Gibbs & Dandy, Grove Vale
- NSP38: Sainsbury's and Dulwich Hamlet Champion Hill Stadium, Dog Kennel Hill
- NSP39: Railway Rise, East Dulwich
- NSP40: East Dulwich Community Hospital, East Dulwich Grove.

Elephant and Castle:

- NSP41: Newington Triangle
- NSP42: Bakerloo Line Sidings and 7 St George's Circus
- NSP43: 57-85 Newington Causeway
- NSP44: Salvation Army Headquarters, Newington Causeway
- NSP45: Skipton House, Keyworth Hostel and Perry Library
- NSP46: Elephant & Castle Shopping Centre and London College of Communication
- NSP47: Chatelaine House, Walworth Road
- NSP48: London Southbank University Quarter
- NSP49: 1-5 Westminster Bridge Road.

Herne Hill:

- NSP50: Bath Trading Estate.

London Bridge:

- NSP51: London Bridge Health Cluster
- NSP52: Land between Melior Street, St Thomas Street, Weston Street and Fenning Street
- NSP53: Land between St Thomas Street, Fenning Street, Melior Place, Snowsfields and Bermondsey Street
- NSP54: Colechurch House, London Bridge Walk.

Nunhead:

- No sites.

Old Kent Road:

- No sites.

Peckham:

- NSP55: Aylesham Centre and Peckham Bus Garage
- NSP56: Cinema and multi storey car park, Moncrief Street
- NSP57: Copeland Road Industrial Park
- NSP58: Choumert Grove Car Park.

Rotherhithe:

- NSP59: Rotherhithe Gasometer
- NSP60: St Olav's Business Park, Lower Road
- NSP61: Decathlon Site, Surrey Quays Shopping Centre and overflow car park
- NSP62: Site E, Mulberry Business Park, Harmsworth Quays and Surrey Quays Leisure Park.

Walworth:

- NSP63: Morrisons, Walworth Road
- NSP64: 330-344 Walworth Road.

17. For each site allocation the New Southwark Plan will set out the indicative development capacity alongside required land uses and other acceptable land uses. The site allocations also include detailed design guidance such as provision of open space, new access routes and appropriate massing and scale.

CONSULTATION

18. The Planning and Compulsory Purchase Act 2004 (amended 2008) ("the Act") ; the Town and Country Planning (Local Planning) (England) Regulations 2012 ("the 2012 Regulations"), and the council's statement of community involvement (2008) set out the statutory consultation requirements for the New Southwark Plan.
19. As part of the extensive consultation on the New Southwark Plan the council will consult on this document in accordance with its consultation strategy, as shown in the consultation plan accompanying every stage of consultation and a

consultation report following each stage. The consultation report (Appendix B) summarises the consultation carried out and the responses received on the Issues and Options version of the plan as well as representations submitted outside the official consultation window up to December 2016 which related to site allocations and area visions. The Consultation Report for the Preferred Option will be published prior to the third stage of consultation on the Proposed Submission Version of the New Southwark Plan.

20. The Consultation Plan (Appendix C) sets out how consultation on the New Southwark Plan: Area Visions and Site Allocations 'Preferred Option' will take place. Consultation will run for a period of 12 weeks from 6 February 2017 to 28 April 2017.

Community impact statement

21. The purpose of the New Southwark Plan is to facilitate regeneration and deliver the vision of the Fairer Future promises, ensuring that community impacts are taken into account. An Integrated Impact Assessment that includes an equalities analysis to make sure that the New Southwark Plan is having a positive impact on different groups and is delivering the most sustainable option is attached as Appendix D.

Financial implications

22. There are no immediate resource implications arising from this report as any additional work required to complete the work will be carried out by the relevant policy team staff and budgets without a call on additional funding.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

23. The National Planning Policy Framework ("NPPF") came into force in March 2012 and since then due weight when making planning decisions should be given to relevant development plan policies according to their degree of consistency with the NPPF.
24. The report identifies that the Core Strategy was adopted in 2011 whilst the relevant Southwark Plan policies were saved in 2010. There is therefore growing pressure to reconsider policies and the council is required by section 17, Planning and Compulsory Purchase Act 2004 to keep the development plan documents under review.
25. Part 6 of the 2012 Regulations referred to in paragraph 18 above concern the preparation of local plans such as the New Southwark Plan. Regulation 5 prescribes that local development documents include the allocation of sites for a particular type of development or use. In order to allow a review of these policies it is necessary to consider what issues arise in respect of the current policies and what options the council has in setting new policies. The report sets this out at Appendix A.
26. The New Southwark Plan will emerge as a result of the series of consultations which commenced in 2013. When appropriate the Plan will be put forward for an independent examination in public when it will be determined whether the Plan is compliant with statutory requirements and is sound. . It is only after this process

has been completed that the Plan can be considered for adoption which will fall to be determined by council assembly in accordance with paragraph 10 of part 3A of the constitution

27. The statutory duty of consultation derives from the Planning and Compulsory Purchase Act 2004 and the Town and Country Planning (Local Planning) (England) Regulations 2012/767. The consultation to be carried out must also comply with the common law principles ensuring members of the public participation in the decision making process.
28. The courts have identified four principles of consultation known as “the Sedley Criteria” (R v Brent London Borough Council, ex p Gunning (1985) 84 LGR 168). The principles are:
 - First, that consultation must be at a time when proposals are still at a formative stage.
 - Second, that the proposer must give sufficient reasons for any proposal to permit of intelligent consideration and response.
 - Third, that adequate time must be given for consideration and response; and fourth, that the product of consultation must be conscientiously taken into account in finalising any statutory proposals.
29. The Integrated Impact Assessment at Appendix D (referred to in paragraph 21 above) incorporates the Sustainability Appraisal, Strategic Environmental Assessment, Health Impact Assessment and Equalities Analysis and these are considered separately in the following paragraphs.
30. Section 19(5) of the Act requires a sustainability appraisal of the proposals in each development plan document such as the New Southwark Plan and the Regulations prescribe that the sustainability appraisal report must be submitted to the Secretary of State as part of the adoption process. The purpose of the Sustainability Appraisal is to promote sustainable development by integrating sustainability considerations into plans. By testing each plan policy against sustainability objectives, the Sustainability Appraisal process assesses and reports the likely significant effects of the plan policies and the opportunities for improving social, environmental and economic conditions by implementing the plan.
31. Sustainability Appraisals are also required to satisfy the European Directive 2001/42/EC. The Directive requires a formal Strategic Environmental Assessment (SEA) of certain plans and programmes that are likely to have significant effects on the environment. The SEA was transposed into UK law by the Environmental Assessment of Plans and Programmes Regulations 2004. SEA is focused primarily on environmental effects, whereas Sustainability Appraisals go further by examining all the sustainability related effects of plans, whether they are social, environmental or economic. The process for undertaking a SA is conducted in accordance with the requirements of the SEA Directive.
32. The council is also required by UK law to pay due regard to advancing equality, fostering good relations and eliminating discrimination for people sharing certain protected characteristics, as set out in the Public Sector Equalities Duty (2011) (under section 149 of the Equalities Act 2010). The council carries out Equalities Analysis (EqIA) of its plans, decisions and programmes to consider the potential

impact (positive and negative) of proposals on the key 'protected characteristics' in the Equality Act 2010 and on Human Rights.

33. As explained in more detail in the 'Equalities Considerations' section of this report the council is also required by UK law to pay due regard to advancing equality, fostering good relations and eliminating discrimination for people sharing certain protected characteristics, as set out in the public sector equalities duty under section 149 of the Equality Act 2010). The council carries out Equalities Analysis (EqIA) of its plans, decisions and programmes to consider the potential impact (positive and negative) of proposals on the key 'protected characteristics' in the Equality Act 2010 and with regard to the Human Rights Act 1998.
34. Health Impact Assessment (HIA) is a combination of procedures, methods and tools by which a policy, program or project may be judged as to its potential effects on the health of a population, and the distribution of these effects within the population. While a HIA is not required by law it is considered good practice, particularly since responsibility for managing the health of populations was transferred from national government to local authorities following the Health and Social Care Act 2012.
35. The Habitats Regulations Assessment (Appendix E) is required by the Conservation of Habitats and Species Regulations 2010/490. The council must undertake an appropriate assessment to decide whether or not a plan can proceed in light of the effect on certain 'European' sites defined in the Regulations such as a special area of conservation.
36. Part 3C of the Constitution provides that approval for recommendation to council assembly of those proposals and plans contained in the council's policy framework are reserved to full cabinet.
37. Part 3A of Southwark's Constitution provides that it is the Council Assembly that must agree the policy framework including development plan documents.
38. The council should be aware of the risk posed by Site Allocations with regard to planning blight. Schedule 13 of the Town and Country Planning Act 1990 defines blighted land as including land identified for public authority functions in a development plan document for the area. Where land is proposed for development for any functions of a local authority, then anyone with a qualifying interest in the land who has been unable to sell their interest, except a price substantially lower than it might reasonably have been expected to sell because of the 'blight' may serve a blight notice on the council requiring the council to purchase the interest. In the current economic climate, it is highly unlikely that any reduction in property values because of Site Allocations for local authority functions could be successfully argued. The legislation provides that such claims can be defended by service of a counter-notice.

Human rights considerations

39. The decision to adopt the New Southwark Plan potentially engages certain human rights under the Human Rights Act 2008 ("the HRA"). The HRA prohibits unlawful interference by public bodies with conventions rights. The term 'engage' simply means that human rights may be affected or relevant. In the case of the New Southwark Plan, a number of rights may be engaged:

40. The right to a fair hearing (Article 6) – giving rise to the need to ensure proper consultation and effective engagement of the public in the process.
41. The right to respect for private and family life (Article 8) – for instance the impacts on amenities or the quality of life of individuals.
42. Article 1, Protocol 1 (Protection of Property) – this right prohibits interference with individual's right to peaceful enjoyment of existing and future property, which includes homes. It could be engaged, for instance, if the delivery of any plan necessitates CPOs or results in blight or loss of businesses/homes.
43. Protocol 1 Article 2 Right to Education – this is an absolute right enshrining the rights of parents' to ensure that their children are not denied suitable education. This is a relevant consideration in terms of strategies in the plan which impact on education provision.
44. It is therefore essential that throughout the process of preparing the New Southwark Plan there is robust public participation coupled with sustainability and equalities assessments. By undertaking the process as outlined in the report, the council will be able to maintain the appropriate balance between making strategic policies for its communities against possible interference with individual rights. The issue of human rights will be specifically considered at the time the New Southwark Plan comes forward for adoption.

Equalities considerations

45. The Equality Act 2010 brought together the numerous acts and regulations that formed the basis of anti-discrimination law in the UK. It provides for the following "protected characteristics": age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex, and sexual orientation. Most of the provisions of the new Equality Act 2010 came into force in October 2010 ("the 2010 Act").
46. In April 2011 a single "general duty" was introduced namely the Public Sector Equality Duty (PSED). Merging the existing race, sex and disability public sector equality duties and extending the duty to cover the other protected characteristics namely age, gender reassignment, pregnancy and maternity, religion or belief and sexual orientation, (including marriage and civil partnership)
47. The single public sector equality duty requires all public bodies to have "due regard" to the need to "eliminate unlawful discrimination, harassment and victimisation", "advance equality of opportunity between different groups" and "foster good relations between those who share a protected characteristic and those who do not". "Due regard" means to consciously consider in the context of PSED.
48. The council's approach to equalities has always been broader than that required under previous legislation by protecting the now extended 'protected characteristics'.
49. The council has already undertaken an Integrated Impact Assessment which includes an equalities analysis (Appendix D).

Strategic Director of Finance and Governance

50. This report requests cabinet to agree to consult on the New Southwark Plan – Preferred Option. Full details are contained within the main body of the report.
51. The strategic director of finance and governance notes that there are no immediate financial implications arising from this report.
52. It is noted that staffing and any other costs connected with this recommendations will be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
London Plan 2011	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link: http://www.london.gov.uk/priorities/planning/londonplan		
Southwark Statement of Community Involvement 2008	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link: http://www.southwark.gov.uk/info/856/planning_policy/1238/statement_of_community_involvement_sci		
Saved Southwark Plan 2010	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link: http://www.southwark.gov.uk/info/856/planning_policy/1241/the_southwark_plan		
The Core Strategy 2011	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link (copy and paste into browser): http://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/development-plan/local-plan		
National Planning Policy Framework	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link: https://www.gov.uk/government/publications/national-planning-policy-framework--2		
New Southwark Plan Issues and Options Version	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link: http://www.southwark.gov.uk/newsouthwarkplan		
New Southwark Plan: Strategic Policies and Development Management Policies Preferred Option Version	160 Tooley Street, SE1	planningpolicy@southwark.gov.uk
Link: (copy and paste link into browser) http://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/development-plan/local-plan?chapter=4		

APPENDICES

No.	Title	Held at
Appendix A	New Southwark Plan: Area Visions and Site Allocations – Preferred Option 2017	Hard copy provided with the report (circulated separately)
Link for Appendices B - E: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5377&Ver=4		
Appendix B	New Southwark Plan: Area Visions and Site Allocations – Preferred Option - Consultation Plan	Web link above
Appendix C	New Southwark Plan: Area Visions and Site Allocations – Preferred Option - Consultation Report	Web link above
Appendix D	Integrated Impact Assessment	Web link above
Appendix E	Habitats Regulations Assessment	Web link above

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams, Regeneration and New Homes	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Juliet Seymour, Planning Policy Manager	
Version	Final	
Dated	12 January 2017	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	12 January 2017	

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Paula Thornton Tel: 020 7525 4395

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