

Cabinet

Tuesday 7 February 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 Fiona Colley
Councillor Barrie Hargrove
Councillor Richard Livingstone
Councillor Victoria Mills
Councillor Johnson Situ
Councillor Mark Williams
Councillor Ian Wingfield
Councillor Maisie Anderson

Portfolio

Leader of the Council
Deputy Leader and Cabinet Member for Housing
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
Currently on maternity leave

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Contact

Paula Thornton on 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: 30 January 2017



Cabinet

Tuesday 7 February 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 1 February 2017.	
6.	MINUTES	1 - 9
	To approve as a correct record the minutes of the open section of the meeting held on 24 January 2017.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests. The deadline for the receipt of deputations is midnight Wednesday 1 February 2017.	
8.	ACHIEVING 500 NEW AFFORDABLE BUSINESS AND CREATIVE SPACES BY 2018	10 - 20
	To approve a strategy for achieving 500 new affordable business and creative units by 2018.	
9.	ICT SHARED SERVICE WITH BRENT AND LEWISHAM	21 - 49
	To note the outcome of the original procurement process and to approve in principle the delegation of the delivery of the information and communications technology (ICT) service.	
10.	MONTH 8 CAPITAL MONITORING FOR 2016-17 AND CAPITAL PROGRAMME REFRESH FOR 2016-17 TO 2025-26	50 - 76
	To approve the virements and variations to the general fund and housing investment programme and the inclusion in the programme of new capital bids.	
	To also agree and note issues relating to the month 8 capital monitoring programme.	
11.	MONTH 8 REVENUE MONITORING REPORT AND TREASURY MANAGEMENT 2016-17	77 - 90
	To note the general fund outturn forecast for 2016-17 and associated issues.	
	To approve general fund budget movements that exceed £250,000 and note those that are less than £250,000.	

12. MOTIONS REFERRED FROM COUNCIL ASSEMBLY

91 - 97

To consider motions on the following:

- Transport
- Stand up for local pharmacies
- Tackling flytipping in Southwark
- Make fair transitional state pension arrangements for 1950's women.

OTHER ITEMS

The following items are also scheduled for consideration at this meeting.

13. POLICY AND RESOURCES STRATEGY: 2017-18 – 2019-20

14. HOUSING REVENUE ACCOUNT: REVIEW OF NON-RESIDENTIAL CHARGES FOR GARAGES, STORE SHEDS AND PARKING SPACES

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

EXCLUSION OF PRESS AND PUBLIC

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

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

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

PART B - CLOSED BUSINESS

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

Date: 30 January 2017



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 24 January 2017 at 4.00 pm at the Council Offices, 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Stephanie Cryan (In the chair)
Councillor Fiona Colley
Councillor Barrie Hargrove
Councillor Richard Livingstone
Councillor Victoria Mills
Councillor Johnson Situ
Councillor Mark Williams
Councillor Ian Wingfield

1. APOLOGIES

Apologies for absence were received from Councillors Peter John and Maisie Anderson, who is currently on maternity leave.

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 9: Housing Revenue Account – Appendix G, Results of Consultation
- Item 13: Addendum: Amendments to Appendix A, New Southwark Plan: Site Allocations and Area Visions
- Item 14: Policy and Resources Strategy 2017-18.

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

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)

Public Question from Sue Plain

Will the leader explain how the listing on the forward plan relating to provision of reablement services came to be changed without further reference to cabinet, and confirm that the council still intends to deliver reablement services through a direct delivery model that will deliver the ethical care charter?

Response from the Cabinet Member for Adult Care and Financial Inclusion

The forward plan sets out when decisions are due to be taken. It is modified every month including the target date for decisions when a piece of work is taking longer than originally anticipated. The forward plan is agreed by the leader under strong leader powers and is not a cabinet decision.

It is premature to discuss the details of the report that is due to come to cabinet on reablement, but I can assure the questioner that the council remains committed to exploring direct delivery as an option. The Southwark Ethical Care Charter relates to domiciliary care, is in place in our current domiciliary care block contracts and the council remains committed to our ethical care charter in the upcoming re-commissioning of domiciliary care. Reablement services are a different service with a different specification which will be set out in the report in due course.

Supplemental Question

Sue Plain asked whether the cabinet member would ensure that regardless of who provided the reablement service employees delivering a service for and on behalf of the council would have an option to work fixed hours, occupational sick pay, payment for travel time and as a minimum be paid the London Living Wage.

Councillor Richard Livingstone, cabinet member for adult care and financial inclusion confirmed that he would write to Sue Plain with the answer and would arrange for the response to this supplemental question to be published.

6. MINUTES

RESOLVED:

That the minutes of the meeting held on 13 December 2016 be approved as a

correct record and signed by the chair.

7. DEPUTATION REQUESTS

The deputation 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 request be received.

The spokesperson for the deputation addressed cabinet about the persistent traffic violations on Champion Park/Grove Lane. Motorists were regularly exceeding the 20 mph speed limit and undertaking illegal U-turns in the road. Aside from the road and pedestrian safety issues arising, there was also increased pollution, affecting air quality in the area.

Photographs and a survey were circulated by the deputation to demonstrate evidence of these traffic violations.

Councillor Ian Wingfield thanked the deputation for their representations and evidence gathered. He was awaiting a report on the issues identified and would be seeking an early meeting with the deputation to discuss and achieve a resolution once he had received this report.

8. RESPONSE TO THE OVERVIEW AND SCRUTINY REPORT ON FEMALE GENITAL MUTILATION (FGM)

RESOLVED:

1. That the progress against the eight recommendations made within the education and children services scrutiny sub-committee report on female genital mutilation (FGM) dated March 2016 be noted.
2. That the work locally in raising public awareness through community outreach for the eradication of FGM continue to be supported.
3. That the new initiative of Southwark becoming the London partner working with the National FGM Centre and Barnardos for the eradication of FGM be supported.

9. HOUSING REVENUE ACCOUNT - FINAL RENT-SETTING AND BUDGET REPORT 2017-18

Appendix G of this item was circulated separately, which contained the results of consultation meetings between 3 and 23 January 2017.

RESOLVED:

1. That a rent decrease of 1.0% for all housing revenue account (HRA) dwellings (including estate voids and hostels) with effect from 3 April 2017 be agreed. 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 of the report contain further detail.

2. That with regard to other HRA-wide charges, tenant service charges, comprising the estate cleaning, grounds maintenance, communal lighting and door entry maintenance charges be increased as set out in paragraph 21 of the report with effect from 3 April 2017.
3. That no increase be made to sheltered housing service charges as set out in paragraph 22 of the report with effect from 3 April 2017.
4. That the decision on direct charges for garages, store sheds and parking bays be deferred pending a report back to cabinet on 7 February 2017 reviewing charges. That in the event of cabinet agreeing a proposal in respect of non-residential charges on 7 February 2017, officers be instructed to identify additional savings to enable a balanced HRA budget to be set without further reference to cabinet.
5. That there be no increase to district heating and hot water charges as set out in paragraph 24 of the report with effect from 3 April 2017.
6. That the commitments made at cabinet in December 2016 be reaffirmed; 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.

10. BOROUGH-WIDE DISTRICT HEATING STRATEGY

RESOLVED:

1. That it be noted 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. That the interim three year investment plan be approved, 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. That it be noted that a recent study into costs of modernising the borough's 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. That the development of decentralised energy schemes and heat networks be embedded in the London Plan and in the preferred option for the Southwark Plan be noted. 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. That it be noted 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.

11. 48 WILLOWBROOK ROAD, SE15 (FORMERLY KNOWN AS THE WILLOWBROOK CENTRE) - DISPOSAL OF FREEHOLD INTEREST

RESOLVED:

1. That the head of property be authorised 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. That the earmarking of the capital receipt for the purposes of funding the capital programme be authorised.

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

RESOLVED:

1. That the addendum to the adopted Section 106 and community infrastructure levy supplementary planning document (SPD) (2015) (Appendix A) be approved for adoption.
2. That the community infrastructure levy (CIL) draft charging schedule (Appendix E) be approved for public consultation.
3. That 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), be approved.
4. That 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), be noted.
5. That 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, be approved.
6. That 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" be delegated to the director of planning in consultation with the

cabinet member for regeneration and new homes.

13. NEW SOUTHWARK PLAN: SITE ALLOCATIONS AND AREA VISIONS - PREFERRED OPTION

An addendum report setting out amendments to Appendix A of the report was circulated. It was not possible to circulate this report five clear days in advance of the meeting as the amendments and corrections were noted and/or received following publication of the cabinet agenda. The chair agreed to accept the item as urgent so that cabinet could consider these proposed changes.

RESOLVED:

1. That the New Southwark Plan Preferred Option: Area Visions and Site Allocations (Appendix A of the report) be agreed for consultation.
2. That the Consultation Plan (Appendix B), Consultation Report (Appendix C), Integrated Impact Assessment (Appendix D) and Habitats Regulations Assessment (Appendix E), be noted.
3. That the amendments set out in the addendum report be noted and the following agreed:
 - Reference to 'bus garage' be changed to 'bus station' (page 156 of Appendix A)
 - That a map setting out an overview of the neighbourhoods be included.

14. 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 this 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 this report to cabinet on 24 January 2017 gives the opportunity for debate prior to presentation of final budget figures to cabinet on 7 February 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 provisional settlement was received on 15 December, and is reflected in the revised 2017-18 draft budget presented at Appendix A of the report.
2. That it be noted that the key elements for the council arising from the provisional settlement included:
 - Settlement Funding Assessment (SFA), updated to include the confirmed Revenue Support Grant (£57.79m) and Business Rate Baseline Funding levels (£108.21m)
 - Confirmed new homes bonus for 2017-18 of £13.053m representing an overall

- reduction of £2.0m on 2016-17 budgeted funding levels (paragraph 43 of the report)
- Powers to bring forward the timing of the adult social care precept (paragraph 53 of the report)
 - A one year only Adult Social Care grant of £1.577m for 2017-18 (paragraph 47 of the report), funded by the government through a further reduction in new homes bonus
 - Confirmed improved better care fund in 2017-18 of £1.658m m payable directly to the council and indications of increased funding in 2018-19 and 2019-20 (paragraph 51 of the report)
 - Confirmed Public Health Grant for 2017-18 of £28.194m which is a reduction of £0.69m from 2016-17.
3. That the risk transfer of retained business rate funding to local authorities (paragraph 39 of the report) be noted.
 4. That the impact on school funding grants, specifically the cessation of the Education Support Grant (paragraph 69 of the report) be noted.
 5. That the continued uncertainties especially regarding adult social care and children's services cost and demand pressures for 2017-18 and beyond and also ongoing funding risks and uncertainties relating particularly to the new Adult Social Care Grant, New Homes Bonus, Public Health Grant and risks of retained Business Rates, be noted.
 6. That the current budget deficit for 2017-18 of £1.822m, reduced from £2.6m on 13 December 2016, and £8.1m presented on 1 November 2016, after the incorporation of a number of budget proposals and updated information following the provisional settlement, be noted.
 7. That it be noted that the general fund budget proposals for 2017-18 contained within the report include:
 - grant resources arising from the provisional settlement on 15 December (Appendix A of the report)
 - Estimated resources for the Autumn Statement Grant
 - An assumed increase in Council Tax of 1.99%, below the cap of 2% laid down by the Department for Communities and Local Government (DCLG);
 - An assumed increase in the Adult Social Care (ASC) precept of 3%, in line with the maximum laid down by DCLG
 - Estimated council tax revenue of £87.5m in line with the Council Tax Base report agreed by cabinet in December (paragraph 58 of the report)
 - Estimated retained business rates growth of £8.7m
 - Planned use of balances of £3.7m, subject to reserves and balances being available
 - Planned contingency of £4m (paragraph 87 of the report)
 - Provision for contractual inflation and 1% pay award
 - Proposals for budget changes in 2017-18:
 - new commitments £22.916m, of which £5.9m is ASC earmarking of precept and grant (Appendix C of the report)
 - efficiencies and improved use of resources of £18.247m (Appendix D of the report)

- income generation proposals of £2.482m (Appendix E of the report)
 - other savings impacting on service delivery of £4.981m (Appendix F of the report).
8. That it be noted that the assumed increase in the Southwark element of the council tax represents the first increase in eight years (paragraph 58 of the report) and it is estimated that Southwark will continue to have the seventh lowest council tax in London.
 9. 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 3% of council tax, on the basis that these additional funds will be used exclusively for adult social care (paragraph 54 of the report).
 10. That the current budget options proposed to help achieve a balanced budget 2017-18 as presented in appendices B-D of the report, including ongoing protection for children's social care budgets, be noted.
 11. That the departmental narratives setting out the service context and commitments, savings and income generation proposals (Appendix B of the report) be noted.
 12. That the proposed approach to address the children's and adults' social care budget pressures, and comparative data (Appendix G of the report), be noted.
 13. 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 (paragraph 84 of the report) be noted.
 14. That the continuing work underway by strategic directors to complete appropriate equality assessments for all budget proposals (reference in Appendix B of the report) be noted.
 15. That it be noted that the consultation that took place prior to agreeing the indicative budget options for 2017-18 and 2018-19 in February 2016 and that further consultation will be undertaken for new budget options where necessary or appropriate.
 16. That it be noted that this report 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.
 17. That officers complete further work in the light of further notifications from government and recommendations from cabinet and overview and scrutiny to present a fully balanced budget position for cabinet on 7 February 2017.
 18. That it be noted that on the basis of this range of uncertainties and as reported to cabinet previously, a balanced one year 2017-18 budget will be presented to cabinet in February for approval in advance of council assembly in February 2017.

The meeting ended at 5.40 pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 1 FEBRUARY 2017.

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: 7 February 2017	Meeting Name: Cabinet
Report title:		Achieving 500 New Affordable Business and Creative Spaces by 2018	
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

This council is totally committed to supporting local business to establish themselves, have space to grow, and become successful, that is why we promised to invest in more affordable business space. This report sets out how we have already delivered 143 affordable business and creative spaces across our borough, and agrees the plan to deliver a further 482 by 2018. This work is being planned alongside our economic wellbeing strategy and our vision is to make Southwark the place to start or run a business.

We have seen a significant increase in the amount of commercial premises in our borough, this is welcome as it creates jobs for our residents, brings in investment, and brings in much needed business rates that support our frontline council services. However, it is also important that we deliver new spaces for creative and small businesses so that they can take advantage of the great opportunities our borough has to offer.

RECOMMENDATIONS

That Cabinet:

1. Approve the strategy for achieving 500 new affordable business and creative units by 2018, as summarised in paragraph 10 below.
2. Agree that the council's primary role in this respect shall be to proactively enable and facilitate this provision, by stimulating engagement between private, third sector and development community interests, rather than as a direct provider or manager of new space.
3. Acknowledge that it will be necessary to strike a balance between several priorities competing for the same resources (affordable housing, new homes, Voluntary and Community Sector need for premises, rental and capital revenue generation).
4. Instruct the director of regeneration to continue to ensure that opportunities for creative and affordable business space provision are explored in future regeneration-led schemes, in relation to operational premises deemed surplus to operations and to investigate further the nature of demand for such accommodation in the borough.

BACKGROUND INFORMATION

5. Southwark's Council Plan 2014-15 to 2017-18 makes a clear commitment to strengthen and diversify the borough's economy. The focus is on new and emerging, smaller ventures in the business and creative sectors; acknowledging the important role that each has to contribute within the borough and across London, including the City. For example:
 - Invest in more affordable business space, street markets and encourage pop-up shops to help start new businesses
 - Support the growing reputation of Southwark's artistic community and enhance and expand affordable studio and performance space
 - Invest in Peckham Town Centre to include support for local arts organisations and businesses
 - Enhance and expand affordable studio and performance space.
6. The key Council Plan target is to deliver 500 new workspaces by 2018. This briefing paper considers the current strategic approach to delivering this target along with wider objectives for the council over this period.
7. Securing affordable space for small businesses in the borough strengthens and diversifies Southwark's economy. Affordable space may be focused on retail, business or creative uses. However, pressures and need for affordable space may vary across the borough with the local context. For example:
 - Protecting existing diversity in the business mix in the face of redevelopment and/or rent pressures
 - Encouraging start-ups with low entry cost space
 - Attracting or protecting a particular sector
 - Protecting the character of a local area; or
 - Protecting the amenity provided by independent small businesses for local residents.
8. Space and interim uses may be secured over shorter-term periods, potentially at lower rents to reflect the terms of the letting and therefore provides more opportunity for the most affordable/flexible space (that may be expected to provide a social as well as economic benefit). Longer term operations are more likely to face commercial rent levels for the operator and therefore operate on commercial models for users.
9. The council's approach to securing affordable space can be split broadly into a Planning-led approach driven by policy and secured through section 106 agreements, and a facilitative role led by Regeneration, using its assets and influence to secure delivery.

KEY ISSUES FOR CONSIDERATION

10. Approximately 143 spaces have already been facilitated to date, as summarised below. A further 482 are in the pipeline for delivery in 2017 and 2018. This includes 72+ units secured and to be delivered by 2018 across the borough through S106 planning agreements on major developments, plus later additions at Elephant Park and Canada Water. Full details are provided in Appendix 1.

Spaces delivered

Project	Spaces
Aylesbury Interim Uses	72
Artworks, Elephant & Castle	40
Spare Street, SE1	25
Elephant One affordable retail – S106	6

TOTAL TO DATE: 143**Delivery pipeline**

Project	Spaces	When?
Peckham Levels, off Rye Lane, SE15	65	2017
Bournemouth Close, SE15	25	2017
New Theatre Peckham	10	2017
Peckham Station Square & Peckham Palms, SE15	30	2017
Library Square, SE15	20	2017
St Thomas Street, London Bridge Station affordable retail – S106	6	2017
Rich Industrial Estate affordable artist / creative studio space – S106	60	2018
Redundant garages projects	200	2018
Parkhouse street	25	2018
Braganza Street, SE11	40	2018
Eagle Wharf Peckham, SE15	1	2018

TOTAL PROJECTED: 482**Additions post-2018**

Project	Units (Approx.)	When?
Elephant Park affordable retail – S106	TBC - up to 1600sqm 2017-2025 maximum of 200sqm 2017	2017-2025
Canada Water Sites C and E (Decathlon site) affordable retail – S106	5	2021

11. Acknowledging that some of these projects are still being developed and need to be viewed as speculative, the list should not be treated as definitive. We will continue to look for opportunities for net additions of new space and identify additional opportunities as a contingency and to maximise provision.
12. In addition to the above the council may also engage in smaller scale provision and temporary uses, “pop-ups” etc. as a means of signaling local improvement, and evaluating un-established retail activities.

Peckham Levels

13. Key amongst the “pipeline” projects in delivering the programme, in December 2016 the council completed a lease to Peckham Levels Limited to facilitate the interim use of its multi-storey carpark in Peckham, leveraging in the following benefits:
- 50 x Studios (predominantly c. 120 sq.ft; with 6 larger studios ranging up to 320 sq.) for individual hire by local creatives on easy-in terms
 - 6 x Offices (ranging from 800 – 1600 sq.) for SMEs
 - 2 x Co-working spaces (13,000 & 28,000 sq.ft) accessed through a membership system for local micro-enterprises and creative freelancers
 - 2 x Workshop spaces (3,800 & 4,900 sq.ft) again accessed through a membership system targeted at creative businesses within the building
 - 1 x large event space (3,400 sq.) available for private hire and community uses
 - A broad range of other facilities for the creative community including gallery space, ceramics & kiln room, 3D printers, laser cutters, printing press, dark room and photo studios, a number rehearsal spaces and changing rooms
 - A range of retail units, bar and food kiosks and restaurant and café
 - Project is anticipated to generate around 300-350 FT and 100-200 PT jobs;
 - A proportion of the studio spaces will be let at subsidised rents (10% at 20% of market rent and 10% at 50% of market rent)
 - Tenant selection process will prioritise local businesses, with viable business plans and a social ethos, who invest in the community
 - All tenants will be required to donate a proportion of their time through a Community Resource Scheme providing around 3,600 hours of training/volunteering annually
 - 10% of scheme profits will be retained as a Community Investment Fund for investment into local priorities, complementing the community resource scheme; and
 - Event spaces will be available for free to community groups for 25% of the time.

Planning-led delivery

14. The draft New Southwark Plan currently addresses the issue as follows:
- Commits to the delivery of 500 new affordable business units within the borough;
 - Requires that where existing SMEs are at risk of displacement from a development there should be full consideration of the feasibility of providing affordable and suitable space for existing occupiers in the completed development;
 - Encourages employment uses in railway arches;
 - Encourages small, flexible business units and management by specialist workspace providers.
15. Detailed policy guidance is planned for commercial space development across the borough’s key commercial areas, in response to evidence of business needs (now and future projected). The guidance will underpin the New Southwark Plan policy set out above and identify potential models for delivering commercial space that is affordable by design in different parts of the borough, with regard to the range of sectors and business types looking for space and factors including rents, floor areas, flexibility of leases and fit out specification.

16. In specific locations in the borough, emerging and adopted policy already sets out requirements for affordable business space in developments.
17. The draft Old Kent Road Area Action Plan, for example, provides that:
 - Developments which provide over 1,000 sq.m employment floorspace should deliver workspace managed by a specialist provider to support existing and new business start-ups and small and medium sized enterprises. This should also include an element of low cost or affordable workspace.
 - The council has developed an approved workspace provider list to support this AAP policy and encourage early discussions between developers and high quality providers of managed small business workspace.
 - Proposals in employment clusters should accommodate existing businesses on site or in the Old Kent Road area or provide a relocation strategy for businesses that may be displaced by development.
18. At the Elephant and Castle, specific measures have been adopted for some years to mitigate for the displacement of existing small retail businesses in regeneration sites. "Large retail developments (including refurbishments) over 1,000 sq.m should:
 - Contribute to the provision of a vibrant mix of retail uses to add diversity to the town centre.
 - Provide a range of shop unit sizes, including affordable units. Make available at least 10% of new retail floorspace (GIA) as affordable space at rents discounted by 40% over 5 years to provide suitable premises for small and medium sized enterprises in the opportunity area who have been displaced as a result of development, new business start-ups or independent retailers.

Community impact statement

19. It is envisaged that the proposals set out in this report will have a positive impact on a wide range of groups and the wider community, regardless of age, disability, faith, gender, ethnicity or sexual orientation.
20. This is by supporting the supply of business and creative space across the borough, stimulating local economic and cultural activity and thereby contributing to the vibrancy of the borough for its communities, residents, businesses and visitors.
21. The affordable nature of the accommodation will promote access to business and creative space, which parts of the community might not otherwise be able to benefit from, whilst also delivering benefits to the borough as a whole by acting as a catalyst to further investment.

Policy implications

22. The Council Plan 2014-15 to 2017-18 commits to a strong local economy through, amongst other measures, enhancing and expanding affordable studio and performance space in the borough.
23. The approach is echoed in the recently refreshed Economic Wellbeing Strategy 2017-2022, which includes the commitments to:

- Provide 500 new creative and small business units by 2018, by encouraging developers to include workspace as early as possible in the planning process and setting out clear requirements for its provision; and
 - Invest in and encourage the development of affordable and flexible workspace that meets the needs of start-up and growing businesses.
24. The proposals set out in this report specifically address this corporate objective, including performance measures to bring forward the conversion of unused undercroft garages and to facilitate the provision of 500 new workspaces by 2018.

Financial implications

25. This report recommends, amongst other things, that the cabinet member for regeneration and new homes approves the proposed strategy for achieving 500 new affordable business and creative units by 2018, details outlined in the body of this report.
26. It is noted that the council will facilitate provision rather than providing space directly and therefore, there are no new/ immediate direct financial implications arising from the approval of the proposed strategy.
27. The council is reviewing its residual portfolio of studio/workshop/business premises and its more extensive retail premises holdings to decide the extent to which they might support provision of affordable business and creative space provision, compared to contributing to other corporate objectives.
28. Staffing and any other costs associated with the implementation/facilitation of this strategy, and the delivery of any related project, will be contained within existing budgeted resources.

Consultation

29. In the course of preparing this report we have consulted widely within the council, including Planning Policy officers, Property Managers, Regeneration Managers and Arts Service officers.
30. Specific policies, strategies and projects feeding into the proposed strategy are widely consulted upon, including public consultation, during their development and adoption.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

31. At this stage there are no direct legal issues arising from the report since the cabinet member is merely being asked to approve the strategy as set out in the report and acknowledge and note certain approaches which the council is proposing.
32. Some of the sites referred to are currently occupied by business tenants and the ability to bring these tenancies to an end will be subject to the provisions of the Landlord and Tenant Act 1954. At that time, the decision maker will need to have due regard to the public sector equality duty ("PSED") in accordance with section 149, Equality Act 2010.
33. The PSED requires the council to consider all individuals when carrying out its functions but specifically has to have due regard to the need to eliminate discrimination,

harassment, victimisation or other prohibited conduct and in particular to assess any impacts on the persons with protected characteristics. Whilst not a matter of concern at the current stage of the process, the possible impact on any groups with protected characteristics will need to be assessed at the time that the council is considering its options for obtaining vacant possession of the relevant sites.

Strategic Director of Finance and Governance

34. The strategic director of finance and governance notes the financial implications contained in paragraphs 25 - 28 of this report.
35. It is noted that there are no immediate financial implications arising from the approval of this strategy, however, any future option appraisals/decision making should consider fully all financial implications, including any potential loss of rent income.
36. Staffing and any other costs connected with this recommendation to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Delivery project details

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams, Regeneration and New Homes	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Matthew Jackson, Head of Property	
Version	Final	
Dated	26 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		27 January 2017

APPENDIX 1

Delivery Project Details

1. Already Operational

Project	Means of Delivery	Units (Estimated)	Programme / status
Aylesbury interim uses , SE17	<ul style="list-style-type: none"> Over 60 artist studio units at The Chaplin Centre and Taplow. Aylesbury Learning Centre (Wendover) let on a short term lease to London Youth Support Trust (LYST) providing space and support for 12 young people to start a business. 	72	Delivered
Artworks, Elephant & Castle, SE1	<ul style="list-style-type: none"> A new creative business start-up facility formed by 40 modular units on three floors. 	40	Delivered
Spare Street in conjunction with Hotel Elephant	<ul style="list-style-type: none"> Enabling of Hotel Elephant project to establish and run an incubator cluster for the arts, technology and enterprise. Geared towards providing affordable start up workspace for young entrepreneurs, arts and technology graduates from local universities. Approx. 700 m2. 	25	Delivered
Elephant One affordable retail	<ul style="list-style-type: none"> Planning led S106 	6	Delivered

2. Delivery Pipeline

Project	Means of Delivery	Units (Estimated)	Programme
Peckham Multi-storey Car Park “Peckham Levels”	<ul style="list-style-type: none"> See main report for details. 	65	2017
Bournemouth Close, SE15	<ul style="list-style-type: none"> Work with Copeland Park to develop small business and co-working units in the former Council offices. Temporary accommodation for Rye Lane Station re-locatees. May provide further opportunities when new permanent space is re-provided. Numbers subject to capacity study. 	25	2017
New Theatre Peckham	<ul style="list-style-type: none"> Incorporation of 470 m2 artists’ studios in conversion and extension of former town Hall. Underway. 	10	2017
Peckham Station Square and “Peckham Palms”	<ul style="list-style-type: none"> Peckham Station Square New co-working business space (213 sqm) to be aimed small and start-up enterprises (also includes smaller retail units that will be more affordable for start-up and small businesses. Peckham Palms to re-provide space for hair and beauty businesses. 	30	2017
Library Square, SE15	<ul style="list-style-type: none"> 200 m2 of new co-working business space aimed at small and start up enterprises, through Southwark Regeneration in Partnership. 	20	2017
St Thomas Street, London Bridge Station affordable retail – S106	<ul style="list-style-type: none"> Planning led S106. 	6	2017
Rich Industrial Estate affordable artist / creative studio space – S106	<ul style="list-style-type: none"> Planning led S106. 	60	2018

Project	Means of Delivery	Units (Estimated)	Programme
Redundant garages and undercrofts	<ul style="list-style-type: none"> Various projects including Lettsom Estate and Sedgemoor Road, SE5. Further sites to be confirmed. Subject to full viability studies. Ledbury Garages/Old Kent Road Studios 60 underground garages on the estate. The council has committed to lease the space to PemPeople to revitalise the garages and deliver affordable work and studio and exhibition space. 	200	2018
Parkhouse Street, SE17	<ul style="list-style-type: none"> Potential SRiP provision of new workspace as part of a mixed use development on LBS owned site. 	25	2018
Braganza Street	<ul style="list-style-type: none"> Redevelopment of the Kennington Workshops site as part of the Southwark Regeneration in Partnership Programme. A mixed use scheme with new business units replacing some of the older accommodation. 	40	2018
Eagle Wharf, Peckham	<ul style="list-style-type: none"> New c.10,000 sq.m (GIA) theatre school plus commercial space and community outreach programme for the heart of Peckham. Development by Mountview Academy of Theatre Arts, of theatre school together with some commercial space under 99 year lease from LBS. Opening September 2018. 	1	2018

3. Additions post 2018

Project	Means of Delivery	Units (Estimated)	Programme
Elephant Park affordable retail – S106	<ul style="list-style-type: none"> Planning led S106 - up to 1600sqm 2017-2025 maximum of 200sqm 2017 	TBC	2017-2025
Canada Water Sites C and E (Decathlon site) affordable retail – S106	<ul style="list-style-type: none"> Planning led S106. 	5	2021

Item No. 9.	Classification: Open	Date: 7 February 2017	Meeting Name: Cabinet
Report title:		ICT Shared Service with Brent and Lewisham	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Fiona Colley, Finance, Modernisation and Performance	

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

Following a thorough exploration of all procurement routes open to us since the Gateway 0 report in January 2016, I'm delighted to be asking Cabinet to approve in principle that Southwark becomes part of the Brent and Lewisham shared ICT service, for the delivery of ICT services.

The key objective is to establish a stable, resilient and quality ICT service which will deliver modern, reliable, secure, cost effective technology that supports the digital strategy and enables service transformation across the authority.

It will also underpin the modernisation agenda of transforming where and how staff work in order to better serve our customers through implementing the workforce, ICT and workplace strategies agreed by cabinet on 1 November 2016.

This report describes the process that has arrived at this recommendation which has been based on affordability, speed of transition and service solution. It is also time for us to try something different given the 20 plus years of being with various single suppliers which have not delivered in the way we had hoped.

Given this is a new delivery model there will be a need for adjusting to a new way of working for all of us and it is important that we view this as an 'in-house' service for all three boroughs, where we will have a mutual role in its development. To conclude this will give us the ability to deliver the technology we need in order to enable savings and deliver services in a modern way that people expect.

RECOMMENDATIONS

That Cabinet:

1. Notes the outcome of the original procurement process and the work undertaken to consider alternative options.
2. Approves in principle the delegation of the delivery of the ICT service to London Borough of Brent Council as the primary host authority in a Shared ICT Service with London Borough of Lewisham and notes that a further report will be brought to Cabinet to approve delegation in its final terms.

3. Notes the ongoing due diligence process and the development of inter-authority agreements for delegation of the ICT service delivery and which will cover the 3 boroughs obligations, liabilities, insurance arrangements and use of assets in relation to the Shared ICT Service.
4. Approves the entering into a memorandum of understanding with the London Borough of Brent and London Borough of Lewisham (as outlined in Appendix A) and approves the funding of preparatory and transition work at an estimated cost of £3m and entering into an interim inter-authority agreement which will cover the 3 boroughs obligations with regard to the preparatory and transition activities and as further detailed in paragraph 93b and delegates authority to the strategic director of housing and modernisation to agree the final terms of the interim inter-authority agreement(s).
5. Notes that Brent and Lewisham officers are presenting reports to their respective cabinets in relation to this delegation and future Shared ICT Service.
6. Notes that officers will undertake discussions with Capita regarding a further extension of the existing ITMS contract to allow the preparatory and transition activities to be completed.

BACKGROUND INFORMATION

7. In October 2012 Capita was awarded the contract to provide a fully managed ICT service. The contract initially ran from 1 February 2013 for a period of four years, with an option to extend for further periods up to 31 January 2019.
8. The current ICT managed service covers a range of service elements. These can be divided broadly into:
 - i. A business as usual service. Delivering a service desk, service management function and ICT infrastructure comprising over 7,000 fixed and mobile devices and supporting approximately 4,500 staff working at over 100 locations.
 - ii. Programmes and projects. Undertaking and implementing change to maintain the existing service and deliver new and improved services.
9. A pre-procurement strategic assessment report (Gateway 0 - ICT Managed Services Sourcing Options) was received by Cabinet in January 2016. The report identified a number of performance and financial issues and risks with the current ICT service.
10. The report recommended dividing the ICT service into a number of manageable technology and service based 'towers' and procuring these from separate suppliers.
11. In addition to the procurement strategy the report noted that the retained ICT team should be restructured to provide an effective intelligent client function and that applications support functions currently outsourced to Capita should be insourced.
12. The procurement process ran from 21 September to 7 November 2016 and was unsuccessful in attracting a minimum level of interest from suppliers.
13. As a result of the failure to secure tender responses for all towers it was decided to cease the procurement and consider alternative options.

Options evaluation

14. Officers considered the following potential options for future service delivery:
 - Joining the Brent and Lewisham's shared ICT service
 - A direct award through the Pan-London framework
 - A fully in-sourced ICT service
 - Re-procurement with variant SIAM model via a framework
 - Full EU tender with variant SIAM model
 - A framework direct call off with award with a single supplier
 - A further extension of the existing Capita contract.

15. Two options were considered viable and were shortlisted for further evaluation. The two options were:
 - Delegating ICT services to the existing Shared ICT Service between Brent and Lewisham, where Brent would be the host authority.
 - Provision of ICT services procured through the Westminster CC Pan London ICT Services Framework with BT as the primary supplier.

Options evaluation process

16. Both BT and the Shared ICT Service were provided with information on the authority's requirements and current position and asked to prepare a response for evaluation.

17. It should be noted that BT were able to deploy significant resource to undertake a rapid and detailed review of the authority's requirements and prepared a highly professional commercial offering. Conversely, as was expected the Shared ICT Service had only limited resource and experience for undertaking such an exercise. To assist, Southwark worked with Brent to develop a 'Service Blueprint'. The output of this work was then used to evaluate the Shared ICT Service offer.

18. Whilst there are several similarities, the suppliers of and the proposed solutions for the two options being evaluated are very different consequently, a 'like-for-like' comparison of the service offers was not possible and officers therefore considered each option on its merits and ability to meet the authority's business requirements.

Option 1 - Joining the Brent and Lewisham shared ICT service

19. The existing Shared ICT Service between Brent and Lewisham was developed during 2015 and came into effect on 1 April 2016, when Lewisham transitioned from their incumbent supplier (Capita) and the Brent and Lewisham ICT functions were combined.

20. The Shared ICT Service was established using statutory powers vested in the Local Government Acts 1972 and 2000, with Lewisham delegating its ICT services to Brent under the governance of a joint committee.

21. The Shared ICT Service arose largely from Lewisham's dissatisfaction with the quality of their ICT service, which had been outsourced for many years. Lewisham were

therefore seeking to transition away from their incumbent and to procure a service with improved service quality within challenging affordability criteria and timescales.

22. By contrast, the Brent service is in-house and considered to be well run but was coming under increasing pressure as a result of a reduced budget and further savings targets. For Brent to continue to deliver quality services using in-house resource required them to achieve further savings, with a preference for doing so through economies of scale and other efficiencies rather than from a reduction in head count and/or service provision.
23. Following 12 months of detailed planning the Shared ICT Service went live in April 2016. It is initially delivering Infrastructure services to the two authorities, including common ICT infrastructure, a service desk, project management, financial management, procurement and administration services. Further sharing of services is under consideration and this is likely to result in the merging of the currently separate application support teams.
24. With the exceptions of Lewisham's digital transformation and applications support teams, Brent as the primary host authority for the Shared ICT Service employ all ICT staff, deliver comprehensive ICT services and procure and manage third party contracts to both authorities.
25. The Shared ICT Service manages a combined budget for both Authorities and also manages separate ICT spending on behalf of each authority (mainly infrastructure contracts). The Shared ICT Service budget for 2016-17 is circa £5.5m; however, this only represents the elements of authority's and novate ICT contracts to Brent so that the Shared ICT Service can directly manage all related spending.
26. Both authorities have reported savings; however, there is recognition that business (income) from other boroughs will be needed to deliver further efficiencies and savings. As a result, the Shared ICT Service engaged with a number of local authorities and public bodies to explore opportunities for 2017-18 and beyond.

Solution overview

27. The proposal is that the Shared ICT Service takes over delivery of the majority of Southwark's ICT services currently provided by Capita. Prior to service commencement the Shared ICT Service would increase the capacity of their in-house team and ICT infrastructure to accommodate Southwark's ICT requirements. Post service commencement, services would continue to run in Capita data centres under the direct control of Shared ICT Service staff, whilst a rapid migration of services from Capita to the Shared ICT Service infrastructure is completed.
28. During this transition period no transformation would take place, although many of the service, design and capacity failings of the existing service would be remediated. Once stabilised, a transformation programme would then be undertaken. This approach seeks to minimise the reliance on and cost of Capita data centre services post service commencement.
29. The Shared ICT Service would to all intents and purposes provide an in-house ICT team on behalf of the three authorities. Staff costs, overheads, service and financial risks associated with an in-house team would be shared. In addition to business as

usual services, the Shared ICT Service would provide centralised resource for procurement and financial management as well as a pool of project management and technical resource. Service requests, installations, moves and changes (IMACDs) and small/medium projects would be delivered as part of the service whilst large scale projects that require additional resource would be funded separately.

30. In common with the BT option, the existing applications support function would be retained by Southwark, with applications support work currently undertaken by Capita, (and potentially also the related Capita staff), transferring to the Southwark applications support team. Southwark would also develop a retained ICT team to provide strategic direction and governance, undertake management engagement with the Shared ICT Service and internal business relationship management and develop and implement digital transformation in conjunction with the wider business.

Technical synergy

31. There is a significant level of technical synergy. Brent, Lewisham and Southwark all currently use a centralised desktop and thin-client technology to deliver end user compute (EUC) services, have dedicated servers and storage and are adopting increasing use of iPad and other types of mobile device. Some re-engineering would be required, but leveraging existing Shared ICT Service solutions will enable Southwark to deploy mobile and other solutions faster than would otherwise be the case. The direction of travel towards cloud services and increased mobility is similar, although Southwark are looking to adopt and deploy these faster than either Brent or Lewisham.
32. In the short term Southwark would be required to make a capital investment in an infrastructure refresh cycle, rather than adopt cloud based services immediately as was intended. This approach has a number of benefits in that it would facilitate a faster transition from Capita, remediate many of the technical weaknesses of the existing infrastructure, significantly improve business continuity and disaster recovery capability and provide capacity for planned projects. Importantly, the cost implications of this approach are considered to be more affordable than those for adopting cloud.
33. Overall it is considered that the Shared ICT Service would support Southwark's ICT aspirations and, following a period of stabilisation and improvement, would enable the digital transformation programme.

Governance and culture

34. The Brent/Lewisham shared ICT service is governed by a joint committee with a joint management board reporting into it. Separately, Brent delivers ICT services to the LGA through a joint Teckal company.
35. A number of governance options for incorporating Southwark into the Shared ICT Service exist. Primarily due to time constraints, it is proposed that these will be fully reviewed and a recommendation as to the most appropriate governance arrangement made at a later date.
36. As an interim arrangement, it is proposed that a Shared ICT Service joint partnership board would be established with representatives of the three authorities working on an equal basis. The joint partnership board would initially have responsibility for transition

planning and delivery. Post go-live, responsibility would be extended to cover the entire service (including service delivery and service quality).

37. The governance arrangements associated with a Shared ICT Service or partnership in many ways mirror those of a commercial organisation, however culture and behaviours will need to be adapted to suit. To this end a number of partnership principles would need to be developed.
38. As local authorities, the cultural fit and synergy between Southwark, Brent and Lewisham is likely to be stronger than with a commercial supplier. However, whilst Southwark are familiar with the behaviours associated with running in-house teams and managing outsourced partners, the behaviours required to develop and sustain a Shared ICT Service are quite distinct, will require focussed effort and could pose a significant risk if not adopted and applied.

Financial model

39. The Shared ICT Service financial model is simple and provides cost transparency. All costs incurred in the delivery of Shared ICT Services would be apportioned and recharged to one or more of the partnership authorities based on volumetrics or usage. The bulk of the annual Shared ICT Service recharge arises from staff and associated on costs. The latter includes NI, pension contributions, overtime, call-out allowances, training, subsistence and the requirement for supporting services such as accommodation, HR support, etc.
40. There are three basic methods for apportionment of costs:
 - Core pricing is based upon the aggregate number of user accounts across the Shared ICT Service (pre-determined and fixed annually). The current estimate is that Southwark have 4,500 users out of a total Shared ICT Service user population of 10,000. Consequently, 45% of core costs would fall to Southwark.
 - Some service specific costs will be apportioned based upon individual authority consumption.
 - Where costs can be wholly attributed to an individual authority they will be recharged on that basis, e.g. Microsoft end user licences.
41. Consideration will need to be given to how the changing finances of one authority might impact upon the service and the service cost apportioned to the other partnership authorities. To attempt to mitigate this, a commitment to the service budget will be required and consideration will need to be given to the following principles:
 - The partners will annually review and agree budget requirements for the service and recommend these to each authority for the subsequent financial year.
 - Each partner agrees to adjust budgets to address changes to payroll and/or related on-costs.
 - Each partner agrees not to unreasonably withhold additional budget required to maintain the security and integrity of the aggregate services.
42. Consideration will also be given to the advantages that extending budget planning to a 3-year basis will give to the stability of the running of the Shared ICT Service and the opportunity this provides to support the medium-term financial planning of the three authorities.

43. As expected with an in-house service, there is no service credit regime with service quality being derived from effective team and individual performance management overseen by the joint partnership board.

Staff resource

44. Brent would be responsible for employing staff to deliver the Shared ICT Service. It is estimated that an additional 46 staff would be required, thereby almost doubling the existing Shared ICT Service team. As a result of the service transferring, it is considered likely that some existing Capita and Southwark staff would be eligible to transfer to Brent (as the host authority) under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).
45. Considering the staff complement requirement of the Shared ICT Service team and staff in-scope for TUPE from both Capita and Southwark, it is anticipated that there will be a need for additional recruitment.
46. Pension arrangements and liabilities arising from transferring staff are yet to be determined. Southwark, Brent and Capita will be required to comply with their usual statutory obligations.
47. The proposed organisational structure of the Shared ICT Service incorporates resources to deliver the Shared ICT Services which excludes ICT resources working to the individual authorities, such as the applications support and digital teams.
48. The proposed organisational structure of Southwark's retained ICT team excludes staff undertaking ICT work but located in departments and funded by local departmental budget.

Service quality

49. An effective Service Level Regime currently exists for the Shared ICT Service and is monitored and managed by the existing joint management board. It is anticipated that this will meet most of Southwark's requirements for service reporting however it is flexible and can be tailored if necessary. Where possible reporting will be harmonised to reduce management overheads of the service.
50. The Shared ICT Service advise that, in general, the performance targets for service delivery are being met, however it should be noted that some issues have been experienced with the performance of the Service Desk function to Lewisham. As part of the on-going implementation of the Shared ICT Service, the Service Desk was centralised in early September 2016. This appears to have had a positive effect and the situation is continuing to be monitored. Improvements to service levels are anticipated in the coming months.
51. LB Lewisham acts as a useful benchmark in terms of early service quality and performance given their recent transition from a Capita-managed ICT service. They provided detailed information regarding their transition and early life service, which indicates that the service transitioned and is being delivered to a high standard. Whilst as mentioned previously some issues arose post-transition they report being very satisfied with the responsiveness of the Shared ICT Service team to date.

Option 2) Award to BT through Pan-London Framework

52. A pan-London framework was established by the tri-borough Shared ICT Service, comprising the Royal Borough of Kensington and Chelsea, London Borough of Hammersmith and Fulham and Westminster City Council. The aim of the framework is to streamline the procurement process, improve efficiency and cut costs for local authorities and is available to all 33 London boroughs.
53. The framework consists of four Lots, each of which delivers a service tower and comprises pre-defined services with unit pricing. Services are delivered to prescribed SLAs and KPIs to standardise and deliver commodity services at commodity pricing. In recognition that this approach may not meet all requirements, each Lot contains provision for bespoke services. The Lots within the framework were awarded as follows:
- Lot 1 - End user computing (Westminster framework: awarded to BT in 2014)
 - Lot 2 - Service Desk (Westminster framework: awarded to Agilisys in 2014)
 - Lot 3 - Data Centre services (Westminster framework: awarded to BT in 2014)
 - Lot 4 - Networks/Telephony (RBKC framework: awarded to BT in 2016)
 - Bespoke Services can be procured through any Lot.
54. With the exception of the integrator function, (for which there is no corresponding Lot) the four Lots broadly align with the service integration and management (SIAM) tower operating model that Southwark previously attempted to procure through further competition. A key difference however is that Southwark's SIAM model had envisaged different suppliers for each tower, whereas this framework would enable a maximum of two suppliers across all four Lots.
55. Given timescales for undertaking the options evaluation it was decided to reduce the scope and complexity of this option by undertaking a single supplier engagement with BT (who are the sole supplier of the Framework Lots chosen) with the view to them providing all services including a service desk.
56. BT was engaged in early November and as might be expected of a company of their size they were quickly able to assign resource to undertake a detailed review of Southwark's requirements. In contrast to the Shared ICT Service, they proactively arranged several technical workshops and were able to produce a detailed service offer which was fully documented and presented to the Southwark ICT management team on 2 December 2016.
57. The BT service offer is very granular with each service element detailed and priced individually. All service lines were reviewed during the workshop sessions allowing an agreed scope and transparent cost model to be built.

Solution Overview

58. The BT proposal is based on provision of services under framework Lots 1, 3 and 4 with bespoke services used to provide the service desk. This mirrors the service taken from BT by the London Borough of Bromley in early 2016. The BT offer does not

include a full integration service, project management or technical project resource. These can be scoped as additional services either as defined resource or provided as required on a day-rate call-off basis.

59. BT propose to take on the service “as is” from 1 August 2017 and have scoped and costed to move Southwark services onto the BT Shared Infrastructure Platform (SIP). The proposed move from Capita data centres to BT’s SIP will require services and applications to be re-installed. Whilst this has a time and cost implication it should result in all services being in a known and documented state. Whilst this approach has a number of benefits it is anticipated it will take 18 months to complete, during which time services would continue to run on existing infrastructure in Capita data centres.
60. In common with other options, the existing applications support function would be retained by Southwark with applications support work currently undertaken by Capita, and potentially also the related Capita staff, transferring to the Southwark application support team. Southwark’s retained ICT team would also provide strategic direction and governance, oversee service delivery, undertake business relationship management and develop and implement the digital transformation in conjunction with the H&M modernise team and the wider business. Compared to the Shared ICT Service option, the Southwark team will need additional resourcing (to act as an intelligent client) to accommodate the additional roles and responsibilities it will be required to perform.

Technical synergy

61. Technical synergy is less important in this option as BT will resource to deliver the services required. BT have reviewed the Southwark technology currently deployed as well as the technical roadmap and no issues have been identified.
62. BT’s SIP aligns in part with Southwark’s intent to explore and provision cloud based services. It is however vendor specific and, in common with a number of the technical solutions proposed by BT, would tie us in to a relationship from which it may be more difficult to extricate ourselves, should we wish to do so in the future.

Governance

63. The BT governance model consists of a number of service delivery, programme and commercial boards to manage the contracted services. The model proposed broadly mirrors existing arrangements with Capita and will therefore be familiar to staff managing the contract.
64. Supporting local account governance is a joint group with representatives from BT and other authorities contracting BT services through the Westminster framework: i.e. (Westminster, Kensington and Chelsea, Hammersmith and Fulham, Bromley). This board acts as a focus for Shared ICT Service management and joint initiatives.

Commercial approach and financial model

65. The BT financial model is that Southwark pays:
 - A fixed price for resources such as service management, problem management, etc.

- A volume price for services consumed. Volume services include service desk calls, number of users, number of servers, storage, backup, etc.
- Additionally Southwark would need to maintain 3rd party licences and supporting services although options exist to novate these to BT or have BT re-procure them on Southwark's behalf.

66. The model is largely consumption based and flexes both up and down. Discounts apply based on individual authority use and the combined volumes of all contracting Authorities. There is no minimum quantity and therefore with the appropriate notice period service elements could be reduced or even ceased entirely without financial penalty.

Compliance

67. A thorough compliance review of the pan-London framework was not undertaken. However the framework was procured in accordance with EU procurement requirements and does provide for direct award to BT. It has been used by several authorities (so consequently the risk of there being issue with, or a challenge arising from Southwark having made a direct award under the framework is considered low.

Staff resource

68. As the service would be transferring from one service provider to another it is considered likely that some existing Capita and Southwark staff would be eligible to transfer to BT as the service provider under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

69. Resourcing the applications function will likely include TUPE of staff from Capita to Southwark, and there will be a need for recruitment to fill new or revised roles within the Southwark intelligent client function.

70. Pension arrangements and liabilities arising from transferring staff are yet to be determined. Southwark and BT will be required to comply with their usual statutory obligations and, in the case of BT, any derivative contractual requirements.

Service quality

71. As would be expected of a major ICT service supplier a comprehensive regime for monitoring and reporting on service delivery and service quality is in place.

72. Service levels are higher than for the Shared ICT Service and these are backed by a service credit regime.

73. LB Bromley acts as a useful benchmark in terms of early service quality and performance given their recent transition from a Capita-managed ICT service to BT. They provided detailed information regarding their transition and early life service which indicates that the service transitioned and is being delivered to a high standard. They report being very satisfied with the responsiveness of BT and the service to date.

Options evaluation

74. The two options were compared with consideration given to the limitations of conducting a like-for-like comparison on two such different proposals.
75. Overall both options were considered viable with advantages and disadvantages associated with each. The determining factors were considered to be:
- **Affordability:** Basic cost modelling indicates that the Shared ICT Service would be significantly cheaper over a five-year period. There were also considered to be a greater number of opportunities for further efficiencies and savings to maintain affordability over the medium-term.
 - **Service Scope:** The Shared ICT Service includes as standard; service management and service integration across all service towers and 3rd parties, finance, contract management, procurement, a programme office and project management resource, technical project resource and solutions architects. It was therefore considered to be a more holistic service which will require a smaller retained team to manage when compared to BT.
 - **Service Delivery:** The Shared ICT Service includes; service requests, a hardware replacement budget and all installation, moves and changes. These aspects of service delivery would be delivered by BT but at additional cost.
 - **Service Solution:** BT proposed use of their Infrastructure-as-a-Service solution whilst the Shared ICT Service proposed a refresh of authority owned hardware. Whilst the direction of travel and Southwark's medium-term strategy is to move away from owned hardware to an "as-a-service" consumption model, the financial case for doing so is yet to be made. In addition, the BT option required use of Capita hosting services for an estimated 18 months whilst transformation was undertaken and completed. Continued reliance on Capita for this length of time was considered to be undesirable.
 - **Be different:** Whilst affordability, speed of transition and service solution were the most significant factors, it is worth noting that having had 20+ years of single supplier ICT managed services (which have largely failed to meet business requirements and expectations), there was a political and officer appetite to try something different.
76. The option evaluation concluded that entering into a Shared ICT Service with Brent and Lewisham offered the best option for the future provision of ICT services to the authority.

Development of the Brent/Lewisham Shared ICT Service option

77. Having identified the Shared ICT Service as our preferred option, an external facilitator was commissioned to run five workshops. These were used to bring together the key stakeholders and advising officers to explore how the Shared ICT Service could be developed to include Southwark and the potential benefits to all three partners.
78. The workshops were designed to enable senior officers to understand and agree the following:
- Partnership principles
 - Statutory framework that enables Shared ICT Services
 - Potential governance models

- Potential benefits realisation
- Risk
- The most appropriate Shared ICT Service model
- The internal legal process to establish the Shared ICT Service.

79. In addition, an important aspect of the workshops was testing the commitment of senior stakeholders to a Shared ICT Service, thus ensuring we were embarking on a viable long-term partnership.

80. The authorities identified that they shared several key objectives and synergies. These included:

- Clear technology synergies (i.e. common applications, infrastructure and roadmaps)
- Common financial and service pressures
- Need to achieve value for money (meets current and future affordability targets and quality expectations)
- A need to strengthen overall service risk management and resilience
- A political appetite to do something different in partnership with other authorities.

81. At the final workshop, senior stakeholders from all three authorities agreed that a Shared ICT Service was a compelling proposition and gave the necessary commitments to progressing this as a recommendation to their respective cabinets.

KEY ISSUES FOR CONSIDERATION

Strategic outcomes

82. The senior stakeholders' workshop established the principal objective of the Shared ICT Service, which is to "enable the three authorities to maximise the use of digital technologies to transform themselves into responsive, efficient and cost-effective organisations".

83. Stakeholders agreed that by 2020, the ICT service would have achieved the strategic outcomes described in table 1 below.

<u>Primary outcomes</u>	<u>Secondary outcomes needed to achieve primary outcome</u>
Building a solid platform for transformation	<ul style="list-style-type: none"> • Building a modern, common infrastructure that partners can rely on. • Generating more innovation by investing together to make the most of technology. • Creating shared strategies and roadmaps, with the flexibility to reflect local needs.
Delivering a quality service	<ul style="list-style-type: none"> • Providing a reliable, quality user experience. • Delivering constant improvement by keeping service levels and processes under review. • Building a talented team with a great reputation for supporting the business of each partner.

<u>Primary outcomes</u>	<u>Secondary outcomes needed to achieve primary outcome</u>
Providing great value-for-money	<ul style="list-style-type: none"> • Maximising economies of scale, taking a common approach where practical and beneficial. • Offering affordable services that compare well with other providers. • Benefiting by sharing the cost of investment in new developments.
Forging a lasting partnership	<ul style="list-style-type: none"> • Acting as a partnership of equals that everyone benefits from. • Delivering greater resilience by sharing and mitigating risks. • Offering each partner more capacity and capability by pooling resources and knowledge.

Table 1: Strategic Outcomes

84. The strategic outcomes referenced in Table 1 are underpinned by the agreed partnership principles and future behaviours that address and enable the opinions and expectations of all three authorities and are set out in full in Appendix B.
85. The adoption of the partnership principles and behaviours are fundamental to a memorandum of understanding which will enable the detailed work required to agree the legal and governance mechanisms for establishment of the Shared ICT Service to be completed.

Governance and legal compliance

86. Officers have considered the statutory framework that permits local Authorities to establish Shared ICT Services. The Local Government Acts 1972 and 2000, the Localism Act 2011 and the Local Authorities (Arrangements for the discharge of Functions) (England) Regulations 2012 give local Authorities the power to delegate (arrange for the discharge) of their functions by:
- Another local authority;
 - The executive of another local authority; or
 - a joint committee.
87. The proposed delegation and future Shared ICT Service will therefore be undertaken in accordance with the statutory framework noted in paragraph 86. For clarity, Lewisham delegated delivery of their IT service to Brent and separately Brent and Lewisham delegated governance of the ICT service to a joint committee that oversees the performance and strategic direction of the Shared ICT Service, with operational control executed through joint management boards.
88. Several options for the future governance arrangements of the expanded Shared ICT Service are available, such as establishing a 3-way joint committee or forming a “Teckal” company (this being a joint company for public sector Shared ICT Services where the intention is to continue to provide the services from within the public realm).
89. There is considered to be some advantage in taking the time to consider these options thoroughly, drawing on the experience of Brent/Lewisham and other Shared ICT

Services and engaging consultants if appropriate. Given this, it is proposed that we adopt a three-stage approach to governance as set out and summarised in table 2 below.

90. Stage 1: To expedite the work required to fully develop the service design and the establishment of the transition team, to undertake detailed planning and transition preparation, it is proposed that the service should progress with an initial arrangement to enable Brent to incur cost on behalf of Southwark to establish the service design and transition programme. Each authority will have an equal say in the running of the service design and transition programmes.
91. Stage 2: Subject to Cabinet approval of the delegation of the ICT service, Interim governance will be implemented. This will consist of a joint 3-way partnership board with representatives from each of the three partner authorities. After service commencement, this board will manage delivery of the 3-way Shared ICT Service until permanent governance is implemented.
92. Stage 3: Following appraisal of the governance options, a further report to the Cabinet of each of the three Shared ICT Service authorities will seek authorisation for the recommended model prior to its implementation.

<u>Governance Stage</u>	<u>Main Features</u>
Initial (Stage 1)	A memorandum of understanding. An initial arrangement to allow Brent to incur expenditure on behalf of Southwark to establish the service design and transition programme.
Interim (Stage 2)	Southwark delegates ICT service to Brent. 3-way officer partnership board to manage preparatory phase and post commencement service. Current Lewisham to Brent delegation and joint committee and management board continue as is.
Medium-term (Stage 3) (within 12 months)	Consider long-term options: New joint committee, possible Teckal company or other.

Table 2: Governance overview

93. Having considered the necessary mechanisms and authorisations required to enable the Shared ICT Service partnership to progress, it is proposed that:

- a) Southwark, Brent and Lewisham agree a non-legally binding memorandum of understanding (MOU). This will enable development of the detailed delivery model, full transition planning and associated budget allocations.
 - b) The three parties intend to agree an interim inter-authority agreement as soon as possible to address their obligations, liabilities, insurance arrangements and use of assets in relation to the Shared ICT Service. This will also give authority for Brent to purchase necessary hardware and software in relation to the transition. The interim agreement will form the basis for a subsequent more detailed inter-authority agreement between the parties to be developed after completion of due diligence.
 - c) Subject to all parties agreeing the detail, a report setting out the scope of the Shared ICT Service, the associated financial model and the terms of the delegation/s of Southwark's ICT will be recommended to the Cabinet of each of the three Shared ICT Service authorities for approval.
94. The interim governance arrangements set out in the MOU and delegation of authority are intended to be in effect for a period of up to 12 months so as to enable the most appropriate governance model to be determined and implemented.
95. Until the permanent governance arrangements for the Shared ICT Service are approved by their respective authorities (the interim period) the existing Shared ICT Service governance requires that Brent and Lewisham continue to meet as a joint management board and to report service performance relating to their authorities only to their joint committee.

Plans for the monitoring and management of the ICT service

96. In the short-term additional resource has been assigned by Southwark to more closely manage Capita and to prepare for and assist with transition activities. Capita will be asked to appointment a dedicated Exit Manager.
97. In preparation for service commencement, the Shared ICT Service will be developed and augmented to ensure that it has the relevant skills and resource to undertake work to the required level.
98. Governance is being developed and will be implemented and enforced. This will include a three-way management board which will receive service levels and key performance indicators, balanced scorecard, risk log, budget monitoring and project highlight reports on a monthly basis.
99. Third party supplier contracts will be reviewed and where possible harmonised to enable consolidated reporting and efficient management.
100. Consideration will be given to how the three partner authorities can motivate and incentivise the Shared ICT Service to deliver an end to end service which delivers a significantly enhanced end user experience and/or a measurable and quantifiable productivity gain.

Strategy

101. The evaluation and subsequent workshops identified a clear synergy in our business and operational requirements leading to opportunities for close collaboration on ICT and digital strategies.
102. It is recognised that whilst sharing strategy where possible will be of benefit to all, there are local business requirements which necessitate that each authority retains overall sovereignty of their strategy. The Shared ICT Service will therefore develop to maximise efficiencies and commonality in services where possible whilst maintaining flexibility.
103. A shared commercial strategy is to continually improve service quality whilst reducing cost. The partners recognise that the most practical way of achieving this is to grow the business, thereby delivering further efficiencies through economies of scale. We are however mindful that the service will need to grow in a sustainable manner and at a pace which does not create unnecessary risk to the ICT service.

Service Solution

104. Within the defined operating model, the Shared ICT Service will have responsibility for overall technical architecture, infrastructure services, service delivery, procurement and supply chain management. In addition, the service will provide access to a shared pool of project management resource.
105. The Southwark ICT organisational structure has been revised and comprises the resource to interface with and manage the Shared ICT Service as well as local project, business relationship management and digital transformation resource and applications support.
106. The elements of applications support (which is currently supplied by Capita) will be incorporated into the existing Southwark retained applications support team. This is covered in more detail in the staff resources section below.
107. From a technical perspective, Southwark will be required to invest in new infrastructure, which will be procured, commissioned and managed by the Shared ICT Service. The detail of this project will be developed during transition and due diligence. Like Lewisham, Southwark will seek to leverage Brent's expertise, and where appropriate use existing services to deliver ICT solutions faster than would otherwise be the case.
108. Ultimately, the key objective is to establish a stable, resilient and quality ICT service, which represents a step-change from the current service. The Shared ICT Service is expected to deliver continuous innovation and service improvement through collaboration, use of a rich resource pool and effective knowledge sharing.
109. The draft operating model for the Shared ICT service is shown in Figure 1.

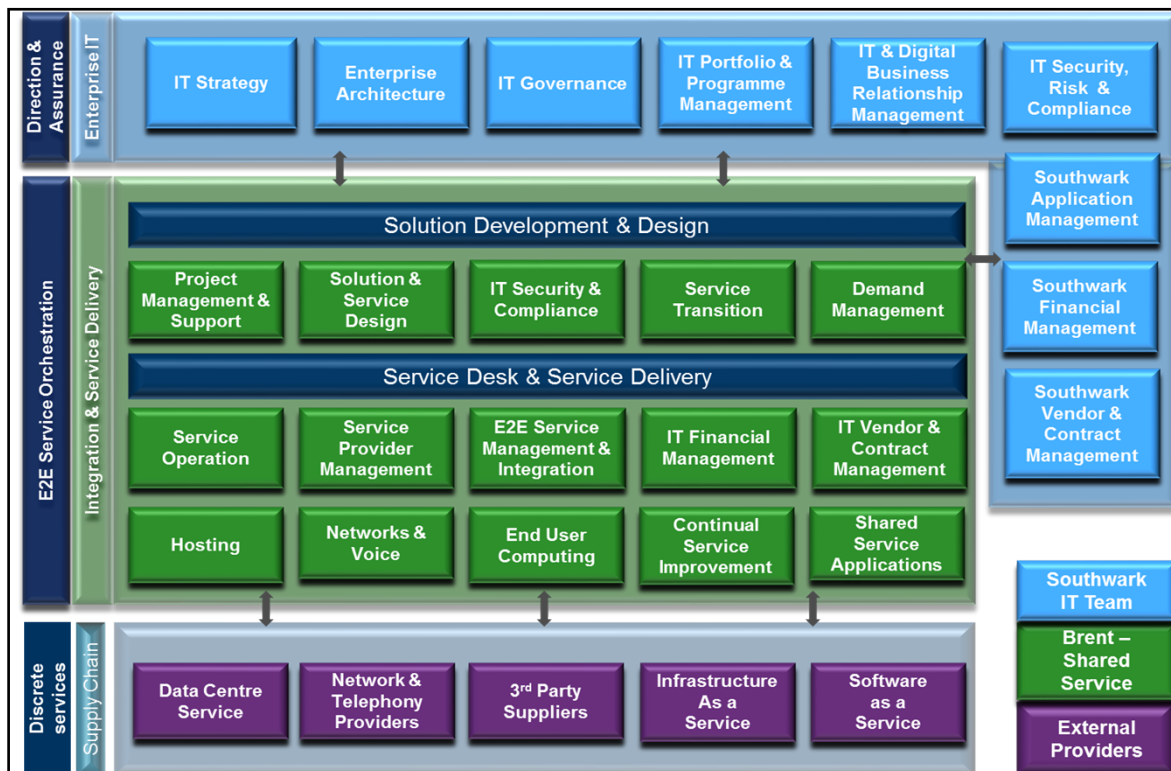


Figure 1: Draft Shared ICT Service Operating Model

Risk management

110. A harmonised risk management strategy will be introduced. This will enable all partners to adopt common risk management processes that are clear and simple. Using such an approach will help partners to:
- **Reduce bureaucracy** using a single process applicable across the three Authorities;
 - **Identify risks** and bring consistency in understanding as to the risks services face;
 - **Prioritise response to risks** – Highlighting urgent and common problems and possible solutions.
 - **Eliminate issues** from the risk and assurance registers and add value back into the business
 - **Benchmark risks** across the Shared ICT Service.
111. The three authorities will remain individually responsible for ensuring that an effective Risk Management Strategy is in place, that it is subject to a formal review process and that there is a robust framework in place to identify, evaluate and control risks. This will include reports to the Joint Management Board on the aggregate risk profile.
112. Service Managers remain responsible for the effective management of risk within their service area and ensuring that staff operating within their service adhere to the best practice principles of risk management.
113. The key risks associated with establishing the Shared ICT Service, transition and service delivery are in table 3 below. Detailed risk assessments regarding transition

planning and service delivery will be undertaken once the programme team has been established.

Risk	Consideration/Mitigation	Risk Rating (L, M, H)
<p>Resistance or inability of staff and stakeholders to adapt to the Shared ICT Service.</p> <p>Delays or subverts the successful establishment and/or running of the Shared ICT Service.</p>	<ul style="list-style-type: none"> • Ensure that the human and cultural parts of change are understood and potential conflicts anticipated and planned for. • Ensure change is led by capable leaders, who devote time and energy to working with staff and other stakeholders to explain the rationale for change and resolving areas of conflict. • Clear communications that ensure all stakeholders are informed and feel included. 	High
<p>Southwark's staff attitude and behaviours are inconsistent with the partnership principles.</p> <p>Staff regard the Shared ICT Service as an outsourced supplier rather than an in-house service leading to conflict</p>	<ul style="list-style-type: none"> • Understand the behaviours and attitudes expected in the new Shared ICT Service • Explain to staff why new behaviours are important and how this fits into the wider picture of change through appropriate communication 	High
<p>Cultural misunderstandings between the partners</p> <p>Conflict between partners thereby destabilising the Shared ICT Service</p>	<ul style="list-style-type: none"> • Ensure that attention is paid to understanding each partners' motives for collaborating, how they will judge success and what values will guide decision-making • Ensure change is led by joint senior management to identify potential problems and bring about agreement 	High

Risk	Consideration/Mitigation	Risk Rating (L, M, H)
<p>Failure to agree governance, service design and inter-authority agreement to delegate the service by the current Capita contract end date.</p> <p>A further extension period is required due to failure to implement the Shared ICT Service ready for transition.</p>	<ul style="list-style-type: none"> • Capita contract extended to enable detailed service design and transition planning to be completed, with further extension periods available if required. • Appointment of programme resources (including transition and exit managers) to ensure effective delivery of the Shared ICT Service agreement, together with the transition and exit programme. • Establish an open and honest partnership early in the Shared ICT Service, ensuring that a high trust environment exists to facilitate agreements and effective resolution of any issues. 	High
<p>Failure to understand and address the increased complexity around relationships, working arrangements and risk arising from the Shared ICT Service.</p> <p>Destabilising and disruption of the Shared ICT Service.</p>	<ul style="list-style-type: none"> • Devote time and resources early on in the partnership to understanding the values and perspective of each partner and their local professional groups • Identify the goals and outcomes for collaboration, business priorities and perceived risks, and constraints (e.g. legal and governance) that may limit flexibility • Succession planning for senior stakeholders must consider maintaining compatibility and consistency in the ongoing application of the Shared ICT Service vision and principles 	High
<p>Partner reputations may be damaged.</p> <p>Failure to establish the Shared ICT Service, delays to transition, poor post-transition performance and unbudgeted costs.</p>	<ul style="list-style-type: none"> • Ensure that baseline costs and performance levels are properly understood (not least to avoid unfair and subjective comparisons post-transition) • Manage the change process to ensure that the desired outcomes are realised, the service meets users' needs and improves affordability and performance of baseline services • Where problems occur, make sure these are addressed quickly and effectively, so that negative perceptions do not spread 	High

Table 3 – top 6 Shared ICT Service risks

Timetable

114. An outline timetable setting out the indicative programme has been included in table 4 below.

Activity	Complete by:
Southwark Cabinet report and decision (this report)	7 February 2017
Brent Cabinet report and decision	13 February 2017
Lewisham Cabinet report and decision	15 February 2017
Memorandum of Understanding and interim Inter-Authority Agreement.	20 February 2017
Capita contractual deadline for notice of extension.	April 2017
Programme initiation, due diligence, detailed service design and transition planning.	May 2017
Detailed financial model.	May 2017
Prepare Cabinet report for Shared ICT Service delegation recommendation.	May/June 2017
Cabinet member briefing	May/June 2017
Southwark Cabinet report and decision	June 2017
Lewisham Cabinet report and decision	June 2017
Brent Cabinet report and decision	June 2017
Delegation of ICT Service and Inter-Authority Agreement. Interim governance commences.	June/July 2017
TUPE Consultation period	October 2017
Shared ICT Service transition activities continue.	October 2017
Target date for service commencement.	31 October 2017
Cabinet report to agree final governance to all three partner Authorities	Early 2018

Table 4 – Indicative programme

Policy implications

115. The IT service underpins almost every aspect of authority services and is instrumental to the authority delivering its promises and fulfilling its obligations.

116. The IT service is being developed to fully support the authority's digital strategy and to enable the future transformation of authority services and working practices.

Community impact statement

117. All three authorities will ensure:

- Recruitment and employment practices encourage equality of opportunity and respect for diversity. This will tackle barriers faced by specific groups, thereby actively supports creation of a workforce that is representative of the local communities and our customers.
 - They seek opportunities to work with the local community and local community organisations to tackle inequality, for example by supporting people to develop the skills they need to participate economically, culturally and socially.
 - They have systems in place to deal with any complaints of discrimination promptly, fairly, openly and effectively.
 - They encourage other employers to adopt similar practices.
118. Recruitment of staff to the Shared ICT Service will be undertaken across all three boroughs to ensure equality of opportunity.
119. The Shared ICT Service organisation structure includes provision for nine apprentices which will be shared equally across the three boroughs.

Resource implications (Staff)

120. Brent will act as the host authority and will be responsible for employing all staff engaged to deliver the shared ICT service. Separately, each authority will employ ICT staff to deliver a local ICT function.
121. To take-on the existing Southwark ICT service from Capita and provide ICT services to the three authorities, it is estimated that the Shared ICT Service will require an additional 46 staff, taking the team complement to 96.
122. As an on-going service is being transferred it is anticipated that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) may well apply. Staff covered by this legislation and engaged to deliver operational services would potentially transfer from Capita to Brent (as primary host authority). In addition, it is possible that a small number of Southwark ICT staff may also be in-scope to transfer to Brent.
123. As part of exiting from Capita, it is proposed that the applications support function they provide is in-sourced. This may result in the transfer of a small number of Capita staff to the authority under TUPE. In that event, the authority will comply with its obligations under TUPE and related legislative provisions.
124. In preparation for transition, there is a requirement to develop internal skills and resource to align with the roles and responsibilities arising from entering into a Shared ICT Service. This will be to support Southwark's digital and transformation agenda and to take-on those aspects of application support provided currently by Capita.
125. To support this, the structure and composition of the authority's ICT team is under review. It is considered that the Southwark ICT team will need to increase in complement to meet future demands. A draft structure has been prepared however it is likely this will be finessed following the outcome of the detailed service design work and the consultation process.

126. It is noted that there is an increase in staff complement across both the local Southwark and Shared ICT Service teams. Consequently, it is expected that the need to make staff redundant as a result of the proposed changes to the ICT service delivery model and the restructure of Southwark's retained ICT team should be minimised. Indeed, many staff will become part of a larger ICT function with increased opportunities for staff development and progression.
127. The authority's reorganisation, redeployment and redundancy procedure on managing change and consulting with departments, staff and the respective unions will be followed in respect of all affected Southwark staff.

Financial implications

128. This report seeks approval in principle for the delegation of the ICT service to London Borough of Brent Council, as the primary host authority in a Shared ICT Service with the London Borough of Lewisham.
129. The expectation is that the Shared ICT Service will deliver better value for money, which aligns more closely with the authority's affordability expectations in the medium term. This will be achieved through efficiencies and economies of scale (and potentially through future growth of the Shared ICT Service).
130. An additional benefit of the Shared ICT Service is that we will jointly have more influence over costs through collaboration and implementation of the partnership principles and governance.
131. The high level financial model developed during the options evaluation process is set out in paragraphs 39 - 43. This covers the three principal methods by which costs for the Shared ICT Service would be apportioned across the three authorities. The detailed financial model will be developed over the coming months and included in the report to Cabinet seeking authority for the future delegation of the ICT service.
132. Members will note that to undertake the detailed planning required to inform the decision to delegate delivery of the ICT service to Brent as primary host authority, it will be necessary to fund the service design and transition programme.
133. This report therefore seeks approval for the required Memorandum of Understanding and an interim inter-authority agreement which will cover the 3 boroughs obligations regarding the preparatory and transition activities and to the authority funding the programme costs (which are estimated to be £3m), making provision for this sum in the authority's Capital Programme.
134. As set out in paragraphs 124 – 127, this report identifies the requirement to restructure the retained ICT Team to align with the roles and responsibilities arising from entering into a Shared ICT Service to better support Southwark's digital and transformation agenda, and to take on those aspects of application support currently provided by Capita.
135. The outcome of the reorganisation is subject to further detailed design and staff consultation, however budget provision for the anticipated costs arising from this reorganisation have been included in the authority's Policy and Resources budget report for 2017-18.

136. Future consideration will be given to the advantages that may be derived from the Shared ICT Service through longer term financial planning.

Legal implications

137. Please see the supplemental advice from the director of law and democracy at paragraph 142.

Consultation

138. A cross departmental group chaired by the strategic director housing and modernisation has been established to oversee the development of the authority's sourcing strategy, the resulting recommended service option and the effective improvement of the authority's ICT service.
139. A series of senior stakeholder and advisor meetings incorporating representatives from all three partner authorities have been conducted.
140. A staff survey undertaken as part of the SoCITM benchmarking exercise provided useful information which is being incorporated into our requirements.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

141. Procurement were involved in the evaluation and options assessments for the new IT service. The proposed inter-authority agreement outlined in the report, to progress with a Shared ICT Service with the London Boroughs of Brent and Lewisham, would not in itself incur any direct procurement issues. Procurement of ICT goods and services will form part of the responsibility in the delegation of the service to Brent. This will be detailed in the inter-authority agreement and assurances provided to Southwark as part of agreeing to the service.

Director of Law and Democracy

142. This report requests the cabinet to give an in principle approval to delegate the delivery of the council's ICT service to Brent council, with a further report to approve the delegation and its final terms to be brought to cabinet once those terms are finalised.
143. As noted in paragraph 86, the council is permitted to arrange for an executive function to be delegated to another authority or to establish shared services by virtue of the Local Government Acts 1972 and 2000, the Localism Act 2011 and the Local Authorities (Arrangements for the discharge of Functions) (England) regulation 2012. There are a number of legal structures which can be adopted when sharing services, and cabinet will note that it is the intention for those alternative structures to be considered by the 3 boroughs before the final structure is recommended for approval. Specific legal advice will be provided to cabinet when the later report is brought for approval.
144. The council has previously had ICT services supplied under a client/contractor

arrangement through a formal contract. The cabinet is advised that when entering into shared services arrangements these are typically through inter-authority agreements between the boroughs. Whilst these set out the principles for the arrangement, including the required performances/how they are measured and how payment is made, they are collaborative arrangements and therefore do not include provisions more common in contracts such as defaults and service credits. It is important when entering into a shared service that all boroughs adopt the necessary behaviours for such an arrangement. This has been highlighted in the risk table as a potential risk and the considerations/mitigations which are to be adopted.

145. The cabinet is also asked to approve the entering into of a memorandum of understanding (MoU) and interim inter-authority agreement. The MoU will be a non-binding agreement, further details of which are given in Appendix A, which will set out the guiding principles in relation to the proposed shared service and will assist the 3 boroughs in working together initially in this transition period to determine the final shared service to be operated, and over the life of the arrangement. The interim inter-authority is required to set out the obligations of the 3 boroughs for the preparation and transition activities, including the need for Brent to purchase both hardware and software in relation to that transition.
146. The cabinet's attention is drawn to the public sector equality duty (PSED) under the Equality Act 2010, and when making decisions to have regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion, religion or belief, sex and sexual orientation. The duty also applies to marriage and civil partnership but only in relation to the elimination of discrimination. The cabinet is specifically referred to the community impact statement at paragraphs 117-119 setting out the consideration that has been given to these issues which should be considered when approving the recommendations set out in this report.

Strategic Director of Finance and Governance

147. This report seeks approval in principle for the delegation of delivery of the authority's ICT service to London Borough of Brent as the primary host authority, in a Shared ICT Service with London Borough of Lewisham and notes that a further report will be brought to cabinet later in the year to approve delegation in its final terms.
148. This represents a new opportunity to deliver an ICT service through a collaborative working arrangement with Brent and Lewisham where key decisions will be agreed and taken together within the context of affordability and ongoing financial constraints within local government. The financial implications cannot be fully determined at this point but will need to be formally agreed through the critical period of due diligence about to be undertaken with the respective parties. However, the authority recognises that it will need to invest more in its ICT infrastructure to establish a stable, resilient and quality service which will deliver a modern, reliable and secure technology that supports the digital strategy and enables service transformation across the authority.
149. The report seeks approval to enter into a memorandum of understanding with Brent and Lewisham and an interim inter-authority agreement covering the 3 boroughs obligations with regard to the preparatory/transition phase prior to service

commencement. This will involve a one-off up-front capital cost, estimated at this time to be c £3 million, which is at the higher end of expectations and contains an element of contingency funding. This can be contained within the existing capital programme allocation for ICT. In addition, on-going provision is required to cover the extension of the existing ITMS contract with Capita up to the point when the Shared ICT Service becomes fully operational. This date will be finalised as part of the due diligence work to be completed in the coming months and will be subject to the further report to Cabinet in June.

150. A detailed financial model is currently in development which will set out the financial arrangements between the parties going forward. The bulk of costs will be largely shared by the parties in proportion to their usage (i.e. number of users), or charged directly where partially or wholly attributable to one or more parties. At this stage, indicative organisational structures for the Shared ICT Service and the retained in-house function have been developed which forms the basis of initial budget planning. Further work is required to provide assurance and protect the authority's financial interests and mitigate potential risks.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 0 IT Managed Services Sourcing Options	Housing and Modernisation/ Information and Data Services	Chris Anderson, Interim IT Manager 020 7525 0624
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5144&Ver=4		
Gateway 1: IT Managed Services Procurement	Housing and Modernisation / Information and Data Services	Mark Compton-James – Head of Information Technology 07710 921011
Link: http://moderngov.southwark.gov.uk/mgIssueHistoryHome.aspx?IId=50009040&Opt=0		

APPENDICES

No.	Title
Appendix A	Overview of Memorandum of Understanding / Inter-Authority Agreement
Appendix B	Partnership Principles

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Finance, Modernisation and Performance	
Lead Officer	Gerri Scott, Strategic Director of Housing and Modernisation	
Report Author	Mark Compton-James, Head of Information Technology Chris Anderson, Head of ICT Strategy	
Version	Final	
Dated	26 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	26 January 2017	

APPENDIX A

Overview of Memorandum of Understanding

A memorandum of understanding is being prepared by the three Authorities which will record the basis on which they will collaborate with each other.

This Memorandum of Understanding (“**MoU**”) heads of terms include:

- Key objectives of the shared ICT service;
- Principles of collaboration prior to entry into a more detailed legally binding Collaboration and Inter Authority Agreement;
- Interim governance structures the parties will put in place for the purposes of furtherance of the shared ICT service;
- Roles and responsibilities the parties plan to have during preparation for service transition and subsequent service delivery;
- Escalation process;
- Intellectual property rights, confidentiality and freedom of information;
- Term and termination;
- Variation process;
- Costs;
- Status as legally non-binding instrument;
- Governing law and jurisdiction.

The key objectives for the partnership are set out in detail in the main body of the report. Detail on the agreed partnership principles are included in Appendix B.

Legal advisors from all three authorities will contribute to the finalisation of the MOU and will ensure it is agreed and signed in a timely manner.

APPENDIX B

Partnership Principles

1. Senior stakeholders agreed the following overarching principles upon which the shared ICT service will be founded.
2. **Our ICT service** is a three-way partnership based on **twelve partnership principles**. Our ICT service is:
 - I. **Part of the family**, they are our in-house service and an important part of our team in each organisation.
 - II. **Modern and forward-looking**, working closely with our digital strategists to transform our organisations.
 - III. **Our expert ICT adviser** on the technology solutions needed to deliver the partners' digital strategies.
 - IV. **Our provider for all ICT services**, using external services and support when needed.
 - V. **Managed collectively**, with sponsors from each partner providing leadership for the service.
 - VI. **Committed to converging** to common technology solutions wherever practical and affordable.
 - VII. **Delivering on an ambitious plan** for the development of the service that is agreed and monitored by the partnership.
 - VIII. **Working to common standards** of service levels and performance that are realistic given the funding available.
 - IX. **Accounting for its success** in performing well against those standards, including through benchmarking.
 - X. **Committed to reducing costs** both in its own budget and the cost of partners' services to the public.
 - XI. **Managed simply and transparently** in the way it is governed, makes decisions, spends money and manages its budget.
 - XII. **Open to growth**, but only at a sustainable rate that does not represent a risk to the service.
3. Senior stakeholders accepted that managing a shared ICT service was very different to managing an outsourced service or indeed an in-house team in a single authority. To ensure the shared ICT service has the best possible relationship with the managing Authorities, stakeholders agreed the need to adopt appropriate partnership behaviours and it was important that particular behaviours should be avoided. They therefore agreed:
 - We will not treat the service as a separate entity that is external to our organisations and will not give it a separate identity.
 - We will not adopt a contractual mind-set that treats the partnership as a commercial relationship that needs 'clienting'.
 - We will not complicate the partnership's decision-making by operating different levels of delegation from each partner.
 - We will not insist on significant differences in our service processes and technology.
 - We will not take unilateral decisions on technology or funding that adversely impact on the ICT service to others without careful consultation and consideration.

4. These potentially represent significant cultural and behavioural changes for Southwark's officers and further work is required across the organisation to ensure that these changes are adopted and embedded. Consequently, each will be entered on the risk register for further mitigating action.
5. Details underpinning the partnership principles will be further developed and agreed during transition planning and due diligence.
6. The partnership principles are fundamental to a memorandum of understanding, which will enable the detailed work required to agree the legal and governance mechanisms for establishment of the shared ICT service to be completed.

Item No. 10.	Classification: Open	Date: 7 February 2017	Meeting Name: Cabinet
Report title:		Month 8 Capital Monitoring for 2016-17 and Capital Programme Refresh for 2016-17 to 2025-26	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Fiona Colley, Finance, Modernisation and Performance	

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

I am delighted to be presenting this latest update of the council's capital and housing investment programmes that underpins so many of our fairer future promises and our Council Plan priorities. This report not only provides the current status of the hugely ambitious programmes that are in progress but also seeks approval for new schemes that support a range of themes. The most significant of these is the council's financial contribution towards the new community facilities in the Aylesbury Regeneration project. This project will provide new health and early years centres, community space and replace East Street Library with a new larger library on Thurlow Street at the heart of the regeneration.

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

RECOMMENDATIONS

That Cabinet:

1. Approves the virements and variations to the general fund and housing investment capital programme as detailed in Appendix C.
2. Approve the inclusion in the programme of the capital bids set out in Appendix E, supporting the delivery of the council plan themes totalling £48.86m (£48.00m General Fund and £0.86m Housing Investment Programme).
3. Notes the projected expenditure and resources for 2016-17 and future years for both the general fund and housing investment programmes as detailed in Appendices A, B and D as at Month 5 2016-17 and that this position will be updated during the year as more up to date information becomes available.
4. Notes the resulting general fund capital programme for the period 2016-17 to 2025-26 as at Month 8, as detailed in Appendices A and D.
5. Notes the substantial funding requirement of £293.61m which needs to be identified for the general fund programme in order for this to be fully delivered, as summarised in

Appendix A.

6. Notes the resulting housing investment programme for the period 2016-17 to 2025-26 as at Month 5 2016-17, as detailed in Appendix B.
7. Notes the significant funding requirement of £181.80m which needs to be identified for the housing investment programme to be fully delivered.
8. Agrees the proposal to allocate a capital grant of £2.5m to Mountview to recognise the community benefits of the project (paragraph 45).

BACKGROUND INFORMATION

9. The 2016-17 month 5 capital monitoring report was presented to cabinet on 1 November 2016. This report provides a further update based on monitoring completed at month 8 of 2016-17.
10. The total programmed capital expenditure for general fund is £693.11m budgeted over the ten year period 2016-17 to 2025-26 for general fund. The housing investment programme is forecasting a total expenditure budget of £1,162.35m over the ten year programme from 2016-17 to 2025-26.
11. The scale of the capital programme is immense representing a major element of the council's financial activities. It has a significant and very visible impact on the borough and hence on the lives of those who live, learn, visit and do business in the borough.
12. Due to the size and scale of the capital programme and the number of projects involved, it is inevitable that unforeseeable delays can occur which lead to some variations against planned spend. Actual resources may also vary to the plan, due to, for example, a delay in the sale of a property, or an external development with section 106 or CIL obligations not being brought forward as quickly as anticipated.
13. Historically the capital programme has been over-programmed in year to compensate for these variations, whilst retaining a balanced programme over the entire ten year life of the programme. However, the council now faces a position where planned spend is considerably in excess of forecast resources, not only in year, but also over the life of the programme.

KEY ISSUES FOR CONSIDERATION

Programme position at Month 8 2016-17

General Fund

14. The forecast spend for 2016-17 for general fund is £138.13m against a plan of £187.22m. The month 8 capital monitor report shows expenditure of £51.04m was spent to date (37% of the total forecast spend).
15. The forecast resources are £66.57m. The current position shows a substantial gap of £71.56m between planned spend and available resources, which will need to be monitored very closely over the rest of this financial year, with action taken to balance the position.
16. A summary of the general fund programme position is attached at Appendix A, as at

month 8 of 2016-17. The summary position and the programme by department are reflected in the narrative below and in Appendices A (overview) and D (project detail).

17. Appendix C shows the budget virements and variations arising at month 8 of 2016-17 for approval by cabinet including increases to the capital programme as a result various capital projects described in the departmental narratives below totalling £48.00m.
18. Appendix E details a list of capital programme bids to support the delivery of the refreshed council plan to deliver a fairer future for all. Departmental narratives provide further detail on these bids. This is summarised in Table 1.

Housing Investment Programme

19. The forecast total expenditure for 2016-17 is £195.46m, which is as planned at the start of the year. The spend to date is £88.906m (45% of the forecast spend).
20. The forecast resources are £147.33m, as planned at the start of the year.
21. The current position shows a significant gap of £48.12m between planned spend and available resources. Action to bridge this gap, including borrowing, will be considered over the rest of this financial year.
22. Appendix B provides a summary of the housing investment programme position as at month 8 of 2016-17; with further detail provided below.
23. Appendix E includes a capital programme bid for £0.86m as detailed in paragraph 80.

Capital Programme bids

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

Table 1: Summary of new bids by Council Plan theme

Council Plan Theme	Bid Amount £000			
	2016-17	2017-18	2018-19+	Total
Cleaner, Greener, Safer	150			150
Fit For The Future	110			110
Healthy, Active Lives	1,011	622		1,633
Revitalised Neighbourhoods	1,930	11,494	32,683	46,969
Total	3,201	12,116	32,683	48,862

Resource implications

25. The council's capital resources are comprised of the following:
 - capital receipts from disposal of property
 - grants
 - external contributions
 - section 106 and Community Infrastructure Levy (CIL) contributions

- housing major repair reserve.
26. In addition, the council can make contributions from revenue if available, and may make contributions from reserves
 27. Any shortfall in available capital resources, which cannot be funded as above, would need to be funded from borrowing and repaid from revenue contributions to support the debt costs, with consequential impact on the revenue budgets for the life of the debt repayment.
 28. The capital programme is influenced by resource timing and availability. Over the life of the programme, all commitments must be met from anticipated resources.
 29. During the financial year, the level of resources (such as capital receipts received and s106 agreed by planning committee) are monitored and applied as appropriate to schemes in 2016-17. The final funding requirement will be based on the final actual expenditure, and will seek to maximise the use of grants and other funding sources, prior to the use of capital receipts in advance of incurring borrowing costs.
 30. In developing and managing its capital programme the council has to maintain clear control on the selection and use of resources to finance capital expenditure. Strategies for investments, borrowing and treasury management facilitate this control and assist the council to have clear strategic direction on its use of resources.

Resourcing overall programme

31. Overall there is a shortfall of available funds of £293.61m to meet the general capital programme commitments. This is a significant increase from £98.3m at outturn 2015-16. This increased shortfall reflects the impact of the new capital bids and continuing updates of expected capital receipts. This will require careful monitoring of commitments and a drive to secure the forecast capital receipts and other resources as planned over the rest of the financial year.
32. There is a shortfall in available funding to meet the ambitious housing investment programme of £181.80m. As above, the council will continue to work to identify ways to deliver and finance our council plan commitments.
33. The amount and timing of any new borrowing to finance the council's capital investment plans will be included within the Treasury Management Strategy to be considered by council assembly in February 2017. As discussed in the November 2016 report, consideration is being given to the transfer of general fund debt to support the HIP this year, as up to £98m was made available as part of the approved 2016-17 treasury management strategy. This would not involve the council taking any new loans immediately but would ensure the council as a whole does not suffer a significant financial loss by borrowing money before it is actually needed.

Departmental updates

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

GENERAL FUND (APPENDIX A)

CHIEF EXECUTIVES

35. The total value of the capital programme for the department over the period 2016-17 to 2025-26 is £223.06m Project managers have reviewed the progress of the schemes and budgets have been re-profiled in line with anticipated spend. Total expenditure incurred to end of November 2016 amounted to £11m and the latest capital monitor is currently projecting expenditure of £33.8m in 2016-17 with the remaining budgets profiled to spend in the following years.
36. The main focus of Chief Executive's department is to lead the corporate agenda of transforming the borough, making it a better place to live, work and visit. This is achieved through the implementation and delivery of various physical and social regeneration programmes.
37. The department is on course to deliver various projects aimed at improving road safety, encourage greener and sustainable modes of transportation as well as supporting the commercial viability of local shopping areas through environmental improvements, trader empowerment and continued business support. This is additional to the major regeneration projects at Aylesbury, Elephant and Castle, Camberwell and other parts of the borough.

Walworth Road Town Hall

38. The five grade 2 listed buildings which make up Walworth Town Hall and the Newington Library/Cuming buildings were badly damaged by fire in 2013 and a budget of £20m was agreed for a scheme which would meet the council's vision in providing space for a library, Southwark museum, community meeting space and registrars service Newington Library/Cuming buildings. The stage 2 cost appraisal, taking into account the complexity of working in grade 2 listed buildings was significantly higher than the agreed budget.
39. As a consequence of the extensive costs, further consultation has been taking place with the community to review options for taking the project forward. Options on the way forward are being considered on the capital funding required for the project against the council's wider capital programme commitment together with the revenue implications of any proposed scheme. Until such time, the project board has agreed that all facilities management, security and other related costs being incurred to stabilise and secure the building since the fire in March 2013 will be charged against the current budget.

Southwark War Memorial

40. As part of Elephant Park a new public square will be created, Walworth Square, adjacent to the Walworth Town Hall. Southwark at present does not have a dedicated war memorial which covers the whole Borough, all conflicts and all those affected by war not just the military but families, refugee's and anyone who has suffered due to conflict.
41. The council plans to commission a new memorial to be set in the new Walworth Square which can act as a focal point both for formal civic events but as a private memorial to those individuals affected. An artist of international standing has been commissioned based on a brief developed with stakeholders and the community. A

budget allocation of £350k is required for this project. Support for the project from third parties and by general subscription to reduce the council's overall contribution will be explored. This budget requirement of £350k is reflected in Appendix C for cabinet approval.

Aylesbury Plot 18

42. In September 2016, following the Secretary of State decision on the compulsory purchase order for Phase 1b/1c, cabinet approved a range of measures to accelerate work streams to maintain momentum on the regeneration of the Aylesbury estate, including unlocking the development of new community facilities at Plot 18, and noted that funding for Plot 18 and Phases 3 and 4 of the programme would be brought forward within the capital monitor.
43. The scheme for Plot 18, for which planning was approved in December, will deliver a much improved and expanded library to replace the current East Street facility plus stay and play facility and community space, plus a new combined health centre with expanded GPs practice and community health centre as well as an early years provision. Plot 18 will provide new and improved community facilities for the entire Walworth neighbourhood and beyond in buildings of the highest architectural quality and design set around a new public square.
44. This new build scheme for the delivery of these extensive community facilities is expected to be £35m of which there is developer contributions expected of £9.3m and approved S.106 contributions of £3.1m, leading to a net capital budget requirement from council resources of £23m. The gross capital budget of £35m for the scheme is reflected in Appendix C for cabinet approval. The allocation of resources within the Housing Investment Programme for land assembly costs associated with bringing forward Phases 3 and 4 of the regeneration programme is dealt with elsewhere in this report.

Eagle Wharf, Mountview

45. In line with council's commitment to the regeneration of Peckham, including bringing new jobs and investment to the area, cabinet at its meeting on 15 September 2015, approved a loan of £18m for Mountview Academy of Theatre Arts to help them establish their permanent home in Peckham. The new home for Mountview Academy of Performing Arts, subject to approval, is due to start on site in early 2017. An additional budget allocation of £8.8m is required to ensure there is a total budget of £26.8m available to cover the completion of the project in a worst case scenario. £24.3m of the total amount (£26.8m) is recoverable through the financing arrangements with Mountview with the remaining £2.5m being provided as a capital grant to reflect the community benefits of the project. Mountview are also actively pursuing alternative sources of funding which would mean the full allocation may not be required. This capital budget variation of £8.8m is reflected in Appendix C for cabinet approval.

Peckham Rye Park

46. Further work in Peckham will see new facilities in Peckham Rye Park and Common. Work to replace the existing car park has commenced and once completed, this will allow a new children's play area to be created on the site of the car park. A new play room and changing room facilities will replace old and dilapidated facilities currently there and this work is scheduled to start in early 2017. On 18 November 2014, cabinet

approved a revised budget of £4.02m for the project and agreed that the capital programme will be adjusted once the internal and external funding sources are confirmed. The latest information on the project indicates that a total cost of £4.17m will be required to complete the project. Therefore an additional capital budget of £1.00m is required on the capital programme against current available funding to reflect the latest total cost of the project and this is reflected in Appendix C for cabinet approval.

Albion Street

47. The regeneration of Albion Street has been a long term objective of the authority since cabinet approved the Albion Street Regeneration in December 2014. Work is currently progressing with the building of the new Albion School which will double its number of pupils to meet local demand. Work has also started on St Olav's Square which will create a public square in front of the Norwegian Church. A constant issue which is raised by local residents and stakeholders is the accessibility of Albion Street and Rotherhithe Village to the Canada Water Tube and Bus Station. It is proposed that a budget of £500k is set aside for public realm improvements which will assist in addressing this issue. Therefore a capital budget variation of £500k is included in Appendix C for cabinet approval.

Planning Division

48. The planning division (comprising of two areas, namely transport planning and planning projects) has a combined budget of £22m with £11m profiled to spend in 2016-17 and the balance profiled over future years.
49. The transport planning budget of £12.8m is largely funded by Transport for London (TfL) to deliver transport improvement programme as contained within the borough's transport plan. Planning Projects budget of £9.1m is funded mainly by s106 to deliver various projects to mitigate the impacts of new developments, improve public realm, parks and open spaces as well as supporting the commercial viability of local shopping areas.
50. The latest capital monitor report also includes capital budget variation of £1.7m and £411k for projects funded by TfL grants and S106 funds respectively. These are reflected in Appendix C for cabinet approval. These bids include traffic signage for Tower Bridge, increasing number of cycle hangers across the authority various local footway and highway improvements, ensuring bus stop accessibility across the authority, further developing the quietways network, with four new routes\extensions.
51. The regeneration division (comprising four project teams namely Regeneration North, Regeneration South, Regeneration Capital Works & Development and Property Services) has a combined budget of £141.9m with projected expenditure of £16.3m in 2016-17 and the remaining spend profiled across future years. Budget for regeneration projects is mainly funded by capital receipts to deliver key community and regeneration projects across the borough.
52. The capital programme also includes the remaining s106/CIL contribution of £53.8m (part of the total £63m) agreed by the council towards the strategic transport improvements project in Elephant & Castle.

CHILDREN'S AND ADULTS' SERVICES

53. In summary, the capital programme budget across children's and adults' services for the period 2016-17 to 2025-26 is £266.031m. The forecast for 2016-17 expenditure is £71.263m; as forecasts are updated to reflect current expected spend profiles.
54. There is a £59m Schools Expansion Programme. In 2016-17, additional temporary and permanent places will be provided at Robert Browning, Bellenden, Ivydale, and Redriff primaries, and again at Charles Dickens, Keyworth, Albion, Crawford, and Bessemer Grange primaries to provide temporary and permanent reception places for this academic year.
55. The final stage of the SSF programme will be the Southwark Inclusive Learning Service (SILS) Key Stage 3. Estimated spend of £8m has been included for this purpose whilst plans are being drawn up. The anticipated costs can be contained within the existing identified SSF programme budgets.
56. The capital programme includes planned refurbishment of the Orient Street children's and adult's services respite care home. The nature of the works is being considered alongside the council's adult and children's social care plans. The programme also includes refurbishment and the conversion of Half Moon Lane to supported accommodation for learning disabilities clients.

ENVIRONMENT AND LEISURE

Summary

57. The total value of the departmental capital programme for the period 2016-17 to 2025-26 is £107m. The projected spend for the year is estimated to be £20m based on the latest information. The budget has been re-profiled in line with the projected expenditure for 2016-17 and future years.
58. The progress of major schemes is outlined below.

Highways

59. The Highways Asset Investment Programme (non-principal and principal roads) is forecast to spend £6.6m in 2016-17 of which £5.3m is forecast to spend on non principal roads. This projection is based on a more robust programme from the contractor.
60. The Cleaner Greener Safer (CGS) programme is forecast to spend £2.3m in 2016-17 on the numerous projects across the borough. The programme is making good progress against the targets and is expected to complete around 230 projects by the end of 2016-17.

Parks and Leisure

61. The implementation of the cemetery strategy continues in order to create further burial spaces and make associated infrastructure improvements. Both cremators have now been replaced and the new pair are now operational. Despite having planning permission, site work for Area Z and D1 is on-hold whilst the Diocese of Southwark makes a faculty decision. This decision was expected in winter 2015, then spring 2016

and is now expected in early 2017. The delay and absence of a decision creates uncertainty about the level of spend on these projects and the 2016-17 forecasts have been reduced accordingly. Site investigations and consultation in Area B has been completed and revised designs and cost plans are currently being produced with a view to submitting a planning application in early 2017.

62. Southwark Athletics Track and Centre: The track was completed in May 2016 and planning approval was granted in November 2016 for the centre. The remaining forecasted spend for 2016-17 will need to be re-profiled into 2017-18 when construction is scheduled to allow time for the tender process to be undertaken to appoint the main contractor.
63. Seven Islands Leisure Centre: Works started in August 2016 to upgrade the reception and entrance, install lift, pool hall upgrade, changing room refurbishment, sports hall refurbishment and converting meeting room to exercise studio and replace the pool pipes. The forecast spend has been updated in line with the approved tender and the expected expenditure for 2016-17. The works are due for completion in spring 2017 and budgets for 2016-17 and future years have rep-profiled in line with the expected spend.
64. Peckham Pulse Centre: A master plan for the centre has been developed which has been agreed with our new leisure management contractor with a view to working in partnership to get best value from these works. Works are scheduled for completion by May 2017.
65. Homestall Road: The planning application for the building was delayed due to the need to identify a design which was within budget. This has now been achieved and planning approval has been granted but there is no further spend forecasted due to the need to implement the tender process. The remaining projected spend for 2016-17 will need to be re-profiled into 2017-18. The works are due for completion in summer 2017.
66. Major Parks: Burgess Park projects are being progressed including the Burgess Park West project which has been submitted to planning. Planning approval has been granted for the Burgess Park West project. The projected spend for the anticipated construction at the end of 2016-17 needs to be re-profiled into 2017-18 as this is now scheduled to start in the summer 2017. The scheme will include a new play area, an increased area for ecology, cycle routes and a new welcoming entrance. Other projects include new toilet provision and a repair to a significant wall within the park. Southwark Park master plan is progressing well in that planning approval has been granted for the new building.

Libraries and heritage

67. Nunhead library was successfully refurbished to celebrate its 120th anniversary. The refurbishment covered complete redecoration, new windows, new carpeting, new furnishings and fitting and upgraded ICT. The library reopened on 9 December 2016 and the changes have been very well received.
68. Libraries Public Network Remediation: The library service provides a broad range of services to the public including the Peoples Network (PN). This service provides public access computers, printing and scanning in libraries. This includes internet access and office software, in addition libraries use the PN to provide IT training and support to customers helping the council deliver online services and supporting their commitment to digital inclusion The service has reached a point where investment is necessary to

ensure the service remains fit for purpose. Many elements of the current provision are end of life and now unsupported. This remediation proposal is aimed at delivering targeted remediation activities that will help to stabilise and improve the service. The works will include upgrading software and essential systems to ensure stability of the systems and safeguard against system failure. A capital bid of £150k is required for remediation works to the library service Public ICT Network and this is reflected in Appendix C for cabinet approval.

69. Peckham Library Lift Replacement. The lifts in Peckham Library have been replaced and are now in use. Expenditure on the works exceeded by £34k on the available budget. A budget virement of £34k from the underspend in the fit out costs on Newington temporary library is required to contain this variation and this is reflected in Appendix C for approval.

Service Development

70. A project to install LED lighting throughout Tooley Street is scheduled for delivery in 2016-17 at a cost of £220k. The energy investment programme is currently being reviewed and has therefore been re-profiled for future years. It is expected that a long term programme will be agreed with facilities management by the end of 2016-17 and once confirmed, budgets will be re-profiled accordingly.

HOUSING GENERAL FUND AND MODERNISATION

Overview

71. Overall the total value of the Housing and Modernisation general fund capital programme for the period up to 2025-26 is £85.2m. The forecast spend for 2016-17 is currently shown as planned at £10.8m, with £1.9m spent at month 8. This includes the additional £3m commitment approved by cabinet in July to Leathermarket CBS for the new build development at Kipling Estate garages. Further scheme detail is provided below.

Updates

72. Information on travellers site projects, affordable housing and Leathermarket are as reported to November cabinet.

Modernisation

73. Information technology remains a critical component of the council's strategy to transform the way it delivers services and there has been an acceptance that long-term capital investment is essential to drive and support that transformation. Since the last report to cabinet in November 2016, some of the expected expenditure has been re-profiled to the following financial year. As stated previously the ICT capital programme will evolve as the in house team is restructured to effectively deliver project and client management along with the progression of the current procurement exercise to secure the services of a supplier to deliver a number of major IT services to the council including investment projects. As such there has been some delay to the restructure which has impacted on the mobilisation of certain projects hence the re-profiling of expenditure.

74. Over the medium-term, facilities management will deliver a comprehensive planned preventative maintenance and compliance programme for the council's operational estate.
75. Both IT and facilities management constantly need to re-evaluate the detail of their planned expenditure over the life of the existing programme, but for 2016-17 the forecast expenditure represents projects that the council is already committed to delivering in the shorter term.

Housing Renewal

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

HOUSING INVESTMENT PROGRAMME

Overview

77. The total value of the Housing Investment Programme for 2016-17 to 2025-26 is £1,162m. The forecast spend for 2016-17 is currently £195.5m (was £221m at month 5). The movement in part is due to a degree of scheme slippage, which is not unexpected given the scale of investment being undertaken, and a programme-wide review of budgets, needs and spend profiles, which has resulted in budgets being re-profiled to future years or surrendered for re-allocation. As at month 8 (November), £88.9m has been spent (about 45%) against the forecast, which compares favourably with spend profiles achieved in previous years.
78. Programme funding continues to be challenging; resources remain as planned at the start of the year (£147.3m), which currently leaves a forecast funding gap of £48.2m for 2016-17. With regulatory and financial restrictions on most sources of funding, action is being taken to manage the position, through the use of receipts and additional revenue support (HRA outturn position permitting), and potentially borrowing. The council currently has usable borrowing headroom of around £134m, but given the scale of planned investment over the medium-term and the projected resourcing gap over that period, this should be seen as funding of last resort, particularly in light of the government's intention around high value void sales and with little prospect of local authority borrowing restrictions being relaxed.
79. Appendix B provides a summary of the HIP position as at month 8; with further detail provided below.
80. Appendix E includes an additional funding bid for £862k to complete the East Dulwich Estate regeneration scheme.

Investment in existing stock

81. The warm dry and safe (WDS) programme is now substantially complete, and by March 2016 a 90% decency target was achieved. Over £400m had been spent in previous years and spend for 2016-17, which was £45.8m at month 8 is forecast to be £74m.

82. Other notable schemes in progress include:

- Four Squares (HINE) is expected to complete this financial year.
- Maydew is now likely to start on site in 2017-18.
- Portland is on site and forecast to complete in 2018-19.
- Lakanal refurbishment and Undercroft are scheduled to complete this financial year.
- Vauban and Neckinger Estates environmental works are scheduled to complete this financial year.

Quality Homes Investment Programme (QHIP)

83. The latest asset management strategy was approved by cabinet in March 2016. It outlines a future investment requirement of £797m over the next 8-10 years from 2016-17. Whilst QHIP is a long-term investment plan, it is currently approved on an annual basis with £48.3m allocated for 2016-17. Works to this value are likely to be substantially committed during the latter part of the year, but the profile of expenditure will predominantly fall into the next financial year, which should further assist in managing the HIP cash flow in year one.

Regeneration schemes

East Dulwich Estate

84. Cabinet agreed to the sale of 50 voids as part of the funding package for the estate regeneration. To date, 43 have been sold, and a further 6 have been identified for sale. To achieve best consideration, these properties require refurbishing to market standard prior to disposal. A budget of £210k has been allocated and the works are expected to take place in quarter 4, with sales commencing quarter 1 2017-18.
85. The conversion of 18 drying rooms in phases 1 and 2 has been completed with all units now sold. A further phase comprising 6 drying room conversions will take place with works commencing in quarter 4. A budget of £770k has been allocated for these works.
86. The phase 2 health and safety works are now complete and the phase 3 environmental improvement works programme is expected to start on site in June 2017. Work is currently underway to scope and cost the works for contractor procurement in March 2017. A budget of around £2.4m has been approved.

Elmington Estate phase 3

87. Sites C and D were handed over to the developer in February and site E in April this year. All blocks have been demolished and construction is scheduled for 24 months commencing in quarters 3 and 4 2016-17 respectively.
88. At site G, all secure tenants and temporary occupants and homeowners have been relocated and the units secured (welded). The site has been handed over to the council's development partner in and discussions are currently taking place to vary the proposed density of the site by c. 22 units. The demolition of site G has started, with completion expected in the summer of 2019.

Wooddene and Acorn Estates Energy Centre

89. This project requires the re-provision of a heat and hot water plant within the Wooddene Energy Centre to serve the Acorn estate. The contract was awarded to Vital Energi Utilities Ltd, starting in September 2016 and is due to complete in June 2017.

Regeneration North

90. As part of the Elephant and Castle regeneration, the council is constructing a new Crossway's church on land to the south of Strata Tower for the United Reformed Church (URC). This is a replacement facility for the loss of URC's existing premises as part of the redevelopment of the former Heygate estate. The new building is expected to be completed by the end of the year. The only other remaining costs are those associated with outstanding acquisitions which are the subject of a Lands Tribunal decision and relocation of the electricity sub-station.

New Homes Programme

Direct Delivery

91. To date five developments have been completed, delivering 74 social homes, 54 temporary accommodation units, one intermediate unit and nine homes for sale. A further three developments are on site and due to complete during quarter 4 at an estimated cost of around £42.3m.
92. Sumner Road is on site and due to complete in 2018 with a combined value of £20.1m. Planning applications have been submitted on another seven sites prior to the end of November with a further two sites submitting shortly. Detailed design work is underway on an additional 11 schemes with planning likely to be submitted early in 2017-18. Spend on these schemes to date is largely limited to fees. Actual direct delivery programme spend at month 8 was £13.2m and forecast outturn is £21m.
93. The Hidden Homes programme expects to deliver 79 units. To date, 30 units have been completed and four are on site.

Southwark Regeneration in Partnership Programme (SRPP)

94. The Southwark Regeneration in Partnership Programme initially comprised 18 sites with the potential to deliver over 500 new council homes of which up to 288 could be delivered by the end of 2018-19. The sites were tendered in two lots through the London Development Panel Framework. In September 2016, cabinet approved the award of the contract for Lot B to Affinity Sutton Homes Limited. The contract is for a period of 10 years commencing in 2016-17 and aims to deliver 606 new homes of which 284 will be council owned.
95. However, there were no bidders for Lot A; feedback indicating that bidders were deterred by the number and variety of sites included in the package, which substantially increased the technical complexity and market risk. Consequently, this has caused a delay necessitating reconfiguration and retendering into smaller, more manageable development sites.

Purchase of new homes from developers

96. Purchases have been made at two sites; Salter Road, comprising 24 social rented and 10 intermediate sale units and Blackfriars Road, comprising 56 social rented units. The council has taken handover of the units at Salter Road and is due to take handover of the units at Blackfriars Road in May 2017.

Community impact statement

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

Resource implications

100. This report forms part of the council's budget framework and outlines the current position on the capital programme.
101. As highlighted in the resourcing paragraphs 31 to 33 there is a considerable shortfall in resources to deliver the programme in year, and over the life of the programme. If other resources cannot be found, the council will have to fund these by borrowing with consequential revenue consequences.
102. Staffing resources are generally contained within the council's current establishments and where additional or specialist resources are needed these will be subject to separate reports.

Financial implications

103. This report fully explores the financial implications of the capital programme for the general fund and the housing investment programme at month 8 of 2016-17. The report also presents an updated position on the refreshed capital programme over the period 2016-17 to 2025-26 on the predicted resources and expenditure across this period.

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

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

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Month 5 Capital Monitoring for 2016-17 and Capital Programme Refresh for 2016-17 to 2025-26	Southwark Council Finance and Governance 160 Tooley Street London SE1 2QH	Fay Hammond, Departmental Finance Manager, Finance and Governance
Link: (Copy and paste into browser) http://modern.gov.southwark.gov.uk/documents/s64605/Report%20Month%205%20Capital%20Monitoring%20for%202016-17%20and%20Capital%20Programme%20Refresh%20for%202016-17%20to%202023-24.pdf		

APPENDICES

No.	Title
Appendix A	General fund summary monitoring position at Month 8 2016-17
Appendix B	Housing investment programme summary monitoring position at Month 8 2016-17
Appendix C	Budget virements and variations at Month 8 2016-17
Appendix D	General fund programme detail at Month 8 2016-17
Appendix E	New bids for approval at Month 8 2016-17

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Finance, Modernisation and Performance	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Fay Hammond, Departmental Finance Manager, Finance and Governance	
Version	Final	
Dated	26 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 for Finance and Governance	N/A	N/A
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		26 January 2017

General Fund Month 8 Summary Monitoring Position

APPENDIX A

Department	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 25/26		
	Revised Budget	Spend to Date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's and Adult's Services	101,508	29,236	71,262	(30,246)	76,029	101,624	25,595	88,494	94,519	6,025	266,031	267,405	1,374
Southwark Schools for the Future	3,311	155	2,111	(1,200)	8,207	5,559	(2,648)	-	3,848	3,848	11,518	11,518	-
Finance and Governance	-	-	-	-	-	-	-	-	-	-	-	-	-
Environment	22,966	8,204	20,053	(2,913)	38,355	40,244	1,889	46,000	47,024	1,024	107,321	107,321	-
Housing & Modernisation	10,827	1,915	10,827	-	27,581	27,581	-	46,774	46,774	-	85,182	85,182	-
Chief Executive	48,613	11,057	33,879	(14,734)	72,001	76,185	4,184	102,447	112,997	10,550	223,061	223,061	-
TOTAL EXPENDITURE	187,225	50,567	138,132	(49,093)	222,173	251,193	29,020	283,715	305,162	21,447	693,113	694,487	1,374
FINANCED BY:													
Capital Receipts	(23,418)	(9,961)	(23,418)	-	(34,500)	(34,500)	-	(143,500)	(143,500)	-	(201,418)	(201,418)	-
Reserves	(3,005)	(1,277)	(3,005)	-	(655)	(655)	-	(2,356)	(2,356)	-	(6,016)	(6,016)	-
Revenue	(22)	-	(22)	-	-	-	-	-	-	-	(22)	(22)	-
Capital Grants	(34,744)	(4,233)	(29,663)	5,081	(38,839)	(43,814)	(4,975)	(28,129)	(28,129)	-	(101,711)	(101,606)	105
Section 106 Funds	(15,503)	(1,056)	(10,092)	5,411	(23,756)	(27,170)	(3,414)	(44,301)	(46,298)	(1,997)	(83,560)	(83,560)	-
External Contributions	(1,154)	(71)	(572)	582	(121)	(703)	(582)	(9,000)	(9,000)	-	(10,275)	(10,275)	-
Pay back of Children's Services grant	-	-	202	202	-	202	202	-	1,617	1,617	-	2,021	2,021
TOTAL RESOURCES	(77,846)	(16,598)	(66,570)	11,276	(97,871)	(106,640)	(8,769)	(227,286)	(227,666)	(380)	(403,002)	(400,876)	2,126
FINANCING TO BE AGREED			71,562			144,553			77,496			293,611	

Project description	2016/17				2017/18			2018/19+			Total Programme 2016/17-25/26		
	Revised Budget	Actual	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
WDS carry-over schemes	78	78	78	-	-	-	-	-	-	-	78	78	-
WDS 2-year programme	885	561	885	-	-	-	-	-	-	-	885	885	-
WDS 2012 major works	756	509	756	-	-	-	-	-	-	-	756	756	-
WDS 2013 major works	595	350	595	-	63	63	-	-	-	-	658	658	-
WDS 2014 major works	8,331	5,907	8,331	-	4,249	4,249	-	3,367	3,367	-	15,947	15,947	-
WDS 2015 major works	53,462	35,105	53,462	-	22,823	22,823	-	9	9	-	76,294	76,294	-
WDS 2016 major works	1,832	226	1,832	-	1,969	1,969	-	-	-	-	3,801	3,801	-
FRA works	101	92	101	-	122	122	-	-	-	-	223	223	-
M&E heating	3,253	2,318	3,253	-	1,396	1,396	-	-	-	-	4,649	4,649	-
HINE WDS works	3,193	693	3,193	-	645	645	-	-	-	-	3,839	3,839	-
WDS Leathermarket JMB	1,562	-	1,562	-	1,562	1,562	-	10,933	10,933	-	14,057	14,057	-
Asset Management Strategy pending allocation (QHIP)	1,721	40	1,721	-	45,000	45,000	-	557,078	557,078	-	603,799	603,799	-
Kitchen and Bathroom	1,322	408	1,322	-	4,458	4,458	-	162,318	162,318	-	168,097	168,097	-
Asset Management Strategy 2016/17 (QHIP)	23,702	1,997	23,702	-	23,881	23,881	-	-	-	-	47,584	47,584	-
Additional FRA Works	100	-	100	-	-	-	-	-	-	-	100	100	-
HINE additional works	9,928	8,055	9,928	-	12,053	12,053	-	8,268	8,268	-	30,250	30,250	-
Aylesbury Estate PPM works	224	224	224	-	184	184	-	-	-	-	408	408	-
Aylesbury Estate regeneration	19,644	4,738	19,644	-	22,800	22,800	-	10,300	10,300	-	52,744	52,744	-
Bermondsey Spa refurbishment	779	144	779	-	-	-	-	-	-	-	779	779	-
East Dulwich Estate	3,672	370	3,672	-	-	-	-	-	-	-	3,672	3,672	-
Elmington Estate	1,474	1,626	1,474	-	-	-	-	-	-	-	1,474	1,474	-
Heygate Estate	3,797	2,114	3,797	-	1,300	1,300	-	-	-	-	5,097	5,097	-
Hidden Homes	653	239	653	-	266	266	-	-	-	-	919	919	-
Hostels new build	413	1	413	-	389	389	-	-	-	-	802	802	-
Local authority new build	222	55	222	-	-	-	-	-	-	-	222	222	-
Misc regen, acquisitions and home loss	579	-	579	-	-	-	-	-	-	-	579	579	-

Project description	2016/17				2017/18			2018/19+			Total Programme 2016/17-25/26		
	Revised Budget	Actual	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Purchase of S106 Prop from Developers	1,722	1,637	1,722	-	-	-	-	-	-	-	1,722	1,722	-
Direct Delivery - New Council Homes	20,834	13,152	20,834	-	21,853	21,853	-	4,613	4,613	-	47,299	47,299	-
Adaptations	2,000	1,412	2,000	-	2,100	2,100	-	7,886	7,886	-	11,986	11,986	-
Cash incentive & Home owner buy back scheme	2,867	834	2,867	-	697	697	-	-	-	-	3,564	3,564	-
Digital switchover	148	-	148	-	-	-	-	-	-	-	148	148	-
Disposals costs	185	132	185	-	-	-	-	-	-	-	185	185	-
Energy	-	-	-	-	508	508	-	-	-	-	508	508	-
Installation of Sprinkler & Smoke detectors	8,725	1,989	8,725	-	14,218	14,218	-	4,362	4,362	-	27,305	27,305	-
Lakanal House	5,126	3,820	5,126	-	4,119	4,119	-	1,742	1,742	-	10,987	10,987	-
Fire damage reinstatement	-	-	-	-	778	778	-	-	-	-	778	778	-
Group repairs	38	1	38	-	-	-	-	-	-	-	38	38	-
Hostels accommodation	44	518	44	-	-	-	-	-	-	-	44	44	-
Leasehold / freehold acquisitions	592	-	592	-	600	600	-	-	-	-	1,192	1,192	-
Major voids	1,367	124	1,367	-	154	154	-	-	-	-	1,520	1,520	-
Office accommodation	-	-	-	-	250	250	-	-	-	-	250	250	-
Scheme management costs	2,727	-	2,727	-	2,700	2,700	-	2,700	2,700	-	8,127	8,127	-
Security	17	-	17	-	340	340	-	-	-	-	357	357	-
Sheltered accommodation	35	-	35	-	302	302	-	-	-	-	337	337	-
T&RA halls	2,467	388	2,467	-	1,543	1,543	-	-	-	-	4,010	4,010	-
Heating Energy Efficiency Measures	4,284	(952)	4,284	-	-	-	-	-	-	-	4,284	4,284	-
	195,457	88,906	195,457	-	193,320	193,320	-	773,577	773,577	-	1,162,354	1,162,354	-

FINANCED BY:													
Capital Receipts b/fwd													
Capital Receipts	(40,300)	-	(40,300)	-	(12,300)	(12,300)	-	(144,900)	(144,900)	-	(197,500)	(197,500)	-
RTB Receipts - Restricted to New Build	(9,887)	-	(9,887)	-	(2,804)	(2,804)	-	(2,866)	(2,866)	-	(15,556)	(15,556)	-
Depreciation charge (MRA)	(53,000)	-	(53,000)	-	(53,896)	(53,896)	-	(420,226)	(420,226)	-	(527,122)	(527,122)	-
Major Repairs Reserve (MRR)	(3,558)	-	(3,558)	-	-	-	-	-	-	-	(3,558)	(3,558)	-
Revenue Contribution	(22,752)	-	(22,752)	-	(22,752)	(22,752)	-	(159,264)	(159,264)	-	(204,768)	(204,768)	-

Project description	2016/17				2017/18			2018/19+			Total Programme 2016/17-25/26		
	Revised Budget	Actual	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants (DH backlog funding)	(1,450)	-	(1,450)	-	-	-	-	-	-	-	(1,450)	(1,450)	-
Section 106 Funds & Grants	(16,387)	-	(16,387)	-	(5,335)	(5,335)	-	(8,876)	(8,876)	-	(30,598)	(30,598)	-
External Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RESOURCES	(147,333)	-	(147,333)	-	(97,087)	(97,087)	-	(736,132)	(736,132)	-	(980,552)	(980,552)	-
FINANCING TO BE AGREED			48,123			96,233			37,445			181,802	

FUNDED VARIATIONS AND VIREMENTS FOR APPROVAL

APPENDIX C

Project/Programme description	Children's & Adults Services	Southwark Schools for the Future	Finance and Governance	Environment	Housing & Modernisation	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000
CURRENT PROGRAMME AS AT MONTH 5 2016-17	266,031	11,518	-	106,013	85,182	177,190	645,934	1,161,492	1,807,426
Month 8 - Virements to be approved									
Flood Prevention Programme	-	-	-	182	-	-	182	-	182
TMOs & Traffic Projects(Rotherhithe & Surrey Quays)	-	-	-	107	-	-	107	-	107
TMOs & Traffic Projects(Peckham & Nunhead)	-	-	-	66	-	-	66	-	66
TMOs & Traffic Projects(Bermondsey)	-	-	-	182	-	-	182	-	182
Refurbishment at Peckham Library	-	-	-	34	-	-	34	-	34
Temporary library at Elephant & Castle	-	-	-	(34)	-	-	(34)	-	(34)
CONSORT PARK PROJ.	-	-	-	95	-	-	95	-	95
COSSALL PARK PROJ.	-	-	-	14	-	-	14	-	14
Major Parks	-	-	-	78	-	-	78	-	78
Leyton Square Parks	-	-	-	23	-	-	23	-	23
Southwark Cycle Spine	-	-	-	-	-	-	-	-	-
Leyton Square Parks	-	-	-	-	-	(23)	(23)	-	(23)
Consort Park	-	-	-	-	-	(95)	(95)	-	(95)
Cossall Park	-	-	-	-	-	(14)	(14)	-	(14)
Burgess Park(Old Kent Road Entrance)	-	-	-	-	-	(78)	(78)	-	(78)
TMOs & Traffic Projects(Rotherhithe & Surrey Quays)	-	-	-	-	-	(107)	(107)	-	(107)
TMOs & Traffic Projects(Peckham & Nunhead)	-	-	-	-	-	(66)	(66)	-	(66)
TMOs & Traffic Projects(Bermondsey)	-	-	-	-	-	(182)	(182)	-	(182)
Wells Way Triangle LIP and Flood Alleviation Scheme	-	-	-	-	-	(182)	(182)	-	(182)
WDS carry-over schemes	-	-	-	-	-	-	-	78	78
WDS 2-year programme	-	-	-	-	-	-	-	281	281
WDS 2012 major works	-	-	-	-	-	-	-	241	241
WDS 2013 major works	-	-	-	-	-	-	-	43	43
WDS 2014 major works	-	-	-	-	-	-	-	191	191
WDS 2015 major works	-	-	-	-	-	-	-	3,580	3,580
WDS 2016 major works	-	-	-	-	-	-	-	(6,992)	(6,992)
M&E heating	-	-	-	-	-	-	-	(123)	(123)
HINE WDS works	-	-	-	-	-	-	-	3,019	3,019
Asset Management Strategy unallocated (QHIP)	-	-	-	-	-	-	-	581	581
Kitchen and Bathroom	-	-	-	-	-	-	-	(1,854)	(1,854)
Asset Management Strategy 2016/17 (QHIP)	-	-	-	-	-	-	-	(742)	(742)
HINE additional works	-	-	-	-	-	-	-	1,887	1,887
Aylesbury Estate PPM works	-	-	-	-	-	-	-	62	62

Project/Programme description	Children's & Adults Services	Southwark Schools for the Future	Finance and Governance	Environment	Housing & Modernisation	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Hidden Homes	-	-	-	-	-	-	-	454	454
Direct Delivery - New Council Homes	-	-	-	-	-	-	-	625	625
Installation of Sprinkler & Smoke detectors	-	-	-	-	-	-	-	(1,331)	(1,331)
Total virements to be approved at Month 8	-	-	-	746	-	(746)	-	-	-
Month 8 - Variations to be approved									
Valentine's Place	-	-	-	178	-	-	178	-	178
L-2403-1400.4.85 Kingswood Estate TRA	-	-	-	38	-	-	38	-	38
Edmund Street	-	-	-	110	-	-	110	-	110
Public Network Remediation	-	-	-	150	-	-	150	-	150
Crown Street	-	-	-	87	-	-	87	-	87
Bus Stop Accesibilit	-	-	-	-	-	90	90	-	90
Quietways	-	-	-	-	-	1,465	1,465	-	1,465
Cycle Hangers Progra	-	-	-	-	-	110	110	-	110
Eagle Wharf Development (Mountview)	-	-	-	-	-	8,800	8,800	-	8,800
Revitalise Peckham Rye	-	-	-	-	-	1,000	1,000	-	1,000
Aylesbury - Plot 18	-	-	-	-	-	35,082	35,082	-	35,082
Southwark War Memorial	-	-	-	-	-	350	350	-	350
Albion Street Permeability	-	-	-	-	-	500	500	-	500
Tower Bridge Traffic Signage	-	-	-	-	-	40	40	-	40
Camberwell Town Centre	-	-	-	-	-	(820)	(820)	-	(820)
East Dulwich Estate	-	-	-	-	-	-	-	862	862
Total variations to be approved at Month 8	-	-	-	562	-	46,616	47,178	862	48,040
TOTAL PROGRAMME BUDGET VIREMENTS & VARIATIONS AT MONTH 8 2016/17									
	-	-	-	1,308	-	45,870	47,178	862	48,040
REVISED BUDGETS									
	266,031	11,518	-	107,321	85,182	223,060	693,112	1,162,354	1,855,466

Project/Programme description	Children's & Adults Services	Southwark Schools for the Future	Finance and Governance	Environment	Housing & Modernisation	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programme Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000

VIREMENTS & VARIATIONS REQUESTED TO BE APPROVED FINANCED BY:

Capital Receipts	-	-	-	150	-	34,150	34,300	862	35,162
Major Repairs Allowance	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	-	-	-
Capital Grant	-	-	-	-	-	345	345	-	345
Section 106 Funds	-	-	-	1,120	-	2,337	3,457	-	3,457
External Contribution	-	-	-	38	-	9,039	9,077	-	9,077
TOTAL RESOURCES	-	-	-	1,308	-	45,870	47,178	862	48,040

GENERAL FUND CAPITAL PROGRAMME- 2016-17 MONTH 8 REPORT

APPENDIX D

Capital Programme 2016/17 - 2025/26 Project/Programme description	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 25/26		
	Budget	Spend to date	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environment													
Leisure	3,622	1,162	2,767	(855)	3,417	4,504	1,086	1,219	987	(232)	8,258	8,258	-
South Dock Marina	549	48	98	(451)	500	502	2	-	449	449	1,049	1,049	-
Parks	6,460	2,813	6,043	(417)	13,528	13,871	343	5,454	5,529	75	25,443	25,443	-
Culture	911	280	911	-	160	160	-	-	-	-	1,071	1,071	-
Street Metal Works	467	213	467	-	500	500	-	3,000	3,000	-	3,967	3,967	-
Environmental Services	220	-	220	-	2,314	2,314	-	1,500	1,500	-	4,034	4,034	-
StreetCare	6,826	2,425	6,687	(139)	12,913	12,366	(547)	21,231	21,917	686	40,970	40,970	-
Other PR Projects	1,591	90	578	(1,013)	3,098	4,066	968	250	295	45	4,939	4,939	-
Cleaner Greener Safer	2,321	1,173	2,283	(38)	1,924	1,962	38	13,345	13,345	-	17,590	17,590	-
Environment Total	22,966	8,204	20,053	(2,913)	38,355	40,244	1,889	46,000	47,024	1,024	107,321	107,321	-
Finance and Governance	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Governance Total	-	-	-	-	-	-	-	-	-	-	-	-	-
Chief Executive													
Planning Projects	2,025	873	1,145	(880)	4,375	5,319	943	2,700	2,700	-	9,100	9,164	63
Planning & Transport	11,541	3,958	9,925	(1,616)	1,331	2,884	1,553	-	-	-	12,872	12,808	(63)
Regeneration North	6,337	1,166	3,615	(2,721)	13,158	5,277	(7,881)	8,380	18,983	10,603	27,875	27,875	-
Regeneration South	13,816	2,979	10,529	(3,287)	38,824	42,111	3,287	35,283	35,283	-	87,923	87,923	-
Regeneration Capital Projects	2,692	1,072	2,069	(623)	3,329	4,127	798	1,517	1,342	(175)	7,538	7,538	-
Property Services	3,752	9	130	(3,622)	3,681	7,182	3,500	13,350	13,472	122	20,784	20,784	-
Office Accommodation Strategy	1,985	-	-	(1,985)	-	1,985	1,985	-	-	-	1,985	1,985	-
Corporate Strategy	6,465	1,000	6,465	-	7,302	7,302	-	41,217	41,217	-	54,984	54,984	-
Chief Executive Total	48,613	11,057	33,879	(14,734)	72,001	76,185	4,184	102,446	112,997	10,550	223,061	223,061	-
Children and Adult Services													
Adult PSS Capital Allocations	88	-	-	(88)	125	125	-	-	-	-	213	125	(88)
Kimmins Court	52	13	52	-	-	-	-	-	-	-	52	52	-
Orient Street	1,230	45	1,230	-	590	590	-	95	95	-	1,915	1,915	-
Half Moon Lane	1,131	-	1,131	-	142	142	-	65	65	-	1,338	1,338	-
Fred Francis	34	-	34	-	2	2	-	-	-	-	36	36	-
Southwark Park Road	-	-	-	-	-	-	-	-	-	-	-	-	-
Transform LD care - Brandon Trust	-	-	-	-	132	132	-	-	-	-	132	132	-
100 Grosvenor Terrace	-	23	30	30	-	-	-	-	-	-	-	30	30
Crebor Street	7	7	7	-	-	-	-	-	-	-	7	7	-
49 Mount Adon Park	194	-	-	(194)	408	602	194	32	32	-	634	634	-
26 Therapia road	30	35	34	4	350	350	-	90	90	-	470	474	4
41 Wood Vale, Dover Lodge	20	-	-	(20)	602	622	20	161	161	-	783	783	-
Centre of Excellence	2,638	-	172	(2,466)	2,442	365	(2,077)	79	4,622	4,543	5,159	5,159	-

Capital Programme 2016/17 - 2025/26 Project/Programme description	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 25/26		
	Budget	Spend to date	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Telecare expansion	150	-	109	(41)	-	-	-	-	-	-	150	109	(41)
Autism learning provision	-	-	-	-	4,500	4,500	-	-	-	-	4,500	4,500	-
Anchor Blue Grove	20	29	29	9	-	-	-	-	-	-	20	29	9
Anchor Greenhive	405	31	405	-	22	22	-	-	-	-	427	427	-
Anchor Rose court	294	25	294	-	16	16	-	-	-	-	310	310	-
Anchor Waterside	20	42	42	22	-	-	-	-	-	-	20	42	22
Southwark Resource Centre	259	-	259	-	-	-	-	-	-	-	259	259	-
Castlemead, 232 Camberwell road	205	-	205	-	1,410	1,410	-	85	85	-	1,700	1,700	-
27 Camberwell road	36	-	100	64	2	2	-	-	-	-	38	102	64
52-60 Grosvenor terrace	550	-	-	(550)	514	1,064	550	56	56	-	1,120	1,120	-
Mosaic implementation	915	470	915	-	600	600	-	200	200	-	1,715	1,715	-
Other Grant Allocations	393	45	393	-	-	-	-	-	-	-	393	393	-
3 Primaries	530	-	530	-	-	-	-	-	-	-	530	530	-
Carbon Reduction in Schools	245	-	245	-	-	-	-	-	-	-	245	245	-
Dulwich Wood Roof	-	-	-	-	-	-	-	-	-	-	-	-	-
Free School Meals	364	(7)	340	(24)	-	-	-	-	-	-	364	340	(24)
Bessemer	158	16	158	-	-	-	-	-	-	-	158	158	-
Dulwich Wood (Langbourne)	449	-	449	-	-	-	-	-	-	-	449	449	-
Lyndhurst major expansion & refurb 1.5 to 2 fe	401	18	401	-	-	-	-	-	-	-	401	401	-
Troubled Families	133	-	133	-	-	-	-	-	-	-	133	133	-
SILS Porlock Hall	54	53	54	-	-	-	-	-	-	-	54	54	-
Thomas Carlton fabric	51	-	51	-	-	-	-	-	-	-	51	51	-
Thomas Carlton ICT	71	25	71	-	-	-	-	-	-	-	71	71	-
Maintenance Programme for Schools	4,405	1,212	4,496	91	-	27	27	-	-	-	4,405	4,523	118
Warm, Dry, Safe	3,500	-	-	(3,500)	3,500	7,000	3,500	28,000	28,000	-	35,000	35,000	-
Permanent Expansion	82,076	27,157	58,494	(23,582)	46,784	70,164	23,380	31,919	33,402	1,483	160,779	162,059	1,280
Rotherhithe Primary School Expansion	200	-	200	-	3,000	3,000	-	17,000	17,000	-	20,200	20,200	-
Beormund Primary School Redevelopment	100	-	100	-	4,000	4,000	-	7,900	7,900	-	12,000	12,000	-
Southwark Inclusive Learning Service KS4	50	-	50	-	888	888	-	2,062	2,062	-	3,000	3,000	-
Autism Spectrum Disorder bases in existing secondaries	50	-	50	-	1,000	1,000	-	750	750	-	1,800	1,800	-
LSBU Passmore	-	-	-	-	5,000	5,000	-	-	-	-	5,000	5,000	-
Children and Adult Services Total	101,508	29,236	71,262	(30,246)	76,029	101,624	25,595	88,494	94,519	6,025	266,031	267,405	1,374
Southwark Schools for the Future	-	-	-	-	-	-	-	-	-	-	-	-	-
St Michael's PFI	100	-	100	-	-	-	-	-	-	-	100	100	-
SMAA - Ark All Saints	1,410	10	1,410	-	123	123	-	-	-	-	1,533	1,533	-
Spa	31	31	31	-	-	-	-	-	-	-	31	31	-
New School Aylesbury	96	96	96	-	-	-	-	-	-	-	96	96	-
SSSO (VA) St Saviours and St Olaves	5	-	5	-	-	-	-	-	-	-	5	5	-
KS3/ KS4 SILS	1,500	17	300	(1,200)	6,496	3,848	(2,648)	-	3,848	3,848	7,996	7,996	-
ICT	124	-	124	-	381	381	-	-	-	-	505	505	-
Contingency and retention payments	45	-	45	-	1,207	1,207	-	-	-	-	1,252	1,252	-

Capital Programme 2016/17 - 2025/26 Project/Programme description	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 25/26		
	Budget	Spend to date	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Southwark Schools for the Future Total	3,311	155	2,111	(1,200)	8,207	5,559	(2,648)	-	3,848	3,848	11,518	11,518	-
Housing & Modernisation	-	-	-	-	-	-	-	-	-	-	-	-	-
Springtide Close travellers site	40	11	40	-	61	61	-	-	-	-	101	101	-
Ilderton travellers site wall	40	-	40	-	260	260	-	-	-	-	300	300	-
Wadding Street and Stead Street	1,040	-	1,040	-	-	-	-	-	-	-	1,040	1,040	-
Information Service	185	179	185	-	-	-	-	-	-	-	185	185	-
IT Investment Schemes	2,377	536	2,377	-	8,563	8,563	-	7,237	7,237	-	18,177	18,177	-
Property Works Programme	-	-	-	-	947	947	-	900	900	-	1,847	1,847	-
PPM & Compliance Programme (CRP)	652	-	652	-	2,057	2,057	-	7,542	7,542	-	10,250	10,250	-
Planned Preventative Maintenance	511	285	511	-	5,467	5,467	-	20,875	20,875	-	26,853	26,853	-
Walworth Road Fire	15	6	15	-	7	7	-	-	-	-	22	22	-
Housing Renewal	1,760	589	1,760	-	3,939	3,939	-	10,221	10,221	-	15,920	15,920	-
Brayards Improvement Zone	1,173	309	1,173	-	-	-	-	-	-	-	1,173	1,173	-
Leathermarket - Kipling Garages	3,034	-	3,034	-	6,280	6,280	-	-	-	-	9,314	9,314	-
Housing & Modernisation Total	10,827	1,915	10,827	-	27,581	27,581	-	46,774	46,774	-	85,182	85,182	-
Capital Programme 2016/17 - 2025/26	Total General Fund Programme												
	2016/17				2017/18			2018/19+			Total Programme 2016/17 - 25/26		
	Revised Budget	Spend to date	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Expenditure	187,225	50,567	138,132	(49,093)	222,173	251,193	29,020	283,714	305,162	21,448	693,113	694,487	1,374
Total Resources	77,846	16,598	66,570	(11,276)	97,871	106,640	8,769	227,286	227,666	380	403,002	400,876	(2,126)
FINANCING TO BE AGREED	-	-	71,562	-	-	144,553	-	-	77,496	-	-	293,611	-

Council Theme	Service	Project/Programme Description	Bid Amount				Financing	
			2016/17	2017/18	2018/19+	Total Programme	Funded (S106, Grant etc)	Resources to be identified
Cleaner, Greener, Safer	E&L	Public Network Remediation	150	-	-	150	-	150
Fit For The Future	E&L	Edmund Street	110	-	-	110	110	-
Healthy, Active Lives	E&L	Kingswood Estate TRA	38	-	-	38	38	-
Healthy, Active Lives	CE	Bus Stop Accesibilit	54	36	-	90	90	-
Healthy, Active Lives	CE	Quietways	879	586	-	1,465	1,465	-
Healthy, Active Lives	CE	Tower Bridge Traffic Signage	40	-	-	40	40	-
Revitalised Neighbourhoods	E&L	Valentine's Place	177	-	-	177	177	-
Revitalised Neighbourhoods	E&L	Crown Street	87	-	-	87	87	-
Revitalised Neighbourhoods	CE	Cycle Hangers Progra	66	44	-	110	110	-
Revitalised Neighbourhoods	CE	Eagle Wharf Development	-	7,000	1,800	8,800	-	8,800
Revitalised Neighbourhoods	CE	Revitalise Peckham Rye	-	-	1,000	1,000	-	1,000
Revitalised Neighbourhoods	CE	Aylesbury - Plot 18	1,600	3,600	29,883	35,083	12,083	23,000
Revitalised Neighbourhoods	CE	Southwark War Memorial	-	350	-	350	-	350
Revitalised Neighbourhoods	CE	Albion Street Permeability	-	500	-	500	-	500
Revitalised Neighbourhoods	HRA	East Dulwich Estate	-	-	-	862	-	862
			3,201	12,116	32,683	48,862	14,200	34,662
Summary of New Bids by Council Plan Theme			Bid Amount £000				Financing	
			2016/17	2017/18	2018/19+	Total New Bids	Funded (S106, Grant etc)	Resources to be identified
Cleaner, Greener, Safer			150	-	-	150	-	150
Fit For The Future			110	-	-	110	110	-
Healthy, Active Lives			1,011	622	-	1,633	1,633	-
Revitalised Neighbourhoods			1,930	11,494	32,683	46,969	12,457	34,512
Total			3,201	12,116	32,683	48,862	14,200	34,662

Item No. 11.	Classification: Open	Date: 7 February 2017	Meeting Name: Cabinet
Report title:		Month 8 Revenue Monitoring Report and Treasury Management 2016-17	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Fiona Colley, Finance, Modernisation and Performance	

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

Sadly this month 8 monitor of our financial position in 2016-17 brings little comfort to us as we move towards setting next year's budget and council tax. We still anticipate being over budget by £15m across adult social care, children's social care and public health. What's more since the last monitor the forecasts have also worsened in housing and modernisation with growing pressures on the ICT and No Recourse to Public Funds budgets.

As reported at our last cabinet meeting, the budget recovery board work is now well underway leading the action that is needed to contain spending within these forecasts and to ensure we are well prepared for the even greater financial challenges that the 2017-18 financial year will bring.

RECOMMENDATIONS

1. That the Cabinet notes:
 - the general fund outturn forecast for 2016-17 of £9.6m after the utilisation of £9.704m reserves (table 1, paragraph 9);
 - the continuing pressures on the Children's and Adults' social care including public health (paragraphs 10 - 22);
 - the increasing budget pressures No Recourse to Public Funds budgets and ICT and CFM (paragraphs 28 - 30)
 - the utilisation of the £4m contingency and £5m one-off windfall resulting from the early delivery of the minimum revenue provision saving to mitigate the full effect of cost pressures (paragraph 35 -36);
 - the housing revenue account forecast outturn for 2016-17 (table 2, paragraph 39 - 45);
 - the treasury management activity in 2016-17 (paragraph 51 - 61).
2. That Cabinet approves the general fund budget movements that exceed £250k, as shown in Appendix A.
3. That Cabinet notes the general fund budget movements that are less than £250k as shown in Appendix A.

BACKGROUND INFORMATION

4. The purpose of this report is to provide a forecast for the end of the financial year 2016-

17, using predictions based on the experience to date, and to use this to inform the policy and resources strategy for future years' budgets. Work continues throughout the council to ensure that a balanced position is achieved by the end of the year.

5. The council agreed a balanced general fund budget of £271.4m on 24 February 2016 based on a nil council tax increase (with 2% precept for adult social care), and £6.2m use of reserves, giving a budget of £277.6m. This budget was set in the context of further significant overall cuts in government funding.
6. The council also approved budget decisions including reductions of some £26.6m within the general fund for 2016-17. Performance on achieving these savings is closely monitored and significant variances will be included in departmental narratives.
7. The cabinet agreed a balanced housing revenue account (HRA) budget on 27 January 2016.

KEY ISSUES FOR CONSIDERATION

General fund overall position

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

Table 1: General fund outturn position for 2016-17

General fund	Original budget	Budget movement	Revised budget	Forecast Spend in year	Variance before use of reserves	Net movement in reserves	Total use of resources	Variance after use of reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's and Adults	171,464	(1,320)	170,144	185,166	15,022	0	185,166	15,022
Environment and Leisure	67,316	2,730	70,046	69,859	(187)	0	69,859	(187)
Housing and Modernise	64,911	(39)	64,872	69,814	4,942	(883)	68,931	4,059
Chief Executive's	8,355	303	8,658	8,396	(262)	0	8,396	(262)
Finance and Governance	19,586	193	19,779	19,779	1,000	0	19,779	0
Strategic Finance	(14,013)	(1,929)	(15,942)	(20,942)	(5,000)	0	(20,942)	(5,000)
Support cost recharges	(44,071)	0	(44,071)	(44,071)	0	0	(44,071)	0
Contingency	4,000	0	4,000	0	(4,000)	0	0	(4,000)
Total general fund services	277,548	(62)	277,486	288,001	11,515	(883)	287,118	9,632
Cost of voluntary redundancies	0	0	0	9,704	9,704	(9,704)	0	0
Use of reserves to underwrite base budget	(6,170)	0	(6,170)	0	6,170	(6,170)	(6,170)	0
Net revenue budget	271,378	(62)	271,316	296,775	25,459	(16,757)	280,018	9,632

9. As shown in Table 1, within services there is a forecast adverse variance of £9.6m. This is after the utilisation of reserves to fund redundancy costs not able to be met within departments. Included in the table above are planned reserves movements totalling £6.170m, reserves are considered in more detail in paragraphs 50 to 53.

Children's and Adults' Services (including Public Health)

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

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

expensive private and independent placements. Potential changes to the national funding formula remain a medium term risk for the division, and the education services grant (used to support statutory functions in relation to schools) was reduced in 2016-17 to £2.6m with the resulting budget pressure of £200k being met within the division.

22. The council engaged RSM Tenon to undertake a thorough review of the pressures underlying the current budget variations. This investigation was completed and largely supported the variations previously identified. A budget recovery board was established, chaired by the strategic director of finance and governance and supported by the strategic director of children and adults, which reports to the chief executive weekly. This board is overseeing management actions for 2016-17 and plans for future years to contain spend within budget levels. An update on the budget recovery board was provided in policy and resources strategy 2017-18 considered by cabinet on 24 January 2017 (Appendix G).

Environment and Leisure

23. The environment and leisure department is forecasting a favourable variance of £187k.
24. There are cost pressures impacting on departmental budgets from the voluntary enhanced redundancy (VER) scheme 3 and ill health/early retirement costs and the new corporate facilities management contract totalling more than £1.5m. These cost pressures are mitigated mainly by favourable variances in road network management and parking services resulting in a net departmental underspend of £187k.
25. The department has implemented most of the proposed savings for this financial year. A couple of the 2016-17 proposed savings options for the waste division have been delayed; however, the department is confident of fully achieving the savings target. Any shortfall arising as a result will be mitigated by other favourable variances within the department.

Housing and Modernisation

26. Overall, housing and modernisation are forecasting an adverse variance of around £4m (net) after the planned drawdown of earmarked reserves to cover known commitments including one-off external procurement costs and the engagement of specialist advisors supporting the delivery of the transformation agenda in ICT and facilities management. The forecast is based on best estimates and includes a number of assumptions in terms of volumes/activity and costs and includes a number of positive variances totalling c. £1m that off-set the cumulative position (predominantly HR related income). As a forecast it remains subject to movement and should continue to be viewed with caution at this point. The forecast currently excludes costs arising from the council's voluntary severance scheme, which are assumed will be met from corporate reserves.
27. Cabinet is aware of the significant budget pressure presented by the demand for temporary accommodation. This pressure arises through a combination of the introduction of welfare benefit reforms, the soaring costs of housing in inner London and population movements. Limited use of privately leased accommodation has helped to meet some demand, but for many providers this is no longer financially viable. Wherever possible, the council uses its HRA hostels and estate voids, rather than more expensive nightly paid accommodation as a means of mitigating the cost to the general fund and based on current caseload this is expected to be contained within the resources available. However, as the impact of welfare reforms bite, there will be a dip in collection performance and there is a risk that the amount required to be set-aside as provision against bad debts will be higher than budget leading to a further overspend. This will be kept under review and measures taken to ameliorate the impact as far as possible.

28. NRPf (No Recourse to Public Funds), is demand driven and presents a significant budget pressure on council resources. Over time the extent of inherited caseload has been revealed, review of long standing cases continues apace and has led to a reduction in numbers, but for the most part decisions around eligibility to public funds is dependant on the Home Office and this can be a very protracted process. On a positive note, a more rigorous assessment process at the front-end has seen a considerable reduction in the volume of new cases being accepted and currently numbers appear to have plateaued, but there remains considerable risk in this area. In recognition of this pressure, cabinet increased budget provision in the current year and a further commitment is subject to approval for the 2017-18 budget round. The forecast is currently £3.4m over budget and will be subject to the drawdown of corporate reserves/contingency to fund the gap.
29. This report also sees the emergence of budget pressures in ICT and CFM totalling £1.6m. There is an adverse variance against the ICT managed service contract as a result of a number of additional service requests being delivered to secure and maintain the council's IT infrastructure. The division is also undertaking the major re-procurement of the IT managed service contract which is a complex exercise and has necessitated additional external resources with the necessary technical skills and expertise to support the process. These additional costs will be reviewed further to consider whether a proportion should be allocated to the housing revenue account or capital. This would be in line with the commitment made in the 2017-18 HRA rent setting and budget report to fund a share of increased ICT costs going forward.
30. Corporate facilities management (CFM) is projecting an unfavourable variance of £600k. The council has a considerable operational estate to which facilities management services must be delivered to ensure that buildings are compliant with the many health and safety regulations and maintained to a standard that enables staff to focus solely on delivering services. Facilities management services are provided through two main suppliers, with the most recent contract being signed in June 2016 following a lengthy procurement exercise. These new contracts are providing a higher level of compliance and consistency across the council's wider estate. This higher standard of maintenance is reflected in higher costs which have not been fully offset by savings through the economies of scale delivered through these new procurement arrangements. Mobilising the new contract along with pressures arising from internal re-organisation has inevitably had an impact on other work streams within the division including technical support to a number of capital projects. While in most instances these projects can be re-profiled to commence at a future date, there has been an impact on the division's ability to generate fees to meet a budgeted income target and as such there is a one-off shortfall of £0.4m forecast for this year. Furthermore a number of savings were identified in 2016-17, some of which it will not be possible to deliver as they are dependant on the implementation of wider corporate decisions creating a pressure in CFM of £200k.

Chief Executive's department

31. The chief executive department is forecasting a net favourable variance of £262k which is mainly due to vacant posts across the department. The department has implemented the proposed savings for this financial year.

Finance and Governance

32. The current finance and governance department are forecasting a balanced budget (budget of £19.779m) after the utilisation of £2.2m of reserves to fund redundancy costs.

33. Within this balanced budget are compensating over and underspends, including a £400k adverse variance due to election costs exceeding the grant funding available and £138k adverse variance within Exchequer Services relating to IT development project costs. These adverse variances are offset favourable variance of on audit fees, legal income, and salary underspends throughout the department.
34. Work is underway to balance the budget position, including consideration of the use of reserves to support any unfunded election and referendum costs and any future voluntary severance costs.

Strategic Finance

35. As part of the budget savings proposals, a review of the council's minimum revenue provision was undertaken, facilitating future savings of £5m per annum. As noted in the outturn report, this saving was delivered in 2015-16 and will be ongoing in 2016-17. As this saving was not included in 2016-17 projections, it presents a one-off windfall which will be used to offset the budget pressures described above.

Contingency

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

Voluntary severance

37. In order to mitigate the impact of cuts and budget reductions on staff, the enhanced voluntary severance scheme was re-opened for a limited period. Where possible departments are asked to meet these costs from within their departmental budgets and savings from related staff budgets. Where this is not possible departments have provided an indication of potential requests from reserves within the narrative above, and this has been reflected in Table 1. As part of year end, relevant redundancy costs will be capitalised.

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

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

Housing Revenue Account (HRA)

Table 2: HRA forecast outturn position for 2016-17

Division	Full Year Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000
Central Services	(92,894)	(89,870)	3,024
Asset Management	49,070	50,005	935
Communities	(6,782)	(7,453)	(672)
Resident Services	24,811	20,962	(3,849)
Modernisation	(5,493)	(5,493)	0
Customer Services	2,259	2,398	139
Revenue funding to housing investment programme	27,593	27,593	0
Total variance (under)/overspend			(423)
Appropriations to /(from) Reserves	1,436	1,859	423
Total HRA	0	0	0

39. Indications are that the outturn will be neutral overall based on known pressures and commitments. Notwithstanding some volume/activity driven budget variations, planned contributions to the housing investment programme (HIP), reserves and debt repayment are broadly in line with expectations. In summary, the key budget headlines are outlined below.
40. The imposition of central government rent control and consequent reduction in the rental stream (as opposed to the rental growth originally envisaged under self-financing) means budgets are under even greater pressure than would otherwise have been. This is particularly acute in relation to the maintenance, repair and improvement of the housing stock, which consumes by far the greatest proportion of resources and requires robust management of high volume, high value works contracts to ensure maximum value for money is obtained within the budgeted allocation.
41. Positive signs are that void turnover has slowed considerably and average void refurbishment costs have reduced, giving rise to an underspend. The new heating R&M contract continues to deliver greater value at reduced cost. However, lift and estate lighting contract spend is higher than anticipated due to the need for additional health and safety works. The forecast also includes provision for Southwark Building Services (SBS) trading deficit, which falls to the HRA as their primary client. Measures to improve trading performance are under review, with the intention to minimise the financial impact on the HRA and move towards a neutral cost position over time.
42. Under self-financing, income has assumed paramount importance for the sustainability of the HRA and delivery of landlord services to residents. Mainstream residential rent debit is tracking below budget, but is compensated for by higher hostel and estate void usage, and is forecast to be broadly on budget overall. Rent collection performance continues to show some resilience (at 98.7%), notwithstanding the impact of welfare benefit changes and the roll-out of direct payment and universal credit. However, income collection is likely to become more onerous going forward, and the HRA continues to maintain adequate provisions to meet potential losses of this nature. Some benefit will also be derived from the on-going water refund exercise through the off-setting of arrears from sums due, which has a knock-on revenue impact in terms of the budget provision required to meet bad debts.

43. Homeowner service charges represent the second largest income stream to the HRA and costs are fully recoverable under the terms of their lease in order to prevent cross-subsidy from tenants. The value of rechargeable capital works is intrinsically linked to the HIP, but is not linear. The unprecedented scale of investment and delivery of the WDS, FRA and other works programmes over recent years has driven rechargeable billing within the HRA much higher and whilst this will continue in the short-term, it will begin to tail-off in line with more modest programme spending going forward. Collection performance continues to exceed target with £28.8m achieved to week 35 (end of November).
44. The central services activity accounts for over half of the gross HRA and comprises key budgets pertaining to departmental/corporate overheads, debt financing, depreciation, arrears write-offs/provisions, revenue support for the HIP and major projects such as Aylesbury (the revenue impact of which fall outside mainstream operational budgets due to their exceptional nature). There are a number of known pressures/commitments coming through and these are included on a 'best estimate' basis at this juncture, but are expected to be contained within the budget overall.
45. The ring-fenced nature of the HRA requires that surpluses/deficits are carried forward between years and at 31 March 2016 HRA reserves stood at £16.6m. Whilst every effort is made to maintain reserves at an appropriate level to mitigate future risks, fulfil future commitments and enable the transformation and modernisation of services going forward, this is currently considered to be below the optimal level required and presents a moderate risk, which will be managed throughout the year and addressed in subsequent budget rounds.

Reserves

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

appropriate and adequate levels to safeguard service provision as well as to support modernisation of the organisation. The Strategic Director of Finance and Governance will report on the adequacy of reserves moving forward.

Treasury management

50. The council holds its cash in money market instruments diversified across major banks, building societies, and bonds issued by the UK government and supranational entities. Cash funds represent income received in advance of expenditure plus balances and reserves. The investment priorities are capital preservation and liquidity. These investments are managed by an in-house operation and two investment firms: Aberdeen Asset Managers and AllianceBernstein. Investments are rated in the following way by Fitch, Moody's and Standard and Poor's:

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

51. The sum invested between 1 April 2016 and 30 November 2016 averaged £191m (£238m average 2015/16) and the balance at 30 November 2016 was £175m. The reducing cash balances reflects a number of factors, in particular the use of reserves to support both capital and revenue spending and reduced government funding.
52. The average return over the quarter was 0.60%. At its meeting in August, the Monetary Policy Committee cut the Bank Rate to 0.25% from 0.5% and introduced a Term Funding Scheme. Prior to this rates had been held at 0.50% since 2009. Reducing cash balances and 'lower for longer' interest rates mean that investment returns will be lower than that earned in recent years.
53. The council's investment maturity profile as at 30 November 2016 is shown below:

INVESTMENT MATURITY PROFILE AND RATING - 30 NOVEMBER 2016				
Yr Band	A	AA	AAA	Total
Up to 1 Year	33%	28%	26%	86%
1 - 2 years	1%	5%	1%	7%
2 - 5 years	0%	2%	5%	7%
Total	34%	35%	32%	100%

54. As at the end of November 2016, the sum managed by the fund managers was £71.8m each with in house funds held of £31.0m; the investment position is set out in the table below.

INVESTMENT COUNTERPARTY AND RATING AT 30 NOVEMBER 2016								
Counterparty	Country Of Origin	CREDIT RATING			FUND			Grand Total £m
		Sovereign Rating	Long-term	Short term	Aberdeen £m	Alliance £m	In house £m	
AUSTRALIA & NEW ZEALAND BANKING GROUP LT	AUSTRALIA	AAA	AA-	F1+		1.4	-	1.4
ABN AMRO BANK	NETHERLANDS	AAA	A	F1	3.3	1.1	-	4.4
BANK NEDERLANDSE GEMEENTEN NV	NETHERLANDS	AAA	AAA			0.7	-	0.7
BANK OF AMERICA	UNITED STATES	AAA	A+	F1+			-	-
BANK OF MONTREAL	CANADA	AAA	AA-	F1+	4.0	2.2	-	6.2
BANK OF NOVA SCOTIA	CANADA	AAA	AA-	F1+	2.0	2.2	-	4.2
BARCLAYS BANK PLC	GREAT BRITAIN	AA+	A	F1	1.5	2.2	-	3.7
BNP PARIBAS	FRANCE	AA	A	F1			-	-
CAISSE D'AMORTISSEMENT DE LA D	FRANCE	AA	A			1.4	-	1.4
CANADIAN IMPERIAL BANK	CANADA	AAA	AA-	F1+	2.0	2.2	-	4.2
COMMONWEALTH BANK OF AUSTRALIA	AUSTRALIA	AAA	AA-	F1+	3.0	2.1	-	5.1
CREDIT AGRICOLE CORP & INVST BANK	FRANCE	AA	A	F1	5.0	2.3	-	7.3
CREDIT SUISSE AG/LONDON	SWITZERLAND	AAA	A	F1	4.0		-	4.0
DANSKE BANK A/S	DENMARK	AAA	A	F1	3.0	2.2	-	5.2
EUROPEAN INVESTMENT BANK	SUPRANATIONAL	AAA	AAA	F1+	4.8	2.9	-	7.7
EXPORT DEVELOPMENT CANADA	CANADA	AAA	AAA			1.4	-	1.4
FMS WERTMANAGEMENT AOER	GERMANY	AAA	AAA	F1+		2.9	-	2.9
GLOBAL TREAS FUNDS - MMF	GLOBAL	AAA	AAA				15.6	15.6
ING BANK NV	NETHERLANDS	AAA	A+	F1		2.1	-	2.1
INTERNATIONAL BANK FOR RECON & DEV	SUPRANATIONAL	AAA	AAA	F1+		2.9	-	2.9
INTERNATIONAL SECURITY FUND - MMF	GLOBAL	AAA	AAA				15.4	15.4
JPMORGAN CHASE & CO	UNITED STATES	AAA	AA-	F1+		2.1	-	2.1
KBC Bank	BELGIUM	AA	A-	F1	5.0		-	5.0
KFW	GERMANY	AAA	AA+	F1+		2.8	-	2.8
LLOYDS TSB BANK PLC	GREAT BRITAIN	AA	A+	F1	4.0	2.1	-	6.1
NATIONAL AUSTRALIA BANK LTD	AUSTRALIA	AAA	AA-	F1+	1.0		-	1.0
NATIONWIDE BUILDING SOCIETY	GREAT BRITAIN	AA	A	F1		2.1	-	2.1
NETWORK RAIL INFRASTRUCTURE	GREAT BRITAIN	AA	AA+	F1+		1.0	-	1.0
NORDEA EIENDOMSKREDDIT AS	NORWAY	AAA	AA-	F1+		2.2	-	2.2
RABOBANK LONDON	GREAT BRITAIN	AA	AAA			1.8	-	1.8
ROYAL BANK OF CANADA	CANADA	AAA	AA	F1+	5.3	2.1	-	7.4
SANTANDER UK PLC	GREAT BRITAIN	AA	A	F1	2.3	2.1	-	4.4
SKANDINAVISKA ENSKILDA BANKEN AB	SWEDEN	AAA	AAA		2.3	2.2	-	4.5
SOCIETE GENERALE	FRANCE	AA	A	F1	4.5	2.3	-	6.8
STANDARD CHARTERED BANK	GREAT BRITAIN	AA	A+	F1	3.0		-	3.0
SWEDBANK HYPOTEK AB	SWEDEN	AAA	AAA			2.1	-	2.1
SVENSKA HANDELSBANKEN	SWEDEN	AAA	AA	F1+	5.0		-	5.0
TORONTO-DOMINION BANK	CANADA	AAA	AA-	F1+		2.2	-	2.2
UBS LONDON	SWITZERLAND	AAA	A	F1	3.5		-	3.5
UNITED KINGDOM I/L	GREAT BRITAIN	AA	AA+	F1+		4.0	-	4.0
UNITED KINGDOM TBILLS	GREAT BRITAIN	AA	AA+	F1+	2.3	8.5	-	10.8
WELLS FARGO BANK	UNITED STATES	AAA	AA	F1+			-	-
WESTPAC BANKING CORP	AUSTRALIA	AAA	AA-	F1+	1.0		-	1.0
Grand Total					71.8	71.8	31.0	174.6

55. 2016-17 year to date £5m in Public Works Loan Board (PWLB) loans matured and were paid off. No new loans were taken and the debt balance outstanding at 30 November 2016 was £458m. Affordability and the “cost of carry” remain important influences on the council’s borrowing strategy.
56. All treasury management activity was in compliance with the approved Treasury Management Strategy and Prudential Indicators for 2016-17.
57. In the lead up to, and following the result of the EU referendum there has been reassurance that the Bank of England was ready to support money market liquidity. Various indicators of credit risk reacted negatively to the result of the referendum on the UK’s membership of the European Union. UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing the largest falls.
58. Fitch downgraded the UK’s sovereign rating by one notch to AA from AA+, and Standard & Poor’s downgraded its corresponding rating by two notches to AA from AAA. Fitch, S&P and Moody’s have a negative outlook on the UK.

59. Following the UK vote to leave the EU, Moody's changed the outlook on 12 UK banks and building societies. At the same time, the rating agency has changed the outlook on the UK banking system to negative from stable. The actions follow the recent change in the outlook of the UK's Aa1 government bond rating to negative from stable.
60. There has been no change to Arlingclose's credit advice on UK banks and building societies since the referendum result.

Community impact statement

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

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2016-17 to 2018-19: Cabinet 09/02/2016	160 Tooley Street PO Box 64529 London SE1P 5LX	Fay Hammond 0207 525 0614
Link: (Copy and paste link into browser) http://moderngov.southwark.gov.uk/documents/s59876/Report%20Policy%20and%20Resources%20Strategy%20201617%20-%20201819.pdf		
Housing Revenue Account budget: Cabinet 27/01/2016	160 Tooley Street PO Box 64529 London SE1P 5LX	Ian Young 020 7525 7849
Link: (Copy and paste into browser) http://moderngov.southwark.gov.uk/documents/s59180/Report%20HRA%20final%20rent%20setting%20and%20budget%20report.pdf		

APPENDICES

No.	Title
Appendix A	Interdepartmental budget movements months 5 to 8

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Finance, Modernisation and Performance	
Lead officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report author	Jennifer Seeley, Director of Finance	
Version	Final	
Dated	26 January 2017	
Key Decision?	Yes	
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	N/A	N/A
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		26 January 2017

Interdepartmental budget movements months 5 to 8

Interdepartmental movements to be approved for months 5 to 8

	Department From	Amount £	Department to	Amount £	Description of the budget movement
Approve	Children's and Adults' Services	(2,271,530)	Environment and Leisure	2,271,530	Transfer of Youth and Play Services

Interdepartmental movements to be noted for months 5 to 8

	Department From	Amount £	Department to	Amount £	Description of the budget movement
Note	Children's and Adults' Services	(30,050)	Housing and Modernisation	30,050	Transfer of funds following the transfer of the CAS health and safety manager
Note	Children's and Adults' Services	(118,401)	Housing and Modernisation	118,401	Transfer of funds following the deletion of the CAS health and safety advisor post
Note	Housing and Modernisation	(51,876)	Children's and Adults' Services	51,876	Transfer of rough sleeper co-ordinator
Note	Housing and Modernisation	(239,600)	Children's and Adults' Services	239,600	Transfer of St Mungo contract
Note	Housing and Modernisation	(41,943)	Finance and Governance	41,943	Transfer of staff from Housing to Internal Audit
Note	Environment and Leisure	(153,977)	Housing and Modernisation	153,977	Centralisation of planned FM services provided under the Interserve FM contract
Note	Environment and Leisure	(202,876)	Chief Executive	202,876	Transfer of Resilience and Emergency Planning Unit

Item No. 12.	Classification: Open	Date: 7 February 2017	Meeting Name: Cabinet
Report title:		Motions referred from Council Assembly	
Ward(s) or groups affected:		All	
From:		Council Assembly	

RECOMMENDATION

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

BACKGROUND INFORMATION

2. Council assembly at its meeting on Wednesday 30 November 2016 agreed several motions and these stand referred to the cabinet for consideration.
3. The cabinet is requested to consider the motions referred to it. Any proposals in a motion are treated as a recommendation only. The final decisions of the cabinet will be reported back to the next meeting of council assembly. When considering a motion, cabinet can decide to:
 - Note the motion; *or*
 - Agree the motion in its entirety, *or*
 - Amend the motion; *or*
 - Reject the motion.

KEY ISSUES FOR CONSIDERATION

4. In accordance with council assembly procedure rule 2.10.6, the attached motions were referred to the cabinet. The cabinet will report on the outcome of its deliberations upon the motions to a subsequent meeting of council assembly.
5. The constitution allocates responsibility for particular functions to council assembly, including approving the budget and policy framework, and to the cabinet for developing and implementing the budget and policy framework and overseeing the running of council services on a day-to-day basis.
6. Any key issues, such as policy, community impact or funding implications are included in the advice from the relevant chief officer.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council agenda	Report on the council's website	Virginia Wynn-Jones Constitutional Team 020 7525 7055
Link: http://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=132&MId=5433&Ver=4		

APPENDICES

Number	Title
Appendix 1	Transport
Appendix 2	Stand up for local pharmacies
Appendix 3	Tackling flytipping in Southwark
Appendix 4	Make fair transitional state pension arrangements for 1950's women

AUDIT TRAIL

Lead Officer	Chidilim Agada, Constitutional Manager (Acting)	
Report Author	Virginia Wynn-Jones, Principal Constitutional Officer (Acting)	
Version	Final	
Dated	12 January 2017	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Chief Executive	Yes	No
Strategic Director of Environment and Leisure	Yes	No
Strategic Director of Finance and Governance	No	No
Director of Law and Democracy	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		12 January 2017

APPENDIX 1

TRANSPORT

1. Southwark Labour is committed to making the borough a cleaner, greener, healthier and more pleasant place to live for our residents.
2. Council assembly recognises that high quality, accessible and well maintained transport is essential to improve the public realm, expand economic growth and to enable residents to travel and access services as freely and easily as possible.
3. Council assembly also recognises that transport has a significant environmental impact, particularly on air quality, and this administration's priority is to deliver a sustainable transport system, which promotes and encourages walking, cycling and improving public transport access and links.
4. Council assembly welcomes the steps this administration has taken improve transport and make Southwark a more pleasant borough to live, including:
 - investing over £30m in cycling over 5 years and launching the Southwark Cycling Strategy to make it easier and safer for people in the borough to travel by bike,
 - delivering the new north-south cycle route, the Southwark Spine, to complement Quietway cycling routes and link to the new north-south Cycle Superhighway on Blackfriars Road;
 - increasing the number of Play Streets, closing roads to make it easier and safer for children to play outdoors;
 - making Southwark an Age Friendly Borough, enabling older people to access a broad range of affordable and accessible transport options to get around the borough easily;
 - doubling investment in roads and making Southwark a 20mph borough;
 - successfully campaigning for improvements to bus services, such as extending the 42 and 136 bus routes, and improving the C10.

Regeneration

1. Council assembly recognises that effective transport infrastructure is necessary for regeneration, to both unlock new developments and meet existing demand, for example on the Old Kent Road, where the Bakerloo Line Extension will help deliver growth in homes and jobs.
2. Council assembly welcomes the steps that the administration has taken to use infrastructure in new developments to make it safer for people to walk and cycle, for example at Elephant Park;
3. Council assembly calls on the cabinet to continue working with Transport for London (TfL) to extend the Santander Cycle Hire scheme through Bermondsey and Rotherhithe, and bring the scheme to Camberwell, Peckham and Walworth.

Air Quality

4. Council assembly recognises the significant impact transport has on air quality; the most polluted areas in the borough, where national standards for air quality are frequently exceeded, correspond to the major road network.
5. Council assembly therefore welcomes the work the council has done to improve air quality, including working with Tower Hamlets on the Tower Bridge Anti-idling

partnership to encourage drivers to turn off engines when stationary, and improving the council's commercial fleet to reduce emissions.

6. Council assembly also welcomes Mayor of London's commitment to improving air quality by:
 - bringing forward the implementation of the Ultra Low Emissions Zone (ULEZ) and extending it to cover more of the borough, following calls led by Southwark Labour;
 - introducing new Clean Bus Corridors, prioritising new, clean buses in the most polluted roads in the city, and setting a target of only buying clean electric or hydrogen buses from 2020;
 - bringing forward plans for the new Rotherhithe pedestrian and cycle bridge following campaigns by Labour councillors, which will bring benefits for the local environment by reducing congestion;
 - making cycling easier and safer for more Londoners.
7. Council assembly welcomes the Mayor's commitment to delivering 'Healthy Streets' and calls on the cabinet to continue to put pressure on TfL to deliver public realm improvements in Peckham and Camberwell town centres in line with this vision.

Rail services

8. Council assembly welcomes the consultation on the new Thameslink Programme timetable and the introduction of 4 trains an hour on the Catford Loop, but believes that this should be a 7 day service and should extend the service through the whole Thameslink core;
9. Council assembly notes the continued and unacceptable levels of delays, cancellations and overcrowding on Southern Rail services, and calls on the government to allow TfL to be able to take over rail services in south London;
10. Council assembly welcomes the progress the council has made with TfL on the re-opening of Camberwell station, and calls on the cabinet to continue lobbying TfL and train companies to make the strong case for re-opening the station.

APPENDIX 2

STAND UP FOR LOCAL PHARMACIES

1. Council assembly notes that Department of Health has announced it is pushing forward with dramatic cuts of £170 million to the funding of community pharmacies in England this year and that it has not ruled out more cuts to follow.
2. Council assembly notes that this funding cut could result in 3,000 pharmacies (a quarter of all pharmacies) closing across the country. In Southwark, 18 pharmacies could be at risk of closing.
3. Council assembly believes that the government's plans threaten patient access to pharmacies and pharmacy services in Southwark. Our local pharmacies are at risk of closure or being forced to cut services such as free delivery of prescription drugs, family planning advice and advice on medicines. This will put more pressure on GPs and hospitals and impact social services and is at odds with the local Clinical Commissioning Group's desire to increase the use of pharmacists to ease pressure on GPs.
4. Council assembly notes that the Local Government Association (LGA) has criticised the Department of Health for overlooking the role of community pharmacy as a 'much needed social and economic asset' and warned of 'unintended consequences' that will impact elsewhere in the local community.
5. Council assembly therefore calls on the Government to abandon these cuts and maintain a fully-funded community pharmacy service and asks the cabinet member for public health, parks and leisure to write to the Secretary of State for Health, NHS England and Southwark Clinical Commissioning Group expressing this view.
6. Council assembly also asks the cabinet member for public health, parks and leisure write to the borough's three Members of Parliament asking them to make similar representations on this matter to the Secretary of State for Health.

APPENDIX 3**TACKLING FLYTIPPING IN SOUTHWARK**

1. Council assembly notes that:

- Southwark Council proactively collects fly-tips and records these alongside fly-tips reported by the public, which leads to Southwark having a higher recorded rate of flytipping than other boroughs, who do not record data in this way;
- The council introduced a £16 flat-rate charge for the collection of up to 10 items of bulky waste last year, as part of £30m in budget savings across council services;
- Over the last 5 years, Southwark Council has had to make savings of over £156m, equivalent to a third of the council's budget, because of cuts from the Liberal Democrat and Conservative governments, and this year the council has to make a further £26.5m savings;
- 2015/16 data for local authorities has not yet been published, so there is no comparative data available since the introduction of Southwark's bulky waste charge.

2. Council assembly calls on the cabinet to:

- continue to monitor flytipping in Southwark
- continue to take proactive steps to reduce incidences of people illegally dumping items in our borough
- publish the number of flytipping incidents which are cleared by council staff, as well the number of incidents reported by the public.

APPENDIX 4**MAKE FAIR TRANSITIONAL STATE PENSION ARRANGEMENTS FOR 1950's WOMEN**

1. Council assembly calls on the government to make fair transitional state pension arrangements for all women born on or after 6 April 1951, who have unfairly borne the burden of the increase to the State Pension Age (SPA) with lack of appropriate notification.
2. Council assembly notes that:
 - Hundreds of thousands of women had significant pension changes imposed on them by the Pensions Acts of 1995 and 2011 with little or no personal notification of the changes. Some women had only two years notice of a six-year increase to their state pension age.
 - Many women born in the 1950s are living in hardship. Retirement plans have been shattered with devastating consequences. Many of these women are already out of the labour market, caring for elderly relatives, providing childcare for grandchildren, or suffer discrimination in the workplace so struggle to find employment.
 - Women born in this decade are suffering financially. These women have worked hard, raised families and paid their tax and national insurance with the expectation that they would be financially secure when reaching 60.
 - It is not the pension age itself that is in dispute - it is widely accepted that women and men should retire at the same time. The issue is that the rise in the women's state pension age has been too rapid and has happened without sufficient notice being given to the women affected, leaving women with no time to make alternative arrangements.
3. Council assembly calls on the government to reconsider transitional arrangements for women born on or after 6 April 1951, so that women do not live in hardship due to pension changes they were not told about until it was too late to make alternative arrangements.

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