

Cabinet

Tuesday 18 July 2017

4.00 pm

Ground Floor Meeting Room G02A - 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 Ian Wingfield
Councillor Mark Williams
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
Environment and the Public Realm
Regeneration and New Homes
Currently on maternity leave

INFORMATION FOR MEMBERS OF THE PUBLIC

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Contact

Paula Thornton 020 7525 4395 or email: paula.thornton@southwark.gov.uk

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 10 July 2017



Cabinet

Tuesday 18 July 2017
4.00 pm

Ground Floor Meeting Room G02A - 160 Tooley Street, London SE1 2QH

Order of Business

Item No.	Title	Page No.
	PART A - OPEN BUSINESS	
	MOBILE PHONES	
	Mobile phones should be turned off or put on silent during the course of the meeting.	
1.	APOLOGIES	
	To receive any apologies for absence.	
2.	NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
3.	NOTICE OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING, AND ANY REPRESENTATIONS RECEIVED	1
	To note the items specified which will be considered in a closed 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 12 July 2017.	
6.	MINUTES	2 - 11
	To approve as a correct record the minutes of the open section of the meeting held on 20 June 2017.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests. The deadline for the receipt of deputation requests is midnight Wednesday 12 July 2017.	
8.	AIR QUALITY STRATEGY AND ACTION PLAN (2017 - 2022)	12 - 21
	To agree the air quality strategy and action plan.	
9.	OFSTED INSPECTION REPORT MARCH 2017	22 - 26
	To note the report of Her Majesty's Inspectorate, Ofsted of its inspection of services for children in need of help and protection, children looked after and care leavers.	
10.	COUNCIL PLAN ANNUAL PERFORMANCE REPORT 2016-17	27 - 45
	To note the council's performance over 2016-17 against the Council Plan 2014-2018.	
11.	GATEWAY 0: STRATEGIC OPTIONS ASSESSMENT FOR SERVICE PROVISION OF PROFESSIONAL TECHNICAL SERVICES	46 - 59
	To approve the strategic options assessment for delivery of professional technical services for the council.	
12.	POLICY AND RESOURCES STRATEGY: 2017-18 AND 2018-19 UPDATED FINANCIAL REMIT	60 - 80
	To consider recommendations relating to the policy and resources strategy 2017-18 – 2018-19 updated financial remit.	

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13.	REVENUE MONITORING REPORT AND TREASURY MANAGEMENT 2016-17 OUTTURN REPORT	81 - 104
	To note the general fund outturn position for 2016-17 and key variations and budget variations underlying the outturn position.	
	To also note and agree recommendations relating to the outturn position.	
14.	OUTTURN CAPITAL MONITORING FOR 2016-17 AND CAPITAL PROGRAMME REFRESH FOR 2017-18 TO 2026-27	105 - 130
	To approve the virements and variations to the general fund and housing investment capital programme and the inclusion in the programme of the capital bids.	
15.	GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - SOUTHWARK EXTERNAL SOLICITORS FRAMEWORK	131 - 143
	To approve the procurement strategy for an external solicitors framework serving Southwark and other London boroughs and their wholly owned companies, London fires and rescue service and clinical commissioning groups (CCGs) in London for a period of 4 years.	
16.	APPROPRIATION OF FORMER MANOR PLACE DEPOT FOR PLANNING PURPOSES	144 - 156
	To the appropriation of land to planning purposes to facilitate the carrying out of the development proposals for the area in accordance.	
17.	COMMERCIAL PROPERTY PORTFOLIO: ADDITION OF INCOME GENERATING ASSET	157 - 161
	To approve the acquisition of the freehold interest in a commercial property and note the circumstances leading to the proposed acquisition.	
18.	APPOINTMENTS TO OUTSIDE BODIES 2017-18 AND NOMINATIONS TO SHARED ICT SERVICE JOINT COMMITTEE	162 - 171
	To consider and agree appointments to outside bodies for 2017-18.	
19.	NOMINATIONS TO PANELS, BOARDS AND FORUMS 2017-18	172 - 178
	To agree the allocations of places and nominations to the panels, boards and forums for 2017-18.	

OTHER ITEMS

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

20. BOROUGH-WIDE FIRE SAFETY**21. BOROUGH EMERGENCY PLAN****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**22. MINUTES**

To approve as a correct record the closed minutes of the meeting held on 20 June 2017.

23. COMMERCIAL PROPERTY: ADDITION OF INCOME GENERATING ASSET**DISCUSSION OF ANY OTHER CLOSED ITEMS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT**



NOTIFICATION OF CLOSED BUSINESS FOR URGENT CONSIDERATION BY AN EXECUTIVE DECISION MAKING BODY

The required 28 days notice relating to a decision likely to be considered in closed session has not been given on the forward plan in respect of the decision detailed in this document. The matter is considered to be urgent and cannot be reasonably deferred for a further 28 days to enable the required notice to be given. Details of the issue are set out below.

Note: This notice applies to meetings of the cabinet, cabinet committee or community councils considering an executive function.

DECISION MAKER

Name of decision maker: Cabinet

Date of meeting: 18 July 2017

LEAD OFFICER DETAILS

Name and contact details:

Matthew Jackson 020 7525 1332 or email: matthew.jackson@southwark@southwark.gov.uk

DETAILS OF THE REPORT

Title and brief description of the nature of the business to be considered:

Title of report Commercial Property Portfolio – Addition of Income Generating Asset

Approval is sought to the acquisition of a commercial property in the London Bridge area, to be held as an income generating investment and replacing income streams released in to other initiatives (regeneration etc.) in pursuit of corporate objectives.

What is the potential cost to the council if the decision is delayed?

The vendor has stipulated that exchange of contracts and simultaneous completion must take place by no later than 21 July 2017. If this deadline is not met the vendor will expand its marketing of the property, in which event the council may be unsuccessful in acquiring the asset, or it may cost more to buy; thereby losing the opportunity to secure the asset and the income stream it will provide.

How long has the department known the decision required a closed report?

Since terms for the sale of the properties to the council were confirmed, through the issue of agreed Heads of Terms by the vendor, on 14 June 2017.

Everton Roberts
For Proper Constitutional Officer
Dated: 10 July 2017



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 20 June 2017 at 4.00 pm at the Council Offices, 160 Tooley Street, London SE1 2QH

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

1. APOLOGIES

Apologies for absence were received from Councillor Maisie Anderson who was 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

Items 17 & 19: Acquisition of up to 9 sub-leasehold properties at the Signal Building, 89-93 Newington Causeway, SE1.

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

ANNOUNCEMENT FROM THE LEADER

Being the first cabinet meeting following the recent terror attack on London Bridge, the leader wished to formally record his thanks to all council officers who played a key role in responding to this attack. The events were traumatic and their response was impressive.

Additionally, following the recent and tragic fire at Grenfell Tower, the leader explained that

the council's chief executive, a number of strategic directors and officers were playing a key role in leading the London-wide response. Again, the leader expressed his thanks and respect for their hard work and contribution.

Following on from this, the strategic director of housing and modernisation updated cabinet on various aspects of fire safety and work currently taking place. In addition to the work outlined to cabinet, a dedicated email address has been set up for residents to register any fire concerns at firesafetyconcerns@southwark.gov.uk. Officers are working to respond to these concerns as quickly as possible.

The strategic director outlined that an urgent meeting of the overview and scrutiny committee had taken place on Monday 19 June 2017 on fire safety. She would respond to their recommendations in a report to the July meeting of the committee. Cabinet also asked to receive this report.

The deputy leader and cabinet member for housing also provided an update to cabinet in respect of communications with residents and thanked officers for their support.

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

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

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

None were declared.

5. PUBLIC QUESTION TIME (15 MINUTES)

Public Question from Paul Palley

Given that three people, a planning Inspector, a High Court Judge and the Secretary of State have said separately that Compulsory Purchase Orders cannot be granted, would the London Borough of Southwark consider abandoning demolition and forced sales on the Aylesbury Estate?

Response from the Cabinet Member for Regeneration and Homes

No.

Since 2005, the council has been taking forward the regeneration of the Aylesbury Estate on the basis of redevelopment rather than refurbishment. The council considers that this approach is the only viable way to provide the quality of housing and living environment that residents deserve. The decision in 2005 was informed by detailed consideration of the quality and condition of the building fabric and the design constraints of the existing estate layout. This redevelopment approach was subsequently supported by the Aylesbury Area Action Plan adopted in 2010 which established the redevelopment approach into planning policy, was thoroughly tested through a public inquiry, and supported by an independent planning inspector. The approach was further supported by the granting of outline planning

permission for the masterplan in 2015 which followed further public consultation. Two Compulsory Purchase Orders have already been confirmed by the secretary of state for site 7 and Phase 1a on the estate and 408 new homes and a community centre have been built on those sites. 53% of the new homes are affordable (based on number of habitable rooms) and several are occupied by former residents of the estate.

The council undertook an extensive competitive dialogue process to procure a development partner and is in contract with NHHT to deliver the redevelopment of the estate.

In relation to the Compulsory Purchase Order for the First Development Site, the Secretary of State and Inspector both supported the need to redevelop the estate in order to bring about wider area regeneration. The decision by the Secretary of State to refuse the confirmation of the Compulsory Purchase Order has now been quashed and the council has submitted a revised Statement of Case which will be considered by a Public Inquiry in the near future. Detailed planning consent for the redevelopment of the FDS was granted and implementation of this planning consent has commenced with the demolition of four vacant blocks on the FDS, through a demolition contract entered into in 2016.

Paul Palley was unable to attend the cabinet meeting. The response to this question will be emailed to him.

6. MINUTES

RESOLVED:

That the minutes of the meeting held on 9 May 2017 be approved as a correct record and signed by the chair.

7. DEPUTATION REQUESTS

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

RESOLVED:

That the deputation request be received.

Rotherhithe Broadband Group

The deputation addressed the meeting explaining the background behind the set up of the group and the aim to address the poor broadband received in many urban areas. The group expressed their support for the recommendations in the report, with the hope that the council approach would not delay any other service provider coming forward to deliver proposals for a fibre network.

The group explained that the Digital Economy Act sets out a universal obligation of 10mbps in the UK by 2020, which it is felt without substantial investment would not be achieved in Rotherhithe. It was felt that a community owned and managed network would be able to deliver this to the people of Rotherhithe.

In addition, the group suggested that there are other actions that could be followed, working with the MP and other affected areas and councils including:

- Lobbying the Mayor of London
- Lobbying the Government to recognise that urban areas, including parts of London have not-spots
- Seeking agreement from the EU for state aid approval to address the not-spots
- The Chancellor in his autumn statement stated that he would offer local authorities the chance to bid for a slice of funds to trial superfast 5G mobile networks, linking them to fibre-optic systems and when that prospectus is published it is hoped that Southwark would bid, focusing on Rotherhithe.

The impact on the local community was significant, including children's education, those with limited mobility and local businesses.

Cabinet thanked the deputation for their presentation.

8. SHARED ICT SERVICE WITH BRENT AND LEWISHAM

RESOLVED:

Decisions of the Cabinet

1. That the work undertaken to: complete the identified due diligence activities, develop an inter-authority agreement and to assure the viability of a three-way shared ICT service since approval in principle was given to delegate the delivery of the ICT service to Brent be noted.
2. That the establishment of a three-way shared ICT service with the London Borough of Brent and the London Borough of Lewisham and the delegation of the delivery of the ICT service (within the agreed scope including procurement of ICT related goods and services and shared ICT service staffing) to the London Borough of Brent as the primary host authority with a planned service commencement date of 1 November 2017 be approved.
3. That the commitment of an estimated £19.1m payable to Brent as the host authority over a five year period for this arrangement be approved.
4. That authority be delegated to the strategic director of housing and modernisation to agree the final terms of the inter-authority agreement.
5. That it be noted that officers in Brent and Lewisham are presenting reports to their respective cabinets in relation to:
 - this delegation and future shared ICT service
 - the merging of the Brent and Lewisham application support teams and their incorporation into the shared ICT service.
6. That the on-going work to redevelop the retained ICT team (IT and digital services) and the proposed insourcing of those applications support functions provided

currently by Capita be noted.

7. That it be noted that further to the approval given to extend the existing IT managed service contract with Capita, officers will finalise the arrangements to be implemented with Capita in respect of the provision of data centre hosting services.
8. That it be noted that a report will be brought to a future cabinet meeting to update cabinet on transition progress, with future reporting as required by the cabinet.

Decisions of the Leader of the Council

9. That a joint committee with the London Boroughs of Brent and Lewisham to support the governance arrangements of the shared ICT service be established.
10. That the joint committee will consist of two elected members from each council and that Southwark will be represented on that committee by two members (or substitute members) of the cabinet appointed by the leader.
11. That draft governance arrangements and terms of reference as set out in Appendix B of the report be agreed.

9. GATEWAY 0: CONSIDERATION OF OPTIONS FOR BROADBAND IN ROTHERHITHE

The comments of the deputation were noted and it was confirmed would be addressed.

RESOLVED:

1. That the strategic options assessment for delivery of broadband infrastructure in Rotherhithe and Surrey Docks wards for Southwark Council be approved.
2. That the recommendation to undertake a formal market engagement exercise as set out in the report (at paragraphs 26, 56 and 57) be noted.

10. NEW SOUTHWARK PLAN: NEW AND AMENDED PREFERRED OPTION POLICIES

It was noted that there was repetition of the same bullet point in paragraph 12 of the report in respect of "borough views". The duplicate bullet point was deleted.

RESOLVED:

1. That the New Southwark Plan: New and Amended Preferred Option Policies (Appendix A) 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.

11. POLICY AMENDMENTS CONSULTATION FOR THE DRAFT OLD KENT ROAD AREA ACTION PLAN

RESOLVED:

1. That the draft Old Kent Road Area Action Plan preferred option policy amendments (Appendix A) and the proposed changes to the adopted policies map (Appendix B) be approved for public consultation.
2. That the updated integrated impact assessment (Appendix C), the consultation report (Appendix D), the consultation plan (Appendix E) and the Habitats Regulations assessment (Appendix F) for the draft Old Kent Road Area Action Plan be noted.

12. WALWORTH TOWN HALL MANDATE REVIEW

RESOLVED:

1. That the revised project mandate (Appendix 1) for Walworth Town Hall as outlined in paragraphs 31-36 of the report to seek expressions of interest from the market for an Arts and Culture D1 use be adopted.
2. That it be noted that accommodation is being investigated for a new Newington Library within the local area.

13. AYLESBURY FIRST DEVELOPMENT SITE COMPULSORY PURCHASE ORDER

RESOLVED:

That the process of taking forward the Compulsory Purchase Order for the Aylesbury Estate First Development Site be noted.

14. APPROPRIATION OF LAND, 1 - 3 ODESSA STREET, ROTHERHITHE

RESOLVED:

That that the land shown hatched on the plan at Appendix A of the report that is currently held for children's and adults services purposes service purposes be confirmed as no longer required for those purposes, and the appropriation of the land to planning purposes in accordance with section 122(1) of the Local Government Act 1972 to facilitate the carrying out of the development proposals for the area in accordance with section 226 of the Town and Country Planning Act 1990 be approved.

15. SECTION 77 CHANGE IN USE OF SCHOOL PLAYING FIELD LAND - APPROVAL TO OBTAIN SECRETARY OF STATE CONSENT

RESOLVED:

1. That the progression of Section 77 applications (disposal or change in use of school playing fields land) and applications under Schedule 1 of the Academies Act 2010 (restriction on disposal and appropriation) to the Secretary of State for Education as set out in the red line plans attached as Appendix A be approved for:
 - (i) Angel Oak Academy site (Burcher Gale Grove, SE15 6FL),
 - (ii) Beormund Primary School & Southwark Inclusive Learning Service (SILS4 Pupil Referral Unit) site (Crosby Row, London SE1 3PS), and
 - (iii) Cherry Gardens Primary School site (Macks Road, SE16 3XU).
2. That, subject to Secretary of State consent, the director of regeneration be authorised to progress all matters relating to the delivery of the schemes.
3. That it be noted that none of the sites were in the Rotherhithe ward. The report highlighted this as an affected ward in error.

16. MOTIONS REFERRED FROM COUNCIL ASSEMBLY

RESOLVED:

Day Centre Services in Southwark

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

1. Council assembly notes:
 - The excellent work which takes place at the Queens Road and Riverside Day Centres, run by the Camden Society, and the life changing importance of these centres for some of Southwark's most severely disabled residents.
 - That, despite having had largest cuts in government funding to any London council, Southwark Council currently spends more per person with a learning disability and their family carers than any other council in England. The council budget agreed last month ensures that the council will continue to spend more per service user than the average for our comparator boroughs.
 - That there are currently considerable pressures on adult social care budgets and the system of personal budgets in Southwark.
 - That the Care Act 2014, passed when Liberal Democrat MP Norman Lamb was Minister for Care and Support, removed discretion from councils to provide personal budgets to people with moderate care needs.
 - That, these pressures notwithstanding, personal budgets cannot be spent on day centres which no longer exist. It is therefore important that the council

works with service providers, service users and their families to ensure that Southwark has services for people with learning disabilities that are sustainable in the long term given these financial pressures.

- That council policy since the 1990s has been to let buildings at market rent levels, unless there are exceptional circumstances. The council will always assess the likelihood that a leasee is able to pay the required rent before agreeing a new lease.
- That the rent-free leases on the Queen's Road and Riverside Day Centres both ended on 31 January 2017, as originally set out in both leases. In both cases, these rent-free arrangements were always time-limited.

2. Council assembly welcomes:

- The borough's continuing commitment to protect the most vulnerable in the borough as much as is possible from the impacts of government cuts.
- The agreement by the property department of a tenancy at will arrangement at Queen's Road Centre to allow for the full assessment of every service user's needs. This arrangement will run until 30 June 2017, but the property department has indicated that some flexibility on this end-date may be possible to ensure that all the Queen's Road assessments are completed.
- A similar tenancy at will agreement will be put in place to allow for assessments of that centre's users that is currently planned to run until 30 November.
- The establishment of a working group involving the council, the Camden Society, Southwark Resource Centre and representatives of both service users and their carers to explore future options to provide day care and develop a hub model of service delivery, as has already been established for mental health service users in the borough.
- That this working group will also consider how to best meet the needs of service users and their carers who fall in the moderate needs category.

3. Council assembly calls on the cabinet to:

- Continue in its commitment to protect the most vulnerable in our community despite the severity of government cuts facing our borough.
- Monitor the work of the working group to ensure that Southwark develops a hub meeting the needs of people with learning disabilities in the borough that is sustainable given the 2014 Care Act and financial pressures.
- Work to ensure that a hub model ensures that people with learning disabilities who have moderate needs still have those needs met.
- Ensure that service users and their carers are kept informed of progress of the work of the working group.

It was noted that the cabinet member for adult care and financial inclusion had met with the group and that matters were progressing well.

17. ACQUISITION OF UP TO 9 SUB-LEASEHOLD PROPERTIES AT THE SIGNAL BUILDING, 89 - 93 NEWINGTON CAUSEWAY, SE1

The report had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent as the council wished to be in a position to enter in an unconditional settlement and to be clear that all necessary approvals had been obtained.

RESOLVED:

That the head of property be authorised to acquire the leasehold interests in Flats 2 - 7 and 9 - 11, 91 Newington Causeway, SE1 (the "Properties") as part of settlement of High Court proceedings reference HC-2016-001745.

EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED:

That the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in category 3 of paragraph 10.4 of the access to information procedure rules of the Southwark Constitution.

The following is a summary of the decisions taken in the closed part of the meeting.

18. MINUTES

The minutes of the closed section of the meeting held on 9 May 2017 were approved as a correct record and signed by the chair.

19. ACQUISITION OF UP TO 9 SUB-LEASEHOLD PROPERTIES AT THE SIGNAL BUILDING, 89-93 NEWINGTON CAUSEWAY, SE1

The cabinet considered the closed information relating to this item. Please see item 17 for the decision.

The meeting ended at 5.30pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 28 JUNE 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: 18 July 2017	Meeting Name: Cabinet
Report title:		Air Quality Strategy and Action Plan (2017 – 2022)	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Ian Wingfield, Environment and the Public Realm	

FOREWORD - COUNCILLOR IAN WINGFIELD – CABINET MEMBER FOR ENVIRONMENT AND THE PUBLIC REALM

The impact of poor air quality on human health is significant and beyond doubt. We are fully committed to doing all we can to encourage our services, local businesses and residents to consider air quality in the choices they make and everything they do. Local air quality is a public health priority for Southwark and we already have performance indicators regarding improving air quality listed in the current council plan.

I am very pleased to endorse to you Southwark’s revised and improved Air Quality Strategy and Action Plan 2017 – 2022. Our last Air Quality Action Plan, which covered the period for 2012 – 2017, and the many successful air quality improvement projects Southwark has initiated over and above that, has helped to improve local air quality, but we need to do more. This revised Air Quality Action Plan for 2017 – 2022 lists the minimum actions that Southwark will undertake under the new London Local Air Quality Management Framework that was announced by the GLA in 2016. It gives 113 clear actions and anticipated targets for actions we know will be deliverable. We anticipate that in the fast moving arena of air quality new research, new technology, new ideas, new partnerships and new funding opportunities will present themselves and we will consider how these can be applied for the benefit of Southwark residents as they come forward. We will also be working to ensure other relevant policies and strategies such as the Kerbside Strategy, Transport Plan and Local Plan, along with other documents, consider local air quality and act in consort to reduce pollution and improve health across the borough.

Southwark fully support the Mayor of London’s aims for the improvement of air quality and we will be annually reporting to the Mayor on our progress with regard to the actions listed within this action plan and on any other extra actions we take.

RECOMMENDATION

1. That the Air Quality Strategy and Action Plan attached at Appendix A be agreed.

BACKGROUND INFORMATION

2. The Environment Act 1995 requires the UK Government to produce a national air quality strategy containing pollutant objectives for improving ambient air quality. The first national strategy was published in 1997.
3. The government is obliged to achieve the requirements of European air quality directives. To do this the national strategy was revised in 2007, again in 2010 and is

currently being revised again. The recent strategy proposed by Defra in 2016 has been repeatedly challenged in the courts and is currently subject to a Four Committees joint inquiry. The government's current 2010 strategy set health-based short and medium term objectives for eight air pollutants. The UK national strategies have identified actions at local, national and international level to improve air quality.

4. The Environment Act 1995 Part IV requires local authorities to undertake Local Air Quality Management (LAQM). Southwark completed the initial review and assessment stages of LAQM in March 2000. The review concluded that the air quality objectives for Particulates (PM) and Nitrogen Dioxide (NO₂) would not be met by the respective compliance dates of 2004 for particulates and 2005 and 2010 for NO₂. Southwark formally declared an AQMA in January 2003. The extent of the AQMA can be found on page 4 of Appendix B.
5. As a consequence of declaring an AQMA, Southwark was required to produce an Air Quality Strategy and Action Plan. The council's current priorities are set out in the Southwark Air Quality Strategy and Action Plan 2012–17. These include actions to reduce NO₂, small particulate matter (PM₁₀) and fine particulate matter (PM_{2.5}).
6. Defra recognised that London faced particular challenges meeting the air quality objectives and in May 2016 agreed that London Boroughs should refer to the GLA air quality management policy and technical guidance, the London Local Air Quality Management Framework (LLAQMF). LLAQMF reflects that the Mayor of London has broad reserve powers of intervention under Section 85 of the Environment Act 1995. The London framework is designed to tackle the serious public health problem caused by poor air quality in London, to reduce the formal reporting burden on local authorities and to change the emphasis from monitoring and reporting to that of effective action to reduce pollutant levels.
7. All local authorities in England must have regard to the relevant air quality advice and guidance when discharging their functions under Part IV of the Environment Act 1995. To fulfil this requirement under LLAQMF Southwark is required to:
 - Continue to monitor and assess atmospheric NO₂ and PM₁₀
 - Follow the LLAQMF policy and technical guidance
 - Ensure that an AQMA is declared to cover any locations exceeding the air quality objective limit values
 - Complete an Annual Status Report (ASR) and an Annual Status Summary Report (ASSR), its public-facing summary
 - Ensure that a current Air Quality Strategy and Action Plan is in place for any declared AQMA
 - Assess the GLA Air Quality Focus Areas, declared in 2016, within the borough
 - Have clear and approved governance arrangements for air quality management in Southwark.
8. The current AQS and AP expires this year and is due to be revised. The authority is legally obliged to have regard to the revised air quality guidance for London boroughs and ensure that the AQS and AP remains relevant, therefore, the authority has simplified the air quality strategy and revised the action plan, removing obsolete and achieved actions and including new actions.
9. The AQS and AP was consulted with internal service areas whilst being drafted. The Draft AQS and AP was then presented to the Health and Wellbeing Board before for undergoing both public and statutory consultation. The results of the public and

statutory consultation are available at Appendix C. The draft was revised considering the consultation responses and then re-consulted with internal services to ensure deliverability. The final proposed AQS and AP can be viewed at Appendix A.

10. The AQS and AP 2017 – 2022, once approved by cabinet, will replace the current Air Quality Strategy and Action Plan 2012 – 2017.

KEY ISSUES FOR CONSIDERATION

Progress on air quality to date

11. As can be seen in Appendix B pages 7 to 10, NO₂ is trending slowly downwards in Southwark and across London. However, more needs to be done as measured and modelled levels remain well over the objective limit value, particularly in central London and at roadside on highly trafficked roads.
12. PM₁₀ is trending slowly downwards in Southwark and across London and is generally well below the European objective limit value of 25µ/m³. The very occasional breach of the limit values are due to city wide pollution events, usually due to polluted air moving into South East England from Northern Europe and occasionally North Africa.
13. For PM_{2.5} the current UK objective is a 15% reduction in urban background annual mean concentrations between 2010 and 2020. The responsibility for delivering this currently lies with the Secretary of State for the Environment and the trend data would suggest that this objective is on course to be met.
14. The Southwark Air Quality Strategy and Action Plan 2012 – 2017 contributed some improvement in local and city wide London air quality. The revised action plan is designed to go much further and is in line with the Mayor of London's change of emphasis from monitoring and individual air quality improvement projects to harnessing and embedding best practice in atmospheric pollution reduction in the activities of regional and local government, business and commerce and the actions of individuals and households.

Air Quality Strategy and Action Plan

15. The AQS and AP outlines the strategy and the aims and objectives to improve air quality in Southwark.
16. The main aims of the Air Quality Strategy are:
 - To comply with legislation
 - To comply with the GLA London Local Air Quality Management Framework
 - To support GLA air quality objectives
 - To support local public health objectives, of which local air quality is one.
17. The action plan is split into the following sections:
 - Management of air quality in Southwark
 - Reduction of emissions from buildings (both public and private)
 - Public health and awareness
 - Reduction of emissions from road traffic
 - Reduction of carbon emissions
 - Regulation and enforcement

- Supporting the Mayor of London's air quality objectives, and
 - Supporting public health framework objectives.
18. Each of the sections has a number of aims, objectives, actions and targets that will work towards improving local air quality. Each action has been considered with regard to the pollutant it will influence.
19. Key air quality improvement actions include:
- Reducing emissions from the council's estate and fleet
 - Discouraging the use of polluting vehicles
 - Encouraging cycling and walking, and
 - Reducing the exposure of young children to poor air quality.
20. The AQS and AP is appended at Appendix A. Further technical information is provided in the Appendices to the strategy and action plan at Appendix B.
21. The Authority has a legal duty to consult on the Air Quality Strategy and Action Plan before it is finalised.

Consultation process

22. There were three main groups of consultees during the development of the Air Quality Strategy and Action Plan these were:
- Internal services – who will deliver the actions
 - Statutory consultees – required by legislation
 - The public – due to significant public interest in local air quality.

Internal service areas

23. The draft consultation version of the current document had internal consultation from the action plan delivery service areas as it was being developed. The service areas were consulted again on the post-consultation final draft and all their comments and queries regarding content addressed. This included the following teams:
- Environmental protection
 - Environment and social regeneration service development
 - Communications
 - Public health
 - Transport policy
 - Sustainable travel and road safety
 - Procurement
 - Facilities management
 - Fleet services
 - Housing major projects
 - Development management
 - Planning policy
 - Noise and nuisance
 - Joint enforcement.

Statutory consultees

24. It is a legal duty under Environment Act 1995 and the London Local Air Quality Management Framework to consult specific parties and agencies during the development of any air quality strategies and action plans. The following parties were contacted directly by email:
- The Secretary of State/Defra – to ensure that the council's air quality strategy will dovetail with the national air quality strategy
 - The Environment Agency – as they are also involved in emissions control and regulating polluting processes
 - The Mayor of London – they must approve the London Local Authorities Air Quality Action Plans prior to publication
 - Transport for London – who provide a joint response with the Mayor of London
 - All neighbouring boroughs – To ensure any actions proposed by one authority do not compromise but compliment actions proposed by the other
 - Other public authorities as the borough considers appropriate – the Health and Well-being Board, the Clinical Commissioning Group and organisations representing local business interests were consulted – the local BIDs consulted included Better Bankside, Team London Bridge, We Are Waterloo, The Blue and South Bank. We also consulted Southwark Commerce.

The public

25. Using the Southwark Council Consultation Hub, supported by Facebook posts and items on the council's Twitter feed to raise awareness, the public were asked to give us their comments on the Draft Air Quality Strategy and Action Plan. This consultation ran from the 15 December 2016 – 31 January 2017.

The results of the consultation - Overview

Organisation/Agency/Group	Response
Defra	No
Mayor of London /GLA	Yes
Environment Agency	Yes
TfL	No
Lambeth, Croydon, Lewisham, Tower Hamlets, City of London, Bromley	No
Better Bankside	Yes
Team London Bridge	Yes
The Blue	No
We are Waterloo	No
South Bank BID	No

Organisation/Agency/Group	Response
Southwark Commerce	No
Clinical Commissioning Group	Yes
Health & Wellbeing Board	Yes
Public consultation	Yes – 34 responses

26. Over 110 comments were received from the consultation exercises set out above and the Draft AQS and AP was amended to incorporate many of the comments received. Once this work was complete, the final draft strategy and action plan was again shared with internal services to ensure the changes to the action plan were deliverable.
27. Full details of the consultation and responses can be found in Appendix C.

Policy implications

28. Improving air quality in Southwark is the responsibility of several service areas within the Council, therefore, the AQS and AP contains measures, the implementation of which falls beyond the remit of the environment and leisure department.
29. The AQS and AP will meet the legal responsibilities of the council with regard to air quality management.
30. The AQS and AP contribute to and compliment the council's carbon reduction and sustainability objectives.
31. The AQS and AP contributes to and compliments the council's public health framework objectives.

Community impact statement

32. All members of the community within Southwark's AQMA are affected by poor air quality. A report by the Environment Agency found that areas of the worst exposure to poor air quality generally correlated with areas of deprivation. There are a number of localities within Southwark that fall within the Government's definition of being an area of deprivation. (Source - Official National Statistics)
33. In London there is a complex link between air quality and inequality. In general, more deprived areas are likely to experience higher levels of pollution but there is considerable local variation. The link between inequality and poor air quality is stronger in outer London than in inner London as in inner London there are high levels of atmospheric pollution across the board affecting affluent and deprived communities alike.
34. Fine particles (PM_{2.5}) have the greatest impact on health as they reach the bloodstream via the lungs. Young children, those with compromised health and the elderly are the most susceptible to the negative health impacts of atmospheric pollution.

Resource implications

35. There are no additional resource or funding implications introduced by this report as the implementation of the AQS and AP will be achieved within existing council resources. The improvement of air quality in Southwark will be achieved through taking the actions in the Air Quality Action Plan, the Local Transport Plan, the Local Development Framework Plan, the Sustainability Strategy and various other Southwark strategies and policies that are already in place with their associated budgets and funding streams.
36. Services will pursue all external funding opportunities, making bids to fund action plan objectives for air quality improvement projects where no relevant budget can be identified.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

37. The Air Quality Strategy for England, Scotland, Wales and Northern Ireland sets out a way forward for work and planning on air quality issues; sets the air quality standards and objectives to be achieved; introduced a policy framework for tackling fine particles; and identified potential new national policy measures which modelling indicated could give further health benefits.
38. Under Part IV of the Environment Act 1995 local authorities are required to review and assess the current and likely future air quality in their areas. Where local authorities consider that any air quality standards or objectives are not being achieved, or are not likely to be achieved within the relevant period, they must declare an air quality management area (AQMA) covering the area where the problem is expected. These local authorities must then take action, along with other agencies and organisations, to work towards meeting the air quality objectives in the AQMA.
39. At present, there are 644 air quality management areas in England. There are some local authorities with several AQMA's for multiple pollutants. The majority have been declared due to levels of Nitrogen Dioxide (NO₂) and/or Particles (PM₁₀ and PM_{2.5}).
40. Under the London Local Air Quality Management Framework (LLAQMF) boroughs are required to:
 - Manage and improve air quality at a local level
 - Annually review and assess air quality in their area
 - Declare air quality management areas in locations where air quality objectives will not be met and produce action plans setting out how they will work towards meeting the air quality objectives in those declared areas; and
 - Consult the Mayor of London on air quality issues.
41. The Mayor of London is legally required to review all air quality reports produced by London boroughs. The Mayor considers the quality of the work and has powers of direction to boroughs when work or reports are not completed satisfactorily to ensure that there is a consistent approach across London.
42. The Mayor also requires boroughs to incorporate relevant points from the Mayor's Air Quality Strategy for London into their action plans.

Strategic Director of Finance and Governance (FC17/054)

43. This report is requesting cabinet to agree the Air Quality Strategy and Action Plan attached at Appendix A. Full details are provided within the main body of the report.
44. The strategic director of finance and governance notes that there are no direct financial implications arising from this report and officer time to implement this decision need to be contained within existing departmental revenue budgets.
45. Any other costs connected with this report to be contained within existing departmental revenue budgets.

Director of Public Health

46. The director of public health welcomes and fully endorses the Air Quality Strategy and Action Plan.
47. Very poor air quality can exacerbate existing health conditions for example common respiratory conditions such as asthma and chronic obstructive pulmonary disease. There is emerging evidence that it may also affect other conditions such as heart disease and very high blood pressure. As highlighted in the strategy, action plan and associated annexes, the air quality in Southwark is poorer in some parts of the borough and along the main arterial roads. The Director of Public Health strongly supports the measures taken in the strategy and the action plan to improve air quality. They include supporting active travel, promoting cleaner transport, reducing emissions from non-transport sources and improving timely information such as air quality alerts to affected populations, in particular to people with pre-existing respiratory conditions and others who are especially susceptible to air pollutants.
48. The key roles identified in the strategy and action plan to provide public health advice and public health support in implementing the strategy are also welcomed. To effectively tackle the poor air quality in the borough will require a multi-faceted approach across the council, with other partners such as TfL and the NHS, schools, local businesses, local communities and others. The strong partnership approach that is being advocated is strongly supported.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Air Quality Strategies for England, Scotland, Wales and Northern Ireland (Defra)	Environment and Social Regeneration Regulatory Services 3 rd Floor Hub 1 P. O. Box 64259 London SE1P 5LX	Mrs. Kirty Read 020 7525 5748
Link: (copy and paste links into browser) https://www.gov.uk/government/publications/the-air-quality-strategy-for-england-scotland-wales-and-northern-ireland-volume-1 and http://webarchive.nationalarchives.gov.uk/20130123162956/http://www.defra.gov.uk/publications/files/pb12670-air-quality-strategy-vol2-070712.pdf		

Background Papers	Held At	Contact
Southwark Air Quality Management Area Order 2003	As above	Mrs. Kirty Read 020 7525 5748
Link: http://www.southwark.gov.uk/air-quality/how-we-re-improving-air-quality		
London Local Air Quality Management Framework Policy and Technical Guidance (GLA) Policy	As above	Mrs. Kirty Read 020 7525 5748
Link (please copy and paste into your browser): https://www.london.gov.uk/sites/default/files/llaqm_policy_guidance_llaqm.pg_16.pdf		
Technical Guidance	As above	Mrs. Kirty Read 020 7525 5748
Link (please copy and paste into your browser): https://www.london.gov.uk/sites/default/files/llaqm_technical_guidance_llaqm.tg_16.pdf		
Southwark Air Quality Strategy and Action Plan 2012 – 2017	As above	Mrs. Kirty Read 020 7525 5748
Link (please copy and paste into your browser): https://www.southwark.gov.uk/assets/attach/1003/AQIS_29_May_12.pdf		

APPENDICES

No.	Title
Appendices A – C circulated separately	
Appendix A	Air Quality Strategy and Action Plan 2017 – 2022
Appendix B	Appendices to Air Quality Strategy and Action Plan
Appendix C	Consultation responses

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Environment and the Public Realm	
Lead Officer	David Littleton, Head of Regulatory Services	
Report Authors	Sarah Newman, Environmental Protection Team Leader	
Version	Final	
Dated	6 July 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
Director of Public Health	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		6 July 2017

Item No. 9.	Classification: Open	Date: 18 July 2017	Meeting Name: Cabinet
Report title:		Ofsted Inspection Report March 2017	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Children and Schools	

FOREWORD – COUNCILLOR VICTORIA MILLS, CHILDREN AND SCHOOLS

Southwark Council's services for children and families are good. These services are absolutely vital for our most vulnerable young people and their families are ones that the council and partners have strived to protect and improve in the face of growing demand and reducing budgets. We should be rightly proud that our recent Ofsted inspection recognises the monumental efforts of our social workers, foster carers, adopters, and all of those who work tirelessly for the protection, and the futures of the borough's children and young people.

Ofsted was particularly impressed with the council's adoption services which they found to be "outstanding" with well-trained social workers credited for supporting and preparing children for adoption, while prospective adopters benefit from high-quality training and post-adoption support. Ofsted also particularly commended the council's strong work helping young people who face particular difficulties, such as those at the risk of female genital mutilation, honour-based violence, child sexual exploitation, involvement with gangs and knife crime or homelessness.

The council's work with looked after children and care leavers still requires improvement. However, I am confident that the work to improve these services continues at pace and a clear and effective action plan will return to cabinet in September.

We all have a part to play in being ambitious for children and this report makes clear the commitment and leadership in Southwark to ensure every child is protected from harm and every young person is set on the path to achievement, fulfilment and happiness.

RECOMMENDATIONS

1. That the Cabinet notes the report of Her Majesty's Inspectorate, Ofsted, of its inspection of services for children in need of help and protection, children looked after and care leavers.
2. That Cabinet requests the post inspection action plan returns to cabinet in September prior to its submission to Ofsted.

BACKGROUND INFORMATION

3. This inspection took place between 6 and 30 March 2017. It was published on 13 June 2017. The last such inspection took place around 5 years ago in May 2012.
4. Her Majesty's Inspectorate conducted this inspection under section 136 of the Education and Inspections Act 2006. They focused on the effectiveness of local authority services and arrangements to help and protect children, the experiences

and progress of children looked after, including adoption, fostering, the use of residential care, and children who return home. They also focused on the arrangements for permanence for children who are looked after and the experiences and progress of care leavers. The leadership, management and governance judgement addresses the effectiveness of leaders and managers and the impact they have on the lives of children and young people and the quality of professional practice locally.

5. The inspection was announced at short notice on Monday 5 March 2017, the following day a team of inspectors arrived in Southwark and commenced the inspection over the following 4 weeks. The final day the inspectors were in Southwark was Thursday 30 March 2017.
6. Within 70 working days of the publication date of the Inspection Report (13 June 2017), the Council is required to submit copies of its post inspection action plan to the Secretary of State and Her Majesty's Chief Inspector (The Education and Inspections Act 2006 (Inspection of Local Authorities) Regulations 2007). The last date for submission of this will be 20 September 2017.

KEY ISSUES FOR CONSIDERATION

7. The council achieved an **overall effectiveness** judgement of good. This is a cumulative judgement derived from key judgements set out below.

Children's services in Southwark are good	
Children who need help and protection	Good
Children looked after and achieving permanence	Requires improvement
2.1 Adoption performance	Outstanding
2.2 Experiences and progress of care leavers	Requires improvement
Leadership, management and governance	Good

8. Of the 136 local authorities who have been inspected results published thus far under this inspection framework, Southwark is in the top 30% who have received an overall judgement of good or outstanding. Southwark is in the top 7% for outstanding Adoption Services alongside 8 others.
9. Of particular note the inspection found when children need protecting, responses are quick. It found that Southwark is very good at helping young people who face particular difficulties, such as the risk of female genital mutilation, honour based violence and involvement with gangs and knife crime. It found that private fostering arrangements are highly effective and that work with children at risk of child sexual exploitation is reducing levels of risk for many children. The inspection praised sensitive community engagement with at-risk communities and social workers addressing cultural sensitivities carefully, while remaining risk and child focused.
10. The inspection report also made clear the strong culture of ensuring children and young people are at the heart of all services. Inspectors said that young people consistently told them that they feel valued and respected at regular forums, which

encourage them to put forward their ideas. They described this ingrained participation as “a real strength in the local authority” and noted “political leadership in the local authority demonstrates ambition for vulnerable children”. It noted the development of innovative services, informed by children’s participation and involvement and makes clear the strength of the engagement across health, schools, the voluntary sector and all the many agencies that work in partnership to keep children safe in Southwark.

11. The post inspection action plan is currently being developed. It builds on the council’s comprehensive understanding of the complex needs of the community that the inspection recognised, and the plans already in place to address areas of practice not consistently strong. The inspection recognised managers and local politicians are very determined to continue to improve services. It is anticipated a draft version of the post inspection action plan will be available in July with a final version agreed in early September 2017.
12. The services for children who need help and protection are good and need continuing support and development to remain so. Plans are continuing to develop to:
 - strengthen our approach to long term neglect through continuing to strengthen and develop our practice model informed by a more in depth study of young children who remain on child protection plans over a year.
 - work with partner agencies to improve referral information through building on the successful improvements in the Multi-Agency Safeguarding Hub (MASH) over the last 8 months.
 - ensure strategy meetings involve all relevant agencies through better use of technology for example conference calls, to ensure wider participation, as well as greater use of partners in the MASH.
13. The services for children in care and care leavers require particular attention over the next 12 to 24 months to improve. Plans are continuing to develop to:
 - improve the quality of return home interviews to reduce recurrence of missing episodes, through ceasing of the current model of contracted arrangements and development of a more fit for purpose in house service.
 - strengthen the management oversight of social workers, through consolidation of management to a permanent workforce, learning from effective arrangements in other services including the introduction of a Support and Challenge, based on an effective approach in Safeguarding and Family Support Services.
 - ensure the sufficiency strategy and effective commissioning provides a better supply of high quality placements through renewing the sufficiency strategy particularly around provision of accommodation for young people of 16 years and older, work that is familiar to Corporate Parenting Committee.
 - ensure Care Plans are more effectively considering how needs are met within placements through strengthening the approach to making initial placements, rolling out the secure base model through the Care Service, as well as move to

a more stable and better quality workforce to enable more focus on practice to consider how the needs of children are being met.

- ensure that children looked after achieve more timely permanence decisions for long term foster care through building on the success of practice and processes that developed this so successfully in adoption.
14. More work is needed to develop plans around equality of service provision for out of borough placements, as some of these services are not directly in the control or influence of the council, especially when young people move into such places in crisis.
 15. Plans to improve services to care leavers are being actively developed through the partnership with Catch 22 about which the Corporate Parenting Committee is familiar in general, and will be subject to more detailed reporting to the Committee.
 16. The performance of the adoption service is outstanding. This is a credit to many across the Children's Services, from Assessment and Intervention, Safeguarding and Family Support Services, as well as Fostering and Children in Care Services. Health and Education Services have also made a tremendous contribution to this well deserved recognition of outstanding performance.

Community impact statement

17. This inspection shows that the council is effectively safeguarding children and young people in the community. Overall the impact of this on the community must be judged as good. The inspection recognised that arrangements for those that go missing are effective. It recognised that work with those at risk of child sexual exploitation is effective, reducing risk for many. It recognised that engagement with young women and girls at risk of exposure to female genital mutilation is very strong. It commended the work of the Pause Project, aimed at some of the most vulnerable women within our community.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
Appendix 1	London Borough of Southwark Inspection of services for children in need of help and protection, children looked after and care leavers (circulated separately)

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Children and Schools	
Lead Officer	Alasdair Smith, Director, Children and Families	
Report Author	Alasdair Smith, Director, Children and Families	
Version	Final	
Dated	7 July 2017	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team	7 July 2017	

Item No. 10.	Classification: Open	Date: 18 July 2017	Meeting Name: Cabinet
Report title:		Council Plan Annual Performance Report 2016-17	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

In 2014 we set out our plan to deliver a fairer future for all in Southwark, this was our vision to transform the borough and make Southwark a place that everyone can be proud to call home and a great place to work and do business. This plan built on the foundations that we had laid in the previous four years and today has helped make Southwark a borough which is ambitious and confident about its future.

This year we have continued to deliver for local people in Southwark. At the heart of this is our commitment to getting the basics right – collecting your rubbish, supporting and protecting children, maintaining your parks, and keeping your libraries open. This report tells you how we are doing this, keeping recycling rates high while others in London are in decline. Opening new libraries while others are closing them, and proudly enjoying more award winning green flag parks than almost any other borough in the country. Our children’s services have just been rated ‘good’ by Ofsted which is achieved by just 1 in 4 local authorities.

We have done all of this despite Government cuts which have hit Southwark particularly hard. But we have not let limits on our budget limit our ambition. Our ambition means we are now the only borough in the country to make swimming and gyms free for all our residents and so far more than 65,000 people have signed up. Our ambitious targets for jobs and apprenticeships means that over 1,750 local people have been helped into work and we’re on track to deliver 2,000 apprenticeships by 2018 – already one in five local council apprenticeships in the capital come from Southwark. Our ambition also means a record number of people are receiving free NHS health checks so we can catch health problems earlier.

By using money wisely, and treating every penny as if it were from our own pocket we have led the way in transforming the borough while at the same time protecting the services that matter most. I am proud of all that we have achieved so far together and determined that we will keep delivering a fairer future for all in Southwark.

RECOMMENDATIONS

That cabinet:

1. Notes the council’s performance over 2016-17 against the Council Plan 2014-2018.

BACKGROUND INFORMATION

2. In February 2015 council assembly approved the Council Plan 2014-18. This set out how the council sought to realise its Fairer Future for All vision. Ten fairer future

promises and a set of themed commitments were also agreed. In 2016 the Council Plan was refreshed, recognising that the context in which the organisation operates in had changed since the adoption of the original plan, and that the council had made huge strides in delivering key commitments. The refreshed Council Plan was approved by council assembly in November 2016.

3. The refreshed Council Plan 2014-18 maintained the principles and promises of the original Council Plan. In addition it introduced a new “Fit for the Future” theme and new commitments.
4. The Council Plan identifies a number of principles that underpin the Fairer Future for all vision and guides the promises and commitments that were agreed through the plan. These are:
 - Promise 1 - Value for money: We will continue to keep Council Tax low by delivering value for money across all our high quality services
 - Promise 2 - Free swimming and gyms: We will make it easier to be healthier with free swimming and gyms for all residents and will double the number of NHS health checks.
 - Promise 3 – Quality affordable homes: We will improve housing standards and build more homes of every kind, including 11,000 new council homes with 1,500 built by 2018. We will make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.
 - Promise 4 - More and better schools: We will meet the demand for primary and secondary school places and drive up standards across our schools so at least 70 per cent of students at every secondary get at least five good GCSEs.
 - Promise 5 - Nurseries and childcare: We will help parents to balance work and family life including investment in our children’s centres to deliver more quality affordable childcare and open two new community nurseries.
 - Promise 6 - A greener borough: We will protect our environment by diverting more than 95 per cent of waste away from landfill, doubling the estates receiving green energy and invest in our parks and open spaces.
 - Promise 7 - Safer communities: We will make Southwark safer with increased CCTV, more estate security doors and a Women’s Safety Charter. We will have zero tolerance on noisy neighbours.
 - Promise 8 - Education, employment and training: We will guarantee education, employment or training for every school leaver, support 5,000 more local people into jobs and create 2,000 new apprenticeships.
 - Promise 9 - Revitalised neighbourhoods: We will revitalise our neighbourhoods to make them places in which we can all be proud to live and work, transforming Elephant and Castle, the Aylesbury and starting regeneration of the Old Kent Road.
 - Promise 10 - Age friendly borough: We want you to get the best out of Southwark whatever your age so we will become an age friendly borough

including the delivery of an Ethical Care Charter and an older people's centre of excellence.

5. A Council Plan annual performance report 2015-16 was presented to cabinet in July 2016 that noted progress made through the second year of the Council Plan. During 2016-17 the council has monitored performance against the ten promises and the commitments in the Council Plan, with performance data reviewed on a quarterly basis.

KEY ISSUES FOR CONSIDERATION

6. This annual performance report summarises the third year of delivery against the Council Plan. In line with the Fairer Future principle of being open, honest and accountable, this report and the full cabinet portfolio performance schedules will be available on the council's website.
7. Progress against the Fairer Future promises is on track and some promises have been met entirely, or in part as summarised below:
 - Promise 1 - Value for money: Staying true to our budget principles, our Policy and Resources Strategy, approved by Cabinet in February 2017, outlines how our programme of modernisation and innovation will enable £18.9m of savings from efficiency and improved use of resources over the coming year.
 - Promise 2 - Free swimming and gyms: Free gym and swim fully launched in summer 2016; over 65,000 residents are registered on the programme across all Southwark leisure centres. More than 26,000 Southwark residents aged 40-74 have opted for a free NHS Health Check since 2014.
 - Promise 3 – Quality affordable homes: Between 2011 and 2016-17, 291 council homes were completed as part of the new council homes programme. The Warm, Dry and Safe programme invested over £62m in improving existing housing stock in 2016-17, leading to the installation of new kitchens and/or bathrooms in 1,130 council homes. Over 93 per cent of homes were classed as "Decent" at March 2017.
 - Promise 4 - More and better schools: In 2016-17, every child was offered a primary school place (where applications were made on time). There are also 315 more permanent primary places in the north of the borough compared to 2015-16, including 105 new reception places. A new secondary school opened in the September 2016, and plans were also approved for another new secondary school in the borough. 63.7 per cent of Southwark students achieved five GCSEs at A* to C including English and Maths, placing Southwark in the top quartile for GCSE results nationally.
 - Promise 5 - Nurseries and childcare: Over 100 of the 115 early years providers (not including childminders) in the borough are rated good or outstanding by Ofsted. 72 per cent of children in Southwark received a free nursery place in 2016-17.
 - Promise 6 - A greener borough: 97 per cent of waste was diverted from landfill in 2016-17 and 60 targeted operations to tackle littering and dog fouling in the borough took pace in the same period. 25 of our parks achieved Green Flag

status, placing Southwark second amongst London local authorities with the most Green Flags and third nationally.

- Promise 7 - Safer communities: Southwark's award winning CCTV team have helped to improve the safety of public spaces – this year over 15 per cent of crimes detected on CCTV led to an arrest. 151 premises have signed the Women's Safety Charter since it launched, with construction companies now participating too. Following a recent inspection of our services for children and families, Ofsted rated the service as good, and praised services that keep children safe from harm.
 - Promise 8 - Education, employment and training: Since 2014 over 4,000 residents have gone into employment as a result of council support programmes, and over 1,100 new apprenticeships have been created. The proportion of Southwark young people not in employment education or training (NEET) was 1.3 per cent in March 2017; the sixth lowest NEET rate in London. Our £5m investment in the Passmore Centre will help more people into higher apprenticeships, in partnership with London South Bank University.
 - Promise 9 - Revitalised neighbourhoods: Our programme of work to revitalise neighbourhoods is on track as regeneration continues to transform the Elephant. The redesign of Camberwell Green was completed in 2016 and improvements to Peckham Rye are set for completion in 2017-18. Funding has been secured to transform Ledbury Garages in the Old Kent Road into a business and community hub; shop front improvement works are also underway in the area.
 - Promise 10 - Age friendly borough: As one of the first councils to receive accreditation as an Age Friendly Borough from the World Health Organisation, we have set out our long term vision for an age friendly Southwark, and are taking steps to ensure age friendliness is embedded across our services.
8. The full cabinet member performance schedules, which outline our progress in detail against the objectives in the Council Plan 2014-18, will be published on the council's website (see background papers).

Community impact statement

9. The purpose of this report is for cabinet to note delivery against the Council Plan 2014-18. No specific equality analysis has been undertaken on this report as there are no impacts arising from the report itself.
10. Future decisions made on the basis of the performance highlighted in this report may require further equality analysis to be undertaken and more detailed consideration of the impact on local people and communities as appropriate.

Financial implications

11. There are no immediate resource implications arising from this report. Any additional funding required will be subject to financial appraisal and reported through the council's budget setting process.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

12. In the past local authorities had been subject to various duties relating to the monitoring of performance. This regime has now largely been abolished, firstly by the Local Government and Public Involvement in Health Act 2007 and subsequently the Localism Act 2011.
13. However, a local authority is still under a general duty of best value to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. The Council Plan is one of the ways the council can demonstrate that it is achieving this requirement.
14. As paragraphs 9 and 10 of the report state, no specific equality analysis has been undertaken for this report as there are no anticipated impacts on the community arising from the report itself. However, cabinet is reminded that the council, in the exercise of all its functions, must have due regard (section 149 Equality Act 2010) to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) to advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. Further equalities analysis may be need to be undertaken in relation to any subsequent work or proposals that arise from the ongoing implementation of the Council Plan.

Strategic Director of Finance and Governance

15. The report is requesting the cabinet to note the council’s performance over 2016-17 against the Council Plan 2014-2018.
16. The strategic director of finance and governance notes that there are no immediate financial implications arising from this report and any additional funding implications arising in the future will be subject to separate reports for formal approval.
17. It is noted that staffing and any other costs connected with this recommendation will be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet portfolio performance schedules Q4 2015-16	160 Tooley Street PO Box 64529 London SE1P 5LX	Matthew Little 0207 525 0388 Matthew.little@southwark.gov.uk
Link: http://www.southwark.gov.uk/downloads/200293/a_fairer_future		
Fairer Future Annual Performance Report 2015-16	160 Tooley Street PO Box 64529 London SE1P 5LX	Matthew Little 0207 525 0388 Matthew.little@southwark.gov.uk
Link: http://modern.gov.southwark.gov.uk/ielIssueDetails.aspx?Iid=50010111&Opt=3		
Council Plan 2014/15-2017/18 (Refreshed version)	160 Tooley Street PO Box 64529 London SE1P 5LX	Matthew Little 0207 525 0388 Matthew.little@southwark.gov.uk
Link (please copy into your browser): http://www.2.southwark.gov.uk/download/downloads/id/14290/council_plan_2014-18_2016_refresh		

APPENDICES

No.	Title
Appendix 1	Council Plan Annual Performance Report 2016 -17

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Nazmin Yeahia, Senior Strategy Officer	
Version	Final	
Dated	6 July 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		6 July 2017

Council Plan 2014-18

Annual Performance Report

Our progress in 2016/17

Foreword

In 2014 we set out our plan to deliver a fairer future for all in Southwark, this was our vision to transform the borough and make Southwark a place that everyone can be proud to call home and a great place to work and do business. This plan built on the foundations that we had laid in the previous four years and today has helped make Southwark a borough which is ambitious and confident about its future.

This year we have continued to deliver for local people in Southwark. At the heart of this is our commitment to getting the basics right – collecting your rubbish, supporting and protecting children, maintaining your parks, and keeping your libraries open. This report tells you how we are doing this, keeping recycling rates high while others in London are in decline. Opening new libraries while others are closing them, and proudly enjoying more award winning green flag parks than almost any other borough in the country. Our children's services have just been rated 'good' by Ofsted which is achieved by just 1 in 4 local authorities.

We have done all of this despite Government cuts which have hit Southwark particularly hard. But we have not let limits on our budget limit our ambition. Our ambition means we are now the only borough in the country to make swimming and gyms free for all our residents and so far more than 65,000 people have signed up. Our ambitious targets for jobs and apprenticeships means that over 1,750 local people have been helped into work and we're on track to deliver 2,000 apprenticeships by 2018 – already one in five local council apprenticeships in the capital come from Southwark. Our ambition also means a record number of people are receiving free NHS health checks so we can catch health problems earlier.

By using money wisely, and treating every penny as if it were from our own pocket we have led the way in transforming the borough while at the same time protecting the services that matter most. I am proud of all that we have achieved so far together and determined that we will keep delivering a fairer future for all in Southwark.

Councillor Peter John OBE
Leader of Southwark
Council

July 2017



Quality affordable homes

Good quality affordable homes are essential to maintaining strong communities and making this a borough which all residents are proud to call home.

In 2016 we set out a range of commitments to improve the number of homes in the borough and ensure quality housing is available across Southwark.

We said that we would:

- Build more homes of every kind.
- Invest in our existing housing stock, including delivering a quality kitchen and bathroom for every council tenant.
- Build at least 1,500 new council homes by 2018, and 11,000 by 2043.
- Keep council rents low.
- Set up a homeowner agency.
- Improve repair services.
- Manage homelessness and temporary accommodation effectively, leading to better outcomes for residents.
- Support hoarders through multi agency working.
- Refresh the Southwark Housing Strategy.
- Introduce licensing in the private rented sector and further crack down on rogue landlords.
- Have a lettings policy that means that 50 per cent of all new council homes go to tenants from that area, with the rest going to other Southwark residents.

How we've performed in 2016-17

129 new council homes were built in 2016-17 which brings the total number of completions since 2011 to 291, with more in the pipeline and due for completion at the time of publishing this report.

Through our Warm, Dry and Safe programme we have invested over £62m in improving our existing housing stock in 2016-17, leading to the installation of new kitchens and/or bathrooms in 1,130 council homes in this year alone. Our investments have led to over 93% of homes being classed as "Decent" at March 2017, in excess of our target of 90%.

MySouthwark Homeowner Agency successfully launched in the autumn, offering a range of services such as a dedicated telephone service for homeowners and a new face to face service at The Blue. We are now monitoring the impact the Agency is having on leaseholder satisfaction levels and will adapt the service accordingly.

In 2016-17, 84 per cent of residents surveyed said they were satisfied with our housing repair services; our repairs team and contractors continue to develop a service that builds on this success.

Our award winning Housing Solutions service launched last summer to help manage homelessness and the use of temporary accommodation. The new service coupled with DCLG "Trailblazer" funding will see us proactively tackle the root cause of homelessness, and help prevent people from becoming homeless in the first place.

By taking a multi-agency approach to supporting hoarders we have worked with 41 residents to manage the factors that can lead to hoarding and helping them to clear their premises.

This year 2,500 applications have been received for our private rented sector licensing scheme. Despite significant challenges and ongoing uncertainty in national policy we have continued to deliver key pledges from our housing strategy.

Since 2014 we have effectively maintained a lettings policy that means that 50 per cent of all new council homes go to tenants in bands 1-3 from the local area, with the rest going to other Southwark residents on the housing allocations list.

Best start in life

We believe in giving all our young people the best start in life. We want them to be in a safe, stable and healthy environment where they have the opportunity to develop, make choices and feel in control of their lives and future.

In 2016 our commitments established a number of ways that we would support children, young people and their families to achieve their full potential.

We said that we would:

- Invest more in 'early support' for families.
- Invest in the borough's children's centres.
- Deliver more quality affordable childcare places.
- Guarantee a local primary place for every child.
- Ensure that 70 percent of students at every secondary get at least five good GCSEs.
- Open new secondary schools to meet demand including on the Dulwich Hospital site in East Dulwich.
- Help more people to foster and adopt by paying their council tax for them.
- Protect children and young people from harm by tackling child sexual exploitation, domestic violence, neglect, female genital mutilation and violent crime.
- Work with and support parents to secure the best possible outcomes in life, for them, their children, and their family.
- Ensure a top quality children's playground in every local area.
- Increase library access with a free library card to every secondary school child.

How we've performed in 2016-17

As part of our ongoing investment in early years services, we've developed a local quality assurance scheme to assess the quality of children's centres, and enable improvements where needed. Over 100 of our 115 early years providers (not including childminders) are rated good or outstanding by Ofsted and 72 per cent of children in Southwark have received a free nursery place this year.

All on-time applications for a primary school place in 2015-16 were offered a place within 2 miles of the child's home. There are also 315 more permanent primary places in the north of the borough than a year ago, including 105 new reception places.

In 2016, 63.7% of Southwark students achieved five GCSEs at A*-C including English and maths, placing Southwark in the top quartile for GCSE results nationally. We've also welcomed new schools to the borough in 2016 as the Charter School East Dulwich opened its doors over the summer, and plans for a new school on Southwark Bridge Road have been approved.

We're working hard to make sure children in our care can be supported by foster carers who live in Southwark; our publicity campaign, along with our policy to pay council tax for local foster carers aims to encourage more residents to take up this valuable and fulfilling role.

As part of our ongoing work to protect children from harm, we've launched a multi-agency programme of training and awareness-raising for professionals, with six sessions delivered in the last quarter of 2016-17 alone. Following their recent inspection, Ofsted rated our services for vulnerable children as "good", with particular praise for our focus on child sexual exploitation and female genital mutilation.

All parents can access the Southwark Information and Advice Service, a free and impartial service that also supports parents through a programme of training. We've worked with families to make sure young people eligible for an education, health and care plan have a plan with provision to meet their needs.

In 2016-17, cabinet approved funding to deliver new play areas in Burgess Park, Leyton Square and Southwark Park. The council is now working with the local community to help shape the designs for each play area. Playground facilities in Camberwell Green and Nelson Square were completed in 2016-17. Work is already in progress on a new play area in Peckham Rye and on the redevelopment of Mint Street Adventure Playground, with the new Pavilion and Playground due to reopen in late 2017.

In line with our commitment to increase library access, every child starting secondary school this year received a free library card as part of the schools admissions process. We want children and young people to make the most of what's on offer in Southwark, and in our Activities for Children and Young People (agreed in December 2016), we set out our approach to help young people take part in a range of activities and opportunities that nurture skills and help them flourish.

Strong local economy

When our economy is strong, then all our residents benefit. It brings more opportunities for people in Southwark to find work, get into training and achieve their aspirations.

The commitments we established in 2016 sought to improve the economic wellbeing of residents, support town centres, and help businesses thrive.

We said that we would:

- Invest in our relationships with businesses through the Southwark Business Forum.
- Support our business improvement districts.
- Encourage our partners to sign up to the diversity standard, our shared commitment to a fairer and more inclusive borough.
- Invest in more affordable business space, street markets and encourage pop-up shops to help start-up businesses.
- Enhance and expand affordable studio and performance space.
- Increase access for all to our rich cultural offer.
- Double the number of Southwark Scholarships and award scholarships to local young people from low income backgrounds to study art foundation.
- Guarantee education, employment or training for every school leaver.
- Support a high quality FE and skills offer in the borough.
- Make sure young people are ready for work.
- Make sure local residents benefit from new jobs and apprenticeships.
- Support 5,000 local people into jobs.
- Create 2,000 new apprenticeships.
- Encourage young people to save by depositing £20 into every credit union account opened for an 11 year old.
- Stop the spread of pawnbrokers, betting shops, gambling machines and pay day lenders.



How we've performed in 2016-17

Our Council Plan commitment to support 5,000 local people into jobs and create 2,000 new apprenticeships is at the heart of our refreshed Economic Wellbeing Strategy. Council funded projects helped 1,750 Southwark residents into jobs this year and over 4,000 people have been supported into employment since 2014; over 1,100 apprenticeship opportunities have been created in the same period.

As an employer, we're doing our part to make sure everyone starting their career with us has a great future ahead of them, and this year we were one of only three local authorities nationally to make the Centrica Top 100 Apprenticeship Employer List.

Our Construction Skills Centre launched in September 2016 and has already supported or trained over 300 residents. The Centre is working with a range of partners to help residents access the many construction jobs on offer in Southwark.

The proportion of Southwark young people not in employment education or training (NEET) was 1.3 per cent in March 2017; the sixth lowest NEET rate in London. During the course of the year the NEET rate in Southwark fell by 35 per cent, compared to an average fall of 12 per cent across the capital.

We've also made sure that our school leavers are prepared for work, embracing the future possibilities of living and working in Southwark. Over 1,700 pupils completed work experience in 2016-17, and 1,400 pupils attended the apprenticeship summer road show, while a further 128 young people took part in our Young Entrepreneurs Project to learn about the skills needed to succeed in enterprise and business.

2016-17 saw the second year of the innovative, ground breaking Stage Business programme with the Old Vic Theatre in which students from local schools have the opportunity to gain experience of working in a theatre, build public speaking skills and personal skills to equip them for the world of work. Since 2015, 1,771 Southwark students have benefited from the programme.

The further education landscape has seen much change over 2016-17, as government carried out reviews of further education (FE) provision across the country. Throughout this period we've championed options that ensure a high quality local FE offer, which meets the needs of our residents and delivers for our employers. We've also invested £5m in the Passmore Centre, as part of an ambitious and exciting partnership with LSBU to help 1,000 residents into higher apprenticeships.

Since 2014, 36 Southwark residents have been awarded a Southwark Scholarship, and plans are underway to offer financial support to students embarking on art foundation courses.

We want our young people to learn good financial habits and that's why we've pledged to deposit £20 into every credit union account opened for an 11 year old in Southwark; this year 430 young people took up this offer, and we're working closely with families, young people and schools to make sure even more people are aware of the scheme.

The High Street Challenge invested over £67,000 in projects to help improve town centres in creative and innovative ways in 2016-17, and we've delivered 143 new affordable work spaces for small businesses. Our funding helped Hotel Elephant open affordable studio space in Spare Street in 2016-17, and we've ensured that arts organisations have access to affordable accommodation by developing meanwhile use in spaces like the old library in Wells Way.

We continue to support our town centres by using Article 4 Direction legal powers to make it harder for pawnbrokers, betting shops and pay day lenders to open on our high streets.

Our refreshed Cultural Strategy, agreed in March 2017, places culture and creative industries at the heart of our priorities, shaping the context and delivering a range of programmes that support our long term ambition of Southwark being the first choice for people to live, work, study and visit.

The Southwark Business Forum meets regularly and has expanded to include more local partners including Vodafone. We continue to support Southwark based BIDS, helping them to establish a network that brings together all five BIDs operating in the borough.

This year 56 organisations have signed up to our diversity standard and we are exploring ways to embed the standard into our Contracts Register.

Healthy active lives

For people to lead healthy lives, we need to tackle the root causes of ill health and reduce the inequalities that limit the lives of too many in our society. We will work across the council and with partners to reduce health inequalities and improve people's lives.

Through the commitments we made in 2016 we hope to enable more people to make healthy choices and support our partners to offer the best possible care to our residents.

We said that we would:

- Develop a cross-council plan for age-friendliness in Southwark.
- Enhance the vital work of the voluntary and community sector.
- Encourage all Southwark residents to make use of free gym and swim.
- Encourage residents, businesses and visitors within Southwark to walk and cycle in the borough on safer routes.
- Deliver a safer cycling network.
- Extend bike hire across the borough.
- Work to improve air quality in the borough, including supporting the Mayor's plan to tackle air pollution by extending the Ultra-Low Emission Zone to the south circular road.
- Bring up to ten more parks to green flag standard.
- Deliver 'play streets', where some streets are closed to traffic during school holidays.
- Implement the Southwark ethical care charter, with better paid carers and an end to zero hours contracts.
- Diversify nursing home provision and improve homecare standards, making sure our staff are only ever judged by the quality of care they provide to our older and more vulnerable residents.
- Double the number of free NHS health checks to catch problems like heart disease and diabetes early.
- Reduce the numbers of people contracting HIV and other sexually transmitted infections.
- Further reduce teenage conceptions.



- Take new approaches to tackling obesity.
- Reduce smoking in the borough.
- Support vulnerable residents.

How we've performed in 2016-17

Our free swim and gym offer fully launched in summer 2016, offering Southwark residents and council employees a free and easy way to stay healthy and active. We now have over 65,000 residents registered on the programme across all Southwark leisure centres.

Building on our previous success, this year 25 of our parks achieved Green Flag status, placing Southwark second amongst London local authorities with the most Green Flags and third nationally. We're committed to helping young people play and enjoy the outdoors, whether in our parks or on our streets, and this year we supported 30 play street events - encouraging more children to play outdoors during school holidays.

We continue to work with TfL and other partners to extend the bike hire scheme into more parts of Southwark and plan to improve air quality on our roads through our new Air Quality Strategy and Action Plan.

The Voluntary and Community Sector Strategy was developed in 2016-17, in partnership with the NHS Southwark Clinical Commissioning Group (CCG) and Communities Southwark. Consultation with over 200 people from the council, NHS CCG and voluntary and community sector helped shape the strategy which will lead to more co-ordinated services.

Implementation of the Ethical Care Charter has resulted in all providers we work with offering a guaranteed hours contract to the 600 carers they collectively employ.

80 per cent of home care services that work with council-supported clients meet all essential care standards set by regulators, 86 per cent of long-term service users are satisfied with the care and support they receive, with almost 60 per cent saying they are very or extremely satisfied.

Having become one of the first councils to receive accreditation as an Age Friendly Borough from the World Health Organisation, we've set out our long term vision for an age friendly Southwark. We're working hard to make sure the principles of age friendliness are embedded in our services, and are helping our partners do the same.

More than 26,000 Southwark residents aged 40-74 have opted for a free NHS Health Check since 2014. Other health services, such as our sexual health services, have seen 87 percent of first time users take a HIV test, thereby improving the chances for early detection of HIV.

51 Southwark Schools have now achieved at least Bronze status in the Healthy Schools Awards, with 15 also achieving Silver and one school achieving Gold; a further 36 schools have registered for the award. 36 Southwark businesses have also signed up for the Healthy Work Place Charter this year.

71 per cent of retailers that experienced a test purchase for under age sales were compliant with the law. Where illegal activity was taking place, 32 enforcement operations were carried out.

Cleaner greener safer

We want people to feel safe in our borough, to walk down clean streets and to know that their borough is leading the way when it comes to things that matter like recycling and reducing landfill waste.

Our commitments aim to prevent and mitigate the effects of crime and anti-social behaviour, and improve the environment and street scene.

We said that we would:

- Improve the quality of neighbourhoods.
- Maintain clean streets.
- Continue estate deep cleans.
- Encourage people to keep Southwark clean, and use our enforcement powers where people litter or don't clean up after their dogs.
- Increase recycling rates.
- Divert more than 95 per cent of waste away from landfill.
- Have zero tolerance on noisy neighbours.
- Increase CCTV coverage.
- Deliver the Women's Safety Charter.
- Deliver the Domestic Abuse Strategy.
- Support the Mayor's commitment for dedicated police officers in every ward.
- Campaign for Seeley Drive police base in the south of the borough.
- Double the number of estates receiving green energy from the South East London Combined Heat and Power.
- Use our regulator powers to minimise the impact of the Super Sewer tunnelling on local residents and schools.
- Double capital investment into roads.
- Invest in our libraries, including Nunhead and Kingswood House, and keep all libraries open.

How we've performed in 2016-17

We regularly inspect street cleanliness, and throughout 2016-17 cleanliness levels have remained above our targets. We've also used our enforcement powers to carry out 60 targeted operations to tackle littering and dog fouling across the borough.

Our estate deep clean programme completed on schedule; on average 75 per cent of residents were satisfied with their neighbourhoods as a place to live, and 73 per cent were satisfied with street cleanliness.

Recycling rates have remained high with almost 97 per cent of waste being diverted away from landfill. We continue to work with partners to increase the number of estates receiving green energy from the South East London Combined Heat and Power.

We're taking a joined up approach to addressing complex cases of noise nuisance, by bringing together services that tackle noise, antisocial behaviour and environmental protection.

We continue to use CCTV to improve the safety of public spaces, this year over 15 per cent of all crimes viewed on CCTV resulted in an arrest, and our CCTV team received numerous awards at the Met Police CCTV Awards.

151 premises have signed up to the Women's Safety Strategy since it launched, with construction companies now participating too. In line with our Domestic Abuse Strategy we trained 21 domestic abuse champions this year. We continue to support the Mayor's commitment for dedicated police officers in every ward, and maintain the need for a Seeley Drive police base.

To minimise the impact of Super Sewer tunnelling on local residents we've put in place a 24 hour response procedure for all complaints, and have ensured that all sites associated with the sewer are compliant with the Control of Pollution Act.

£6.5m has been invested into Southwark roads this year, making sure vital infrastructure in our borough is safe for all users.

We have continued to keep all our libraries open and are planning to open a new Grove Vale Library as part of a wider housing and development scheme. Nunhead Library also reopened this year following refurbishment works and we're improving Kingswood House too. We know our communities value libraries and are delighted that the huge success of the new Camberwell Library has been recognised by winning the national Bookseller Library of the Year Award 2017.

Revitalised neighbourhoods

We are a borough with a proud heritage and a great future. It's a future filled with potential, with some of the most exciting and ambitious regeneration programmes in the country being delivered right on our doorstep.

Our commitments intend to improve places and spaces, and harness Southwark's vibrancy.

We said that we would:

- Refresh the way we involve residents in decision making.
- Revitalise our neighbourhoods to make them places where we can all be proud to live and work.
- Transform the Aylesbury Estate with new homes, a library, health centre and employment opportunities.
- Transform the Elephant and Castle with a new leisure centre, affordable homes and a shopping centre.
- Revitalise Camberwell, with a new library, homes and upgraded parks and public realm.
- Improve Peckham Town Centre, through improvements to Peckham Rye Station, cultural events and a new academy of theatre arts.
- Deliver an improved playground in Peckham Rye Park.
- Create a vibrant, mixed use town centre in Canada Water.
- Make London Bridge, Bankside and Blackfriars central London's best place to work and visit.
- Transform the Old Kent Road with new homes, businesses, community facilities, and plans for an extended Bakerloo Line.
- Secure the long term future of Greendale and Dulwich Hamlet Football Club.
- Deliver a free cash point in Nunhead.
- Improve connectivity across the borough and make it easier for people get around.
- Deliver a strategic approach to planning and development.
- Bring superfast broadband to Rotherhithe.



How we've performed in 2016-17

As part of our programme of works to refresh the way we involve residents in decision making, we will conduct an independent review into our current involvement approach and identify what we can improve. We'll also be asking residents what works well and what could be further done to help them participate in local decisions.

During the year we made changes to community councils to make them less formal, more inclusive and engaging, and to give more time for residents to have their say on the things that matter most to them. These changes responded to what residents and councillors told us about wanting more time for discussion on local issues in a less formal setting.

Our programme of work to revitalise neighbourhoods is progressing well, and developments on the Aylesbury Estate are moving forward. Works in Elephant and Castle have continued at pace in 2016-17, with the completion of the Spare Street Business Hub, launch of the Construction Skills Centre, and completion of Elephant Square.

The summer of 2016 saw many milestones for Camberwell, including the completion of Theatre Peckham and Artichoke pocket spaces, and the redesign of Camberwell Green. Nearby Peckham has also seen works begin on Peckham Levels, enabling new space for the creative and arts sector. Works for the relocation of Mount View Academy to Peckham have also begun, as the Academy plans to open to students in September 2018. Improvements to Peckham Rye Park are on track for completion in 2017-18.

The redevelopment of River Walkways, St Olavs Square and Albion Primary School in Canada Water are on track and good progress has been made across sites in London Bridge, Bankside and Blackfriars, leading to the

completion of Blackfriars Boulevard and opening of the Tate Modern Extension to name a few. Funding has been secured to transform Ledbury Garages in the Old Kent Road into a business and community hub; shop front improvement works are also underway in the area. We've also delivered our commitment to open a free cash point in Nunhead.

We're committed to securing the long term future of Greendale and Dulwich Hamlet Football and are working with developers and government to arrive at a decision that works for Southwark residents.

Recently completed infrastructure improvements, including Quietway 1, will broaden the cycling network in Southwark; our Kerbside Strategy will also help people of all abilities take advantage of walking routes in the borough. We've consulted on the second part of the New Southwark Plan, and are planning for further consultation on a set of interim sites and policies.

We continue to work with broadband suppliers to improve connectivity in Rotherhithe and other parts of Southwark.

Fit for the future

We are a dynamic borough at the heart of London. Ambitious and confident, we want the very best outcomes for our residents. This means leaving no one behind in a fast changing world.

Our commitments will ensure our organisation is fit for the future, equipped with responsive, digitally enabled services that adapt well to change and strive to meet the needs of our residents.

We said that we would:

- Develop the culture, skills, processes and management capability to support a productive, motivated and high performing workforce.
- Provide a bright, modern, flexible work environment for all staff that supports mobility, productivity and collaboration across departments.
- Become a leading digital borough, transforming how we serve and enhancing the lives of people in our community so that no one is left behind.
- Deliver a customer experience where services can be accessed at a time convenient to residents and businesses.
- Deliver a modern, responsive, website which can be accessed by residents through a range of devices.
- Deliver modern, reliable, secure, cost effective technology that supports the digital strategy and enables service transformation across the council.
- Manage council finances and ensure financial sustainability, while delivering value for money through performance and efficiencies.
- Take a zero tolerance approach to fraud, ensuring the fair use of council resources including council housing.

How we've performed in 2016-17

Our new Workforce Strategy, agreed in November 2016, sets out our plans to support a productive, motivated and high performing workforce. We have already started work to modernise our working processes, developing our leadership and management capacity through ILM qualifications, introducing a refreshed learning and development programme to support a digital approach and further developing our apprentice programme.

In January 2017, Southwark Council was placed on the Top 100 Apprenticeship Employers list 2016 by the National Apprenticeship Service and two of our former apprentices were commended at the Young Local Authority of the Year competition. We also won the Guardian's 2016 Public Sector People Managers' Association Award for the Senior Leadership Campaign of the Year.

Over the coming year our HR and Organisational Transformation Team will undertake a number of projects to realise this ambitious strategy.

We also developed a new Workplace Strategy which will create attractive and inspiring work environments to support new work styles, increase adaptability of space, and increase business performance. The Workplace Strategy, together with our IT and Workforce Strategies will drive our organisation to achieving more modern, customer orientated services.

The new council website launched in 2016, offering a simple and effective way for residents and businesses to find out about our services, and carry out transactions. We also expanded the number of centres involved in our Digital Hubs programme and established a Digital Transformation Network to share best practice across our various digital improvement projects.

To ensure we have the technology in place to support service transformation across the council we plan to work with other London boroughs to develop shared IT services that are cost effective and enable us to make the most of technology.

We've made sure we're able to deliver value for money services and maintain our investment in services that are most important to our residents. We also made a commitment to make sure we protect council resources from fraud, and this year we helped convict 10 individuals who were involved in fraudulent activities and we've recovered 162 illegally sublet properties.

In May 2017 a member of the anti-fraud team won Highly Commended second place in the Keith Hughes Award for Excellence in Financial Investigation. This recognises outstanding contributions within UK financial investigation and law enforcement and is more usually awarded to police officers.

In line with our promise to "keep council tax low", the Southwark element of council tax has remained the eighth lowest level of council tax in London, despite having incurred the largest reduction in government grants.

Item No. 11.	Classification: Open	Date: 18 July 2017	Meeting Name: Cabinet
Report title:		Gateway 0: Strategic Options Assessment for Service Provision of Professional Technical Services	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	

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

The council has set a number of fairer future promises to provide new homes, refurbish its existing housing and regenerate its neighbourhoods. To be able deliver these promises it is essential that designs and construction meet the needs of our residents and provide the solutions and value to the council.

This Gateway 0 details the options available to the council for delivering professional technical services and recommends procuring a framework providing a suite of multi-disciplinary and individual lots for specialists to enable us to manage the demand for these services and to deliver on our commitments.

RECOMMENDATIONS

That cabinet:

1. Approves this Strategic Options Assessment for delivery of professional technical services for the council and notes the next steps set out in the report.
2. Approves publication of a Prior Information Notice (PIN) to inform the market of the council's intention to procure.
3. Approves the issuing of leaseholder notice of intentions, prior to the Gateway 1 report approval.

BACKGROUND INFORMATION

4. Professional technical services typically comprise the following:
 - Architects
 - Building surveying
 - Contract administration/ employers agent
 - Quantity surveying
 - Mechanical and electrical engineering
 - Structural engineering
 - Project management; and
 - Planning.
5. The council has a substantial demand for all of these services across a number of different departments – the key ones being:

Department	Approximate Annual Spend
Housing and Modernisation Asset management	£24m
Chief Executive's Department Regeneration	£25m
Total Annual Spend:	£48m

6. The council currently has no central framework/method to procure any of these professional technical services; instead the two departments procure these services in the following way:

Asset management

7. Asset Management currently has two contracts for professional technical services in place which are due to expire on 31 October 2017.

Regeneration

8. Regeneration currently have no formal contracts specifically for their department for professional technical services; but instead engage consultants on a demand led basis using suppliers from either the council's approved list of contractors or external frameworks such as SCAPE and PAGABO.

Other departments

9. A number of other council departments such as corporate facilities management (CFM) and Environment and Social Regeneration require these professional technical services to a lesser extent.

KEY ISSUES FOR CONSIDERATION

Future service requirements and outcomes

10. Asset management and regeneration both have a number of key deliverables to be actioned over the next 10 years.
11. Asset management team are responsible for delivering 11,000 new council homes by 2043, with 1,500 by 2018.
12. The 'Southwark Housing Strategy to 2043' is a complex programme encompassing the following:
- New build housing stock.
 - Refurbishment of existing housing stock, and
 - Build on top and extensions to existing housing stock.
13. There is a wide range of statutory regulations that must be met when providing professional technical services to ensure the council is compliant with current legislation. This requires specialist knowledge in each of the professional technical services disciplines.
14. It is important to note that each department has differing needs:

Asset management

- needs to have the flexibility of direct award and mini-competitions to meet the requirements of leasehold consultation and project timescales; and
- prefer to have the flexibility of a 'one stop shop' or multi – disciplined professional technical service in order to get the best solution for each project.

Regeneration

- are currently able to go out to mini-competition for each project but would like the flexibility of direct award particularly where timescales are tight for projects; and
- are more project based and have more specific needs for specialist services in line with the individual projects' requirements.

CFM

- need consultants on a limited basis and would like the flexibility of a 'one stop shop' or multi – disciplined professional technical services in order to get the best solution for each project.
15. Consultation between the asset management, CFM and regeneration teams have been undertaken to assess the future requirements for professional technical services and to ensure that all services can be met which has led to a co-ordinated single procurement approach being considered to capture these requirements.
16. The following list of services are required:
- a. Architects:
 - Multi-disciplined (inclusive of b to g below).
 - Specialists in housing, regeneration, social care and education.
 - b. Contract administration/employers agent
 - c. Structural engineers
 - d. Mechanical and electrical engineers
 - e. Surveys:
 - Ground surveys
 - Topographical surveys
 - Site investigation
 - f. Planning consultation
 - g. Quantity surveying and cost consultants.
17. Due to the specialist nature of the work undertaken by some departments, consultants from each of the services above will also need to have specialist knowledge and expertise in individual disciplines and sectors such as housing, regeneration, social care and education.

Strategic service delivery options assessment

18. Detailed below are the main options available to the council when looking to provide professional technical services.

a) Do nothing

19. This is not an option as the council would not be able to deliver on its commitments in the 'Southwark Housing Strategy to 2043' strategic report as is detailed in paragraphs 10 and 13 above.

b) In-source

- i) The council could create its own in-house professional technical services team.
20. Fluctuations in programmes do not provide a stable demand that warrants recruiting a permanent team. Previously teams were in place but this did not provide the flexibility to meet changing demands.
21. An in-house team as a fixed staff resource would not provide the level of responsiveness able to deal with programme adjustments to meet budgets.
22. It accords with industry norms to draw in external professional technical services as required to provide the most cost efficient approach to delivery.
23. The council would also face significant human resources supply constraints in attracting the right skill sets and recruiting the required number of competent staff. The current market suggests that the council would find it challenging to recruit a balanced and suitably qualified in-house team.
24. The council may potentially also face significant cost risks arising from redundancies/ TUPE should the capital programme be reduced or terminated prematurely, which would need to be factored into overall programme costs.
25. Estimated costs for in-sourcing professional technical services range between 11.5% – 14.5% of the works package value. This would equate to an approximate cost up to £50.8m per annum based on a potential £350m annual works packages for the whole council.

c) External procurement

- i) Use existing external frameworks
26. There are a number of generic frameworks that provide professional technical services which have been and could be used by the council. These include frameworks such as SCAPE and PAGABO.
27. The advantages using an EU compliant framework is that it offers:
- shorter timescales than running a full EU compliant tender
 - depending which framework you use you have the option of conducting a direct award (which has even shorter timescales) or of running a mini-competition to appoint a supplier.

28. However, the disadvantages of using an externally procured EU compliant framework are that:
- It is typically tendered on a very generic specification and therefore does not address all the service demands required by the council
 - There is usually an additional cost/charge incurred by the council in order to access the framework and manage the mini competitions
 - The frameworks are usually won by similar suppliers which limit competition and reduce opportunities to local SME's.
29. Estimated costs for using external frameworks typically range between 10% – 12% of the works package value. This would equate to an approximate cost up to £42m per annum based on a potential £350m annual works packages for the whole council.
- ii) Award individual contracts for each service/lot
30. This would not provide the flexibility and specialisms for the service demands and would inevitably require any successful suppliers to sub-contract some elements. This lack of a direct relationship with the sub-contractors is likely to limit flexibility for the council and may result in lower performance levels in specific areas.
31. This approach is also likely to limit the number of potential suppliers to large multi-disciplinary organisations and/or those that can facilitate a significant supply chain, therefore limiting the opportunity of small medium enterprises (SME).
32. Estimated costs for individual contract awards usually range between 9% – 12% of the works package value. This would equate to an approximate cost up to £42m per annum based on a potential £350m works packages per annum for the council as a whole.
- iii) Procure a framework providing a suite of multi-disciplinary and individual lots for specialists
33. By developing its own framework the council can scope out its own requirements and be as generic or as specific as it desires and enable it to award contracts in line with each departments individual requirements i.e. it could have an option of direct award or mini-competition for all or some lots. For example, the council could award the top scoring suppliers in each lot to allow direct award to reduce project timescales but reserve the right to carry out mini-competition should it be envisaged that further savings can be obtained or if the top scoring supplier(s) have reached a financial threshold limit for a particular timescale to prevent overstretching its resources.
34. This would enable the council to achieve the required level of flexibility and responsiveness to suit each departments needs and enable the project manager to obtain best value by assembling a “fit for purpose” professional technical services team.
35. This option would suit new build, refurbishment and bespoke projects where a supplier can address clearly defined objectives, and the contract manager/project manager is able to work through a single point of contact.

36. By awarding works according to smaller lots, SME's would have an increased opportunity to participate and the council could derive better value for money through increased competition.
37. Estimated costs for a multi-disciplinary and individual suite framework typically range between 8% – 10.5% of the works package value. This would equate to an approximate cost of £36.8m per annum based on a potential £350m works packages per annum for the council as a whole.

d) Shared services

38. Internally the various council departments have been consulted to understand all of the service requirements for a shared service delivery so that the council can go to the market.
39. Due to the value and size of the council's requirements it would not be viable to combine services with other organisations as this would add difficulties in contract management.
40. No costs can be calculated for a shared option with other organisations.

External procurement advice

41. Due to the specialism involved in this market, legal assistance is required to support the council in managing the procurement process. The council has had initial discussions with external legal advisors (using the LBLA framework) who have experience in this market and type of procurement. This support is subject to a separate GW2 report.

Market engagement

42. Market engagement is a process which takes place prior to procurement and which aims to:
 - Identify potential bidders.
 - Build capacity in the market to meet the requirement(s).
 - Inform the design of the procurement and contract.
43. This will require the council to publish a prior information notice (PIN) to enable potential suppliers to express an interest.
44. Currently there are significant numbers of large, medium and small suppliers which can provide the various service disciplines.
45. The main players within the multi-disciplinary architect market are Atkins Ltd, Mace Ltd and NPS Consultancy Ltd.
46. The market has OJEU compliant frameworks in place such as PAGABO which enables clients to access professional technical services when there is a demand.

Voluntary sector/not for profit

47. There is a small not for profit sector providing professional technical services however this is unlikely to be able to deal with the volume and range of services that

the council requires. Any external procurement route will allow not for profit suppliers to tender alongside commercial suppliers.

Decommissioning services

48. Asset management needs to de-mobilise its two current contracts. Projects will continue to be awarded to the incumbents up until contract award for the new procurement. Any projects awarded to the incumbents will expire when the individual projects are completed.
49. As regeneration does not need to decommission any services as they do not have any set contracts with consultants for these services.

Policy implications

50. This report relates to the delivery of council targets contained in the 'Southwark Housing Strategy to 2043'.

Recommended strategic delivery option

51. This report recommends procuring a framework containing a suite of multi-disciplinary and individual lots for specialists using a competitive procedure with negotiation (CPN) as detailed in paragraphs 33 to 37.
52. This allows the council to have greater flexibility when assessing the requirements for each project such as technical specialism demand, timescales and consultation.
53. This option will establish a framework containing a number of specialists and one stop shop organisations whilst meeting the requirements of EU procurement law and CSO's.
54. The framework will also provide opportunities to local SMEs.
55. This report recommends that the cabinet approve the publication of a PIN to inform the market of the council's intention to procure.
56. Due to the potential size and complexity of the recommended option, the PIN will inform the market and set out timescales for the procurement programme.
57. This report recommends that the cabinet approve the issuing of leaseholder notice of intentions (NOI), prior to the Gateway 1 report approval. The council has a legal duty to consult with leaseholders on future long term agreements and to accommodate this and negotiations with potential suppliers NOI's will need to be issued prior to the GW1.

Identified risks for the service and recommended strategic option

58. List of risks, including any assumptions made in the strategic options assessment:

No	Risk	Description and mitigation
1.	Delays to procurement programme - Procurement programme is delayed resulting in a period where contracted services are not available and thus the	The programme will be planned to ensure that the appropriate resources are deployed to meet target dates to obtain timely decisions so that the tender can be published on Contracts Finder and OJEU.

No	Risk	Description and mitigation
	construction programme is delayed.	Robust tender documents will be developed to reduce the likelihood of subsequent revisions and clarifications that cause delays. The evaluation of tenders will be properly resourced and executed, and completed on time.
2.	Insufficiently robust specification - Poor specification results in contracted services not being fit-for-purpose to meet the council's requirements, or including services that may be more efficiently procured via one-off quotations.	Effective stakeholder engagement to identify needs and the analysis of services and their value to define the scope and specification of services. The project manager will hold workshops with internal stakeholders to ensure that all requirements are identified.
3.	Poor Response - A poor response resulting in few suppliers presenting submissions undermines the procurement and limits the council's choice of suppliers.	A Prior Information Notice (PIN) will be published to alert the market to the impending publication of the OJEU notice. Open days for bidders will be held to inform potential suppliers and promote the procurement to the market, particularly SME's.

Key/non-key decisions

59. This report deals with a key decision.

Next steps

60. Workshops will be held with stakeholders to ensure that the scope and specifications are fully captured ready for the future procurement.
61. A Gateway 3 report will be presented to extend the existing professional technical services contracts to align with the commencement of this procurement.
62. Once this market engagement is complete and outcomes known, this will inform the gateway 1 (procurement strategy approval).

Service Delivery Project Plan (Key Decisions)

Activity	Complete by:
Enter Gateway 0 decision on the Forward Plan	30/05/2017
DCRB Review Gateway 0	26/06/2017
CCRB Review Gateway 0	29/06/2017
Notification of forthcoming decision - IDM	03/07/2017
Approval of Gateway 0: Strategic Options Assessment	06/07/2017
Scrutiny Call-in period and notification of implementation of Gateway 0 decision	19/07/2017
Current contract end date	31/10/2017

Community impact statement

- 63. Professional technical services will support the council's commitment to providing quality affordable housing.
- 64. Professional technical services will be of a medium impact to tenants, homeowners and other stakeholders as these services will provide design, specification and management of the council's housing stock.

Social Value considerations

- 65. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing any procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. Social value considerations and how the delivery of these services can benefit the local area are detailed below:

Economic considerations

- 66. Economic considerations are to be built into the options appraisal process for the market engagement exercise and will be reported in the GW1 report.

Social considerations

- 67. Social considerations are to be built into the options appraisal process for the market engagement exercise and will be reported in the GW1 report.

Environmental/Sustainability considerations

- 68. Environmental aspects and sustainability considerations are to be built into the options appraisal process for the market engagement exercise and will be reported in the GW1 report.

Plans for the monitoring and management of project

- 69. The market engagement exercise will be overseen by an external legal advisor to ensure this complies with legal requirements and meets best practice.

Resource implications

- 70. Resource implications will be built into the GW1 report.

TUPE/Pensions implications

- 71. Whichever, of the various service delivery options set out in this report is chosen will have a bearing on the application of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). A change in the provider of the existing services is likely to amount to a Service Provision Change under the TUPE, though whether or not TUPE will apply will depend on the option pursued and the circumstances at the time of the change in service provision. TUPE will be considered further at the Gateway 1 stage.

Financial implications

72. There are no financial implications arising directly from this report. All financial implications will be identified in the procurement strategy and contract awards report.
73. The strategic service delivery options assessment set out in paragraphs 33 to 37 of this report suggests that this option would provide best value for money based on the indicative fee ranges.
74. The indicative fees from this preferred option would range from £28m - £36.8m per annum based on an estimated £350m annual works contract.
75. The anticipated fees of the professional technical services would be met from the Housing Investment Capital programme.
76. The following table provides an approximate annual spend for professional technical services for capital funded projects undertaken by asset management and regeneration. These values include a 10% contingency amount in case there is a requirement to bring projects forward.

Department	Approximate Annual Spend
Housing and Modernisation Asset management	£24m
Chief Executive's Department Regeneration	£25m
Total Annual Spend:	£48m

* Will be determined at GW1 stage subject to the extent Regeneration will use the framework.

Investment implications

77. These contracts directly enable the capital works described in the "Southwark housing strategy to 2043".

Legal implications

78. Please see the concurrent from the Director of Law and Democracy.

Consultation

79. Consultation has been held across the council departments to establish the service requirements.

Other implications or issues

80. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance

81. The strategic director of finance and governance notes the recommendations in this report. The report itself has no direct financial implications. Any costs involved in the future service delivery will be identified in separate reports subject to the council's governance process.

Head of Procurement

82. This report seeks the approval of the cabinet for the strategic options assessment for the delivery of professional technical services for the council, to publish a Prior Information Notice (PIN) to inform the market of the council's intention to procure, to issue leaseholder notice of intentions prior to the Gateway 1 report approval and to note the next steps as further detailed in the body of the report.
83. At this stage the total annual spend is estimated to be £48million and following a review of the strategic options available the report recommends procuring a framework containing a suite of multi-disciplinary and individual lots for specialists using a competitive procedure with negotiation as detailed in paragraphs 35 to 39. However the procurement strategy and value will be confirmed in the Gateway 1 which will be brought for decision in due course.

Director of Law and Democracy

84. This report seeks the approval of the cabinet to the strategic options assessment for the delivery of professional technical services for the council, to publish a Prior Information Notice (PIN) to inform the market of the council's intention to procure, to issue leaseholder notice of intentions prior to the gateway 1 report approval and to note the next steps as further detailed in the body of the report.
85. Under contract standing orders, a pre-procurement/gateway 0 is required for any service contract with an estimated contract value of £10m or more. At this stage, the value of the possible procurement options is unknown, but it is felt appropriate to seek approval of the strategic options regardless of this value.
86. The cabinet will note the intention to undertake market engagement which will inform the procurement strategy, which will be brought for decision in a gateway 1 report in due course.

Director of Exchequer (For Housing contracts only)

87. This is a proposal for the establishment of a long term agreement for Professional Technical Services to support building work across various council departments. Where the service supports work that is carried out to residential blocks, there are statutory consultation requirements on the council as landlord if the costs are to be recovered from leaseholders in those blocks by way of service charges. The regulations with regard to the service charging of the cost of Professional Technical Services under a long term agreement which is over 12 months in duration are identified in the regulations appertaining to the Commonhold and Leasehold Reform Act 2002 under schedules 1 and 2, depending on whether OJEU is applicable to the tender process.

88. For schedules 1 and 2 to apply, the regulations require that an agreement is a Qualifying Long Term Agreement (QLTA) the terms of the Act. A QLTA has been closely defined in case law, and among other things requires that the agreement identifies a specific rate to be applied to a property, and exclusivity of the work in so far as only that rate will apply. Under these circumstances, costs over £100 per annum are recoverable only where leaseholders have been consulted. The consultation requirements are the service of a Notice of Intention (NOI) identifying the scope of the agreement, the need for it, and inviting leaseholders to make a nomination to the tender list if the tender is not through the OJEU process. Following tenders the service of a Notice of Proposal (NOP) identifying the proposed contractor and the rates applicable. There is a 30 day observation period for each Notice.
- It is not open to a landlord to treat a framework of contractors, from which any can be selected for a body of work, as a QLTA. There are no statutory consultation requirements for the establishment of the framework and costs arising directly from it cannot be recovered from leaseholders above the statutory minimum.
 - Where the proposal outlined in paragraphs 33 to 37 refers to the appointment from the framework of a specific supplier to the north and to the south of the borough, this would be a QLTA and would require consultation with all leaseholders who may be charged in the future for these services. Note that where the consultancy costs are dependent on a variable contract sum, as they would be under this proposal, the regulations do not allow for a percentage rate to be identified. The rates must be unit, hourly or daily. Consideration needs to be given to the decision making process on which areas is allocated to which supplier. No further consultation is required on the appointment to a particular package of work.
 - Where the proposal outlined in paragraphs 33 to 37 refers to the appointment of a supplier from the framework under a mini tender for a specific package of work, and that appointment would be for more than 12 months, this would be a QLTA and would require consultation with leaseholders to be charged under that package. Note that where the consultancy tender costs can be estimated by applying the rate against a known or estimated contract sum, a percentage rate can be accommodated within the regulations. Note also that the consultation requirements allow for leaseholders to nominate to the tender list a supplier that is not on the council's framework.
89. This concurrent gives an overview of the consultation regulations as they affect this proposal. The establishment of a framework, and protocols for how it will operate in respect of residential housing stock, should involve the service charge construction team, or external legal advice, with regard to the recovery of charges arising from the agreement in the future. Where the construction and application of this proposed agreement does not fit with the requirements of the regulations, there is the option to apply for dispensation from the First-tier Tribunal, however there are costs and risks associated with this, and any proposed application would need to be considered on its individual merits.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Southwark housing strategy to 2043	Housing and Modernisation Tooley Street	Ferenc Morath 020 7525 1375
Link (please copy into your browser): http://www.southwark.gov.uk/assets/attach/2675/Southwark_Housing_Strategy.pdf		
Housing Strategy to 2043- Equality Analysis	Housing and Modernisation Tooley Street	Ferenc Morath 020 7525 1375
Link (please copy into your browser): http://moderngov.southwark.gov.uk/documents/s51238/Appendix%203%20Equality%20Analysis.pdf		
Gateway 3: Variation to professional technical services contract (2015)	Housing and Modernisation Tooley Street	Ferenc Morath 020 7525 1375
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=5416		
Gateway 3: Variation to professional technical services contract (2014)	Housing and Modernisation Tooley Street	Ferenc Morath 020 7525 1375
Link (please copy into your browser): http://moderngov.southwark.gov.uk/documents/s46183/Signed%20Report.pdf		
Gateway 2: Professional technical services contract (2013)	Housing and Modernisation Tooley Street	Ferenc Morath 020 7525 1375
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=4018		
Gateway 1: Procurement Strategy Approval - Professional Technical Services Contract	Housing and Modernisation Tooley Street	Ferenc Morath 020 7525 1375
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=3278		

APPENDICES

No	Title
None .	

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
Lead Officer	Dave Markham, Director of Asset Management	
Report Author	Gavin Duncumb, Commercial Manager	
Version	Final	
Dated	3 July 2017	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Director of Exchequer (For Housing contracts only)	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		3 July 2017

Item No. 12.	Classification: Open	Date: 18 July 2017	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy: 2017-18 and 2018-19 Updated Financial Remit	
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

This report formerly kicks off our budget planning for 2018-19 which will culminate in setting the budget and council tax next February.

At this stage there are a great many assumptions and uncertainties - but what we can forecast with confidence is that despite rumours that "austerity is over" we still face a further £13.5m cut in settlement and grant funding from government next year!

We must add to this challenge an early estimate of £6m of inflationary and pay pressures on the budget and the fact that we can no longer afford to support the annual budget with a £3.7m contribution from reserves.

More positively we are predicting a £700,000 growth in income due to housing growth, business growth and ever improving council tax and business rate collection rates.

The continuing crisis in Adult Social Care Funding means that we are working on the assumption that we will need to impose the maximum Adult Social Care levy of 3% to raise an additional £2.7m for social care. Potentially we will be able to access a further £3.4m of Improved Better Care Fund money to help fill our budget gap. However, this is subject to the agreement of the CCG and other partners as well as the council, so it is as yet unclear how much of this funding, and indeed the fund for this financial year, will be able to be used to support existing social care services. Decisions on Better Care Fund are due to be taken in the autumn, although it is of real concern that there continues to be new guidance emerging from government almost six months after we set our budget and this is making the future planning of finance to support our residents increasingly difficult in what are already pressurised circumstances.

Taken all together we estimate that the council faces a budget gap somewhere between £16.4m and £19.9m.

With this in mind, and as ever our Fairer Future Budget Principles and Council Plan, we are asking officers to start drawing up proposals for efficiency savings, income generation and service reductions which will allow us to fill this significant financial gap and present a balanced budget for 2018-19.

RECOMMENDATIONS

That cabinet note:

1. The spring government budget announcements including:
 - Adult Social Care (ASC) supplementary funding for the Improved Better Care Fund of £7.471m in 2017-18, reducing to £4.497m in 2018-19 and £2.223m in 2019-20 (paragraph 18)
 - A Business Rate Discretionary Support Fund allocated to local authorities for 2017-18 to 2019-20 (paragraph 27)
 - Increased targeted support for those businesses that lost Small Business Rate Relief entitlement as a result of revaluation 2017 and business rate discount for smaller public houses (paragraph 27)
 - The allocation of ring-fenced Flexible Homelessness Grant of £2.670m in 2017-18 and £3.165m in 2018-19 to be utilised in prevention of homelessness (paragraph 23).
2. That cabinet will receive a report in early autumn regarding the Discretionary Business Rate Relief (paragraph 29).
3. It is proposed that a budget is prepared for 2018-19 on a one year basis, recognising the funding uncertainties of the provisional settlement and the enduring budget pressures within Children's and Adults' Services (paragraph 17).
4. That the indicative resources available for 2018-19 budget (Appendix A) indicate a budget gap of between £16.440m and £19.894m (the extent to which the council can fully utilise the additional £3.454m of Improved Better Care Fund impacts on the size of this gap).
5. That this budget gap would reduce by £1.800m should the council decide to increase council tax by 2%.
6. This indicative budget is prepared on the following national and local factors:

National factors

- Known reduction of £13.594m in government resources from the Settlement Funding Assessment (SFA) and reduction in specific Grant Funding
- Inflation and pay award pressures of £6.000m have been provisionally assumed, subject to further analysis.

Local factors:

- Increase of £3.400m of resources generated through council tax and business rates including the utilisation of powers to raise the council tax precept by 3%
- Retaining a £4.000m contingency within the overall budget to support in year cost pressures
- No utilisation of reserves have been included

- An assumption that the Budget Recovery Board is successful in addressing the underlying cost pressures within Children's, Adults' and Public Health (paragraph 55 to 59).
7. The key areas of risk for Southwark arising from the provisional settlement reported to cabinet are the ability to fully utilise the improved better care fund, lack of certainty for Business Rate Retention, New Homes Bonus, the levels of reserves, budget pressures arising from Children's and Adults', inflation increases and new commitments (paragraph 63).
 8. The budget risks within the Dedicated Schools Grant as set out in paragraph 60.
 9. The revenue and capital outturn position and utilisation of reserves will be reported at the cabinet meeting in July. This will be a key factor to consider when finalising the 2018-19 budget (paragraph 51).
 10. That, a future report will consider the indicative savings and commitments for 2018-19 in order to balance the budget. This will include a review of the original indicative 2018-19 savings reported to cabinet in February 2016, 2016-17 outturn position and the impact of the budget recovery board (paragraph 66).

BACKGROUND AND PURPOSE

11. At the cabinet meeting of 20 September 2016 the Fairer Future Medium Term Financial Strategy and Integrated Efficiency Plan 2017-18 to 2019-20 was considered. This document set out the Fairer Future for All commitment to spending every penny as if it were our own. At a time of unprecedented cuts imposed by central government, the budget will continue to prioritise the promises made in the Fairer Future council plan Council Plan theme to be Fit for the Future. This promise is reinforced with the Fairer Future Budget Principles and will remain the council's prime motivation in Policy and Resources Strategies in coming years.
12. The September 2016 report sets out the provisional grant funding for the period to 2019-20, together with indicative savings and commitments based on the February 2016 cabinet budget report. It was agreed to accept the certainty offered by a four year finance settlement in line with the Local Government Finance Final Settlement to 2019-20.
13. Following this report at the council assembly meeting of 22 February 2017 the balanced budget and council tax for 2017-18 was agreed. This included assumptions for 2017-18 increased council tax and adult social care precept, an initial provision for the improved better care fund and the one-off ASC grant. The report included a planned use of reserves to help mitigate the continued reduction in resources and highlighted the key risks moving forward. These risks include:
 - Pressure on the Children's and Adults Budgets
 - Uncertainty regarding Education Funding
 - Significant reduction in earmarked reserves over the period to 2018-19.
14. Subsequently, on 9 March as part of the spring budget announcement, further funding for Adult Social Care was announced called the Supplementary Improved Better Care Fund (paragraph 18), new Flexible Homelessness Support Grant (paragraph 23) and additional business rate support for those affected by the 2017 revaluation (paragraph 27).

KEY ISSUES FOR CONSIDERATION

15. This report sets out:
- The announcements from the Spring Budget impacting on 2017-18 and beyond which were not available when the 2017-18 budget was set in February.
 - An updated financial remit based on these new announcement and current estimated government grant allocations provided by the DCLG.
16. This report updates the available resources initially presented within the Fairer Future Medium Term Financial Strategy and Integrated Efficiency Plan for 2018-19. At this time, there is continued uncertainty regarding government funding and wider economic pressure on inflation and area costs within London (especially housing). On the basis of assumptions made at this time, it is estimated that net savings of between £16.440m and £19.894m will be required in 2018-19. These assumptions need to be continually reviewed for 2018-19. The financial remit report sets out:
- Reduction in government grant funding
 - Increased local resources generated
 - Increasing inflationary pressures
 - Risks regarding accessing the Better Care Fund in full
 - The risk of potential budget pressure on general fund resulting from Dedicated Schools Grant cost pressures and funding regulation changes including cessation of the Education Services Grant in August 2017.
17. It is proposed that the budget is prepared on a one year basis for 2018-19, recognising the settlement is indicative. The most significant risk remains the acute cost and demand pressures reported in Children's and Adults' Service. Management action is ongoing to manage these pressures. Progress is monitored via the Budget Recovery Board. However, it is recognised that it will take time to reduce the service underlying cost base of the service. A report on the progress of the Budget Recovery Board will be included as part of the 2016-17 revenue outturn report in July 2017 (see also paragraphs 55 to 59).

Supplementary Spring Budget

Supplementary improved better care fund

18. A £2bn Supplementary Improved Better Care Fund was announced in March 2017. Southwark's allocations are £7.417m (2017-18), £4.497m (2018-19) and £2.223m (2019-20). These allocations reduce over time as the previously announced Improved Better Care Fund increases over this same period (see paragraph 49).
19. The final conditions of this funding are now available. These require the grant to be pooled with the Better Care Fund unless written ministerial exemption is in place. For pooled funds, local authorities are required to agree spending plans with the CCG for the purposes of meeting adult social care needs, reducing pressures on the NHS, including supporting hospital discharge and the local social care provider market.

20. In context of the known underlying pressures in Children's and Adults' Services, the Section 151 Officer will wish to consider whether it is appropriate to apply for this exemption from pooling.
21. Further guidance was issued on 4 July 2017 for the Better Care Fund during the LGA Conference. This was some months later than had been hoped for and expected. This new guidance has been described as disappointing, the LGA states that '*...the sudden shift in focus, so late in the process to prioritise delayed transfers of care, and the threat of a review of funding allocations if associated targets are not met, is completely unacceptable to local government. Councils cannot now have confidence to plan for the long-term...*' The full implication of this guidance for Southwark and the 2017-18 and 2018-19 budgets is under consideration.
22. As previously, these conditions require the BCF plan to be signed off by the Health and Well Being Board and by the constituent Local Authorities and CCGs (this includes the IBCF). These need to be submitted to NHS England in September 2017. The progress on the BCF plan, together with the implications of this new guidance will be updated as part of the budget monitoring and budget setting processes reported to cabinet.

Flexible homelessness support grant

23. The spring budget also announced allocations of the flexible homelessness support grant. Southwark's 2017-18 allocation is £2.670m and 2018-19 is £3.165m. This provides £1.761m net additional funding in 2017-18, due to the cessation of the temporary accommodation management fee grant.
24. The Flexible Homelessness Support Grant is intended to transform the way that councils fund homelessness services to give them greater flexibility to prioritise the prevention of homelessness. The government's aim is to enable councils to spend money currently spent on expensive temporary accommodation on stopping people becoming homeless in the first place. To do this, it has changed how councils are funded to manage temporary accommodation for homeless people.
25. The Flexible Homelessness Support Grant is ring-fenced for two years. The government has not stated whether it will continue after 2018-19 or if it will continue to be ring-fenced.
26. Although the flexibility offered by this new grant is welcomed, it is received in the context of continued pressures on the temporary accommodation budget, the limited availability of Discretionary Housing Payments, the impact of Universal Credit.

Business rate discretionary relief

27. In the Spring Budget, three business rates related announcements were made aiming to mitigate the impact of the 2017 revaluation. It is expected that local government will be fully compensated for the cost of these measures which include:
 - A Business Rate Discretionary Support Fund allocated to local authorities for 2017-18 to 2020-21. A consultation on the allocation and utilisation of these funds closed on 7 April.

- Increased targeted support from 2017-18 to 2021-22 for those businesses that lost Small Business Rate Relief entitlement as a result of revaluation 2017. The support will limit increases in bills to the greater of £600 or the real terms transitional relief cap for small businesses each year.
- A one off (2017-18 only) £1,000 business rate discount for public houses with a rateable value of up to £100,000, subject to state aid limits for businesses with multiple properties.

28. The system of rates retention means that this will lead to a reduction in the council's income from retained business rates and the grants received should then compensate for the loss in rate (under Section 31).
29. Local economy and exchequer services are currently reviewing options for the administration of the discretionary business rate relief scheme in Southwark. The discretionary relief policy is a cabinet decision and will be submitted to cabinet in the autumn.
30. The 2017-18 and 2018-19 budget assumes these business rate relief announcements will have a neutral impact on the council's overall resources. Once more information is available, the budget will be updated to reflect the detail of the reduced business rate income and the compensating grant income.

Updated financial remit 2018-19

31. The indicative resources for 2018-19 are summarised below, which sets out a budget gap of between £16.440m and £19.894m, dependent on the degree to which the council can fully access the pooled Improved Better Care Funding.

	2017-18 Budget £	2018-19 Indicative £	Change £	Paragraph
Total Settlement Funding Assessment (SFA)	165.976	158.670	-7.306	Appendix B
Grant funding	45.855	39.567	-6.288	Appendix C
Total revenue from local taxation	108.300	111.700	3.400	Paragraph 34
Use of reserves	3.700	0.000	-3.700	Paragraph 44
Total Resources	323.831	309.937	-13.894	
Inflationary pressure			-6.000	Paragraph 46
Gap excluding IBCF			-19.894	Gap exc BCF
Improved Better Care Fund	9.129	12.584	3.454	Paragraph 49
Gap including IBCF			-16.440	Gap inc BCF

Total Settlement Funding Assessment (SFA)

32. The SFA is 4.3% lower than in 2017-18 (and 11.6% lower than in 2016-17), additional detail is provided in Appendix B.

Grant funding

33. Grant reductions across New Homes Bonus, Public Health, Education Services Grant, Autumn Statement Measures Grant and the Adult Social Care Support Grant are set out in full in Appendix C.

Revenue funding from local taxation

34. The table below summarises the funding sources raised through business rate retention and council. In total the indicative budget proposes an overall net increase to from locally raised taxation of £3.400m.

Local Resources	2017-18 Budget £	2018-19 Indicative £	Change £	Paragraph
Business Rate Retention growth	8.700	9.300	0.600	35
Business Rate Retention collection fund surplus	3.900	0.500	-3.400	35
Council Tax baseline	87.500	91.000	3.500	37
Council Tax Surplus / deficit	2.000	2.000	0.000	38
ASC Council Tax precept - 3%, 3%	4.400	7.100	2.700	39
Council tax change - 2%, 0%	1.800	1.800	0.000	42
Total revenue from local taxation	108.300	111.700	3.400	

Retained business rates and collection fund

35. In addition to the retained business rate assumptions given by the government, authorities are able to generate additional resources through growth in the rateable value of business premises, above the government baseline. The budget has been based on £9.3m assumed growth in 2018-19. For 2018-19, it has been assumed that there will be a £0.500m surplus on collection fund available. The position will continue to be monitored closely and estimates of retained business rates and collection fund balance will be refreshed as necessary.
36. The Local Government Finance Bill which would have facilitated the progression of the implementation of 100% business rate retention has not been re-introduced for this parliament. It is understood that Ministers remain committed to '*...giving local government taking greater control over their income*'. However, it is unclear how this will affect the planned London wide pilot on 100% retention and a 2018-19 introduction date for this is now unlikely. Government however remain committed to a fairer funding review.

Council tax and council tax collection fund

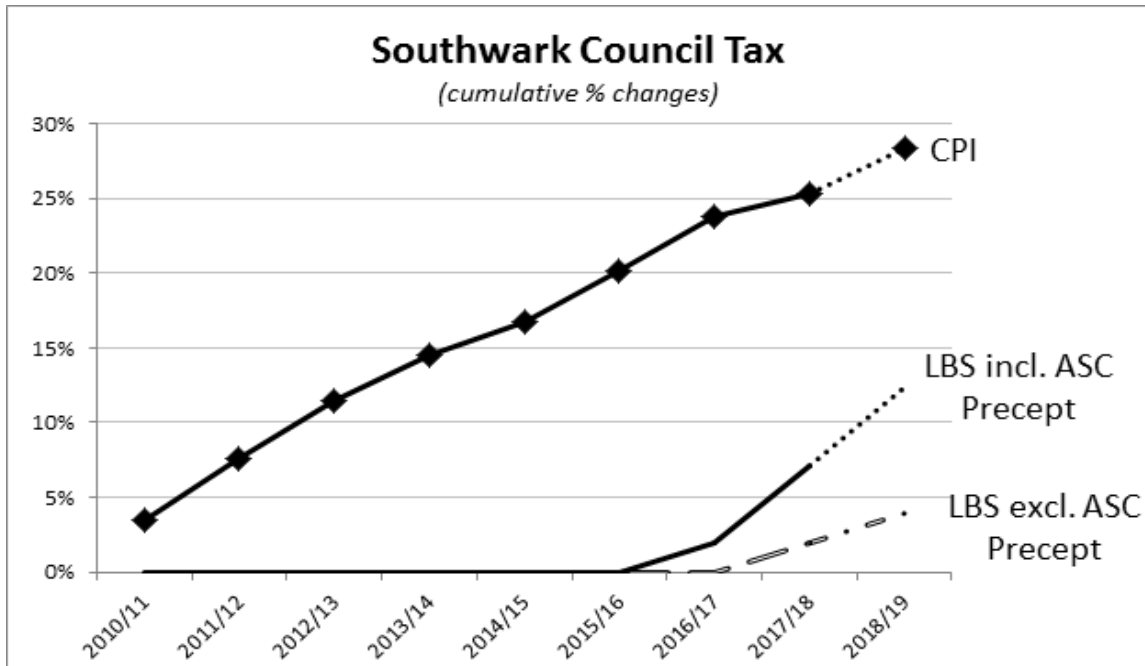
37. The base estimate for 2017-18 allowed for an assumed level of council tax collection of £87.1m net of reliefs (such as single occupancy discount and council tax support). For 2018-19, it has been assumed in the council tax base cash collection for the year will increase to £91.0m on the basis of a target collection rate of 97.2% (2017-18 budget assumed an increase of 0.2% to 97.2%). This £3.9m increase in council tax base funding reflects the target for collection rate and revised council tax base reflecting the impact of increased number of homes in Southwark.
38. In 2018-19, a council tax surplus is anticipated of £2.000m (represents the council's share). These estimates will continue to be monitored and refreshed as needed.

Adult social care precept

39. As part of his autumn statement the Chancellor of the Exchequer announced that local authorities responsible for social care would be given the powers to raise a social care precept of 3% above the council's existing level council tax. This would raise in the region of £2.700m per annum earmarked for Adult Social Care. The budget for Adult Social Care is £80m.
40. As reported in budget monitoring reports to cabinet throughout 2016-17, these national pressures on social care are evident in Southwark with acute cost pressures totalling £15m being reported across Children's, Adults' and Public Health budgets in 2017-18.
41. The indicative budget assumes that a 3% ASC precept will be applied in 2018-19 to continue to protect services for our most vulnerable residents. The additional funds bring the total value of the Adult Social Care Precept to £7.1m (increasing incrementally since 2016-17: (£1.7m 2016-17 plus £2.7m in 2017-18 plus £2.7m in 2018-19).

Southwark element of council tax

42. Councils are able to raise council tax by a maximum of 2% without the requirement to hold a referendum. The current indicative budget assumes no increase in council tax for 2018-19 although this assumption needs careful scrutiny in the context of serious strains on council services and continued reductions in government funding. Should Southwark utilise powers to raise southwark's element of the council tax the available resources to close the current budget gap would increase by £1.800m.
43. The council is committed to the fairer future promise to 'keep council tax low'. Southwark has been able to maintain the seventh lowest level of council tax in London, despite having incurred the largest reduction in government grants. Southwark's council tax would remain below CPI should the 2% council tax increase be applied in addition to the ASC precept of 3%, (CPI is currently running at 2.8%.) as presented in the graph below.



Reserves and corporate contingency

44. This budget maintains the level of corporate contingency of £4m. However, unlike in recent years, this indicative budget makes no assumptions regarding the use of reserves or balances at this time. This is a direct consequence of appropriate levels of reserves no longer being available as a result of significant cost pressures over the last two years in childrens and adults social care.
45. The level of balances remains subject to the scrutiny of the section 151 officer who must ensure that any one off contributions to the budget are appropriate and affordable. In previous years, this judgment has been facilitated by the availability of unused contingency funds as budgets have met their targets.

Cost pressures 2018-19

Inflation and pay costs

46. Inflation is rising and presents a considerable risk as we move into 2018-19 budget setting. The Office of Budget Responsibility forecast that CPI inflation will increase to 2.4% in 2017 before falling back to 2.3% in 2018. However, the latest CPI is 2.8%. This can be contrasted to the 0.3% increase in CPI in February 2016 when the original 2018-19 financial remit was presented at cabinet.
47. Therefore, this budget proposes £6m of inflationary increases linked to both pay increases (currently at 1% for 2018-19) and contractual inflation.
48. In addition to inflationary budget pressures, other budget commitments will need to be considered as part of the budget setting process, such as:
- Legislative changes such as apprenticeship levy (the cost of this is expected to exceed the existing 2017-18 growth of £500k).
 - Demand pressures in services such as social care, no recourse and temporary accommodation.

- Resources needed to continue to invest and modernise the council and support regeneration projects that aim longer term, support the council revenue budget.

Better care fund and improved better care fund

49. There is an overall increase in targeted government grant for Adult Social Care of £3.454m as set out below. This is contrasted with the £14.887m budget pressure within Children's and Adults' Social Care services reported in the Revenue Monitoring Report 2016-17 outturn reported elsewhere on the agenda.
50. The ability for this money to be utilised to support council spend on Adult Social Care will be subject to the specific pooling arrangements for the Better Care Fund. The recently issued guidance requires the use of these funds to be developed as part of the Better Care fund planning requirements to cover 2017-19 and is due for submission by 11 September 2017.

	2017-18 Budget £	2018-19 Indicative £	Change £	Paragraph
Improved Better Care Fund	-1.658	-8.087	-6.429	
Supplementary - Improved Better Care Fund (new)	-7.471	-4.497	2.975	18
Better Care Funding	-9.129	-12.584	-3.454	

2016-17 outturn and closing reserves

51. The outturn reports for capital and revenue is being presented at the 18 July cabinet and the 2016-17 draft statement of accounts will be presented to Audit, Governance and Standards committee.
52. The outturn report, presented a balanced budget after the utilisation of £17.961m general reserves and £8.922m ring-fenced Dedicated Schools Grant. The underlying cost pressures within this balanced budget include a £14.887m adverse variance within Children's' and Adults' Services and £4.161m reported within Housing and Modernisation relating to No Recourse to Public Funds and pressures in ICT and facilities management. These variances are described in more detail in the report.
53. The 2017-18 budget set out a net increase in the Children's and Adults' budget of £5.3m and £2m growth for No Recourse to Public Funds which will in part, mitigate the position going forward into 2018-19.
54. The 2016-17 outturn and closing reserve balances, together with the progress made during 2017-18 in reducing underlying cost pressures in Children's and Adults' services, will be key factor for serious consideration when setting the 2018-19 budget.

Budget Recovery Board (Children's and adults social; care and Public Health)

55. In 2015-16 there were significant budget pressures in Children's and Adults' and Public Health which required utilisation of contingencies from both departmental

and corporate reserves. These pressures coincided with the agenda for increased integration with the health sector and the availability of increasing Better Care Fund grant. The 2015-16 budget was balanced in the expectation that the pressure for 2016-17 would be full recovered.

56. Early in 2016-17 it became clear that demand and cost pressures were continuing and the budget recovery board was set up under the oversight of the chief executive and chaired by the strategic director of finance and governance. The 2017-18 budget was set in February 2017 on the assumption that these pressures (amounting to some £15m in 2017-18) would be offset by a series of actions being managed across the three service areas.
57. Whilst adult social care pressures are in some part relieved by the late announcement by the chancellor in the spring 2017 of increased improved better care funding of £7.417m in 2017-18. However, this only addresses part of the budget deficit and remains subject to the agreement of the local CCG.
58. The Budget Recovery Board continues to meet fortnightly and has oversight of a number of action plans that redress the position with the aim of reconciling the progress of these actions with the council's overall budget position. Through this robust monitoring process, specific officers are held to account for each of these action plans. A Service Director is identified for each plan which includes key milestones for delivery of savings or cost containments, including for example, matters where stakeholder consultation is necessary.
59. The Budget Recovery Board will continue to meet until the Strategic Director of Finance and Governance is confident that the budget position is fully recovered. In this report, the indicative budget for 2018-19 assumes that this recovery will be achieved.

Education funding

60. The 2016-17 outturn position is indicating cost pressures within the Dedicated Schools Grant. In addition there are changes to the regulations reducing the current degree of flexibility within the dedicated grant together with the cessation of the Education Services Grant (ESG) from August of this year. These present a risk of potential cost pressures transferring to the the council's general fund budget for 2018-19.
61. Total Dedicated Schools Grant (DSG) is £199.532m in 2017-18, the funding is made up of three blocks – schools, early years and high needs. Appendix A sets out in detail the key risks for the Dedicated Schools Grant which include:
 - Pressures to fund growing schools
 - The cost of increased business rates on school funding
 - National funding formula for schools proposals expected to reduce overall funding levels for schools with the knock on effect of schools reconsidering affordability of continuing to contribute towards services funded by the local authority
 - Funding pressures on the team that supports school improvement
 - Grant regulation restrictions on the amount of centrally retained early years block impacting on the early years teams, community nurseries and early help offer to schools.
 - Ongoing budget pressures on high needs, with £3.5m of DSG high needs

contingency reserve being drawn down in 2016-17

- Inflationary pressures, there has been no inflationary increases on the DSG for some years.

62. In this context, it is likely that savings will be needed from within the ring-fenced Dedicated Schools Grant in 2018-19 and further, that a review of expenditure currently charged to the DSG will take place as part of budget setting process in 2018-19. Robust monitoring of the DSG budget will need to be incorporated within the budget recovery board with increased emphasis in 2018-19.

Medium term financial strategy

63. The key areas of risk for Southwark arising from the provisional settlement reported to cabinet are lack of certainty for income sources for Business Rate Retention, New Homes Bonus and ability to fully utilise the improved better care fund together with the levels of reserves.
64. In addition to budget pressures arising from Children's and Adults', inflation increases and new commitments and the risk that dedicated schools grant cost pressures will have a knock on impact on the general fund.

Budget consultation

65. Previous budget challenge exercises told us that residents wanted us to be more efficient and find more cost effective ways to deliver services. Residents also told us that we should cut back office costs and protect frontline services especially for the vulnerable and those most in need. This consultation response has been fully considered and this influenced the budget setting proposals. At this early stage of the process, consideration of the budget savings for 2018-19 are not yet determined. Southwark's budget consultation will follow the "approach to community engagement strategy" agreed in 2012.

Next steps

66. This report sets out the resourcing for the 2018-19 budget setting process. As in previous years a budget challenge process will review the outturn position, consider the savings and commitments previously reported to cabinet in February 2016. Setting the budget is an iterative process, this will be refreshed and a report will be considered by cabinet in the autumn setting out the updated budget proposals for 2018-19 budget.
67. The key steps in the decision making process for establishing the 2018-19 general fund revenue budget are outlined in the table below:

Date	Meeting	Purpose
12/12/2017	Cabinet	Financial remit for budget setting Council Tax base
22/01/2018	Overview and Scrutiny	Comment on and make recommendations in respect of the cabinet's proposed 2017-18 budget
23/01/2018	Cabinet	Consider draft proposals
06/02/2018	Cabinet	Recommend a balanced budget for 2018-19 to Council Assembly

Date	Meeting	Purpose
21/02/2018	Council Assembly	Council Tax setting and approve a balanced budget for 2018-19

Community impact statement

68. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with previous budgets, as savings options are considered to support the budget gap, each department will undertake equality analysis/screening on its budget proposals ahead of the final decisions being taken. Where screenings have identified potential impacts more detailed analysis will be carried out, including the cumulative impact across the council.
69. The development of equality analysis informs each stage of the budget process and work continues to update the analysis as further information becomes available throughout the cycle of planning and implementation.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

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

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2016/17 to 2018/19: Cabinet 15/09/15	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
Link: (copy and paste link into browser) http://moderngov.southwark.gov.uk/documents/s56454/Report%20and%20appendices%202016-17%20PR%20Scene%20setting.pdf		
Policy and Resources 2016/17 to 2018/19 : cabinet 08/12/15	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
Link: (copy and paste link into browser) http://moderngov.southwark.gov.uk/documents/b50006501/Supplemental%20Agenda%20No.%201%20Tuesday%2008-Dec-2015%2016.00%20Cabinet.pdf?T=9		
Policy and Resources 2016/17 to 2018/19: cabinet 27/01/16	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
Link: (copy and paste link into browser) http://moderngov.southwark.gov.uk/documents/b50006581/Supplemental%20no.%202%20Wednesday%2027-Jan-2016%2016.00%20Cabinet.pdf?T=9		

APPENDICES

No.	Title
Appendix A	Indicative resourcing for 2018-19 compared to 2017-18
Appendix B	Government Resourcing 2017-18 to 2018-19
Appendix C	Grant funding
Appendix D	Education funding

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	6 July 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		6 July 2017

APPENDIX A

Indicative Resourcing for 2018-19 compared to 2017-18

	2017-18 Agreed Budget £	2018-19 Indicative £	Change £	
Retained Business Rates	74.306	76.697	2.391	DCLG settlement
Business rates top-up	33.890	34.990	1.100	
Revenue Support grant	57.780	46.983	-10.797	
Total Settlement Funding Assessment (DCLG)	165.976	158.670	-7.306	
New Homes Bonus	13.053	9.778	-3.275	Specific Grants
Public Health Grant	28.194	27.469	-0.725	
Autumn statement measures grant	2.320	2.320	0.000	
ESG	0.711	0.000	-0.711	
Adult Social Care Support Grant (one year only)	1.577	0.000	-1.577	
Grant funding	45.855	39.567	-6.288	
Business Rate Retention growth	8.700	9.300	0.600	Local Taxation
Business Rate Retention collection fund surplus	3.900	0.500	-3.400	
Council Tax baseline	87.500	91.000	3.500	
Council tax change - 2%, 0%	1.800	1.800	0.000	
ASC Council Tax precept - 3%, 3%	4.400	7.100	2.700	
Council Tax Surplus / deficit	2.000	2.000	0.000	
Total revenue from local taxation	108.300	111.700	3.400	
Planned use of reserves	3.700	0.000	-3.700	
Resources (government grant excluding IBCF)	323.831	309.937	-13.894	
Pay award			-2.000	
Inflation			-4.000	
Gap before commitments, growth and savings (excluding IBCF)			-19.894	
Improved Better Care Fund				IBCF
Improved Better Care Fund	1.658	8.087	6.429	
Supplementary - Improved Better Care Fund (new)	7.471	4.497	-2.975	
IBCF	9.129	12.584	3.454	
Total Resources including IBCF	332.961	322.521	-16.440	

Note this gap would reduce by £1.800m should the council element of council tax be increased by 2%, remaining below CPI.

Note: The Flexible Homelessness Support Grant 2017-18 of £2.670m will have a matching commitment and therefore, not impact on available resources.

APPENDIX B

Government Resourcing 2017-18 to 2018-19

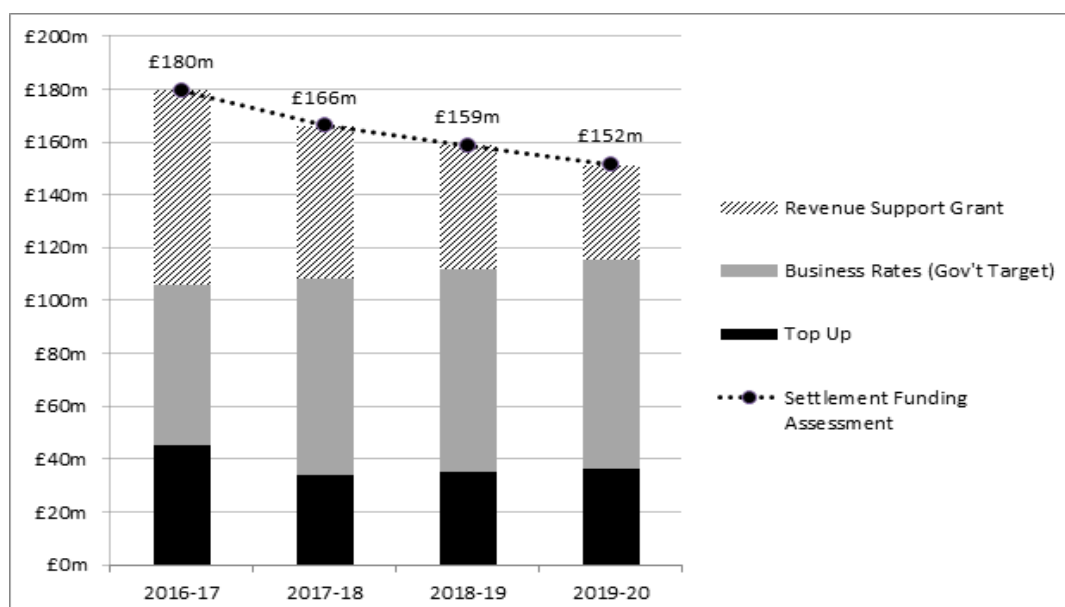
	2017-18 Budget £	2018-19 Indicative £	Change £	paragraph
Retained Business Rates	-74.306	-76.697	2.391	
Business rates top-up	-33.890	-34.990	1.100	
Revenue Support grant	-57.780	-46.983	-10.797	
Total Settlement Funding Assessment (DCLG)	-165.976	-158.671	-7.305	B.1

Settlement Funding Assessment

B.1. The Settlement Funding Assessment (SFA) comprises the core funding sources for authorities defined as the Revenue Support Grant, retained business rates and business rate top up. The SFA is 4.3% lower than in 2017-18 (and 11.6% lower than 2016-17). By 2019-20 it will have reduced by 15.6% over the three year period. The settlement for 2018-19 shows:

- Revenue Support Grant of £46.983m
- Baseline Business Rate Funding Level of £111.688m made up of:
 - i. Top up £34.990m
 - ii. Retained business rates £76.697m.

B.2. As demonstrated in the chart below, the 2018-19 reduction in SFA follows previous year's reductions in resources. In addition, this chart demonstrates the change in balance of sources of funding for local authorities – increasing reliance on business rates over this period.

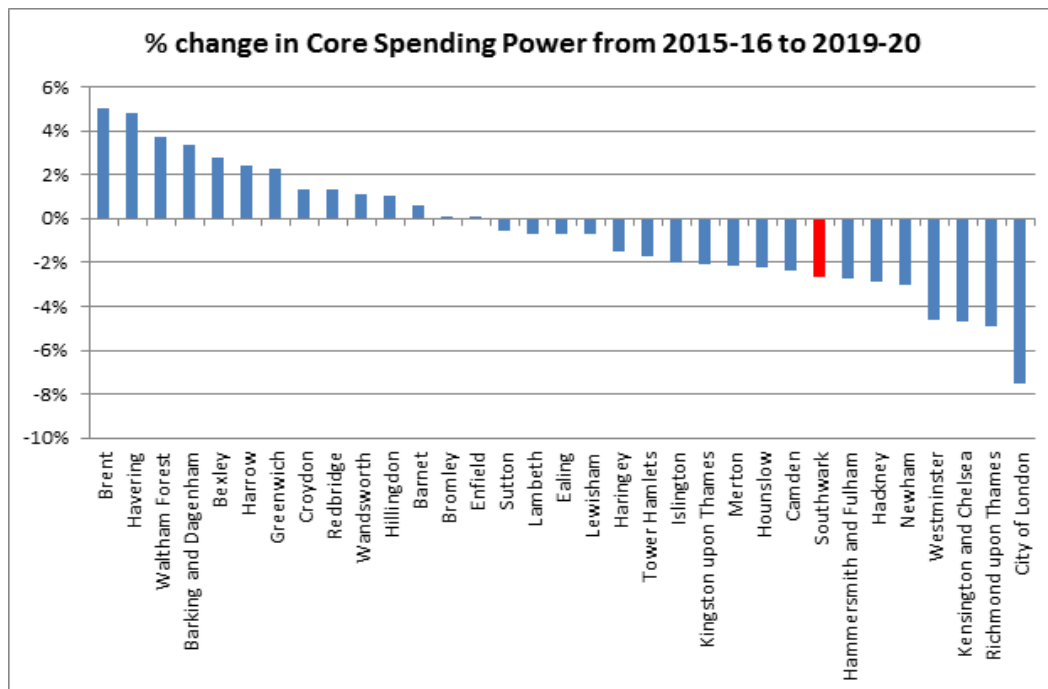


Change in spending power

B.3. The Core Spending Power figures calculated by the DCLG include the Settlement

Funding Assessment, an assumed increase in council tax of 1.99%, in line with the referendum limit, take up of the adult social care precept (at 2%), and average growth in council tax base, the Improved Better Care Fund, New Homes Bonus, the 2017-18 Adult Social Care Support Grant, the new supplementary Improved Better Care fund and the ring-fenced Homelessness Prevention Grant.

- B.4. The DCLG calculation does not include the impact of cost pressures such as pay and contract inflation, new regulation changes such as apprenticeship levy or revised business rates, significant demand pressures or cessation of the Education Services Grant (ESG) and reduction in Public Health grants.
- B.5. Southwark's reduction in core spending power between 2015-16 and 2019-20 is calculated as -2.7%. Southwark reduction in spending powers compared to the 33 London boroughs are set out below.



APPENDIX C

Grant Funding

	2017-18 Budget £	2018-19 Indicative £	Change £	Paragraph
New Homes Bonus	-13.053	-9.778	-3.275	C.1
Public Health Grant	-28.194	-27.469	-0.725	C.3
Autumn statement measures grant	-2.320	-2.320		C.4
ESG	-0.711	0	-0.711	C.6
Adult Social Care Support Grant (one year only)	-1.577	0	1.577	C.7
Grant funding	-45.855	-39.567	6.288	

New Homes Bonus

- C.1. The New Homes Bonus (NHB) commenced in 2010-11. It is calculated on the amount of extra council tax revenue raised from new-build homes and long-term empty homes brought back into use. There is also payment for providing affordable homes. This was intended to release resources for local authorities to pay for the increased services resulting from the growth in dwellings.
- C.2. In 2017-18, there was a reduction in this grant (moving from being calculated on a six year basis to five years). From 2018-19 this reduces again to four years. The provisional figure announced in the DCLG settlement for Southwark in 2018-19 is £9.778m (this is over a 40% reduction when compared to the 2016-17). There could be variances between the indicative grant and the actual allocations and so further modelling will need to be undertaken to calculate NHB for 2018-19 and 2019-20.

Public Health Grant and Commissioning of 0-5 children's public health services

- C.3. The Chancellor's Autumn Statement in 2016 confirmed that local authority funding for public health would be reduced by an average of 3.9% in real terms per annum over the five years to 2020. This equates to a reduction in cash terms of 9.6% over the same period. In 2018-19, this grant reduction equates to an estimated £0.694m (to £27.500m) whilst cost pressures and demand for public health services continues to rise.

Autumn Statement Measures Grant

- C.4. There has been no announcement to date with regard to 2018-19 allocations of the autumn statement measures grant. Current budget estimates assume that this grant will be paid at least at the 2017-18.
- C.5. In addition, this grant will need to be updated to reflect the new business rate relief funding referred to in paragraph 29 above.

Education Services Grant (ESG)

- C.6. The Education Services Grant ceases in August 2017 (previously £2.608m in 2016-17). For 2017-18 only the Schools Forum agreed transitional support from the Dedicated Schools Grant. As reported in February 2017, the ESG currently funds the school improvement service and work is underway to transition to new ways of

working under new funding model during the coming year.

Adult Social Care Support Grant

- C.7. The adult social care support grant was one-off funding for 2017-18 specifically for local authorities which enabled this grant to be used more flexibly than the more complex governance arrangements for the Better Care Fund.

APPENDIX D

Education Funding

- D.1. After Academy Recoupment, the Total Dedicated Schools Grant (DSG) is £199m in 2017/18. The grant is split by the schools block (£128m); the high needs block (£43m) and the early years block (£28m). The majority of the schools block is delegated to maintained schools through the funding formula. However £2.2m is held back in agreement with Schools Forum to fund some central services such as admissions and retained duties (formerly funded by the Education Services Grant - ESG) and also to fund expanding schools (growth fund). In addition, funding of £4.4m is de-delegated from schools in agreement with Schools Forum to support central areas such as behaviour services, school improvement and general duties (formerly funded by ESG) as well as areas supporting schools such as schools in financial difficulties, the intervention fund and the maternity scheme.
- D.2. Academies and Free Schools are funded through the same formula however the ESFA recoup the funding from the DSG and fund these schools separately. Whilst central retentions are taken from academies and free schools DSG allocations, de-delegations are from maintained schools only. Therefore if any of these services provided to academies and free schools must be charged for these. In addition, for any growing free schools which are still filling up, these are funded on an estimates basis in the DSG rather than lagged funded with some growth funding as is the case for maintained schools and basic need academies. This funding for expanding free schools is an increasing cost pressure to the DSG together with general increases in business rates which must also be funded by the DSG.
- D.3. Under the National Funding Formula proposals which are due for implementation from 2018-19 there are likely to be reductions in the funding levels for schools (overall reduction set at -1.4%). With this there is likely to be a reduced appetite from maintained schools to de-delegate funding to support services formerly funded in that way. In addition whilst there is an additional school improvement grant (full year £0.25m) this is unlikely to be at a level large enough to fund the current service and any ESG transitional grant for ESG general duties services will also have ended (£0.7m). Moreover, there are restrictions on bidding for the new schools targeted improvement fund and also the new school improvement grant is likely to decrease as more schools convert to academy status. All of these factors mean that other options for funding these services, such as fully traded services and/ or service reduction, needs to be explored in time for 2018-19.
- D.4. Under the new funding proposals there will be a new Central Block in DSG which will include many of the existing central retentions including admissions and the former ESG retained duties. Funding in these areas is likely to be subject to a -2.5% planned reduction under current illustrations for 2018-19 and corporate overheads currently funded by the DSG are unlikely to be sustainable at current rates.
- D.5. The majority of the Early Years Block funding is provided for 2, 3 and 4 year olds across maintained settings and the PVI under the Early Years Single Funding Formula on a participation basis. Whilst the intention is to bring funding rates into line across all settings, there has been additional support provided for maintained nursery schools. A number of new funding supplements have also been introduced and also some additional funding for the extension of the offer. Funding held back on this block has now been restricted to 5% in 2018-19 and this will reduce further to 3% in 2019-20. Currently the central funding is used to support the early years team, the early help service and a small subsidy to the 3 Council run day nursery's (which also requires the support of the remaining DSG reserve). A strategy will be needed to

address the central funding reduction on the early years block in 2019-20 which is likely to be of the order of £0.4m.

- D.6. Within the high needs block the majority of the funding is allocated special needs education for mainstream top ups, special schools, resource units, non maintained special schools and academies, independent provision, other local authorities and 16-25 provision. In addition funding is also provided for alternative provision, the pupil referral unit and the two hospital schools. The EFA recoup place funding for academies from the DSG and pay this directly to these schools. The current level of funding held back for services such as SEN transport, hearing and visual impairment, speech and language therapy, central costs and home tuition is £4m. There are significant pressures on the high needs block with the full contingency of £3.5m in the DSG reserve needing to be used in 2016-17. The pressure is particularly acute in the 16-25 area which was transferred to local authorities with no additional funding and a consultation on this area has been delayed for some time. The national picture is that the high needs block is overspending across most local authorities.
- D.7. Under the existing national funding proposals this area is expected to be cash flat (0%) under current proposals in 2018-19. However there has been an increase in the high needs block funding between 2016-17 and 2017-18 although the majority of that funding was transferred from the schools block in agreement with the Schools Forum and there will still be flexibility to transfer funding between blocks, and the schools block is facing a reduction in funding. The pressures in the high needs block are such that the Council will need to work closely with Schools Forum to identify savings and efficiencies and this will also need to include centrally funded areas.
- D.8. The DSG outturn will be reported in July in the monitoring report and to Schools Forum, however, budget pressures in 2016-17 largely arising with the cost of special educational needs, are expected to result in a significantly reduced DSG reserve – however we note that this was part planned and also used to support adverse variances with the appropriate contingency being set aside in the reserve.
- D.9. In this context of the ongoing pressures and issues identified in the blocks above, it is likely that savings will be needed from within the ring-fenced Dedicated Schools Grant in 2018-19 and further, that a review of expenditure currently charged to the DSG will take place as part of budget setting process in 2018-19. Different models for funding services most notably school improvement, behaviour services and former ESG general duties will also need to be examined given the funding changes highlighted and funding constraints on schools under the new national funding formula.
- D.10. Robust monitoring of the DSG budget will need to be incorporated within the budget recovery board with increased emphasis in 2018-19.

Item No. 13.	Classification: Open	Date: 18 July 2017	Meeting Name: Cabinet
Report title:		Revenue Monitoring Report and Treasury Management 2016-17 Outturn Report	
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

As anticipated in our last revenue monitor report the authority ended 2016-17 considerably over budget. I am pleased though to say that work on budget recovery over the last six months was effective and that the situation was at least stabilised during a period of exceptional pressure on social care services, both children's and adults.

However, the use of £27.4m of reserves in a single year is not something we can afford to repeat. We have taken account of demand pressures in Adult Social Care and No Recourse to Public Funds and increased the budget for these areas for 2017-18 and again protected the Children's' Services budget, but none the less all these areas have a lot of work to do to ensure they stay within budget in 2017-18.

There was better news from other departments which stayed within budgets or underspent and excellent work by the finance team to make money saving, yet prudent changes, to re-profile debt repayments earlier than originally planned.

The work of the Budget Recovery Board will continue, action is being taken to address growing financial challenges in the early years budget and work continues to ensure we can maximise the use of the Better Care Fund to support key social care priorities.

RECOMMENDATIONS

That the cabinet:

1. Notes the general fund outturn position for 2016-17 (Table 1).
2. Notes the key variations and budget pressures underlying the outturn position:
 - continuing pressures on Children's and Adults' social care and public health leading to an overall adverse variance of £14.887m (paragraphs 25 to 38)
 - the budget pressures on No Recourse to Public Funds (paragraphs 48)
 - Other various adverse variations including ICT and facilities management (paragraphs 48 to 53).
3. Notes the actions of the Budget Recovery Board set up to oversee action plans to address children's and adults social care pressures (paragraph 39, Appendix A).
4. Notes the variations helping to relieve the outturn position:

- one-off favourable variances in strategic finance, including early realisation of MRP savings (paragraphs 56)
 - utilisation of £4m contingency (paragraph 60) to offset adverse variances across the council
 - planned use of earmarked reserves to fund the residual costs of the enhanced voluntary redundancy scheme (EVR) of £5.264m and a further £2.180m which has been capitalised
 - planned use of departmental and financial risk reserves of £18.058m.
5. Notes, as set out in the previous period 8 monitoring report to cabinet, the unplanned use of reserves to fund the total adverse variation from budget after the planned use of reserves of £8.830m.
 6. Notes the following in respect of ring-fenced budgets:
 - housing revenue account outturn for 2016-17 (table 2, paragraphs 63)
 - the dedicated schools outturn and utilisation of £8.922m reserves (paragraphs 70);
 7. Notes the detailed utilisation of reserves in 2016-17 and closing reserve balances as set out in the report (paragraph 73 to 78).
 8. Notes the treasury management activity in 2016-17 (paragraphs 87 to 92).
 9. Approves the general fund budget movements that exceed £250k, as shown in Appendix B.
 10. Notes the general fund budget movements that are less than £250k as shown in Appendix B.
 11. Notes the outturn position implications for the 2017-18 budgets and beyond set out in paragraph 84.

BACKGROUND INFORMATION

12. This report sets out the outturn position for the general fund, housing revenue account and dedicated schools grant for the 2016-17 financial year.
13. Council assembly 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 £6.170m use of reserves, giving a budget of £277.6m. This budget was set in the context of further significant overall cuts in government funding. This was after maximising resources available from both business rate retention and growth in the council tax base.
14. The council also approved budget decisions including reductions of some £26.6m within the general fund for 2016-17. Performance on achieving these savings was monitored and significant variances are highlighted in this report.
15. The cabinet agreed a balanced housing revenue account (HRA) budget on 27 January 2016.
16. The Dedicated Schools Grant budget was agreed with the Schools Forum, with a planned utilisation of £4m of reserves and further contingencies set aside within the reserve for high needs. The total grant allocation in 2016-17 was £189.340m.

KEY ISSUES FOR CONSIDERATION

General fund overall position

17. The final outturn position for the general fund is balanced after the utilisation of reserves as set out in Table 1 below. This table sets out the departmental budget outturn variances together with the planned and unplanned utilisation of reserves to come to the balanced budget as at the end of 2016-17.
18. The underlying cost pressures within this balanced budget include a £14.887m adverse variance within Children's' and Adults' Services and £4.161m reported within Housing and Modernisation relating to No Recourse to Public Funds and pressures in ICT and facilities management. These variances are described in more detail in the narrative below. These underlying key adverse variances reported in Table 1 below are broadly comparable to the month 8 position reported in February 2017.
19. This adverse budget position is offset through a favourable variance in corporate arising from early realisation of the review of the Minimum Revenue Provision and the £4m contingency.
20. After the utilisation of £18.058m general fund reserve movements, the final budget variance was £8.830m which was subsequently funded through an unplanned use of reserves. This takes the total use of reserves (general fund and Dedicated Schools Grant) to £26.888m.
21. This compares to month 8 cabinet report of a forecast outturn position adverse variance of £9.632m after the estimated use of reserves of £16.757m. This movement from the forecast use of reserves is mainly attributable to an increased utilisation of the Dedicated Schools Grant ring-fenced reserve from £4m originally planned (paragraph 70).

Table 1: General fund outturn position for 2016-17

General fund	Original budget £000	Budget movement £000	Revised budget £000	Spend in year £000	Total Net Reserve Movements £000	Total use of resources £000	Variance after use of reserves £000
Children's and Adults'/Public Health	171,464	-821	170,643	196,980	-11,450	185,530	14,887*
Dedicated Schools Grant	0		0	8,922	-8,922	0	0
Environment and leisure	67,316	3,012	70,328	68,570	1,550	70,120	-208
Housing and modernisation	64,911	2,940	67,851	73,034	-1,022	69,832	4,161
Chief executive's department	8,355	-476	7,879	3,490	3,606	7,096	-783
Finance and governance	19,586	271	19,857	18,500	1,298	19,798	-59
Corporate	-14,013	-3,140	-19,333	-27,553	3,052	-22,321	-5,168
Support cost recharges	-44,071	394	-43,677	-43,677	0	-43,677	0
Contingency	4,000	0	4,000	0	0	0	-4,000
Total general fund services	277,548	0	277,548	298,266	-11,888	286,378	8,830
Use of reserves to underwrite base budget	-6,170	0	-6,170	0	-6,170	-6,170	0
Net revenue budget	271,378	0	271,378	298,266	-18,058**	280,208	8,830
Use of reserves to balance the budget							-8,830
Final outturn after the use of reserves							0

*Children's Services £7.193m/ Education -£0.070m/ Adult Social Care £7.371m; Commissioning

£0.393m; Public Health £0 after transferring £1.907m to an negative reserve which will be the first call on the 2017-18 ring-fenced Public Health grant.

** This includes reserve contribution to redundancy costs of £5.264m

22. The appendices attached to this report provide more detail on the in year budget movements, the utilisation of reserves by each department and closing reserve balances (Appendices C, D and E).
23. The overall impact of these transactions are reported in full within the draft statement of accounts which are to be considered by the Audit, Governance and Standards committee, and were signed by the S151 Officer on 30 June 2016. These are now subject to external audit.
24. The following key areas of activity for the year are outlined below:
 - Children's and Adults Services and Public Health (paragraphs 25 to 38)
 - Environment and Leisure (paragraph 42)
 - Housing and Modernise (paragraphs 43 to 53)
 - Chief Executives (paragraph 54)
 - Finance and Governance (paragraph 55)
 - Strategic Finance (paragraph 56)
 - Contingency (paragraph 60)
 - Savings (paragraph 59)
 - Voluntary redundancy (paragraph 61)
 - Housing Revenue Account (paragraphs 63 to 69)
 - Dedicated Schools Grant (paragraph 70)
 - Reserves (paragraphs 73 to 78)
 - Collection Fund (paragraphs 79 to 83)
 - Treasury Management (paragraphs 87 to 92).

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

25. The overall outturn on Children's and Adults' Services is £14.887m, as forecast at month 8, and after the utilisation of £11.450m reserves. The variances by service are: Children's Services £7.193m, Education -£0.070m (underspend), Adult Social Care £7.371m, Commissioning £0.393m and Public Health £0 after transferring £1.907m to a negative reserve. This Public Health reserve will be the first call on the 2017-18 ring-fenced Public Health grant.
26. 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.
27. 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.
28. The outturn position reports an adverse variation for children's and adults' services and Public Health in 2016-17 of £14.887m, after the planned use of departmental and corporate reserves and the ring-fencing of the Public Health adverse variance. 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 raised in the region of £1.7m and was 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.

29. 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.
30. 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.
31. The allocation of Better Care Fund in 2016-17 (£21.8m) was marginally smaller than in 2015-16 (£22.0m) and it included 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.
32. Southwark has been 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.
33. 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. These amounted to £17.5m in 2015-16 and £17.3m in 2016-17. 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.
34. 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.

35. 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.
36. The public health grant in 2016-17 was £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%). The continuing demand pressure in sexual health services was demonstrated in 2016-17 through an adverse variance of £1.9m, 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.
37. 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.
38. 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 reported to the chief executive weekly. The work of this board is described in more detail below.

Budget Recovery Board (Children's, Adults' and Public Health)

39. The revenue outturn for 2016-17 shows a significant overspend of £14.887m, which has been contained to the month 8 forecast position. The level of scrutiny applied by the Budget Recovery Board to the budget position has contributed to ensuring that this budget position stabilised and to the accuracy of this forecast.
40. The Budget Recovery Board continues to meet fortnightly and has oversight of a number of action plans that redress the position with the aim of reconciling the progress of these actions with the council's overall budget position. Through this robust monitoring process officers are held to account for these action plans. A Service Director is allocated for each of the action plans which include key milestones for the delivery of the plan, including for example, matters where stakeholder consultation is necessary. The Board operates with close consideration of the need to meet the council's statutory duties and manage risk appropriately to ensure a safe service.

41. The Budget Recovery Board will continue to meet until the Strategic Director of Finance and Governance is confident that the budget position is fully recovered. An additional update is provided at Appendix A. The indicative budget for 2018-19 covered elsewhere on the agenda, assumes that the action plans implemented will fully offset the cost pressures and that the expenditure will be contained within the existing budget envelope for 2017-18 and beyond.

Environment and Leisure

42. The outturn for the department was a favourable variance of £208k against budget. There were significant 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. These cost pressures were mitigated mainly by robust management of departmental budgets and favourable variances resulting in a net departmental underspend of £207k. The department has achieved the savings target set for the year.

Housing and Modernisation general fund outturn

43. Overall, there is an adverse variance of £4.161m against budget, after the planned drawdown of earmarked reserves to cover exceptional items, including one-off external procurement costs and specialist technical support for the transformation agendas in ICT and facilities management. This is marginally more than the month 8 forecast (November 2016). The variance excludes all severance and redundancy costs which are funded corporately. The key headlines are outlined below.

Housing solutions/temporary accommodation (TA) – customer services division

44. Previous monitoring reports have alerted cabinet to the financial pressure presented by the continued and relentless demand for temporary accommodation. This has been exacerbated by recent legislative changes particularly welfare benefit reforms and wider macroeconomic factors such as the high cost of housing in inner London and demographic changes.
45. Historically, London local authorities have been able to source accommodation from the private rented sector, however use of private sector leased accommodation is largely no longer financially viable for providers due to benefit changes, which has adversely impacted the supply side, with the Local Housing Allowance greatly below the market rent levels being charged in the capital, and increasingly in parts of the south-east. The greater availability of estate void properties and hostels within the HRA, rather than more expensive nightly paid accommodation, has helped to mitigate the financial burden on the general fund to some extent. In addition, the council have introduced a number of successful homeless prevention initiatives that have contributed to meeting the council's statutory homelessness obligations for the provision of TA and kept costs to within a small margin of the budget (£0.2m overspend). In recognition of our success in this area, the council has been awarded £1m funding from government to act as a trailblazer pilot for homelessness prevention, however we have yet to see any significant reduction in homelessness applications and requests for TA.
46. A number of other budget pressures totalling £0.7m arose within the Housing Solutions service during 2016-17. These included additional legal costs arising from challenges to the council's homeless decisions, additional staffing requirements to manage higher housing application volumes and the requirement to provide against a higher level of arrears given the detrimental impact that welfare benefit changes have had on income collection performance.
47. Within the Customer Services division overall there was a small (£0.1m) positive variance across all the other activities, including the customer contact centre, resulting in a net

overspend of £0.8m.

No Recourse to Public Funds (NRPF) – Community services division

48. Like TA, this service is demand driven, subject to volatility and presents a considerable financial risk for the council. An extensive review into how this service is delivered has resulted in a new management structure and monitoring arrangements for the NRPF caseload, which, dependent on social care responsibilities for the client group, had been held in different parts of the council. The full extent of the inherited caseload is now visible and resources are in place to undertake the systematic review of long-standing cases and where appropriate close them, which has already generated cost savings. The introduction of a more rigorous assessment process for new cases has produced a noticeable reduction in new acceptances and indications are that numbers presenting have plateaued. Despite these and innovative prevention initiatives, demand and costs remain high, with the outturn for 2016-17 being £3.7m above budget. Going forward, council assembly recognised the budget pressure and approved an additional commitment for 2017-18, with the imperative being to contain costs within the revised base as a minimum, which represents a challenging target in the circumstances.

ICT and Facilities Management (FM) – modernisation division

49. There are a number of long-standing budget pressures inherent in both these areas which have and continue to be addressed. For 2016-17, there were exceptional costs of £1.4m (net) after the drawdown of earmarked reserves.
50. Earlier reports to cabinet have set out the council's strategy for delivery of the ICT service going forward, namely to enter into a shared service arrangement with the London Boroughs of Brent and Lewisham, following the imminent termination of the council's existing contract with Capita. There is recognition that a stable, resilient and quality ICT service which will provide modern, reliable, secure and cost effective technology underpins everything the council does and is critical to delivering the transformation agenda and realising potentially significant operational cost savings down the line.
51. However, this cannot be achieved without greater investment initially and on an on-going basis, regardless of the chosen solution. During 2016-17 it has been necessary to secure additional capacity and expertise to stabilise the service and support the transition to the new shared service, which has led to a net revenue budget pressure of £0.9m, after capital and HRA funding contributions are taken into account.
52. With regard to facilities management, the outturn position is marginally better than that forecast at month 8. As previously reported, the council has a considerable operational estate to which facilities management services must be delivered to ensure buildings are both compliant with health and safety regulations and maintained to a standard that enables staff to focus solely on delivering services.
53. Services are provided through two main suppliers, with the most recent contract coming on-stream in June 2016 following a lengthy procurement exercise. These contracts provide an enhanced level of compliance and consistency across the council's operational estate. Mobilising the new contract along with pressures arising from internal re-organisation inevitably had an impact on the delivery of other work streams, most notably technical support to a number of capital infrastructure projects. While in most instances these projects have been re-profiled, there was a consequent impact on the division's ability to generate the level of fee income predicated in the budget (£0.4m shortfall). Furthermore a number of savings were identified for implementation during 2016-17, some of which it was not possible to deliver and work continues to re-profile and refine these proposals such that the target can be achieved going forward.

Chief Executive's department

54. The Chief Executive Department's outturn was £4,646k against a revised net budget of £5,423k resulting in a favourable variance of £783k. This variance is mainly due to higher than budgeted planning fee income for the year. The department has implemented the proposed savings for the year.

Finance and Governance

55. The Finance and Governance Department outturn was £1.5m overspend prior to the application of reserves to bring the budget to a balanced position. The key adverse variance relates to £2.8m of redundancy costs across the service, of which £0.8m was covered through the utilisation of reserves, the remainder being covered by departmental underspend across the broader F&G budget within staffing and audit and risk professional fees.

Strategic Finance

56. As reported at month 8, a review of the council's minimum revenue provision was undertaken to provide future savings of £5.7m per annum with effect from 2017-18. Early implementation of the review outcomes in 2016-17 presented a windfall saving in year which has been used to offset other budget pressures.
57. In addition, other strategic finance budgets generated favourable variations of approximately £3.7m. These variations included reduction in insurance provision, better than expected treasury management returns and small grant variations.
58. The favourable variation has been used to both support in year pressures on departmental budgets and enabled the contribution from balances to support the 2017-18 budget to be set aside (£3.7m).

Savings

59. The £26.6m savings included in the 2016-17 budget have largely been achieved.

Contingency

60. The £4m contingency budget was fully utilised to offset Children's and Adults' services and No Recourse to Public Funds budget pressures as described above.

Enhanced voluntary severance

61. In order to mitigate the impact of funding reductions and the potential impact of the savings programme on staff, reductions on staff, the enhanced voluntary severance scheme was re-opened for a limited period in 2016-17.
62. The total cost of redundancy in 2016-17 was in the region of £12m. The majority of these costs were offset by reductions in salaries as and related costs and other savings within departments. The payback period for the enhanced voluntary severance scheme is calculated to be less than a year. Where the cost of the second year of the enhanced redundancy scheme was not able to be met within departments, the residual £5.264m was funded from the use of reserves as reflected in Table 1 and £2.180m was capitalised. The previous redundancy scheme was reported to cabinet as part of the 2015-16 outturn report.

Housing Revenue Account (HRA) Outturn 2016-17

63. The outturn for 2016-17 shows a marginal operating surplus of £0.3m after the movement

of earmarked balances to reserves and meeting in full the cost of severance and redundancy costs. This is in line with expectations and as previously reported. The key headlines are shown in the table and outlined below.

Table 2: HRA forecast outturn position for 2016-17

Housing Revenue Account Outturn 2016-17	Full Year Budget	Actual	Variance
	£m	£m	£m
Asset Management	49.1	53.1	4.0
Communities	9.4	8.1	-1.3
Resident Services	37.1	37.9	0.8
Customer Services	2.9	3.2	0.3
Central Services	115.2	91.7	-23.5
Revenue Contribution to HIP	24.2	48.5	24.3
Rent Income	-239.3	-240.3	-1.0
Total HRA before reserve movements	1.4	-2.2	
Use of reserves to support budget	1.4	-2.2	-3.6
Total HRA	0.0	0.0	0.0

64. Capital investment in the housing stock during 2016-17 was at a more sustainable level of £132.1m as the new QHIP (Quality Housing Investment Programme) programme geared up following the end of the Warm, Dry and Safe 5 year investment programme and a further £21m was spent on building new council homes. However, use of traditional funding sources such as capital receipts, S106 and RTB receipts were less accessible than anticipated requiring an additional revenue contribution from the HRA of £24.3m. As part of the financing package, a planned debt repayment was deferred and the budget switched to fund the Housing Investment Programme, thereby avoiding the need for further borrowing. In terms of HRA debt, the impact of this switch was neutral overall, leaving borrowing headroom virtually the same at £184.2m.
65. As part of 2015-16 accounts, it was necessary to make provision for water refunds to tenants following the Thames Water judgement in the High Court. During 2016-17 the council dealt with around 40,000 cases with a value of £21.2m (gross), £16.1m (net), with £4.1m being offset against tenant arrears. The cost of this was substantially covered by the provision and whilst the refund process will continue for some time, albeit on a much smaller scale, it has not been necessary to make any further provision in this year's accounts.
66. The need to spend on landlord responsibilities to repair, maintain and improve the housing stock remains high and consumes the greatest proportion of HRA resources. Overall, expenditure on the stock exceeded budget, but is to some extent distorted by the inclusion of £1.9m SBS trading deficit, which falls to the HRA as their primary client. In general all operational activities have been managed to within an acceptable budget tolerance despite increasing demand and expectations.
67. The cumulative residential rent debit raised (comprising areas, TMOs, estate voids and hostels used for temporary accommodation), was £1m higher than budget at £240.3m. This was largely due to a greater number of estate voids becoming available during the year than was originally estimated. Collection performance for the HRA overall was 98.25%, which is below target and demonstrates the detrimental impact of welfare benefit changes and direct payment.

68. Income from homeowners is also higher than budget, reflecting the unprecedented scale of investment in the housing stock in recent years, a proportion of which is rechargeable to homeowners under the terms of their leases. In total, £43.2m was raised against a budget of £34.6m, with collection performance at £39.8m, well above target. Whilst this represents a peak in billing, early indications are that this will not be repeated in 2017-18.
69. The ring-fenced nature of the HRA requires that surpluses/deficits are carried forward between years and at 31 March 2017 HRA reserves stand at £14.4m (against £16.6m in 2015-16), of which around two-thirds are specifically earmarked. The remainder is held as contingency against unforeseen events in line with the council's medium-term resource strategy. Given the size and complexity of the HRA and HIP, this is considered to be below the optimal level required and presents a moderate degree of risk, which will be closely monitored and managed going forward.

Dedicated Schools Grant

70. The DSG outturn position 2016-17 has been achieved after the use of £8.922m of ring fenced DSG reserves; this use of reserves was £5.922 higher than planned when originally setting budget agreed with the Schools Forum. However, the potential budget pressures had been recognised through a £3.5m contingency for high needs previously set aside within the existing DSG reserve (agreed by the schools forum). This was fully utilised to support the in year pressures in high needs and particularly for post 16 pupils.
71. The balance of the total call on reserves reflects adverse variances within the schools block mainly due to growth in school places in new free schools which are funded via the Dedicated Schools Grant.
72. With the significant use of DSG as part of 2016-17, the position going forward on the DSG will need special scrutiny and financial control. However there has been a planned transfer of funding from the schools block to the high needs block in 2017-18 to recognise ongoing pressures although this position will need to be monitored closely throughout the year.

Reserves

73. 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.
74. 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.
75. The budget approved by council for 2016-17 included a planned release of reserve of £6.170m. This call on reserves provided cushioning of the general fund budget during a period of significant funding reductions and service pressures. This call on reserves was made in full.
76. In 2016-17 £27.430m in total of reserves were utilised, resulting in revenue reserves opening balances of £55.742m for 2017-18. The call on these reserves includes the total

in Table 1 of £26.888m plus a further £0.542m NNDR reserve adjustment (which does not appear in this Table 1). The £26.888m reserve movement in Table 1 consists of:

- £8.830m was to support the budget adverse variance
 - £18.058m utilisation of departmental reserves including DSG £8.922m draw down from the ring-fenced DSG reserve.
77. The total net movements in earmarked reserves for the key designations are set out below and further detail included in Appendix E.
78. Reserves are:
- **Corporate projects and priorities** reserves are held to fund those future activities that will enable the council to operate more efficiently and effectively. They include resources held to meet the cost of ongoing reorganisation and restructuring that the council must undertake to modernise and improve service levels and operational efficiency of the council's activities.
 - **Service reviews and improvements** represent resources held that can be directly linked to services provided.
 - **Capital programme and other capital investment** reserves are held to fund oneoff expenditure that may be incurred over more than one year and by its nature is not appropriate to be included within annual revenue budgets, to facilitate the significant regeneration and development taking place in the borough. Projects include the Elephant & Castle, Canada Water, Southwark Schools for the Future, land acquisitions and other significant one-off costs associated with these projects.
 - **Strategic financing, technical liabilities and future financial risks** reserves are in the main held to mitigate future financial risks that may arise. Such risks include taxation risks, legislative and funding changes including actions involving the Greater London Authority and other government bodies, risks as a result of unavoidable changes in accounting practice, and circumstances inasmuch as they represent uninsured risks. They also include balances that are held for technical accounting reasons.

Collection fund

79. The Collection Fund represents the accumulated surplus or deficit for Business Rates and Council Tax. Both taxation schemes are designed to be self balancing; an estimate of any accumulated surplus or deficit is made each year and factored into the following year's tax requirement. In this way, most of the benefit or burden of any in-year variance is received or borne by taxpayers in the following year.
80. Monies received into the Collection Fund are distributed between the council and its preceptors based on their respective shares.

	Council Tax	Business Rates
Southwark Council	77.12%	30.0%
Greater London Authority	22.88%	20.0%
DCLG		50.0%

81. Whilst the Collection Fund is a single entity, for reporting purposes it is split between Council Tax and Business Rates. In-year performance is set out below (all figures are Southwark's share only).
82. **Council Tax** - The surplus carried forward is £5.6m, of which £2m has been factored into the tax setting for 2017-18. This surplus is attributed to continued growth in housebuilding, improvements in collection and reductions in discounts, exemptions and council tax

support.

83. **Business Rates** - The Business Rates element of the collection fund is now in surplus for the first time since the inception of the Business Rates Retention scheme in 2013. Southwark's 30% share of the accumulated position is £500k.

Implications for 2017-18 budget

84. The 2016-17 identified outturn pressures in Children's and Adults and Housing and Modernisation were recognised as part of the 2017-18 budget agreed. The budget set out a net increase in the Children's and Adults' budget of £5.3m and £2m growth for No Recourse to Public Funds. Further, the spring budget announced supplementary Improved Better Care Funding of £7.47m and the new Flexible Homelessness Support Grant. This is set out in more detail in the Policy and Resources Strategy 2017-18 and 2018-19 Updated Financial Remit report on this agenda. The 2017-18 budget assumed the implementation of £26.4m of savings across the council and the delivery of these savings will continue to be monitored.
85. The Policy and Resources Strategy report indicative resourcing for 2018-19 assumes that reserves will no longer be used to underwrite the budget. This reflects the reduced level of balances following the 2016-17 use of reserves.
86. Further, as set out in this report, the significant use of DSG reserves means that going forward; the budget will need to be under closer scrutiny. In 2017-18 and beyond, the school funding reforms present a number of risks such as the restrictions in the amount of the Early Years Block can be held centrally. This is currently used to support the early year's team, early help service and a subsidy to the three council run nurseries. The Policy and Resources Strategy 2017-18 and 2018-19 agenda item, Annex A provide further detail.

Treasury management

87. 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. In determining the suitability of potential investment decisions, the council prioritises the preservation of capital and liquidity of investments before the consideration of the yield on investments. In the year to 31 March 2017, the average investment balance was £188m (£238m for 2015-16) and the value at 31 March 2017 stood at £159m (£144m 31 March 2016).
88. The overall rate of return on investments during 2016-17 was 0.71% (0.77% 2015-16). As a comparison, the six month LIBID, which is a similar duration to that of the current treasury portfolio, averaged 0.60% throughout 2016-17. The surprise result of the UK referendum on EU membership led to a reduction in the Bank of England base rate, from 0.50% to 0.25%, and an expansion of the central bank asset purchase schemes. This policy change put downward pressure on short dated gilt and other market yields.
89. The average rate of interest for the council's debt portfolio is 5.5% as at 31 March 2017. This reflects the largely historical nature of the debt, the majority of which was drawn prior to 2008 at rates reflecting the prevailing economic conditions at the time. All external debt is from the Public Works Loans Board (PWLB) as part of HM Treasury at fixed rates. During 2016-17, £5m of debt principal matured and was repaid to PWLB. The remaining debt principal outstanding at 31 March 2017 was £458m (£463m as at 31 March 2016).
90. The debt management strategy for the council as part of the Treasury Management Strategy 2017-18 is to pursue a policy of internal borrowing, which is the use of existing reserves and balances to fund capital expenditure rather than the use of external borrowing.

91. The use of internal borrowing allows the council to minimise unnecessary external borrowing costs by only borrowing when needed for liquidity, or to benefit from advantageous borrowing rates. Borrowing in advance of need creates a 'cost of carry' which is the difference between the short term investment income from holding cash balances compared against longer term external debt financing costs.
92. All historical debt for the council has been drawn from the PWLB, however future borrowing could come from a variety of different sources. The UK Municipal Bond Agency (MBA) was established by the LGA as an alternative source of debt provision. The MBA plans to issue bonds to investors backed by a joint and several guarantee by all local authorities that have borrowed through the MBA. Aside from either the PWLB or the MBA, the council could borrow through other financial institutions and banks, or directly from other local authorities.

Community impact statement

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

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Policy and Resources 2016-17 to 2018-19: Cabinet 09/02/2016	160 Tooley Street PO Box 64529 London SE1P 5LX	Fay Hammond 020 7525 0614
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 link into browser) http://moderngov.southwark.gov.uk/documents/s59180/Report%20HRA%20final%20rent%20setting%20and%20budget%20report.pdf		

APPENDICES

No.	Title
Appendix A	Budget Recovery Board
Appendix B	Interdepartmental movements to be approved for month 9 onwards
Appendix C	Analysis of Reserve Movements by Category
Appendix D	Analysis of Reserve Movements – withdrawals and additions
Appendix E	Total Movement in Earmarked Reserves from 2016-17 to 2017-18

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	6 July 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	7 July 2017	

APPENDIX A**Budget Recovery Board****CHILDREN'S AND ADULTS' SERVICES BUDGET RECOVERY BOARD**

- A.1. The council has faced very significant cuts to grant funding from government and as a result has a very challenging programme of efficiencies to bring our spend closer to the reality of our new, much reduced, means.
- A.2. Children's and Adults' Services is the largest department within the council and accordingly has the largest challenge. The department is experiencing very significant pressures and the pace of implementation of efficiencies in some areas is not progressing as quickly as needed. Given the vulnerable people that we support, this is inherently difficult.
- A.3. The increased pressures in Adult Social Care, in both level of demand and complexity of need, reflect the service pressures in adult social care being experienced across London and the country, and population increases of older people in Southwark. Implementation of the Care Act has increased levels of referrals, information and advice, and carers assessments. Inflationary market pressures have been felt by providers and the department has sought to protect quality of care and sustain local provision for residents.
- A.4. There are significant budget pressures in children's social care flowing from placements and staffing. There is a plan to reduce in year pressures in these areas and also to identify additional income, to the extent that this is possible given demand pressures and also the need to keep the service safe. The service is therefore developing a range of measures to reduce spend to budget in 2017-18 and the years beyond.
- A.5. The Children and Adults Budget recovery board has been established to provide oversight over the significant budget reductions and demand pressures experienced by the Children's and Adults' department and to review management action to ensure spend is kept as low as possible consistent with service delivery and client safety.
- A.6. The Board is reviewing measures to address this significant risk for the council and to ensure our statutory duties are fulfilled. It is an example of cross council working to ensure this action has the necessary impact. The Board operates with close consideration of the need to meet the council's statutory duties and manage risk appropriately to ensure a safe service.
- A.7. The Board is also concerned to review the changes required over a longer period to ensure success and sustainability.
- A.8. The Board understands that it has to provide reassurance about the scale of the challenge, and that accurate forecasting is essential. This will include being transparent, but not complacent, about adverse financial predictions.
- A.9. The Budget Recovery Board continues to meet fortnightly and has oversight of a number of action plans that redress the budget position with the aim of reconciling the progress of these actions with the council's overall budget position. Through this robust monitoring process officers are held to account for these action plans. A Service Director is allocated for each of the action plans which include key milestones for the delivery of the plan, including for example, matters where stakeholder consultation is necessary.

- A.10. Actions planned or underway include:
- Reductions in the use of agency staff
 - Increasing income levels across a range of areas, most notably unaccompanied asylum seeker claims, housing benefits, inter agency adoption and payments by results
 - Reviewing all relevant placement for continuing health care eligibility and funding
 - Commissioning and contracting efficiencies
- A.11. The Board is seeking the most accurate possible financial forecasting in each and every team and service so financial forecasting is updated often and captures the very latest spend, savings and approved commitments.
- A.12. The Board is placing especial emphasis on data quality for placements and commitments, such that new, changes and ending placements/commitments are promptly recorded to maintain an accurate forecast.
- A.13. The revenue outturn for 2016-17 shows a significant overspend of £14.887m, which has been contained to the month 8 forecast position. The level of scrutiny applied by the Budget Recovery Board to the budget position has contributed to ensuring that this budget position stabilised and the accuracy of the forecast. The current focus is ensuring that the action plans underway to address underlying cost pressures are fully implemented. The goal is to ensure that these cost pressures are fully addressed as we move into the 2018-19 budget setting process. Currently, the indicative budget for 2018-19 assumes this will be fully achieved.
- A.14. The Budget Recovery Board will continue to meet until the Strategic Director of Finance and Governance is confident that the budget position is fully recovered.

Interdepartmental movements to be approved for month 9 onwards

	Department From	Amount £	Department to	Amount £	Description of the budget movement
Approve	Finance and Governance	(8,261)	Children's and Adults' Services	908,133	NI Increase
	Strategic Finance	(1,669,143)	Environment and Leisure	707,337	
			Chief Executive's	61,934	
Approve	Children's and Adults' Services	(425,820)	Housing and Modernisation	689,008	Support Cost Reallocations
	Chief Executive's	(309,784)	Environment and Leisure	211,023	
	Finance and Governance	(558,741)	Support Costs	394,314	
Approve	Children's and Adults' Services	(468,874)	Finance and Governance	468,874	Reflect the up-to-date Free Healthy School Meals EFA funding allocations
Approve	Chief Executive's	(318,694)	CERA	318,694	Albion Street Demolition
Approve	Strategic Finance	(2,364,686)	Children's and Adults' Services	2,364,686	Schools Balances
Approve	Children's and Adults' Services	(970,323)	CERA	970,323	Revenue Funded Capital

Interdepartmental movements to be noted for month 9 onwards

	Department From	Amount £	Department to	Amount £	Description of the budget movement
Note	Housing and Modernise	(159,746)	Finance and Governance	159,746	Transfer of temporary accommodation team
Note	Strategic Finance	(108,300)	Environment and Leisure	108,300	Low pay settlement
Note	Finance and Governance	(70,400)	Environment and Leisure	70,400	Insurance (Tree Pruning)
Note	Finance and Governance	(49,460)	Housing and Modernisation	49,460	Camberwell Library
Note	Chief Executive's	(212,322)	Housing and Modernisation	212,322	Time Off For Trade Unions Duties (TOFTUDS)

APPENDIX C

Analysis of Reserve Movements by Category

From		Analysis of Appropriations by Category									
		Buildings/ Regenerat ion/ Capital £	Educati on/PH/ Social Care £	Revenu e Cost of Redund ancies £	NRPF/ Welfare/ Hardshi p/ SESS £	Risk Reser ves £	Planne d Contri bution s to Reven ue Budget s £	Capit al £	Corpor ate and Modern isation £	DSG £	Total £
Appropriations	Children's and Adults'/ Public Health	(578,391)	(4,721,235)	(4,175,095)	-	-	-	-	(1,974,755)	-	(11,449,476)
Appropriations	Dedicat ed Schools Grant	-	-	-	-	-	-	-	-	(8,922,137)	(8,922,137)
Appropriations	Housing and Modernise	(430,093)	-	(256,304)	(220,000)	-	-	-	(114,426)	-	(1,020,823)
Environment and Leisure	Appropriations	-	-	-	-	1,550,000	-	-	-	-	1,550,000
Appropriations	Chief Executive	(350,283)	-	-	-	4,030,824	-	-	(74,738)	-	3,605,803
Finance and Governance	Appropriations	-	-	(832,411)	(217,468)	-	-	-	2,347,531	-	1,297,652
Appropriations	Corporate	-	-	-	-	(1,714,897)	(6,170,000)	(2,495,278)	3,017,960	-	(3,662,215)
Transfer to Cover GRA Variance	Appropriations	-	-	-	-	-	-	-	(8,829,611)	-	(8,829,611)
Total Appropriations		(1,358,767)	(4,721,235)	(5,263,810)	(437,468)	3,865,927	(2,470,000)	(2,495,278)	(5,628,039)	(8,922,137)	(27,430,807)

*In addition to the £26.888m of reserves set out in Table 1, this total includes a reserve movement related to an NNDR adjustment of £542k. This results in the total reserve movement of £27.430m.

APPENDIX D

Analysis of Reserve Movements – withdrawals and additions

Department	Total Taken from Reserves £000	Total Added to Reserves £000	Net Movement £000
Children's and Adults' Services (Core)/ Public Health	(10,416)	110	(10,306)
DSG funded services	(9,327)	405	(8,922)
Public Health	(1,143)	-	(1,143)
Total Children's and Adults' Services/ Public Health	(20,886)	515	(20,371)
Environment and Leisure	-	1,550	1,550
Housing and Modernise	(1,976)	955	(1,021)
Chief Executive's Department	(425)	4,031	3,606
Finance and Governance (excluding Corporate)	(1,554)	2,852	1,298
Technical Corporate Budgets	(542)	3,700	3,158
Other Corporate Budgets	(9,350)	1,043	(8,307)
Capital	(1,173)	-	(1,173)
Total Finance and Governance	(12,619)	7,595	(5,024)
Total	(35,906)	14,646	(21,260)
Budgeted use of reserves to support 2016-17 revenue budget	(6,170)	-	(6,170)
Total Reserve Movements at Outturn	(42,076)	14,646	(27,430)*

*In addition to the £26.888m of reserves set out in Table 1, this total includes a reserve movement related to an NNDR adjustment of £542k. This results in the total reserve movement of £27.430m.

Total Movement in Earmarked Reserves from 2016-17 to 2017-18

CORPORATE PROJECTS AND PRIORITIES RESERVES			
	Balances as at 31 March 2016 £000	Net movement £000	Balances as at 31 March 2017 £000
Southwark emergency support scheme/Welfare hardship fund	2,572	(1,322)	1,250
Modernisation, service & operational improvement	2,357	(1,608)	749
Homelessness Prevention	-	628	628
Business support fund	510	-	510
Southwark scholarship scheme (including Youth Fund)	778	(300)	478
Voluntary sector transition fund	391	-	391
Internal audit & anti fraud	356	(156)	200
Community engagement & Links development	389	(220)	169
Revenue grants	164	-	164
Neighbourhood fund	151	6	157
Artefacts replacement & security reserve	117	-	117
Community safety schemes	106	-	106
Community restoration fund	30	-	30
DWP community budget	81	(75)	6
Fair and valued treatment of staff	1,491	(1,491)	-
Adaptations and capital works	79	(79)	-
Total	9,572	(4,617)	4,955

CAPITAL PROGRAMME AND OTHER CAPITAL INVESTMENT RESERVES			
	Balances as at 31 March 2016	Net movement	Balances as at 31 March 2017
	£000	£000	£000
Aylesbury development	6,441	(441)	6,000
Planned preventative maintenance & building compliance	5,285	(841)	4,444
IT and customer service development	3,171	-	3,171
Regeneration & development	2,178	461	2,639
BSF PFI transition	1,631	1	1,632
Schools capital programme contribution/Schools sprinkler systems	1,560	(87)	1,473
Modernisation, service & operational improvement	1,103	253	1,356
Capital contingency	1,289	(2)	1,287
Legal case management system	300	-	300
Canada Water	214	-	214
Contracts realignment (capital)	1,396	(1,396)	-
Tate Modern commitment	1,000	(1,000)	-
New homes bonus grant capital allocation	704	(704)	-
Exchequer services development	550	(550)	-
Total	26,822	(4,306)	22,516

SERVICE REVIEWS AND IMPROVEMENTS RESERVES			
	Balances as at 31 March 2016 £000	Net movement £000	Balances as at 31 March 2017 £000
Organisational development	1,111	134	1,245
Dedicated schools grant reserve	8,646	(7,397)	1,249
Cycling Safety	1,000	-	1,000
Highways	746	-	746
Local flood risk	628	-	628
Highways winter maintenance	576	-	576
Workforce development (adults services)	222	-	222
Temporary Accommodation Strategy	300	(80)	220
Member development	182	-	182
Blackfriars trust allocation	138	-	138
LEA Music Service	-	110	110
HR transformation	94	-	94
Prevention of illegal tobacco distribution	91	-	91
Youth service	70	-	70
BCF Risk Reserve	2,388	(2,388)	-
Childcare Provision for under 2 year olds	1,526	(1,526)	-
Special Education Needs & Disabilities grants	805	(805)	-
Legal Trading	-	-	-
Regeneration	-	-	-
Street trading account	(522)	1	(521)
Public Health	-	(1,907)	(1,907)
Total	18,001	(13,858)	4,143

STRATEGIC FINANCING, TECHNICAL LIABILITIES AND FUTURE FINANCIAL RISKS RESERVES			
	Balances as at 31 March 2016	Net movement	Balances as at 31 March 2017
	£000	£000	£000
Insurance	5,376	-	5,376
Financial risk & future liabilities	2,692	183	2,875
Planned contribution to support General Fund budget 2017-18	-	3,700	3,700
Interest and debt equalisation	4,000	(1,000)	3,000
Waste PFI equalisation reserve	2,921	-	2,921
New Homes Bonus funded LEP Programme	3,685	(1,103)	2,582
Business rate retention risk	2,500	(542)	1,958
Council tax and housing benefits subsidy equalisation	1,000	648	1,648
Schools in financial difficulties, schools closures and academies	332	(80)	252
Planned contribution to support General Fund budget 2016-17	6,283	(6,283)	-
Legal and contractual risks	172	(172)	-
Queen's Road lease smoothing	(184)	-	(184)
Total	28,777	(4,649)	24,128
Total	83,172	(27,430)*	55,742

*In addition to the £26.888m of reserves set out in Table 1, this total includes a reserve movement related to an NNDR adjustment of £542k. This results in the total reserve movement of £27.430m.

Item No. 14.	Classification: Open	Date: 18 July 2017	Meeting Name: Cabinet
Report title:		Outturn Capital Monitoring for 2016-17 and Capital Programme Refresh for 2017-18 to 2026-27	
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

As ever the Council's capital programme has continued to deliver major investments and improvements into our borough.

At the end of the financial year the work funded by the Housing Investment Programme meant that a record 93% of our council homes hit the decent homes standard. £45m has been invested in school expansions so that we can provide the local school places parents want. Leisure centres like Seven Islands and Peckham Pulse have seen considerable improvements and the 120 year old Nunhead Library had a much needed refurbishment.

I would like to highlight to Cabinet that the Capital Programme, particularly the Housing Investment Programme, may see considerable amendment in the coming months. There can be nothing more important than ensuring our council homes are safe and we will take action to make resources available for fire safety works in accordance with the recommendations of the review of fire safety.

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,
3. Notes the outturn 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 12 2016-17.
4. Notes the resulting general fund capital programme for the period 2016-17 to 2026-27 as at year-end, as detailed in Appendices A and D.
5. Notes the substantial funding requirement of £313.676m for future years 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 2026-

27 as at Month 12 2016-17, as detailed in Appendix B.

7. Notes the significant funding requirement of £211.1m which needs to be identified for the housing investment programme to be fully delivered over the 10 year programme.
8. Notes that any potential demand on the capital programme arising as a consequence of local or national demands for resources following the Grenfell fire are not included in this report.
9. Notes that in the event of additional resources being required that the Leader delegates responsibility to the strategic director of finance and governance (in consultation with the cabinet member for finance, modernisation and performance and the cabinet member for housing) for identifying resources to be made available in a timely way
10. Note the update on local community infrastructure levy set out in paragraphs 45 and 46.

BACKGROUND INFORMATION

11. This report sets out the outturn position for the general fund and housing investment capital programme for 2016-17. On 7 February 2017 the forecast as at month 8 was presented including growth bids totalling of £34.662m.
12. The total programmed capital expenditure for general fund is £698m budgeted over the ten year period 2016-17 to 2026-27 for general fund. The housing investment programme is forecasting a total expenditure budget of £1,326.79m over the ten year programme from 2016-17 to 2026-27.
13. 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.
14. 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 s106 or CIL obligations not being brought forward as quickly as anticipated.
15. 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

16. In meeting the council's fairer future promises the council made a total of £252m capital investment during the 2016-17, comprising of £98.89m General Fund and £153.1m Housing Investment Programme.
17. The outturn expenditure position was lower than the month 8 forecast by 22%

(General Fund – £138.1m and Housing Investment Programme - £195.5m), however, there was an increase on the general fund capital expenditure when compared to 2015-16 of 29%.

Fire safety

18. Despite significant investment in fire safety since Lakanal House fire in 2009, the Grenfell fire tragedy will require local scrutiny of fire safety measures not only for the housing investment programme but more widely across council services. The council will continue to take a positive risk assessed view of the need to invest in fire safety and will continue to make resources available as a high priority to safeguard tenants and residents. Refer to paragraphs 104 to 108 providing additional detail on the current capital programme fire safety prevention measures expenditure.
19. The programme will also need to be reconsidered alongside any future changes to government regulations in respect of council housing and other council amenities. Work to assess the financial impact of any necessary works on the capital programme will continue to be reported to cabinet as a priority.

Capital expenditure in 2016-17 by service department:

Department	Budget £'000	Actual £'000	Re-profiling to future years £'000
Children's and Adults' Services	101,508	51,257	(50,251)
Southwark Schools for the Future	3,311	1,334	(1,977)
Environment	21,067	17,164	(3,903)
Housing & Modernisation	10,812	7,009	(3,804)
Chief Executive	38,106	22,126	(15,980)
Total General Fund	174,804	98,890	(75,915)
Housing Investment Programme	203,408	153,079	(50,329)

Key capital achievements 2016-17

20. The 2016-17 capital programme has successfully delivered the fairer future promise, these are listed under the council themes below:
21. Quality affordable homes - We will improve housing standards and build more homes of every kind including 11,000 new council homes with 1,500 by 2018. We will make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.
 - Through our Warm, Dry and Safe programme we have invested over £62m in improving our existing housing stock in 2016-17, leading to the installation of new kitchens and/or bathrooms in 1,130 council homes in this year alone
 - Our investments have led to over 93% of homes being classed as “Decent” at March 2017, in excess of our target of 90%

- Conversion of Half Moon Lane to supported accommodation for learning disabilities clients
 - 129 new council homes were built in 2016-17 which brings the total number of completions since 2011 to 291
 - The total for 2016-17 for the Direct Delivery Programme consisted of expenditure amounting to £19.9m.
22. Best start in life - We believe in giving all our young people the best start in life. We want them to be in safe, stable and healthy environments where they have the opportunity to develop, make choices and feel in control of their lives and future. We will offer our young people and families, including those who are more vulnerable or have special educational needs, the right support at the right time, from their early years through adolescence and into successful adult life.
- In 2016-17 £1.05m continued capital investment on the ARK All Saints Academy (Secondary school) project and the new Sports Hall.
 - £45m has been spent in 2016-17 on school expansion to ensure the availability of school places.
 - £3m has been spent on maintaining school buildings to ensure that pupils work in a safe environment to support learning.
 - Planned for 2017-18 is the final stage of the SSF programme will be the Southwark Inclusive Learning Service (SILS) Key Stage 3.
 - In addition, the plan for opening new secondary schools to meet demand including on the Dulwich Hospital site in East Dulwich is planned in 2017-18.
23. Strong local economy - When our economy is strong, then all our residents benefit. It brings more opportunities for people in Southwark to find work, get into training and achieve their aspirations. We want our town centres and high streets to thrive. We want to make Southwark the place to do business in a central London and a global economy, where business owners know this is the borough where their enterprises will grow and prosper.
- In 2016-17 the council delivered 544 apprenticeships, bringing the total to 1,184 since April 2014. These were mainly generated through direct delivery and supply chain partnerships, commissioning and s106 agreements.
 - Investment in Eagle Wharf through the facilities agreement with Mountview includes a package of community benefits when the school is open in September 2018.
 - The High Street Challenge invested over £67k in projects to help improve town centres in creative and innovative ways in 2016-17, and we've delivered 143 new affordable work spaces for small businesses.
24. Healthy active life - For people to lead healthy lives, we need to tackle the root causes of ill health and reduce the inequalities that limit the lives of too many in our

society. We will work to reduce health inequalities and improve people's lives; for example, by making all council homes warm, dry and safe and by building quality new homes, we are helping people to live healthier lives. We will work with residents and our partners to build resilient communities, extending opportunities to all to maintain and improve their health and wellbeing.

- Expenditure on leisure in 2016-17 amounted to £2.03m with a number of successful, high profile projects completed including Seven Islands Leisure Centre.
 - Refurbishment of Peckham Pulse final phase is now complete
25. Cleaner greener safer - We want people to feel safe in their borough, to walk down clean streets and to know that their borough is leading the way when it comes to things that matter like recycling and reducing landfill waste. With local people our aim is to deliver the very best so the borough is clean, green and a safe place to be.
- £1.1m expenditure contributed to the significant progress made towards implementing the programme of improvements to open spaces within the Elephant & Castle opportunity area.
 - Capital expenditure of £770k was spent on St Mary's Churchyard phase 2 works including new water features which have been completed and are open to the public.
 - The total amount spent on the Cleaner Greener Safer (CGS) amounted to £2.04m which consisted of a number of projects.
 - This year 25 of our parks achieved Green Flag status, placing Southwark second amongst London local authorities with the most Green Flags and third nationally.
 - The Burgess Park lake toilets were completed and the new look gardens at Nelson Square opened to the public as we continue to invest in our parks.
26. Revitalised neighbourhoods - We are a borough with a proud heritage and a great future. It's a future filled with potential, with some of the most exciting and ambitious regeneration programmes in the country being delivered right on our doorstep.
- Nunhead library was successfully refurbished to celebrate its 120th anniversary, followed by an internal refurbishment of Kingswood Library and Peckham Library.
 - Capital expenditure of £222k was spent on the Southwark Cycle Spine to compliment the increasing numbers of cycling in Southwark.
 - Capital expenditure of £644k has been used on the Peckham revitalised programme to provide new facilities in Peckham Rye Park and Common. New, relocated car park has now opened, which has allowed work to commence on a new children's play area to be created on the site of the car park
27. Fit for the future - We are a dynamic borough at the heart of London. Ambitious and confident, we want the very best outcomes for our residents. This means leaving no one behind in a fast changing world. We will be a council that is fit for the future with

responsive, digitally enabled services that adapt well to change. Through our digital strategy we will make it easier for residents and businesses on the move to access more services via the web and smartphone.

- Capital expenditure of £2.67m was used on improvements in the councils IT infrastructure and networks to support the efficiency of the councils operation
- £1m was expended on investing in purchasing parks vehicles and equipment as part of the contracting arrangements this decision was made in order to generate revenue savings, ensuring the council makes best use of its resources.
- This report includes a bid for the acquisition of commercial property amounting to £73m. These properties will be used to generate essential income to fund services, in addition, these assets have been selected for their potential to contribute to wider strategic objective to support corporate priorities.

Programme position at month 12 2016-17

General fund

28. The total-spend for 2016-17 for general fund is £98.9m against a plan of £174.8m. (56.6% of the total forecast spend).
29. The variance between planned spend and available resources, was resourced by internal borrowing of £32.8m (paragraph 38 refers).
30. A summary of the general fund programme position is attached at Appendix A, as at Month 12 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).
31. Appendix C shows the budget virements and variations arising at year end of 2016-17 for approval by cabinet.
32. 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

33. The total expenditure for 2016-17 is £153m, against a budget of £203.4m (75% of the total budget); this was fully funded without the need to borrow. Appendix B provides a summary of the housing investment programme position as at month 12 of 2016-17; with further detail provided below.
34. The total forecasted spends for the programme to 2026-27 s £1,326.79m, against total resources of £1115.63m. This variance will need to monitored and reviewed over the course of programme.

Resource implications and financing the capital programme 2016-17

35. 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
36. The strategy for financing the capital programme is to utilise grants, before using council receipts and reserves, thereby minimising any requirements for borrowing which will impact on the council's revenue budget.
37. The 2016-17 general fund and capital programme financing is set out below, and shows that there was a requirement for the use of internal borrowing to meet the needs of the general fund capital programme.

	2016-17 General Fund £000	2016-17 HIP £000
Total Spend	98,890	153,079
Funded by:		
Capital Receipts	26,622	45,171
Major Repairs Reserve		46,778
Reserves	1,791	6,755
Revenue	319	49,204
Capital Grants	30,381	908
Section 106 Funds	6779	4,261
External Contributions	185	
Internal Borrowing	32,813	
Total Funding	98,890	153,079

38. The shortfall in available capital resources, which were not funded as above, were funded from internal 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.
39. The debt management strategy for the council is set out in the council assembly report (12 July 2017 report "The Treasury Management Performance – 2016-17 Annual Report and Prudential Indicators for Capital Finance and Treasury Management report"). The treasury management strategy 2017-18 is to pursue a policy of internal borrowing, which is the use of existing reserves and balances to fund capital expenditure rather than the use of external borrowing.
40. The use of internal borrowing allows the council to minimise unnecessary external borrowing costs by only borrowing when needed for liquidity, or to benefit from advantageous borrowing rates. This approach will continue to be monitored.

Resourcing the 2017-18 programme onwards

41. The make up of the capital programme is significantly influenced by the scale of resources availability from grants, s106, community infrastructure levy (CIL) and

capital receipts and their timing. Over the life of the programme, all commitments must be met from anticipated resources. In the event of any shortfall in resources to fund the programme in any particular year the council would need to consider the use of prudential borrowing to bridge the gap. Alternatively, internal borrowing may be considered should short term cash balances allow.

42. In the current ten year programme included within this report, there is a shortfall of available funds of £313.67m to meet the planned general fund capital commitments. This is a significant increase from £113.5m at outturn 2015-16. This increased shortfall reflects the impact of the new capital bids and continuing review of available resources. Further, there is a shortfall in available funding to meet the ambitious housing investment programme of £211.15m.
43. In addition, proceeds from capital receipts are continually kept under review especially for sales and development agreements. Financing 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. As part of work to review capital financing, a review of s106 is underway to identify where funding that can be appropriately utilised to support the capital programme. This is subject to the agreement of the Planning Committee.
44. 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. Subject to the profile of expenditure, it is unlikely that any external borrowing will be required in 2017-18, although this situation will need to be continually reviewed. Beyond 2017-18, there are likely to be future demands for borrowing and these will be assessed as necessary at the time as part of our Treasury Management Strategy. The timing of any decision to borrow will be mindful of likely future pressure on interest rates.

Local community infrastructure levy update

45. Given the need to ensure that local communities benefit from the Community Infrastructure Levy, Cabinet agreed on 17 March 2015 committing Southwark to spending at least 25% locally, irrespective of whether there is a neighbourhood plan. This funding will be spent on projects contained on a Community Infrastructure Project List. These CIPLs are lists of project ideas proposed by the local community and approved by the relevant community council. Consultation on the CIPLs happens regularly to make sure they are up-to-date and reflect local need.
46. It is proposed that the community councils prioritise projects on the CIPL list, taking account of local need and the council's approved capital programme. A report will then be submitted to cabinet for approval in future capital programme monitoring reports.

Departmental updates

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

General Fund (Appendix A)

Chief Executive's

48. The total value of the capital programme for the department over the period 2016-17 to 2026-27 is £301.6m. Project managers have reviewed the progress of the schemes and budgets have been re-profiled in line with the anticipated spend. The final capital outturn for 2016-17 was £22.1m and the remaining budgets have been profiled to spend in the following years.
49. 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.
50. 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 & Castle, Camberwell and other parts of the borough.

Regeneration Division

51. The regeneration division (comprising of 4 project areas namely Regeneration North, Regeneration South, Regeneration Capital Works & Development and Property Services) has a combined budget of £148.2m with expenditure of £12.5m 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.

Walworth Road Town Hall

52. The last capital monitor noted that as a result of a significant budget shortfall totalling £15m, further consultation was being undertaken with the community to review options for taking the regeneration of the buildings forward. This exercise identified a preferred option for a phased approach which would achieve the early delivery of a library and heritage display area. This option still required an additional £10m above the £20m already allocated. Due to the continuing constraints on the council's capital programme, this additional funding is not available. A report on this cabinet agenda therefore sets out a revised project mandate which proposes to seek expressions of interest from the market for Arts and Culture D1 uses as a means of taking forward the regeneration of the buildings.
53. The extent to which this approach may require council funding from the allocated budget will be assessed through the marketing process and will be reported to cabinet in a future report. In the meantime, the Project Board has agreed that all facilities management, security and other related costs being incurred for the building will be charged against the current budget.

Southwark War Memorial

54. The council has started to commission the Southwark memorial with input from a

project steering group. Work is on going to incorporate the piece into the Walworth Square designs. Implementation of the public art works is anticipated to take place during 2018-19.

Elephant and Castle Open Spaces

55. Significant progress has been made towards implementing the programme of improvements to open spaces within the Elephant & Castle opportunity area. St Mary's Churchyard phase 2 works which include new water features have been completed and are open to the public. The refurbishment of Pullens Gardens is about to commence on site. Public consultation on the next project at Dickens Square will start this summer.

Aylesbury Plot 18

56. The detailed design of Plot 18 is currently underway. It is currently anticipated that Notting Hill Housing Trust will appoint a contractor and achieve start on site in summer of 2018 and completion in spring 2021.

Eagle Wharf

57. The Facilities Agreement has now been varied and a grant agreement is in place in accordance with the allocation agreed at Cabinet in February 2017. The building contract has now been let with anticipated completion by September 2018.

Peckham Rye Station Redevelopment (Gateway to Peckham)

58. A decision has been ratified by the Secretary of State to enable us to use CPO powers. It is anticipated that a start on site will be made in spring 2018 with completion in spring 2021.

Revitalise Peckham Rye

59. Work is now underway in Peckham to provide new facilities in Peckham Rye Park and Common. New, relocated car park has now opened, which has allowed work to commence on 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 the work on these two phases is scheduled to be completed by the end of October 2017. Once the new play area and changing rooms and play room are completed, the old facilities will be demolished and the land returned to common land. This final phase of the project is scheduled to be completed by early 2018. The total budget for this project is now £4.17m and is fully funded following confirmation by cabinet in February 2017.

Elephant and Castle Leisure Centre

60. The Castle Centre celebrated its first anniversary in April 2017 and the centre has proved to be very popular with all age groups. There is a high use of the facilities by local schools, particularly the learner pool for primary age pupils. The surrounding St Mary's Churchyard has now been re-landscaped and this now integrates into the new centre. The Phase 2 works to the centre (mainly highways work) remains to be completed with 4 futures and the council is reviewing its options for the non completion of these works. This does not affect the operation of the centre.

Albion Street

61. The regeneration of Albion Street has been a long term objective of the council 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 will complete in June on St Olav's Square which will create a public square in front of the Norwegian Church. The demolition of 71-73 Albion Street has been completed and the site is currently being used as a builder's compound in connection with the Albion school project. The future use of this site will be the subject of public consultation later this year.

Acquisition of Commercial Properties

62. The council is undertaking a limited programme of commercial property acquisitions this year; primarily to replace investment income foregone when assets have been released into regeneration projects, home building schemes and other disposals from the portfolio. The capital programme has been updated to include the acquisition decisions considered at Cabinet regarding Shand Street/Holyrood Street (21 March Cabinet) and Old Kent Road Opportunity area (9 May cabinet). Further to a limited number of potential future transactions which will be subject to specific reports to Cabinet as these arise. In addition to their primary purpose of generating essential incomes to fund services, the new assets have been selected for their potential to contribute to wider strategic objective to support corporate priorities. An additional budget allocation of £73.865m is needed from council resources to complete these transactions and is reflected in Appendix C for cabinet approval.

Planning and Transport Division

63. The planning division (comprising of 2 project areas, namely transport planning and planning projects) has a combined budget of £22.5m with £5.7m spent in 2016-17 and the balance profiled over future years.
64. The transport planning budget of £13.3m 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 £9.2m 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.

TfL Funded works

65. A total of £4.2m was spent by Environment and Leisure department in 2016-17 on TfL-funded transport and highway improvements. This funding included the completion of a range of neighbourhood projects such as Bellenden Road phase 1 and Brayards Road, as well as substantial investment in the borough's cycling Quietway network – Quietway 1 being completed, Quietways 7 and 14 being started, for completion in 2017/18.
66. The latest capital monitor report also includes capital budget variation for projects funded by TfL grants and s106 funds and these are reflected in Appendix C for cabinet approval.

67. 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

68. In summary, the capital programme budget across children's and adults' services for the period 2016-17 to 2026-27 is £266m. The outturn for 2016-17 expenditure was £51m.

Children's Services

69. The capital programme budget for 2016-17 to 2026-27 is £245m. The outturn for 2016-17 was £49m and consisted mainly of the £45m Schools Expansion Programme.
70. In 2016-17, additional temporary and permanent places were provided at Robert Browning, Bellenden, and Ivydale primaries, and again at Charles Dickens, Keyworth, Albion, and Crawford primaries to provide temporary and permanent reception places for this academic year.
71. The scale of the schools capital programme and the complexity of the issues involved, for example expanding whilst education is still being provided on site or undertaking the work out of term and/or other site specific factors, are such that significant slippage in the programme can occur and hence the delay of spend to the new financial year. In addition as school expansion and the free school programme are national issues and particularly acute in London, supply side issues can also occur, for example there had been a delay in getting prefabricated materials on site which has delaying the phasing of the programme. In addition, the need for additional places and the statutory requirement are such work needs to be programmed as early as possible to ensure that the provision is delivered on time to meet that need and requirement.

Adult Social Care

72. The capital programme budget for the period 2016-17 to 2026-27 is £21m. The outturn for 2016-17 was £2m and consisted mainly of the Orient Street respite care home refurbishment and the conversion of Half Moon Lane to supported accommodation for Learning Disabilities clients.
73. Centre of excellence - Phase 1 of Cator Street was completed in 2015-16. Phase 1 (extra care sheltered flats) has been built and we have now filled all but around 2 of the extra care sheltered flats. Phase 2 design work is still underway about the design of the next lot of flats and community hub (centre of excellence) to be built. The capital monies not spent relate to Phase 2 which includes the community centre.

Southwark Schools for the Future (SSF)

74. The capital programme budget for the period 2016-17 to 2026-27 is £12m. The outturn for 2016-17 was £1m.
75. 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.

Environment and Social Regeneration (including Leisure services)

76. The total value of the departmental capital programme for the period 2016-17 to 2026-27 is £107.6m. The Departmental Capital Review Board continues to scrutinise and challenges the forecasts of all projects and their profiling at the end of each quarter to ensure the monitors are robust and accurate based on the latest information available. The departmental capital outturn for 2016-17 was £17.1m against the budget of £21.1m giving a favourable variance of £3.9m, which will be re-profiled into 2017-18 and future years.
77. The progress of major schemes is outlined below.

Highways

78. The Highways Asset Investment Programme (non principal and principal roads) was originally forecast to spend £6.6m in 2016-17 of which £5.3m was forecast to spend on non principal roads and the outturn was £4.47m. The difference was due to the delays in the relaunch of the devolved highway programme owing to resource and contractual issues. These issues have now been addressed and this difference will be profiled in the first quarter of 2017-18. This projection is based on a more robust programme from the contractor and this position will be closely monitored during 2017-18.
79. The Cleaner Greener Safer (CGS) programme was forecast to spend £2.3m in 2016-17 on the numerous projects across the borough and the outturn was £2.037m. Although the outturn was slightly under the initial budget set, the programme was successful as it significantly overachieved in terms of scheme completions and the underspend was partly due to delivering projects more efficiently and under budget. Any remaining budgets will be reviewed for reallocation of funds to projects in line with agreed approval process for the CGS programme.

Traded Services

80. Lamp Column Replacement Scheme. These works are carried out as part of the larger investment programme running to 2022. Works completed and ongoing have seen the replacement of lanterns with the highest energy consumption for LED type lanterns and the renewal of lamp columns. The completion of a comprehensive structural testing regime during the year enabled the replacement of safety critical (red or high amber category) lamp columns.

Parks and Leisure

81. 2016-17 was a successful year with a number of high profile projects completed including Seven Islands Leisure Centre, Nelson Square, St. Mary's Churchyard, new cremators at the crematorium and the new toilets at Burgess Park.
82. 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 with faculty approval been granted by the Diocese of Southwark for the delivery of Area Z and D1. The contract for the delivery of D1 has been awarded and further site investigations have

commended on Area Z. This decision was delayed on more than one occasion which created uncertainty about the level of spends on these projects. The planning application has been agreed.

83. Southwark Athletics Track and Centre: The track was completed in May 2016 and the remaining forecasted spend for 2016-17 has been re-profiled into 2017-18 when construction is scheduled. A contractor has been appointed and works will be taking place over the summer of 2017.
84. Seven Islands Leisure Centre: Works started in August 2016 to upgrade the reception and entrance, install a lift, upgrade the pool hall and some plant, refurbish the wet-side changing rooms, and convert the meeting room into an exercise studio. The works have been completed and the centre is fully reopened and the budgets for 2017-18 and future years have been re-profiled in line with the expected spend.
85. Peckham Pulse Centre: The council has completed the latest phase of refurbishment, with the project jointly funded with the council's leisure provider. Works undertaken include the relocation of the reception, full refurbishment of all changing rooms, relocation of the soft play, expansion of the gym from one floor to two and refurbishment of three studios.
86. 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. The tender process for a contractor has been completed and works are due to start soon. Completion is expected this summer and the projected spend for this project has been re-profiled into 2017-18.
87. Planning approval was granted for both new café building at Southwark Park and the Burgess Park West project. Burgess Park West is scheduled to start on site in the autumn of 2017. The new toilets and associated landscaping of the Cobourg Rd entrance were completed with the toilets now open to the public. The Glengall Garden wall refurbishment was completed in March 2017.

Libraries and Heritage

88. 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 9th December 2016 and the changes have been very well received.
89. 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.
90. Kingswood Library internal refurbishment works. In December 2016, an inspection of the exterior of the building identified loose bricks in several places necessitating the immediate construction of scaffolding to make it safe. An intermediate solution has been completed to make the façade safe and take down the scaffolding. The interior works has been delayed until its costs together with the cost of the works required to permanently repair the façade are assessed against the current budget available for Kingswood House.

91. Grove Vale Library: Developers began work on the site in March 2017 and have begun working with the library service on the library element. The space will be passed to council “shell and core” and as a consequence budget will have to cover installation of plant and utilities and these costs will need to be reviewed against the current available budget.

Housing General Fund and Modernisation

92. Overall, the total value of the Housing and Modernisation general fund capital programme up to 2026-27 is £85.2m. Programme spend of £7m for 2016-17 is around £3.8m less than originally forecast and comprises programme re-profiling for Leathermarket new build, Brayards improvement zone and infrastructure works to the council's operational estate. In all cases unspent resources will roll forward to 2017-18.

Traveller Sites

93. The programme for traveller sites is £300k with only minimal spend during 2016-17. However, there are a number of health and safety and compliance issues that warrant urgent remedial action and will almost certainly require additional resources over the next 12-18 months. Proposals in this regard will be reported to cabinet at the earliest opportunity.

Affordable Housing

94. The affordable housing programme relates to the final Elephant & Castle off-site housing development. The final tranche of £1m was paid to Guinness Housing Association for the provision of affordable housing on the Stead Street car park site, and the project is now complete.

Modernisation

95. For Information Technology and Digital Services the outturn spend was £2.7m, broadly in line with earlier forecasts. This service remains critical to the council's strategy to transform the way it delivers services. The existing contract for the delivery of an IT managed service is due to cease on 31 October 2017 at which time the council will become part of a shared IT service with the London Boroughs of Brent and Lewisham. This arrangement requires a substantial initial investment to transition Southwark's existing IT infrastructure and applications to the new hosted service. As a result the existing IT capital programme (£18.4m up to 2021-22) will need to be re-profiled to accommodate transition and on-going service transformation. This will be reported to cabinet at the earliest opportunity.
96. The focus for Corporate Facilities Management during 2016-17 was the procurement and mobilisation of a second (new) contract for maintenance and compliance assessment services for the wider operational estate, running parallel with the existing Tooley Street FM contract. This undoubtedly consumed a high proportion of the resources within the corporate FM team that would otherwise have been focused on delivery of planned preventative maintenance and infrastructure works, which have had to be re-programmed which accounts for the lower than anticipated spend during 2016-17.

97. As previously reported, both IT and CFM will need to re-evaluate the detail of their planned expenditure over the life of the existing programme. However it is worth noting at this juncture that the delivery of their programmes is closely linked to other strategic decisions that the council makes, including for example the workplace strategy which sets out the council's vision to provide a bright, modern flexible work environment for all staff that supports mobility, productivity and collaboration across departments

Housing Renewal

98. Around £1m of Disabled Facilities Grant (DFG) was spent in 2016-17 with 85 schemes completed. The DFG subsidy allocation received from the Better Care Fund increased from £0.6m to over £1.1m, giving an overall budget of £1.9m for 2016-17 and £2.1m for 2017-18. This has enabled the council to undertake more complex adaptations and approve an increased number of more common adaptations such as wet rooms and stair-lifts going forward.

Leathermarket

99. In July 2016 cabinet approved grant funding to the Leathermarket Community Benefit Society (CBS) to build 27 properties at council rent levels on the Kipling Estate garage site. The project contributes to the council plan commitment to provide quality affordable housing in the borough. The grant of up to £9.3m will be largely funded from section 106 contributions within the HIP, but £3m is required to be funded from other resources. As the project is creating assets outside of the HRA, the expenditure must be accounted for in the general fund capital programme. The amount of grant released during 2016-17 was £0.9m, with a further £2.1m available in subsequent years.

Housing investment programme

Summary outturn position

100. During 2016-17 the council's total investment in housing was £153.1m, comprising £132.1m on the existing stock and £21m on building new council homes. This was lower than earlier forecasts, principally due to slippage on the Aylesbury regeneration as a result of delays in obtaining vacant site possession and on Warm, Dry, Safe as the final schemes progress and the programme draws to a close and transitions to the new planned maintenance regime.
101. As reported previously, resourcing the council's ambitious investment programme remains challenging, particularly in relation to the unpredictability of the resource profile. For 2016-17, the level of capital receipts, s106 and right to buy receipts that were accessible to fund the programme were less than anticipated. This required additional HRA revenue contributions to balance which necessitated deferring a planned debt repayment contribution. However, overall the debt position remained broadly neutral with borrowing headroom virtually unchanged at £184.2m.
102. In summary, the programme was financed by £39m of capital receipts, £6.1m of right to buy receipts, £46.8m from depreciation (via the major repairs reserve), £4.3m from s106 developers' contributions and £0.9m grant, and £56m revenue, including £6.8m reserves. Whilst expenditure at this level is more sustainable, the 10 year investment programme remains over-committed and it is critical that new

and emerging projects are contained and prioritised within the existing resources agreed.

Existing housing stock

103. Maintaining and renewing the council's existing stock accounted for around 74% (£114m) of the total spent during 2016-17. The main headlines are:

Warm, Dry, Safe (WDS)

104. The WDS programme has been running since 2011 and invested over a half a billion pounds bringing the housing stock up to the 'decent homes standard', including around £62m on fire prevention measures since the Lakanal fire in 2009. Safety works to all substantial risk blocks have been completed and fire safety continues to be addressed through the ongoing investment programme, including the installation of LD2 smoke alarms to all properties. WDS is now nearing completion with nearly all planned works committed and remaining schemes expected to complete during 2017-18. The decent homes standard was achieved for over 90% of council homes by March 2016.
105. The council works closely with the London Fire Brigade to carry out Fire Risk Assessments for all our blocks, develop our fire safety plans, and consider the needs of each block, with a focus on preventing fires, having early warning systems (heat and smoke alarms in every habitable room) and preventing those that do occur from spreading through better compartmentation. The council has a dedicated fire safety team that is responsible for carrying out a rolling programme of fire risk assessments and identifying any work which needs to be carried out.
106. LD2 smoke detection has been installed in the dwellings of all our tower blocks and were also offered free of charge to leaseholders. They are interlinked and consist of smoke detectors in all rooms and a heat detector in the kitchen. When one sounds they all sound in the dwelling, thus giving the resident the earliest possible warning of a problem.
107. Fire safety is now an integral part of the council's major works programmes (WDS and QHIP). All identified works are routinely delivered as part of the programme, with the exception of specific standalone schemes such as sheltered and temporary accommodation. The council has installed sprinkler systems at our sheltered housing units and hostels.
108. Some slippage on the major works programme has occurred during the year and resources re-profiled accordingly. The investment programme is currently being reviewed to more accurately align expenditure plans and budget allocations and resources going forward.

Quality Homes Improvement Programme (QHIP)

109. QHIP is the principal element of the council's asset management strategy, with a programme budget of £797m over 10 years. Whereas the focus of WDS was generally on the external fabric, QHIP recognises the need for a cyclical approach to maintenance and aims to address wider investment needs including internal works. This is the first year of the programme and some slippage is evident resulting in £15.9m being rolled forward to 2017-18.

High Investment Needs Estates (HINE)

110. The programme covers those estates identified as high need/high cost requiring extensive repair/refurbishment. In 2016-17 £14.3m was spent in total, of which £12.2m was at Four Squares (now completed) and Maydew House.

New Homes Programme

111. Direct Delivery Programme expenditure of £19.9m is lower than expected as the lead-in time for new build can be protracted. Completions include: Long Lane (Villiers Court), Masterman House (Piper Court), Clifton Estate (Parish Apartments), Gatebeck House, Cator Street (Tayo Situ House) and Nunhead Green site B (Candle Grove/Nunhead Lane). These schemes delivered 103 social rented homes, 1 intermediate and 9 homes for sale. Southdown House (1-18 Southdown House, Pytchley Road, SE22) completed in early 2017-18.
112. Three schemes are on site and due to complete in 2017-18, delivering 68 council homes, the largest of these being Sumner Road, which will provide 50 units. Planning approval has been obtained for five schemes, which will provide 93 council homes. These comprise Lakanal Shops (7 units), Daniels Road car park (19 units), Pelier Street (17 units), Kinglake Street garages (21 units), and Meeting House Lane (29 units). In addition there are a further 18 schemes at pre-planning stage that are anticipated to deliver 544 new homes and seven schemes at feasibility stage, with the potential to deliver 74 homes.
113. The Hidden Homes: the programme seeks to create new homes from vacant or underused spaces in existing housing blocks. It has so far delivered 30 new homes as well as others for sale, to help finance the wider investment programme.
114. For s106 acquisitions the purchase of properties at Salter Road and Blackfriars Road developments completed in 2016-17, providing 24 and 56 social rented units respectively as well as 10 intermediate units at Salter Road.

Southwark Regeneration in Partnership Programme (SRPP)

115. The council has a large scale regeneration programme underway of which a number of projects impact on the housing investment programme and specifically the delivery of new council homes as part of wider regeneration activity. The main headlines are explained below.
116. Aylesbury Estate: Unavoidable delays to the project have occurred due to the council's CPO application being refused, which has impacted on the expected spend profile. This was the subject of a specific report to Cabinet in May 2017.
117. Elmington Estate Phase 3: Sites C, D and E are currently under construction and site G is being demolished. Completion is expected during 2019.
118. East Dulwich Estate: cabinet approved the sale of 50 voids to assist with funding the estate regeneration programme. To date, 43 have been sold, 6 are on the market with 3 under offer and the last remaining void remains subject to appraisal. The conversion of 18 drying rooms in phases 1 and 2 are complete and all units are sold with a further 6 in phase 3 underway and due to complete this year. Health and safety works are complete and environmental improvement works are due to start shortly. Programme budgets have been re-profiled as necessary.

119. Regeneration North: As part of the Elephant & Castle regeneration, the council has completed the construction of a new building for the United Reformed Church. This is a replacement facility for the loss of their former premises as part of the redevelopment of the Heygate estate. Costs associated with outstanding acquisitions which are the subject of a Lands Tribunal decision and relocation of the electricity sub-station remain outstanding.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

120. 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.
121. 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 (please copy into your browser): http://moderngov.southwark.gov.uk/documents/s64605/Report%20Month%205%20Capital%20Monitoring%20for%202016-17%20and%20Capital%20Programme%20Refresh%20for%202016-17%20to%202023-24.pdf		
Month 8 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 (please copy into your browser): http://moderngov.southwark.gov.uk/documents/s66402/Report%20Month%208%20Capital%20Monitoring%20for%202016-17%20and%20Capital%20Programme%20Refresh%20for%202016-17%20to%202025-26.pdf		

APPENDICES

No.	Title
Appendix A	General fund Month 12 Outturn Monitoring Position 2016-17 and Refresh for 2017-18 to 2026-27
Appendix B	Housing investment programme summary outturn 2016-17 and Refresh for 2017-18 to 2026-27
Appendix C	Budget virements and variations at Month 12 2016-17
Appendix D	General fund programme detail at Month 12 2016-17 and Refresh for 2017-18 to 2026-27
Appendix E	New bids for approval at Month 12 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	29 June 2017	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments sought
		Comments included
	Director of Law and Democracy	Yes
	Strategic Director for Finance and Governance.	N/A
	Cabinet Member	Yes
	Date final report sent to Constitutional Team	7 July 2017

General Fund Month 12 Outturn Monitoring Position and 2017-18 to 2026-27 Refresh

APPENDIX A

Department	2016-17			2017-18			2018-19+			Total Programme 2016/27		
	Revised Budget	Outturn	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
Children's and Adult's Services	101,508	51,257	(50,251)	74,048	120,130	46,082	90,844	100,768	9,924	266,400	272,155	5,755
Southwark Schools for the Future	3,311	1,334	(1,977)	8,207	6,363	(1,844)	-	3,822	3,822	11,519	11,519	-
Finance and Governance	-	-	-	-	-	-	-	-	-	-	-	-
Environment	21,067	17,164	(3,903)	39,584	37,404	(2,180)	46,935	53,018	6,083	107,586	107,586	-
Housing & Modernisation	10,812	7,009	(3,804)	27,574	31,377	3,803	46,774	46,774	-	85,160	85,160	-
Chief Executive	38,106	22,126	(15,980)	76,603	61,879	(14,724)	112,997	143,702	30,704	227,706	227,706	-
TOTAL EXPENDITURE	174,804	98,890	(75,915)	226,016	257,153	31,137	297,550	348,084	50,533	698,371	704,126	5,755
FUNDED BY:												
Capital Receipts	(119,246)	(26,622)	92,624	(35,151)	(35,151)	-	(29,823)	(122,447)	(92,624)	(184,220)	(184,220)	-
Reserves	(2,705)	(1,791)	915	(637)	(1,550)	(913)	(2,356)	(2,357)	(1)	(5,698)	(5,698)	-
Revenue	(301)	(319)	(18)	(18)	-	18	-	-	-	(319)	(319)	-
Capital Grants	(30,160)	(30,381)	(221)	(44,336)	(43,145)	1,191	(28,129)	(28,420)	(291)	(102,625)	(101,946)	679
Section 106 Funds	(18,261)	(6,779)	11,482	(26,095)	(26,634)	(539)	(43,768)	(54,711)	(10,943)	(88,124)	(88,124)	-
External Contributions	(820)	(185)	635	(323)	(685)	(362)	(9,001)	(9,274)	(273)	(10,144)	(10,144)	-
Pay back of Children's Services grant	-	-	-	-	-	-	-	-	-	-	-	-
Internal Borrowing		(32,813)										
TOTAL RESOURCES	(171,493)	(98,890)	105,417	(106,560)	(107,165)	(605)	(113,077)	(217,209)	(104,132)	(391,130)	(390,451)	679
FINANCING TO BE AGREED		-			149,988			130,875			313,675	

Project description	2016/17				2017/18			2018/19+			Total Programme 2016/17-26/27		
	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	92	92	92	-	-	-	-	-	-	-	92	92	-
WDS 2-year programme	1,381	1,381	1,381	0	-	-	-	-	-	-	1,381	1,381	0
WDS 2012 major works	1,161	1,161	1,161	(0)	-	-	-	-	-	-	1,161	1,161	(0)
WDS 2013 major works	2,043	2,075	2,075	32	63	31	(32)	-	-	-	2,106	2,106	(0)
WDS 2014 major works	8,709	8,935	8,935	226	4,249	4,023	(226)	3,367	3,367	-	16,325	16,325	(0)
WDS 2015 major works	53,462	52,914	52,914	(548)	22,823	23,371	548	9	9	-	76,294	76,294	0
WDS 2016 major works	479	479	479	(0)	1,841	1,841	-	-	-	-	2,320	2,320	(0)
FRA works	101	94	94	(7)	122	129	7	-	-	-	223	223	0
M&E heating	3,371	4,345	4,345	974	1,396	422	(974)	-	-	-	4,767	4,767	0
HINE WDS works	3,199	1,235	1,235	(1,964)	640	2,604	1,964	-	-	-	3,839	3,839	0
WDS Leathermarket JMB	2,947	2,947	2,947	(0)	177	177	-	10,933	10,933	-	14,057	14,057	(0)
Asset Management Strategy unallocated (QHIP)	-	-	-	-	-	-	-	552,342	552,342	-	552,342	552,342	-
Kitchen and Bathroom	1,322	2,312	2,312	990	4,458	3,468	(990)	162,318	162,318	-	168,098	168,098	(0)
Asset Management Strategy 2016/17 (QHIP)	25,423	8,438	8,438	(16,985)	23,932	35,400	11,468	56	5,573	5,517	49,411	49,411	0
Asset Management Strategy 2017/18 (QHIP)	29	29	29	0	13,200	13,200	-	36,506	36,506	-	49,735	49,735	0
Additional FRA Works	100	-	-	(100)	-	100	100	-	-	-	100	100	0
HINE additional works	12,173	13,114	13,114	941	9,809	8,868	(941)	8,268	8,268	-	30,250	30,250	(0)
Aylesbury Estate PPM works	224	224	224	0	184	184	-	-	-	-	408	408	0
Aylesbury Estate regeneration	19,644	9,933	9,933	(9,711)	22,800	32,511	9,711	10,300	10,300	-	52,744	52,744	(0)
Bermondsey Spa refurbishment	779	175	175	(604)	-	604	604	-	-	-	779	779	0
East Dulwich Estate	424	424	424	0	3,065	1,219	(1,846)	519	2,365	1,846	4,008	4,008	0
Elmington Estate	2,639	2,375	2,375	(264)	-	264	264	-	-	-	2,639	2,639	0
Heygate Estate	3,797	3,662	3,662	(135)	1,300	1,435	135	-	-	-	5,097	5,097	0
Hidden Homes	660	416	416	(244)	1,199	1,443	244	-	-	-	1,859	1,859	(0)
Hostels new build	413	20	20	(393)	389	782	393	-	-	-	802	802	0
Local authority new build	222	55	55	(167)	-	164	164	-	3	3	222	222	0
Misc regen, acquisitions and home loss	579	-	-	(579)	-	579	579	-	-	-	579	579	-
Purchase of S106 Prop from Developers	1,730	1,730	1,730	-	-	-	-	-	-	-	1,730	1,730	-
Direct Delivery - New Council Homes	23,709	19,966	19,966	(3,743)	25,488	27,899	2,411	154,426	155,758	1,332	203,623	203,623	0
Adaptations	2,000	2,061	2,061	61	2,100	2,039	(61)	7,886	7,886	-	11,986	11,986	0
Cash incentive & Home owner buy back scheme	2,867	977	977	(1,890)	697	1,587	890	-	1,000	1,000	3,564	3,564	(0)
Digital switchover	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals costs	548	548	548	0	600	600	-	1,200	1,200	-	2,348	2,348	0
Energy	-	-	-	-	508	508	-	-	-	-	508	508	-
Installation of Sprinkler & Smoke detectors	9,418	3,524	3,524	(5,894)	14,177	20,071	5,894	4,306	4,306	-	27,901	27,901	(0)
Lakanal House	5,126	4,542	4,542	(584)	4,119	4,703	584	1,742	1,742	-	10,987	10,987	(0)
Fire damage reinstatement	-	-	-	-	778	778	-	-	-	-	778	778	-
Group repairs	38	1	1	(37)	-	37	37	-	-	-	38	38	(0)
Hostels accommodation	592	551	551	(41)	-	41	41	-	-	-	592	592	0
Leasehold / freehold acquisitions	652	147	147	(505)	600	1,105	505	-	-	-	1,252	1,252	(0)
Major voids	1,367	269	269	(1,098)	154	1,252	1,098	-	-	-	1,521	1,521	(0)
Office accommodation	-	-	-	-	250	250	-	-	-	-	250	250	-
Scheme management costs	2,727	-	-	(2,727)	2,700	5,427	2,727	2,700	2,700	-	8,127	8,127	-
Security	48	33	33	(15)	614	629	15	-	-	-	662	662	0
Sheltered accommodation	35	33	33	(2)	302	304	2	-	-	-	337	337	0
T&RA halls	2,654	1,054	1,054	(1,600)	1,543	3,142	1,599	-	-	-	4,197	4,196	(1)
Heating Energy Efficiency Measures	4,524	807	807	(3,717)	222	3,939	3,717	-	-	-	4,746	4,746	(0)
	203,408	153,079	153,079	(50,329)	166,499	207,130	40,631	956,878	966,576	9,698	1,326,785	1,326,785	(0)
FINANCED BY:													
Capital Receipts b/fwd	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Receipts	39,036	39,036	39,036	-	43,158	43,158	-	130,446	130,446	-	212,640	212,640	-
RTB Receipts - Restricted to New Build	6,135	6,135	6,135	-	5,721	5,721	-	34,613	34,613	-	46,469	46,469	-
Major Repairs Reserve (MRR)	46,778	46,778	46,778	-	53,896	53,896	-	420,226	420,226	-	520,900	520,900	-
Depreciation charge (MRA)	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Contribution	49,204	49,204	49,204	-	22,752	22,752	-	159,264	159,264	-	231,220	231,220	-
Reserves	6,755	6,755	6,755	-	-	-	-	-	-	-	6,755	6,755	-
Grants (DH backlog funding)	908	908	908	-	-	-	-	-	-	-	908	908	-
Section 106 Funds & Grants	4,261	4,261	4,261	-	12,017	12,017	-	80,459	80,459	-	96,737	96,737	-
External Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RESOURCES	153,079	153,079	153,079	-	137,544	137,544	-	825,008	825,008	-	1,115,631	1,115,631	-
Forecast variation (under)/over	50,329	(0)	(0)	(50,329)	28,955	69,586	40,631	131,870	141,568	9,698	211,154	211,154	(0)

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 8 2016-17	266,031	11,518	-	107,321	85,182	223,060	693,112	1,162,354	1,855,466
Month 12 - Virements to be approved									
OLF Homestall Road Sports Ground	-	-	-	94	-	-	94	-	94
Southwark Cycle Spine	-	-	-	-	-	(300)	(300)	-	(300)
Elmington Area	-	-	-	-	-	(50)	(50)	-	(50)
Walworth Road	-	-	-	-	-	(300)	(300)	-	(300)
Lower Road	-	-	-	-	-	(100)	(100)	-	(100)
Crystal Palace Parade	-	-	-	-	-	750	750	-	750
Ilderton travellers site wall	-	-	-	-	56	-	56	-	56
Ilderton Rd boundary	-	-	-	-	4	-	4	-	4
Upgrade of IT infrastructure and Core enabling projects (CRP)	-	-	-	-	231	-	231	-	231
IT planned preventative programme (CRP)	-	-	-	-	(231)	-	(231)	-	(231)
EP&N Paving	-	-	-	-	(7)	-	(7)	-	(7)
EP&N miscellaneous works	-	-	-	-	7	-	7	-	7
Springtide Close travellers site	-	-	-	-	(61)	-	(61)	-	(61)
WDS carry-over schemes	-	-	-	-	-	-	-	14	14
WDS 2-year programme	-	-	-	-	-	-	-	496	496
WDS 2012 major works	-	-	-	-	-	-	-	405	405
WDS 2013 major works	-	-	-	-	-	-	-	70	70
WDS 2014 major works	-	-	-	-	-	-	-	378	378
WDS 2016 major works	-	-	-	-	-	-	-	(1,481)	(1,481)
M&E heating	-	-	-	-	-	-	-	118	118
Asset Management Strategy unallocated (QHIP)	-	-	-	-	-	-	-	(51,457)	(51,457)
Asset Management Strategy 2016/17 (QHIP)	-	-	-	-	-	-	-	1,818	1,818
Asset Management Strategy 2017/178 (QHIP)	-	-	-	-	-	-	-	49,735	49,735
Hidden Homes	-	-	-	-	-	-	-	940	940
Direct Delivery - New Council Homes	-	-	-	-	-	-	-	(940)	(940)
Installation of Sprinkler & Smoke detectors	-	-	-	-	-	-	-	(97)	(97)
Total virements to be approved at Month 12	-	-	-	94	-	-	94	-	94
Month 12 - Variations to be approved									
Russia Dk/Stave Hill	-	-	-	165	-	-	165	-	165
Camberwell CGS	-	-	-	2	-	-	2	-	2
Walworth CGS	-	-	-	4	-	-	4	-	4
Walworth CGS	-	-	-	4	-	-	4	-	4
Nunhead & Peckham Rye	-	-	-	3	-	-	3	-	3
Dulwich CGS	-	-	-	2	-	-	2	-	2
Stevenson Crescent Play Area and Shared Space	-	-	-	6	-	-	6	-	6
Brunswick Park Play Area	-	-	-	4	-	-	4	-	4
Cemetery Burial Strategy	-	-	-	10	-	-	10	-	10
Southwark Park	-	-	-	211	-	-	211	-	211
Peckham Pulse Energy project	-	-	-	(191)	-	-	(191)	-	(191)
OLF SSG disabil	-	-	-	(47)	-	-	(47)	-	(47)
Dr Salter Statue	-	-	-	(1)	-	-	(1)	-	(1)
Borough & Bankside CGS	-	-	-	1	-	-	1	-	1
Pottersfield	-	-	-	-	-	4,089	4,089	-	4,089
Hampton & Steadman Street	-	-	-	-	-	8	8	-	8
Albion Street Demolition	-	-	-	-	-	0	0	-	0
Lavington & Great Guildford Streets South	-	-	-	-	-	11	11	-	11
Winchester Palace Gardens(Bankside Urban Park Projects)	-	-	-	-	-	2	2	-	2
All Hallows' Communi	-	-	-	-	-	2	2	-	2
Walworth Road Fire	-	-	-	-	(22)	-	-	(22)	(22)
WDS 2013 major works	-	-	-	-	-	-	-	1,378	1,378
East Dulwich Estate	-	-	-	-	-	-	-	336	336
Asset Management Strategy 2016/17 (QHIP)	-	-	-	-	-	-	-	10	10
Elmington Estate	-	-	-	-	-	-	-	1,164	1,164
Purchase of S106 Prop from Developers	-	-	-	-	-	-	-	8	8
Direct Delivery - New Council Homes	-	-	-	-	-	-	-	157,264	157,264
Digital switchover	-	-	-	-	-	-	-	(148)	(148)
Disposals costs	-	-	-	-	-	-	-	2,163	2,163
Installation of Sprinkler & Smoke detectors	-	-	-	-	-	-	-	693	693
Hostels accommodation	-	-	-	-	-	-	-	548	548
Leasehold / freehold acquisitions	-	-	-	-	-	-	-	60	60
Security	-	-	-	-	-	-	-	305	305
T&RA halls	-	-	-	-	-	-	-	187	187
Heating Energy Efficiency Measures	-	-	-	-	-	-	-	462	462
	-	-	-	-	-	-	-	-	-
Total variations to be approved at Month 12	-	-	-	172	(22)	4,113	4,285	164,409	168,694
TOTAL PROGRAMME BUDGET VIREMENTS & VARIATIONS AT MONTH 12 2016/17	-	-	-	266	(22)	77,978	78,244	164,409	242,653
REVISED BUDGETS	266,031	11,518	-	107,587	85,160	301,038	771,356	1,326,763	2,098,119

VIREMENTS & VARIATIONS REQUESTED TO BE APPROVED FINANCED BY:									
Capital Receipts	-	-	-	47	(235)	-	(188)	88,077	87,890
Major Repairs Allowance	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	-	-	969	969
Revenue	-	-	-	-	(22)	0	-	1,214	1,214
Capital Grant	-	-	-	(181)	235	8	62	235	297
Section 106 Funds	-	-	-	386	-	4,094	4,479	73,914	78,393
External Contribution	-	-	-	14	-	11	25	-	25
TOTAL RESOURCES	-	-	-	266	(22)	4,113	4,378	164,409	168,787

GENERAL FUND CAPITAL PROGRAMME- 2016/17 M12 REPORT

APPENDIX D

Capital Programme 2016/17 - 2026/27 Project/Programme description	2016/17			2017/18			2018/19+			Total Programme 2016/17 - 25/26		
	Budget	Outturn	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environment												
Leisure	2,309	2,038	(271)	1,962	1,993	31	13,345	13,585	240	17,616	17,616	0
South Dock Marina	911	464	(446)	160	606	446	-	-	-	1,071	1,071	-
Parks	220	-	(220)	2,314	2,534	220	1,500	1,500	-	4,034	4,034	-
Culture	3,370	3,116	(253)	3,843	4,097	253	900	900	-	8,113	8,113	-
Street Metal Works	578	269	(308)	4,066	2,302	(1,764)	295	2,367	2,072	4,938	4,938	-
Environmental Services	6,429	5,476	(953)	13,871	14,741	870	5,529	5,612	83	25,828	25,828	0
StreetCare	98	48	(50)	502	552	50	449	449	-	1,049	1,049	-
Other PR Projects	6,687	5,261	(1,426)	12,366	10,104	(2,263)	21,917	25,605	3,688	40,970	40,970	0
Cleaner Greener Safer	467	492	25	500	475	(25)	3,000	3,000	-	3,967	3,967	-
Environment Total	21,067	17,164	(3,903)	39,584	37,404	(2,181)	46,935	53,019	6,083	107,586	107,586	-
Finance and Governance	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Governance Total	-	-	-	-	-	-	-	-	-	-	-	-
Chief Executive												
Planning Projects	1,160	808	(352)	5,319	5,670	352	2,700	2,700	0	9,179	9,179	0
Planning & Transport	16,505	8,841	(7,664)	10,603	15,783	5,180	41,217	43,702	2,485	68,325	68,325	0
Regeneration North	3,618	2,958	(660)	5,277	3,192	(2,085)	18,983	21,728	2,745	27,878	27,878	0
Regeneration South	10,537	3,654	(6,884)	42,111	25,955	(16,156)	35,283	58,322	23,040	87,931	87,931	(0)
Regeneration Capital Projects	2,067	1,654	(413)	4,127	4,089	(38)	1,342	1,792	450	7,535	7,535	(0)
Property Services	4,219	4,211	(9)	7,182	7,191	9	13,472	13,472	-	24,873	24,873	(0)
Office Accommodation Strategy	-	-	-	1,985	-	(1,985)	-	1,985	1,985	1,985	1,985	-
Corporate Strategy	-	-	-	-	-	-	-	-	-	-	-	-
Chief Executive Total	38,107	22,126	(15,981)	76,603	61,879	(14,724)	112,997	143,701	30,705	227,706	227,706	-
Children and Adult Services												
3 Primaries	530	-	(530)	-	530	530	-	-	-	530	530	-
Autism Spectrum Disorder bases in existing secondaries	50	-	(50)	1,000	1,050	50	750	750	-	1,800	1,800	-
Beornund Primary School Redevelopment	100	-	(100)	4,000	4,100	100	7,900	7,900	-	12,000	12,000	-
Bessemer	158	149	(9)	-	8	8	-	-	-	158	157	(1)
Carbon Reduction in Schools	245	-	(245)	-	245	245	-	-	-	245	245	-
Dulwich Wood (Langbourne)	449	2	(447)	-	447	447	-	0	0	449	449	0
Free School Meals	364	-	(364)	-	340	340	-	-	-	364	340	(24)
LSBU Passmore	-	-	-	5,000	5,000	-	-	-	-	5,000	5,000	-
Lyndhurst major expansion & refurb 1.5 to 2 fe	401	24	(377)	-	377	377	-	0	0	401	401	(0)
Maintenance Programme for Schools	4,405	3,095	(1,310)	-	1,310	1,310	-	-	-	4,405	4,405	(0)
Other Grant Allocations	393	164	(229)	-	229	229	-	0	0	393	393	0
Permanent Expansion	82,076	45,445	(36,631)	46,784	79,115	32,331	31,919	37,500	5,581	160,779	162,060	1,281
Rotherhithe Primary School Expansion	200	19	(181)	3,000	3,181	181	17,000	17,000	-	20,200	20,200	(0)
SILS Porlock Hall	54	53	(1)	-	1	1	-	-	-	54	54	(0)
Southwark Inclusive Learning Service KS4	50	-	(50)	888	938	50	2,062	2,062	-	3,000	3,000	-
Thomas Carlton fabric	51	-	(51)	-	51	51	-	-	-	51	51	-
Thomas Carlton ICT	71	26	(45)	-	45	45	-	-	-	71	71	(0)
Troubled Families	133	-	(133)	-	133	133	-	-	-	133	133	-
Warm, Dry, Safe	3,500	-	(3,500)	3,500	7,000	3,500	28,000	28,000	-	35,000	35,000	-
Adult PSS Capital Allocations	88	-	(88)	125	125	-	-	-	-	213	125	(88)
Kimmins Court	52	41	(11)	-	-	-	-	-	-	52	41	(11)
Orient Street	1,230	400	(830)	590	1,420	830	95	95	-	1,915	1,915	-
Half Moon Lane	1,131	397	(734)	142	876	734	65	65	-	1,338	1,338	-
Fred Francis	34	23	(11)	2	2	-	-	-	-	36	25	(11)
Southwark Park Road	-	178	178	-	-	-	-	-	-	-	178	178
Transform LD care - Brandon Trust	-	-	-	132	132	-	-	-	-	132	132	-
100 Grosvenor Terrace	-	25	25	-	-	-	-	-	-	-	25	25
Crebor Street	7	7	-	-	-	-	-	-	-	7	7	-
49 Mount Adon Park	194	15	(179)	408	602	194	32	32	-	634	649	15
26 Therapia road	30	48	18	350	350	-	90	-	(90)	470	398	(72)
41 Wood Vale, Dover Lodge	20	15	(5)	602	622	20	161	51	(110)	783	688	(95)
Centre of Excellence	2,638	-	(2,638)	2,442	537	(1,905)	79	4,622	4,543	5,159	5,159	-
Telecare expansion	150	-	(150)	-	150	150	-	-	-	150	150	-
Anchor Blue Grove	20	35	15	365	365	-	724	724	-	1,109	1,124	15
Anchor Greenhive	405	69	(336)	1,025	1,361	336	539	539	-	1,969	1,969	-
Anchor Rose court	294	13	(281)	722	1,003	281	522	522	-	1,538	1,538	-
Anchor Waterside	20	42	22	369	369	-	565	565	-	954	976	22
Southwark Resource Centre	259	-	(259)	-	259	259	-	-	-	259	259	-
Castlemead, 232 Camberwell road	205	-	(205)	1,410	1,615	205	85	85	-	1,700	1,700	-
27 Camberwell road	36	61	25	2	2	-	-	-	-	38	63	25
52-60 Grosvenor terrace	550	-	(550)	514	1,064	550	56	56	-	1,120	1,120	-
41 New Cross Road (NEW)	-	4	4	-	-	-	-	-	-	-	4	4
ICT	915	908	(7)	676	676	-	200	200	-	1,791	1,784	-
Children and Adult Services Total	101,508	51,257	(50,251)	74,048	120,130	46,082	90,844	100,768	9,924	266,400	272,154	5,761
Southwark Schools for the Future												
St Michael's PFI	100	-	(100)	-	100	100	-	-	-	100	100	-
SMAA - Ark All Saints	1,410	1,049	(361)	123	484	361	-	-	-	1,533	1,533	0
Spa	31	31	0	-	-	-	-	-	-	31	31	0
New School Aylesbury	96	96	0	-	-	-	-	-	-	96	96	0
SSSO (VA) St Saviours and St Olaves	5	-	(5)	-	5	5	-	-	-	5	5	-
KS3/ KS4 SILS	1,500	157	(1,343)	6,496	4,017	(2,479)	-	3,821	3,821	7,996	7,995	(1)
ICT	124	-	(124)	381	505	124	-	-	-	505	505	-
Contingency and retention payments	45	-	(45)	1,207	1,252	45	-	-	-	1,252	1,252	-
Southwark Schools for the Future Total	3,311	1,334	(1,977)	8,207	6,363	(1,844)	-	3,821	3,821	11,518	11,518	(0)
Housing & Modernisation												
Springtide Close travellers site	-	-	-	-	-	-	-	-	-	-	-	-
Ilderton travellers site wall	1,173	362	(812)	-	812	812	-	-	-	1,173	1,173	-

Capital Programme 2016/17 - 2026/27 Project/Programme description	2016/17			2017/18			2018/19+			Total Programme 2016/17 - 25/26		
	Budget	Outturn	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wadding Street and Stead Street	1,760	1,129	(631)	3,939	4,570	631	10,221	10,221	-	15,920	15,920	-
Information Service	4	4	-	-	-	-	-	-	-	4	4	-
IT Investment Schemes	36	3	(33)	321	354	33	-	(0)	(0)	356	356	-
Property Works Programme	185	179	(6)	-	6	6	-	0	0	185	185	-
PPM & Compliance Programme (CRP)	2,377	2,491	114	8,563	8,449	(114)	7,237	7,237	-	18,177	18,177	-
Planned Preventative Maintenance	3,034	937	(2,096)	6,280	8,376	2,096	-	0	0	9,314	9,314	-
Walworth Road Fire	511	853	342	5,467	5,125	(342)	20,875	20,875	-	26,853	26,853	-
Housing Renewal	652	-	(652)	2,057	2,708	652	7,542	7,542	-	10,250	10,250	-
Brayards Improvement Zone	-	-	-	947	947	-	900	900	-	1,847	1,847	-
Leathermarket - Kipling Garages	40	11	(29)	-	29	29	-	-	-	40	40	-
Housing & Modernisation Total	10,812	7,009	(3,803)	27,574	31,377	3,803	46,774	46,774	-	85,160	85,160	-
Total General Fund Programme												
Capital Programme 2016/17 - 2025/26	2016/17			2017/18			2018/19+			Total Programme 2016/17 - 25/26		
	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Expenditure	174,805	98,890	(75,915)	226,016	257,153	31,137	297,550	348,083	50,533	698,370	704,124	5,754
Total Resources	171,493	98,890	(72,603)	106,560	107,165	605	113,077	217,209	104,132	391,130	390,451	(679)
FINANCING TO BE AGREED	-	(0)	-	-	149,988	-	-	130,874	-	-	313,673	-

Council Theme	Service	Project/Programme Description				Financing	
			2017/18	2018/19+	Total Programme	Funded (S106, Grant etc)	Resources to be identified
Income generation	CE	Acquisition of commercial property	73,865	-	73,865	-	73,865
			73,865	-	73,865	-	73,865
		Summary of New Bids by Council Plan Theme				Financing	
			2017/18	2018/19+	Total New Bids	Funded (S106, Grant etc)	Resources to be identified
		Income Generation	73,865		73,865		73,865
		Total	73,865	-	73,865	-	73,865

Item No. 15.	Classification: Open	Date: 18 July 2017	Meeting Name: Cabinet
Report title:		Gateway 1: Procurement Strategy Approval - Southwark External Solicitors' Framework	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

This report asks the cabinet to approve the procurement strategy for an external solicitor's framework that will serve Southwark council and other London boroughs, their wholly owned companies as well as CCGs in London. The new framework will allow Southwark council to deliver its fairer future promises of achieving value for money, through the maintenance of competitive fixed rates and quality assured legal services. The council will obtain specialist advice and assistance when needed in order to support and maintain the delivery of the high quality professional services provided by its in-house legal team. The framework will also generate considerable social values in the form of training opportunities for young persons within the borough as well as providing pro bono advice and legal surgeries to local community groups.

RECOMMENDATIONS

That cabinet:

1. Approves the procurement strategy outlined in this report for an external solicitors framework serving Southwark and other London boroughs and their wholly owned companies, London fires and rescue service and Clinical Commissioning Groups (CCGs) in London for a period of 4 years commencing 2 July 2018 at an estimated cost (for Southwark) of £9 million for the 4 year period;
2. Notes that the overall value of the framework agreement is estimated to be in the range of £18 million to £25 million for all participating organisations (including Southwark) for the 4 year period.

BACKGROUND INFORMATION

3. Legal Services has in-house lawyers but from time to time additional support is required from external solicitors, either because of the specialist nature of the work or due to capacity issues. Due to defined current and future resources it is not possible for all legal needs of the council to be met entirely through the work of Legal Services, and provision is therefore required to have access to external specialists for when the need arises.
4. In the last 3 years across council services, Southwark's spend on solicitors is estimated to be around £1.07 million per annum. This spend is not all from the London Boroughs Legal Alliance framework (LBLA) as there has been a need from client departments and the Legal Services team to commission specialist solicitors who are not on the LBLA framework. The commission is in accordance with the

council's contracts standing orders. Legal Services spend through the LBLA framework is estimated around £300,000 per annum.

5. It is proposed that the total cost of the contract over a 4-year period be around £9m to include a contingency for increases in legal spend particularly in view of the change to the council's standard price quality ratio, as set out in paragraphs 14 and 33 of this report.
6. In March 2014, the cabinet member for finance, resources and community safety approved the council's use of the LBLA's solicitors' framework for a period of 2 years and 7 months, up to 31 October 2016, which was the remaining period on the LBLA framework. The LBLA framework included provision for extension for a further period of 12 months from 1 November 2016 to 31 October 2017. The extension provision is currently being utilised.
7. The framework is used by LBLA members (who are the London Boroughs of Barnet, Brent, Camden, Ealing, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Islington, Waltham Forest, Hammersmith & Fulham, Royal Borough of Kensington and Chelsea, Westminster and the City of London) but can also be used by non LBLA members, such as Southwark.
8. The need for external solicitors will continue and therefore the director of law and democracy is considering options for procurement of these services post November 2017.
9. It is proposed that the council procures an external solicitors panel for its legal work to ensure the council achieves best value. The council had previously procured and managed an external solicitors' panel between 2009 and 2012 and in October 2016 the council procured a joint Barristers Framework with Lambeth.
10. The council is therefore experienced in procuring, managing and monitoring an external framework. The Barristers Framework is open to all London boroughs. The proposed solicitors' framework will be open to the organisations set out in paragraph 1 of this report.

Summary of the business case/justification for the procurement

11. A Southwark council solicitors panel will need to have the scope to shape the legal services over the next 4 years and should take into account new emerging areas of law. The council's legal services is currently in the process of considering what core legal services will be carried out in-house and what needs to put out to external firms. The panel therefore needs to have some flexibility.
12. The council has a requirement for the commissioning of a significant volume of legal work from solicitors, particularly in relation to high value complex property regeneration, planning and contracts work. The council currently uses the LBLA solicitors' framework. As many of the specialist firms with expertise in the areas of Southwark's service requirements are not on this framework, the council commissions regularly outside this, in accordance with the council's contract standing orders.
13. The LBLA framework is coming to an end in October 2017 and LBLA is currently in the process of re-procuring a new framework. The council recently set up a meeting with LBLA to discuss their re-procurement but unfortunately the LBLA framework would not be able to ensure the provision of soft benefits, for example, work

placements to Southwark students and residents. This is an important requirement for Southwark council. Such soft benefits can only be achieved by a Southwark bespoke framework.

14. Discussions and consultation with the clients departments on the scope of the framework is currently taking place and some senior members of the client departments will be part of the project group. The panel areas will be divided into the following 3 lots:

Lot 1 (complex matters - quality/price split of 60:40)

- (1) Regeneration and property

Specific services include asset protection agreements and specialist work on railways/TfL, CPOs, section 106 work, acquisitions and disposal, development agreement, sales agreements and VAT advice

- (2) Planning advice

- (2) Commercial contracts and procurement, including:

- a) State aid
- b) Employment, TUPE and pensions
- c) Commercialisation (joint ventures, partnerships, trusts, charities)

- (4) Governance and public law

- (5) Commercial litigation

- a) adjudication

Lot 2 (general matters – quality/price split of 50:50)

- (1) Health and social care

- (2) Commercial contracts and procurement

- a) Employment, TUPE and pensions
- b) commercial litigation – e.g. business rate litigation

- (3) General litigation

- a) Housing
- b) other

- (4) Debt recovery

- (5) Employment litigation

Lot 3 (high volume predictable routine matters - quality/price split of 60:40)

- (1) Residential conveyancing

15. Bidders may bid for any 'lot of their choice and there will be no restriction on the number of lots each bidder may bid for. Each panel area shall contain no more than five firms.
16. To ensure the council gets the right mix of firms, different evaluation splits will be applied depending on whether it is a complex matter or a routine work. This is briefly described in paragraph 33 of this report. The client departments' input will be crucial in ensuring the procurement of the right services and the effective operational delivery of the framework once this is in place.
17. An important element of the proposed framework is to provide good soft benefits which cannot be obtained via the LBLA framework including but not limited to:
 - work placements for Southwark residents and students and young people in care, not limited to legal work but may include information technology and accounts
 - pro bono work
 - legal surgeries and advice to community organisations
18. Whilst the LBLA framework offers training to in-house lawyers and client departments, it does not extend the training beyond these groups. The proposed Southwark framework will extend the training to students and residents in the Southwark area.

Market considerations

19. The market for solicitors is very developed and the council expects a healthy response to this procurement exercise. A procured panel will ensure the council receives best value in the purchase of external legal advice.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

20. Several options were considered when identifying a preferred procurement approach. These were:
 - (a) Do nothing – whilst the council does have its own legal team, external legal support is sometimes required to deal with specialist areas of law or to assist with capacity issues. Therefore a do nothing approach is not recommended.
 - (b) Provide in-house – due to the often ad-hoc nature and specialism for which the services of solicitors are required, this approach is not recommended. The proposed solicitors' framework will support the in-house function.
 - (c) Instruct solicitors on an ad-hoc basis in accordance with the council's CSO's – less efficient in terms of management of spend and is more time consuming.
 - (d) Join a pre-existing framework agreement – Whilst the council is an associate member of the LBLA and currently uses its Solicitors framework, the new LBLA solicitors' framework due to commence in November 2017, will not have the required soft benefits. A bespoke Southwark procurement can better ensure the framework meets the council's specific needs (e.g. significant use

of regeneration and development providers) and allows it to secure social value benefits specific to Southwark's residents.

- (e) Southwark framework procurement – The council procures its own framework which will be bespoke and aligned to Southwark's requirements (as set out in paragraphs 11 to 18 of this report). This is the preferred option.

Proposed procurement route

21. The proposed procurement route is the establishment of a Southwark council solicitors panel with the ability for other London local authorities, wholly owned local authority companies, fire and rescue services and CCGs (who will be detailed in the OJEU notice) to join the framework with the consent of Southwark Council. The procurement will take the form of a 2 stage restricted process, which will allow the council to test applicant's suitability at the prequalification stage and then shortlist applicants who will be invited to tender.

Identified risks for the procurement

22. The following risks have been identified for this project:

Risk	Likelihood	Mitigating Action
Firms not bidding because process is considered arduous	Low	Documents to be kept succinct. Lessons learnt from previous framework to be built into new process. Firms to be contacted in advance (via Suppliers' Day event and/or formal meetings with individual suppliers) to ensure they are aware of the opportunity and their feedback on the procurement process is considered.
The pricing document is not sufficiently robust	Low	Consultation with client departments to ensure that documents reflect operational requirement and pricing structures to attract the specialist firms who deal with high complex work as well the more routine general work.
The framework does not cover all areas of the council's work, or has insufficient expertise	Low	This will be minimised through detailed consultation with client departments and the completion of a tender specification that allows the service flexibility needed for the future.

Risk	Likelihood	Mitigating Action
		Quality/price evaluation to be developed prior to advert to ensure that evaluation of quality is sufficient.
The framework does not offer intended social value	Low	<p>The importance of the provision of social value benefits will be highlighted during market intelligence meetings/supplier briefings.</p> <p>Quality assessment will also assess bidders' response on social benefits.</p>
Southwark's highest spending services do not engage with the framework and continue promoting their own direct arrangements where these exist	Medium	<p>A robust analysis of spend on solicitors across the council has been undertaken. Results will be discussed with departments to support engagement.</p> <p>Client departments will be involved in drafting the service specification, evaluation and during the management of the contract (e.g. receiving progress reports on spend).</p>
LBLA procurement runs in parallel and causes bidder fatigue/disinterest	Low	<p>This is unlikely as the LBLA procurement will commence June 2017 with a view to awarding a framework agreement by the end of this year. Southwark will publish its OJEU Notice in September 2017 and expects to have its framework agreement in place by May 2018.</p> <p>Effective market engagement through supplier/events and meetings to ensure strong market interest.</p>

Key/non-key decisions

23. This report deals with a key decision based on an estimated contract value of £9m (for Southwark) for the 4 year period.

Policy implications

24. The procurement of a solicitors' panel framework will ensure that the council fulfils parts of its fairer future promises by ensuring that the solicitors instructed deliver value of money across the legal function.

Procurement project plan (key decisions)

25. Procurement project plan:

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan	01/06/2017
DCRB Review Gateway 1	01/06/2017
CCRB Review Gateway 1	15/06/2017
Brief relevant cabinet member (over £100k)	26 June 2017
Notification of forthcoming decision	10/07/2017
Approval of Gateway 1: Procurement strategy report	18/07/2017
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	27/07/2017
Market engagement event	w/c 7 August 2017
Completion of tender documentation	08/09/2017
Publication of OJEU Notice	13/09/2017
Publication of Opportunity on Contracts Finder	15/09/2017
Closing date for receipt of expressions of interest	23/10/2017
Completion of short-listing of applicants	20/11/2017
Invitation to tender	23/11/2017
Closing date for return of tenders	05/01/2018
Completion of any clarification meetings/presentations/evaluation interviews	26/01/2018
Completion of evaluation of tenders	23/02/2018
Forward Plan	01/02/2018
DCRB Review Gateway 2:	08/03/2018
CCRB Review Gateway 2	22/03/2018
Notification of forthcoming decision – despatch of Cabinet agenda papers	25/05/2018
Approval of Gateway 2: Contract Award Report	05/06/2018
End of scrutiny Call-in period and notification of	14/06/2018

Activity	Complete by:
implementation of Gateway 2 decision	
Debrief Notice and Standstill Period (if applicable)	25/06/2018
Contract award	02/07/2018
Add to Contract Register	04/07/2018
Place award notice in Official Journal of European (OJEU)	04/07/2018
Place award notice on Contracts Finder	06/07/2018
Contract start	02/07/2018
Initial contract completion date	01/07/2022

TUPE/Pensions implications

26. There are no TUPE implications on any service as a result of this procurement.

Development of the tender documentation

27. Tender documents will be developed by the council's in-house legal team and the project manager in consultation with the client departments.
28. Tender documentation including the list of proposed panels for commissioning will be agreed and signed-off by the project board led by the Director of Law and Democracy, following consultation with senior users across commissioning departments.
29. The number of panels decided will include the panels listed in paragraph 14 above.
30. The project team will review each panel and their spend to determine the optimum number and specialism for each panel. The final panel arrangement will be approved by the project team before the OJEU process commences.

Advertising the contract

31. The contract falls within the category of services which are subject to a 'light touch' regime under the Public Contracts Regulations 2015. A contract notice will be published in OJEU and Contracts Finder via the council's e-procurement system which will allow firms interested in bidding to express an interest electronically.

Evaluation

32. The tender evaluation team will be structured around the panels to be established to ensure that those who work most closely in that area of law are involved in the evaluation. The evaluation methodology including criteria, weighting and sub-weightings will be agreed by the project steering group, and will include the quality of solicitors' resource, the back office support and soft benefits.

33. The council's standard evaluation criteria are based on a 70:30 price/quality split. However, in order to have a more qualitative evaluation indicators and to achieve the best value elements of efficiency and effectiveness, it is proposed that the council's standard price/quality split is altered for this procurement so that the high level complex matters (lot 1) the quality/price split will be 60:40, to ensure that the required level of expertise/specialism is achieved at costs which are acceptable to the council. For the general legal work (lot 2) the quality/price split will be 50:50 and the predictable high volume routine matters (lot 3) the price/quality split will be 60:40.
34. Once the framework is launched, the council and other interested organisations will be able to commission firms on the panels directly or through the undertaking of mini competitions.

Community impact statement

35. It is expected that soft benefits will be realised as part of the procurement, such as those mentioned in paragraphs 17 to 18 of this report.
36. All the service providers are regulated by the Law Society's code on equalities and are therefore actively encouraged and involved in promoting diversity and will be required to comply with all equalities legislation. Appropriate questions will be developed into the tender documents to test this approach.

Social values, economic, economic/sustainability considerations

37. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.
38. It is intended that one of the areas for evaluation will be in respect of social values to meet Southwark's fairer future commitment. This will include environmental and sustainability issues, offers in respect of pro-bono work to assist residents in the borough, and possible community activities and placements for Southwark students as outlined in paragraphs 17 to 18 of this report.
39. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, providers engaged by the council to provide services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. It is expected that all solicitors and office staff will already be paid in excess of the LLW.

Plans for the monitoring and management of the contract

40. A framework protocol will be in operation which will govern the operation of calling off services from each of the framework panels. The project steering group will meet quarterly to monitor panel performance. The steering group will be composed of senior legal representatives from Southwark legal services, and be chaired by the director of law and democracy.
41. Day to day management and performance monitoring will be undertaken by the internal business manager and this will be the first point of contact for external solicitors and staff.

42. The council now has in place a new electronic system (Visual Files) and it is anticipated that a case management system will be build in which will allow those instructing external solicitors to determine the relevant solicitor to be instructed and the fee to be paid and the appropriate cost centres. It will also allow departments to monitor their spend by giving them access to billing information under a shared point. There will be prompt for users to provide feedback to the council on the performance of the instructed solicitor. Where concerns are raised this allows issues to be discussed at the contract monitoring meetings held with each firm annually, or if required an ad-hoc meeting can be arranged.
43. Contract performance reviews will be completed every 6 months and will include feedback from users.

Staffing/procurement implications

44. A high level of resource will be required from the legal services team during the tender process to prepare the tender documentation, undertake evaluation and mobilise the new framework. Assistance will also be required of the procurement advice team. Whilst this can be undertaken by the in-house teams, the council is in the process of appointing an external project manager to assist with the tender process.

Financial implications

45. There will be a direct cost for the project manager required to co-ordinate delivery of the framework which is estimated to be approximately £30,000 for the end-end project lifecycle. This payment will be met from the legal service budget. It is expected that this fee will be mitigated from the joining fee required from other authorities who wish to use the framework. Those interested in joining will be asked to pay a flat, fixed fee of £5,000 providing them access to the framework throughout its duration.
46. This contract will be demand led and therefore it is difficult to predict future spend, however information regarding Southwark Council's spend showed that over the last 3 years, the Council spent on solicitors across all services an average of £1.07m per annum, in addition to a spend with LBLA over the 3 years close to £1m.
47. Estimated spend for the framework as a whole (including spend for all interested organisations) will be noted in the OJEU notice.
48. It is anticipated that the expenditure under the new framework will be higher given that high complex work will attract a higher fee given that the price : quality split will change from 70:30 to 40:60. The cost of any instructions given under the new framework will be agreed and met by the service department at the time advice is required.

Legal implications

49. Please see concurrent from the director of law and democracy.

Consultation

50. In delivering this framework for the council, the project team will consult with senior legal personnel within the council as well as senior members of the service departments.
51. Representatives from relevant departments will be requested to join the project team, in particular representatives from Regeneration, Planning and departments undertaking significant amounts of procurement work as these are likely to be the largest spend areas under the framework.

Other implications or issues

52. The current LBLA solicitors' panel framework expires on 31 October 2017. It is not clear at this stage whether LBLA will have a new contract in place by 1 November 2017. In any event, the council wishes to establish a framework agreement that will take into account the matters described in paragraphs 13 to 18 of this report.
53. The timetable for the council's procurement indicates that the earliest award date for the solicitors' framework will be 2 July 2018. A separate approval will therefore be sought to enable the council to award short interim contracts to firms from 1 November 2017 until the new solicitors' framework is in place.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance – Ref FC17/053

54. The strategic director of finance and governance notes the recommendations in this report for the procurement of a solicitors' framework. The costs of the service will be charged to individual departments based on their use of the framework. This will also include recharges to the Housing Revenue Account.
55. The framework will cover financial years from 2018-19 to 2022-23, a period over which grant to the council will be reducing. It is important that accurate estimates of the cost of any instructions given under the new framework are provided, that these are explicitly agreed by the service department at the time advice is required. The costs will then be charged to the departments, which must be completely promptly and accurately.

Head of Procurement

56. This report seeks the approval of cabinet for the procurement strategy outlined for this report for an external solicitors' framework agreement. The framework will be for period of 4 years, commencing on 4 July 2018. The estimated spend through the framework agreement for Southwark is £9m over the 4 years. The framework agreement will be for primarily for Southwark council, but will also be open to London boroughs and their wholly owned companies, London fires and rescue service and Clinical Commissioning Groups (CCGs) in London.
57. The report notes that the overall value of the framework agreement is estimated to be in the range of £18 million to £25 million for all participating organisations authorities (including Southwark) for the 4 year period as set out.
58. Paragraphs 40 to 43 sets out the plans for the management and monitoring of the framework agreement. This includes the management of the additional social value

benefits aims for from the contract set out in paragraphs 17 to 18 and 38 of the report. It is believed that by its nature this contract will pay above the London Living Wage.

Director of Law and Democracy

59. As these services are classified as 'light touch' services estimated to exceed the relevant EU threshold, they must be tendered in accordance with the 'light touch' regime under the Public Contracts Regulations 2015.
60. As a 'light touch' procurement, there is some flexibility in the tender process which can be adopted provided that (a) a contract notice is published, (b) the award procedure complies with the principles of equal treatment and transparency, (c) the contract is awarded in line with the advertised procedure and (d) time limits are reasonable and proportionate.
61. This procurement will be conducted using a two stage restricted process, where initial expressions of interest are invited following the OJEU contract notice and then those applications shortlisted are invited to tender.
62. As this report is prepared on behalf of the director of law and democracy, all other comments are included in the body of the report.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
GW3 - Extension of the use of the LBLA framework	Legal Services 160 Tooley Street London SE1 2QH	Karen Moore Legal Services 020 7525 7646
Link: http://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5750&Ver=4		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Doreen Forrester-Brown, Director of Law and Democracy	
Report Author	Clara Diala, Specialist Contracts Lawyer	
Version	Final	
Dated	7 July 2017	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		7 July 2017

Item No. 16.	Classification: Open	Date: 18 July 2017	Meeting Name: Cabinet
Report title:		Appropriation of former Manor Place Depot for Planning Purposes	
Ward:		Newington	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

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

The former depot is now moving towards becoming a linked up part of Walworth neighbourhood with new housing, commercial and community facilities. The former use of the property has been superseded and the recommendation in this report will result in it being held for the better planning of the area, a more accurate reflection of the reason for the council holding the property. Changing the purpose for which the council holds an asset is known as appropriation. Appropriating the property to planning purposes removes the risk of anyone benefitting from a third party right over the land seeking an injunction to stop the development; they will however have the right to financial compensation for any loss in value to their property arising from any infringement of that right. This will de-risk the delivery of the approved scheme for the former depot which includes forty-four units of new housing that will be let at social rent levels.

RECOMMENDATIONS

That cabinet:

1. confirms that the land shown hatched on the plan at Appendix A that is currently held for environmental services purposes is no longer required for those purposes, and approves the appropriation of the land to planning purposes in accordance with section 122(1) of the Local Government Act 1972 to facilitate the carrying out of the development proposals for the area in accordance with section 226 of the Town and Country Planning Act 1990.

BACKGROUND INFORMATION

2. The property in question is shown hatched on the plan at Appendix A. It was formerly a waste transfer station and before that a public bathhouse and municipal depot. Following a period of vacancy the cabinet resolved on 16 April 2013 to transfer the freehold interest in the property to Notting Hill Housing Trust for it to bring forward a residential led redevelopment of the site. This has been structured by way of the grant of a building lease with the freehold interest being transferred when the redevelopment is fully completed. Therefore at the present time the council remains the freeholder of the property and it is held for environmental services purposes.
3. On 24 September 2015 planning committee resolved to consent to the regeneration of the former depot to provide:

- 270 residential properties
 - Commercial floorspace
 - Refurbished railway arches
 - Refurbished Grade II listed buildings (former pool and wash houses).
4. The tenure of the new housing set out in the approved application is:
- | | | |
|----------------|-----|------|
| • Market sale | 166 | 62% |
| • Intermediate | 60 | 22% |
| • Rental | 44 | 16%. |
5. The planning committee was advised the rental housing would be 34 at affordable and 10 at social (council house) levels. Notting Hill has subsequently agreed all 44 units will be at social (council house) levels.
6. Buildings on the site that are not being retained have been demolished and Notting Hill has commenced work on providing foundations for the new buildings.
7. As can be seen from the plan at Appendix A, the former depot is surrounded by buildings predominantly two and three storey in nature with residential and religious worship use to the west part of the site and mainly commercial to the eastern part. The planning consent referred to in the previous paragraph provides for the new development to extend to up to seven stories in height. This therefore gives rise to potential infringement of lighting to existing properties. This was considered in the report to the planning committee and the conclusion was: *“Overall, the impact on the level of daylight received by neighbouring residential properties is relatively minor and achieving such high levels of compliance is commendable in an urban location on the periphery of the Central Activities Zone.”*
8. Figureband Limited is the owner of the freehold interest in 7-10 Occupation Road, the leasehold interest in the property is held by Occupation Studio Artists. Representatives for the freeholder and leaseholder made submissions as part of the planning process concerning alleged detriment that will be caused to that property in event the proposed regeneration proceeds. The ground for the objection was the *“good levels of daylight currently available”* to the property will be infringed upon and these are critical to ability of the property to provide studios for many artists. Photographs of 7-10 Occupation Road are reproduced at Appendix B.
9. The law protects owners’ right to light and where this is interfered, the beneficiary may apply to court to seek an injunction to stop the infringement. The court may not agree to this but may award damages instead.
10. Notting Hill Housing Trust has been advised by an agent acting for the freeholder and leaseholder of 7-10 Occupation Road *“...my clients will consider all necessary options to protect their position and existing Right to Light”*. Notting Hill has understandably concluded that if it proceeds with the consented development in the vicinity of 7-10 Occupation Road there is a risk of work starting and then being halted in the event of an injunction being applied for and granted; this is an unacceptable development risk to Notting Hill. The properties to be built on this part of the site are new homes designated for affordable and intermediate purposes.
11. The lawyer acting for the artists has recently asked the council that the appropriation does not proceed because his clients *“...do not propose to seek an injunction to restrain the proposed building”*. In response to this he was asked to give this

assurance to Notting Hill and to advise how the dispute would be resolved in the absence of agreement with Notting Hill. His response repeated the earlier proposal and non appropriation request but did not answer address the assurance and dispute resolution questions. The lawyer acting for Notting Hill has written to the artist's lawyer advising the statement given to the council in their client's opinion is no guarantee the artists intention may not change and is not enforceable by either the Notting Hill or the council. A specific undertaking not to seek an injunction against Notting Hill was requested. At the time of writing this letter has not been replied to.

KEY ISSUES FOR CONSIDERATION

12. It is desirable for this development to proceed to bring brownfield land into use and to provide much needed housing including a significant affordable amount.
13. There have been ongoing discussions between Notting Hill and the agent and representatives of the studios. These have not produced agreement. The parties dispute which has been responsible for delays but since the intention of making this report appeared on the forward plan significant progress has been made but differences remain. Notting Hill recognise the development will cause a light infringement (the extent is contested between the parties) and has offered a significant financial sum as compensation. This has not been accepted by the studios that want Notting Hill instead to reduce the height of the building that will front Occupation Road. This will cause a consequential loss of housing units that are reserved for affordable purposes.
14. In order that the regeneration can proceed, Notting Hill has requested that the council appropriates the site from environmental services purposes to planning purposes. The effect of this will be to override the studio owners' right of light. The owners will however have a right to compensation based on the value of the property with the right versus the value of the property without the right. If agreement between the parties is not possible it will be determined by the Upper Tribunal (Lands Chamber).
15. Cabinet will appreciate that in considering this appropriation it is effectively being asked to intervene in a development dispute between two property owners Notting Hill and the studios' owners. The eventuality of consented schemes not being able to proceed because of such a dispute with the council being requested to intervene was foreseen and in June of last year cabinet adopted a policy for considering such interventions. Paragraph 11 sets out details of representations made concerning the risk around the artists seeking an injunction to halt the consented development. Cabinet should be satisfied that the development is indeed at risk of not proceeding.
16. The adopted policy requires the following issues to be considered:
 - Does the proposal have planning consent
 - Is there an alternative
 - Last resort
 - Indemnity
 - No breach of statutory duty
 - Public sector equality duty
 - Proportionality

These issues are addressed at Appendix C.

17. As can be seen from Appendix C, the decision to appropriate the site rests on whether it is reasonable in the circumstances to infringe on the daylighting available to 7-10 Occupation Road in order that seventeen units of affordable/intermediate housing can be constructed on the site. The need for additional social housing in the Borough is well documented and is a council policy. In considering the application to develop the site, the planning committee did not consider the light infringement to be of such a degree not to grant consent to the development. Cabinet may note from Appendix B that a number of openings to 7-10 Occupation Road are boarded up but in the submission to the Planning Committee the studios representative advised of an aspiration to refurbish the building that will remove the boarding to those openings. Furthermore there is a central courtyard behind the façade that provides daylight for studios which isn't apparent from Appendix B. The studio owners are particularly concerned the light to this will be adversely affected by the consented development; whilst there will be an impact from the consented development to this lighting it is considered that on balance, the need for additional low cost housing outweighs this.
18. Appendix D sets out a detailed rationale for the recommended appropriation.

Community impact statement/public sector equalities duty

19. The Equality Act 2010 imposes a general equality duty on public authorities (PSED), in the exercise of their functions, to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act.
 - Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it.
 - Foster good relations between people who share a relevant protected characteristic and those who do not share it.
20. For the purpose of the PSED the following are 'protected characteristic' considerations:
- Age
 - Civil partnership
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex and sexual orientation.
21. As referred to in Appendix C this proposal will have an impact on users of 7-10 Occupation Road but it is considered that these are outweighed by the wider benefits to the community resulting from the adoption of the recommendation at paragraph 1 of the report.
22. In carrying out appropriation the council must have due regard to the possible effects of such appropriation on any groups sharing a protected characteristic in order to discharge its public sector equality duty.

23. As has been described, implementation of the consented planning scheme following appropriation potentially impacts on the lighting available to parts of 7 – 10 Occupation Road a building used by artists. Being an artist in itself is not a protected characteristic but an artist may nevertheless have one or more protected characteristics. It has now been raised that one studio is currently used by a disabled artist; this unit will have its lighting impaired by the development. However, other studios will be unaffected by the development and it would not seem unreasonable for that artist to relocate if necessary to such a studio, although it is appreciated such a change may be unsettling to the person concerned. Cabinet will appreciate that over time studio occupation will change and any point in time there may be none, one or more artists with a protected characteristic. The light infringement from the scheme directly affects the property rather than one or more group with a protected characteristic although at times and depending on how the studios' use is allocated there may at points in time be an impact on individuals with protected characteristics.. Having reviewed the consented development and the potential lighting impact the view of officers is that it is not considered that the impact will impact disproportionately on any particular protected characteristic but this is a decision for cabinet taking into account all the relevant information.

Resource implications

24. Environmental services and planning purposes are both within the general fund so appropriation between the two will not give rise to any debt transfer. As confirmed in Appendix C all costs arising as a consequence from the recommended appropriation will be fully met by Notting Hill Housing Trust.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

25. The report recommends the appropriation of council-owned land currently held for environmental services purposes to planning purposes.
26. A council holds property for a variety of statutory purposes in order to perform its functions. A council is authorised, by virtue of section 122(1) of the Local Government Act 1972 ("the 1972 Act") to appropriate land within its ownership for any purpose for which it is authorised to acquire land by agreement, where it is no longer required for the purpose for which it is held immediately before the appropriation.
27. The land to be appropriated must be owned by the council. Paragraph 2 of this report confirms that the land to be appropriated is in the council's freehold ownership.
28. The land must no longer be required for the purpose for which it is currently held. The report confirms at paragraph 2 that the land has been held for environmental purposes, and that it is no longer required for those purposes.
29. The purpose for which the council seeks to appropriate the land must be authorised by statute. It is proposed that the land is held for planning purposes as defined by s246(1) of the Town and Country Planning Act 1990 ("TCPA 1990"). "Planning Purposes" is defined as purposes for which land can be acquired pursuant to ss226 and 227 TCPA 1990, and is a purpose which is authorised by statute. Section 227 of TCPA 1990 provides that a council may acquire land by agreement for any purposes for which it is authorised to acquire land compulsorily by s226 TCPA 1990.

30. The purposes for which a council can acquire land pursuant to s226 TCPA 1990 include purposes "which it is necessary to achieve in the interests of the proper planning of an area in which the land is situated". S226 also authorises the acquisition of land "...if the authority think that the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land". The report sets out at paragraph 3 how the proposal will facilitate the development, redevelopment or improvement on or in relation to the land. However, subsequent to the writing of this report, the council has now received a categorical assurance from the solicitors acting for the artists studios contained in an open letter dated 28 June that their clients "...will not be bringing a claim for an injunction." In the light of this, Members may consider that the risk of the development not proceeding is significantly diminished with the result that the statutory justification for the appropriation is accordingly diminished.
31. Where land has been appropriated for planning purposes then under s203 Housing and Planning Act 2016 (power to override easements and other rights) provides that building or maintenance work may be carried out on land even if it involves interfering with a relevant right or interest. This applies to building or maintenance work where there is planning consent for the work, where the work is on land vested in or acquired by or appropriated by a local authority for planning purposes, where the authority could acquire the land compulsorily for the purposes of the building or maintenance work and where the work is for purposes related to the purposes for which the land was vested, acquired or appropriated. Paragraph 3 of this report confirms that planning permission has been granted for the works proposed to be done on the site and indeed that planning permission has been implemented.
32. The effect of triggering s203 is that private rights are effectively overridden and converted into a claim for compensation. Compensation is assessed on the basis of the loss in value of the claimant's land as a consequence of the interference (the principle set out in ss7 and 10 of the Compulsory Purchase Act 1965).
33. The liability to pay compensation is enforceable against the authority pursuant to s204 Housing and Planning Act 2016. Accordingly, an indemnity must be obtained from the developer in respect of this.
34. Members should only agree the recommendation in this report if they are satisfied that all the tests set out in Appendix D of this report have been met and the issues at paragraph 16 have been fully considered. One concern which has been raised by the solicitors for the artists studios is whether in view of the continuing negotiations, agreement might be reached within the relatively near future for the release of the rights to light. Furthermore, Members should consider whether the lack of such agreement is putting at risk progress with the development now that an assurance has been given that no injunction proceedings will be commenced.

Strategic Director of Finance and Governance [FC17/052]

35. The strategic director of finance and governance notes the recommendation for the land at the former Manor Place Depot to be appropriated from environmental services purposes to planning purposes. The financial implications are set out in paragraph 23 of the report. This appropriation has no financial implications for the council arising as a result of this proposal because this transfer is within the general fund. It is noted that rights to light compensation arising from the development will be met by the developer (Notting Hill Housing Trust).

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet approval to dispose of Manor Place depot	Southwark Council Finance and Governance 160 Tooley Street London SE1 2QH	Patrick McGreal 020 7525 5626
Link: http://moderngov.southwark.gov.uk/ielssueDetails.aspx?IId=50001073&PlanId=0&Opt=3#AI26969		
Planning consent documentation	Southwark Council Finance and Governance 160 Tooley Street London SE1 2QH	Patrick McGreal 020 7525 5626
Link: http://planbuild.southwark.gov.uk/documents/?casereference=15/AP/1062&system=DC		
June 2016 Cabinet report and policy for the Council using powers under the Town & Country Planning Act 1990	Southwark Council Finance and Governance 160 Tooley Street London SE1 2QH	Patrick McGreal 020 7525 5626
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5147		

APPENDICES

Appendix	Title
Appendix A	Plan showing former Manor Place depot
Appendix B	Photographs of 7 – 10 Occupation Road
Appendix C	Application of policy to the appropriation
Appendix D	Detailed rationale for the appropriation

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams, Regeneration Planning and Transport	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Patrick McGreal, Regeneration - North	
Version	Final	
Dated	7 July 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	7 July 2017	

TITLE.

APPENDIX A
Manor Place Depot,
Manor Place, SE17.



DRAWING No. LBS_2847(Layout4)

DRAWN BY. MMANKTELOW
Property Division

DATE. 4/7/2017

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Frontage of 7 – 12 Occupation Road Walworth

Photographs taken on 8 May 2017

Application of Cabinet policy to proposed former Manor Place Depot Appropriation

Does the proposal have planning consent?

As set out in paragraph 3 Planning Committee resolved to consent to a comprehensive redevelopment of the site and permission was granted on 31 March 2016. In granting consent the Committee had regard to representations of the studios and the report recognised the development will cause “a reduction of around 50-60% in annual sunlight hours” to more than half the studios but it was concluded “there are no instances (in relation to windows) where the proposed development would lead to a failure to meet the 5% recommended by the Building Research Establishment”.

Is there an alternative?

Yes Notting Hill could reduce the height of the buildings that will front Occupation Road. This will cause delay to the scheme whilst the planning consent is revised. However this will reduce the number of new housing units produced by the scheme, Notting Hill’s advisor indicates by seventeen units. This would be achieved by reducing the social rent/intermediate content by this number because having done so 35% affordable housing from the scheme would still be satisfied.

Is appropriation a last resort?

Documentation has been seen that shows the parties have been discussing the right of light issue for many months and as advised in paragraph 10 Notting Hill has offered a substantial sum for the owners of the studios to forego their right of light. The Council has also written to both parties urging them to reach an agreement without its intervention but this has not succeeded in achieving a resolution. Therefore unless the Council appropriates the site the consented scheme will not be implemented by Notting Hill and a revised scheme with seventeen fewer units of low cost housing will be provided instead.

Indemnity

Should the site be appropriated and the studio owners claim compensation for the diminution in value of their property the claim will ultimately be against the Council. To protect the Council financially, Notting Hill is required to indemnify the Council in full against all costs of such claim and it has agreed to do so.

No breach of statutory duty

The proposed appropriation will not result in the Council being in breach of any statute.

Public Sector Equality Duty

The proposed development will infringe on the light available to the artists studios but artists are not a protected characteristic under this Duty. The seventeen units of low

cost housing that will be lost to overcome this infringement may be occupied by persons with a protected characteristic.

Proportionality

It is considered proportional to appropriate the land to enable seventeen additional units of affordable intermediate housing to be provided on the site although this will result in the loss of some daylight to 7-10 Occupation Road. The owners of that property will however be entitled to compensation for the loss in value to that property arising from the appropriation.

Appropriation of the land (shown hatched on the plan) at Appendix A for purposes set out in s226 of the Town and Country Planning Act 1990

Background to appropriation

1. Under section 122(1) of the Local Government Act 1972 the Council may appropriate land for any purpose for which it is authorised to acquire land when the land is no longer required for the purposes for which it is held.
2. Under section 226(1)(a) and 227 of the Town and Country Planning Act 1990 the Council may acquire land if they think the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land. This includes development of the sort contemplated in the regeneration of the former Manor Place depot. The power in section 226(1)(a) is subject to subsection (1A) of section 226. This provides that the acquiring authority must not exercise the power unless it considers the proposed development, redevelopment or improvement is likely to contribute to achieving the promotion or improvement of the economic, social or environmental well-being of the area for which the acquiring authority has administrative responsibility. There are clear economic social and environmental and social benefits associated with the provision of new housing, community facilities and commercial use on the urban brownfield site that is the former Manor Place depot. Accordingly, the Council may appropriate land for the purposes of the development proposals land that it already owns if that land is no longer required for the purposes for which it is held. The land shown on the plan at Appendix A is no longer required for its current purposes for the reasons set out in paragraph 7 of this Appendix and is not needed in the public interest for those purposes. The land can therefore be appropriated from its current use. As the appropriation will facilitate the regeneration of the former Manor Place depot the land may be appropriated for planning purposes.
- 3.. Where land has been appropriated for planning purposes Section 203 of the Housing and Planning Act 2016 (power to override easements and other rights) provides that building or maintenance work may be carried out on land even if it involves interfering with a relevant right or interest. This applies to building or maintenance work where there is planning consent for the work, where the work is on land vested in or acquired by or appropriated by a local authority for planning purposes, where the authority could acquire the land compulsorily for the purposes of the building or maintenance work and where the work is for purposes related to the purposes for which the land was vested, acquired or appropriated. The effect of triggering section 203 is that private rights are effectively overridden and converted into a claim for compensation. The level of compensation for interference with rights or breach of restrictive covenant is assessed on the basis of the loss in value of the claimant's land as a consequence of the interference or breach of covenant. An important consequence of the operation of Section 203 is that a claimant cannot secure an injunction, to prevent the development from going ahead - as indicated above, the remedy is a claim for compensation.
4. Prior to developing land it is usual practice to make prudent enquiries of what rights might exist over the land, this will involve inspecting the land to see if there are any obvious rights and checking land ownership information. However, some rights may not be apparent from inspection and historic ones may not always be recorded at the

Land Registry. The application of the power to override rights contained in s203 therefore mitigates this risk.

5. Section 204 of the Housing and Planning Act 2016 provides that compensation is payable where a right is interfered with. Where a person (eg a developer) is liable to pay compensation but does not pay, the liability is enforceable against the local authority. An indemnity against that liability has been obtained from the developer.

Rationale for appropriating the subject site to planning purposes

6. The site is currently being built upon but was formerly used as for municipal offices, depot and waste transfer purposes. The majority of buildings that were on the site have been demolished; the ones of heritage value (Grade II listed) have however been retained and will be refurbished. The former use of the land has therefore been abandoned and the land may be put to a different use. Planning consent has been secured for the scheme outlined in paragraph 3 of the main report. As there may be a minor impact on the rights of light to nearby owners from the consented scheme there is the risk one or more of them may apply to the court for an injunction. If an injunction is granted, the scheme will be halted. In these circumstances, it is appropriate to utilise the powers of section 203 to overcome this risk and enable the consented development scheme to proceed through to completion.
7. When land has been appropriated for section 203 purposes it will continue to benefit from its over-riding provisions even when the land is no longer held for planning purposes or owned by the Council.
8. The land identified at Appendix A is no longer required to be held for environmental services purposes. As indicated above, the land is now required to be held for planning purposes to facilitate the Implementation of the scheme consented to by the Council's Planning Committee on 24 September 2015.

Item No. 17.	Classification: Open	Date: 18 July 2017	Meeting Name: Cabinet
Report title:		Commercial Property Portfolio: Addition of Income Generating Asset	
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

In 2016-17 the total income receivable from the council's commercial property portfolio was £11.65 million per annum. This is a vital source of income to support council services. However, this income had reduced by £2 million over recent years, as a number of sites have been either sold to help finance the capital programme or redeveloped to deliver new council homes.

In response, in April the council completed the purchase of a portfolio of three properties with an established annual rental income of £1.78 million. A further opportunity has now arisen to add to our portfolio by acquiring another commercial property in the borough. Having carefully assessed the capital value, income yield, financing costs and risks I am recommending the cabinet approves the purchase of this asset.

In this period of decreasing government funding for council services, this capital investment will generate much needed additional income into the general fund revenue budget and help support the delivery of our highly valued public services.

RECOMMENDATIONS

1. That cabinet shall:
 - 1) Note the circumstances leading to the proposed acquisition of the freehold interest in the commercial property in question, and actions and investment due diligence being undertaken by officers and their advisors.
 - 2) Approve the acquisition of the freehold interest in the property, and all related costs.
 - 3) Delegate to the Chief Executive, advised by and in consultation with the Strategic Director of Finance and Governance and Head of Property, authority to:
 - a. Complete the purchase of the freehold interest in the asset;
 - b. Agree detailed transactional terms pursuant to Heads of Terms;

- c. Agree the financing structure to be adopted to fund the acquisition of the assets.

BACKGROUND INFORMATION

Income from the commercial portfolio

2. Rent from commercial property assets is a crucial funding source for council services. The nature, management and performance of the council's portfolio has been extensively reviewed over recent months; culminating in Cabinet giving its approval for a new Asset Management Plan for commercial property in December 2016.
3. Over the last four years, despite continuing improvement in the underlying rents obtainable from individual assets revenues had fallen by approximately £2 million, or 15%.
4. The cause lies in the release of assets in to other initiatives; to generate capital receipts, or otherwise into regeneration, Southwark Regeneration in Partnership Programme and Direct Delivery schemes to deliver a range of corporate priorities. Other significant reductions are expected to take place in the short to medium term.
5. Although a limited number of new income generating assets may be created through regeneration, appreciating that it is not the primary objective of these programmes to provide new commercial properties, officers have looked for other opportunities to replenish the diminishing asset base and incomes derived from it.

KEY ISSUES FOR CONSIDERATION

6. At its meeting of 21 March 2017 Cabinet approved the acquisition of 9 Holyrood Street, Shand House and 22 Shand Street, a small portfolio of three freehold, multi-let office/studio buildings in the London Bridge area.
7. The acquisition was completed in April 2017, providing the council with an established income stream of an additional £1.78 million per annum.
8. An opportunity has been identified to acquire the freehold interest in an additional asset, to extend the income receivable from the council's commercial portfolio.

Sale process

9. The council's offer for the property in question has been accepted in principle by the vendor. This is subject to formal approvals, and subject to exchange of legally binding contracts and simultaneous completion on or before the 21 July 2017. The vendor has issued completed Heads of Terms and the council and seller have entered in to a period of exclusivity to enable completion of the transaction within the timescale specified, if cabinet is agreeable.

Financial due diligence and the council's bid

10. In advance of bidding, the investment opportunity and viable bid level was reviewed by independent property advisors who specialise in the acquisition and disposal of Investment property and are advising the council in this transaction.

11. The council's bid is supported by investment valuations undertaken by the council's advisors in accordance with the requirements of the Royal Institution of Chartered Surveyors Valuation Professional Standards ("the Red Book").
12. Due diligence work including legal and building survey reports has been commissioned.
13. The purchase will provide a commercial return to the council as part of its property portfolio. The rationale for the council to invest can be summarised as follows:
 - An established income stream
 - A favourable yield, which will be significantly above financing costs and interest rates for money on deposit
 - Asset management opportunities to increase rents in the short to medium term and increase the value of the asset
 - Poorer quality assets released into other initiatives mentioned previously will be replaced by significantly better ones in investment terms.
14. As with any investment there is risk. However, the central London property market is perceived to be relatively resilient in times of uncertainty. In acquiring this portfolio there is future investment and strategic potential in an attractive and regenerating location, close to London Bridge Station, More London, Bermondsey Village and Tower Bridge/Butlers Wharf.

Community impact statement

15. In formulating the recommendations of this report the potential impact on the Community has been taken into account, including people identified as having protected characteristics. No specific equality implications have been identified in relation to this report.

Policy implications

16. The holding of investment property to generate income, which in turn is used to fund council services pursuant to agreed policies, is consistent with the new Asset Management Plan for commercial property agreed by Cabinet in December 2016.

Financial implications

17. The financial implications for the council arising from this prospective purchase are contained in the closed version of this report.

Consultation

18. In view of confidentiality requirements and commercial sensitivity in relation to this as yet uncompleted transaction external, consultation has not been undertaken. Internal consultation has taken place with all relevant departments, including the provision of advice from Director of Law and Democracy and Strategic Director of Finance and Governance.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

19. Paragraph 6 of the report refers to the decision of cabinet in March 2017 to authorise the acquisition of the freehold of three office / studio buildings along Shand Street in order to replenish some of the income stream from property investments which has been declining in recent times.
20. The subject matter of this report is a further property also in close proximity to the council offices at 160, Tooley Street which has become available for purchase. As with the Shand Street properties, this office building is subject to a number of leasehold interests (in this case there are 6 (six) separate leases) and which produce a rental income.
21. Approval of cabinet is required in accordance with Part 3C of the Constitution. Section 120(1), Local Government Act 1972 provides Local Authorities with the power to acquire any land by agreement for the purposes of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area. Cabinet Members may therefore make the recommendations as set out in paragraph 1 of this report if they consider this to be appropriate.

Strategic Director of Finance and Governance

22. This is a strategic investment for the council, which will provide a much needed source of income, whilst offering potential for development and asset improvement.
23. The financial implications are set out in Appendix 3 of the closed report and demonstrate a clear and immediate revenue benefit for the council.
24. This acquisition will allow the council to efficiently utilise existing resources and available external borrowing options to secure an asset with significant and varied long term potential whilst generating a secure source of ongoing funding.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
None.	

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Finance, Modernisation and Performance	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Matthew Jackson, Head of Property	
Version	Final	
Dated	6 July 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		7 July 2017

Item No. 18.	Classification: Open	Date: 18 July 2017	Meeting Name: Cabinet
Report title:		Appointments to Outside Bodies 2017-18 and nominations to Shared ICT Service Joint Committee	
Ward(s) or groups affected:		N/A	
From:		Proper Constitutional Officer	

RECOMMENDATIONS

Recommendations for the Cabinet

1. That the cabinet consider and agree appointments to the outside bodies listed in Appendix A of the report for the 2017-18 municipal year.

Recommendations for the Leader

2. That the leader of the council nominate two cabinet members and two reserve members to sit on the Shared ICT Services Joint Committee (see paragraphs 6 - 8).

BACKGROUND INFORMATION

3. Each year the council makes appointments/nominates individuals to outside bodies.

KEY ISSUES FOR CONSIDERATION

Appointments to outside bodies

4. It is for the cabinet to make appointments to outside bodies in connection with the functions which are the responsibility of the cabinet (e.g. housing, education, social services, regeneration etc).
5. Attached as Appendix A is a list of the outside bodies the cabinet are being recommended to consider appointing to for the 2017-18 municipal year.

Nominations to shared ICT Service Joint Committee (Brent, Lewisham and Southwark)

6. Cabinet at its meeting on 20 June 2017 agreed to the establishment of a three-way shared ICT service with the London Boroughs of Brent and Lewisham. Alongside this decision the Leader agreed to the establishment of a joint committee to support the governance arrangements of the shared ICT service which comprises two elected members from each local authority.
7. The joint committee will oversee implementation and delivery of the Shared ICT Service; set key strategic direction and associated activities; act as arbiter where there is a conflict in either direction or priority of each Council; those matters for which it is identified as responsible for under the Inter-Authority Agreement for the three-way Shared ICT Service.

8. The Leader of the Council is requested to nominate two cabinet members and two reserve members to the Joint Committee.

Legal implications

9. Appointments to some of the outside bodies may carry risk both corporately and to the individuals appointed. Standards committee at its meeting on 9 November 2011 approved 'Guidance to Members who serve on Outside Bodies' which is intended to help councillors understand their duties when appointed to outside bodies, and how to handle conflicts of interest that may arise. The guidance is available in the Library on the council website.

Community impact statement

10. The council is being invited to make nominations to various outside bodies. The nominations process has no direct impact on the community.

Consultation

11. The political group whips have been consulted on the issues contained in the report and have been invited to submit nominations.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
Appendix A	Appointments to outside bodies 2017-18

AUDIT TRAIL

Lead Officer	Everton Roberts, Principal Constitutional Officer	
Report Author	Paula Thornton, Constitutional Officer	
Version	Final	
Dated	6 July 2017	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Date final report sent to Constitutional Team	6 July 2017	

APPENDIX A

APPOINTMENTS TO OUTSIDE BODIES 2017-18

Name	Purpose	No. of places	Notes
Age UK London	To promote the welfare of the aged in any manner that may be deemed by law to be charitable within Greater London.	1	(Adult social care function)
Better Bankside Board	To improve the quality of the Bankside environment, further develop the potential draw of the area, increase the sense of security and ensure that better and sustainable maintenance and management arrangements are put in place.	1	(Regeneration function) Councillor or officer.
Blue Bermondsey BID Board	<p>To help tackle street crime and anti-social behaviour.</p> <p>To offer access to free recycling services to local businesses.</p> <p>To engage the local community to report on areas of grime to ensure streets stay clean.</p> <p>To work with local business support organisations to try and get local people into jobs.</p> <p>To work with local schools to get young people involved in apprenticeships and works schemes.</p>	1	(Community safety function)
Board of Lewisham Southwark College Corporation	The college offers a range of provision including short courses, higher education and apprenticeships. The governance of the college is headed by a Corporation Board.	1	

Name	Purpose	No. of places	Notes
Canada Water Consultative Forum	The forum is responsible for advising on the overall direction of development proposals and ensuring public awareness and involvement in the development proposals.	4	(Regeneration function)
Central London Forward	To provide a cross-sector 'voice for central London'. It operates at a strategic level, seeking to influence policy makers on matters of mutual interest to the communities and businesses of central London.	1	(Regeneration function) Must be the Leader of the Council.
Centre for Literacy in Primary Education	Professional development and family learning centre. Provides a range of education support, advisory and direct delivery services to schools and families throughout Southwark.	1	(Education function)
Creation Trust	The Creation Trusts key aims are; <ul style="list-style-type: none"> • Engaging the community within the regeneration programme. • Tackling issues around skills and training, young people and health and wellbeing. 	3	(Regeneration function)
Cross River Board	To deliver cross-borough regeneration initiatives north and south of the River Thames in the London Boroughs of Southwark and Lambeth, the Corporation of London and the City of Westminster.	1	(Regeneration function) Usually the leader or cabinet member for regeneration.

Name	Purpose	No. of places	Notes
Crystal Palace Community Development Trust	Trust set up to oversee the development of the Crystal Palace area.	1	(Regeneration function)
Greater London Enterprise Limited	To assist, promote, encourage and secure the physical and economic development and regeneration of the whole or any part of Greater London.	1	(Regeneration function) Does not have to be a councillor.
Groundwork London, Local Authority Strategic Input Board	<p>The Local Authority Strategic Input Board enables Local Authorities to shape the strategic direction of Groundwork within Local Authorities by:</p> <ul style="list-style-type: none"> • Advising Groundwork on the regeneration needs of local communities. • Providing input to the development process for projects and programmes. • Developing and maintaining close relationships with elected members and officers of local authorities. • Developing relationships with other key local partners. 	1	(Regeneration function)
Guys and St Thomas NHS Foundation (Council of Governors)	<p>To advise the trust on how it carries out its work so that it is consistent with the needs of the members and wider community.</p> <p>The governors:</p> <ul style="list-style-type: none"> • help the trust to carry out its duties in ways that meet with NHS values and the terms agreed with Monitor, 	1	(Health function)

Name	Purpose	No. of places	Notes
	<p>the independent regulator for NHS Foundation Trusts</p> <ul style="list-style-type: none"> • advise the trust on its longer term strategy • provide advice and support to the Board of Directors, who are responsible for the overall management of the trust. 		
Kings College Hospital NHS (Council of Governors)	<p>Their vision is to become a fundamentally new kind of hospital built around patient need, offering patients the highest quality of care, and to deliver this as part of a joined-up and well-managed healthcare system, built in partnership with GPs and other healthcare providers.</p>	1	(Health function)
London Road Safety Council (LRSC)	<p>To reduce the number of road accident casualties within Greater London and provide a means of communication relating to road accident prevention between London local authorities, central government and other organisations.</p>	2	<p>(Community safety function)</p> <p>Up to two elected members and an officer from road safety education.</p>
London Youth Games Limited	<p>The London Youth Games Limited organise the annual London Youth Games on behalf of the London boroughs. It is a non-profit making company owned and guaranteed by the London boroughs and the City of London Corporation.</p>	1	<p>(Leisure function)</p> <p>One representative and one deputy.</p>
Millwall For All	<p>The objectives of Millwall for All are:</p> <ul style="list-style-type: none"> • To promote equality and diversity in football and other sports at amateur and professional 	1	(Equalities and Diversity function)

Name	Purpose	No. of places	Notes
	<ul style="list-style-type: none"> • To promote awareness of equality and diversity in primary schools in Lewisham and Southwark • To develop active programmes and partnerships designed to promote equality and diversity in football and build community cohesion • To raise funds for equalities programmes • To represent the boroughs of Lewisham and Southwark on equalities and diversity in football • To publicise the work being done by Millwall Football Club to tackle racism and promote equalities and community cohesion. 		
North Southwark Environment Trust	<p>The preservation and conservation of the environment for the benefit of the public, including the promotion of energy efficiency and efficient methods of disposing of waste.</p> <p>The provision of facilities for education, recreation or other leisure time occupation, in the interests of improving the conditions of life of the inhabitants covered by the area of benefit.</p>	1	<p>(Environment function)</p> <p>Does not have to be a councillor.</p> <p>The area of benefit covered by the trust is north of the roads known as Camberwell New Road, Camberwell Church Street, Peckham Road, Peckham High Street and Queens Road.</p>
Potters Fields Park Management	Potters Fields Park Management Trust leases the park for events,	2	<p>(Leisure function)</p> <p>Does not have to be a</p>

Name	Purpose	No. of places	Notes
Trust	functions and other activities in order to provide funds for maintenance, and to develop programmes which educate and engage with the community.		councillor.
South Bank Partnership	Engagement with South Bank employers groups, local MPs and community organisations in North Lambeth and Southwark (Bankside).	4	(Arts and culture function) One representative and local ward councillors.
South Bank and Bankside Cultural Quarter Directors Board	To work with the community to celebrate the richness and diversity of cultural activity in the quarter and across London and engage with local communities.	1	(Arts and culture function)
South Bermondsey Big Local Partnership Steering Group	The Partnership informs and guides the development and delivery of the BIG Local programme for South Bermondsey and Livesey wards.	2	(Community engagement function) Currently one Livesey and one South Bermondsey ward councillor.
South London Gallery Trustee Limited	To act as trustees and director of South London Gallery Trustee Ltd (the sole trustee of the South London Fine Art Gallery and Library Trust), which operates the South London Gallery as a public contemporary art gallery. Southwark Council is a major funder of the gallery but trustees must act solely in the best interests of the charity and are responsible for controlling the management and administration of the charity in line with the governing document.	3	(Arts and culture function)

Name	Purpose	No. of places	Notes
South London and Maudsley (SLaM) NHS Trust Members Council	To support the board of directors in setting the longer-term vision for the trust and to influence proposals to make changes to services and to act in a way that is consistent with NHS principles and values and the terms of the trust's authorisation.	1	(Health function)
Southwark and Lambeth Archaeological Excavation committee (SLAEC)	The SLAEC is an advisory body established to promote archaeological work in Southwark and to advance the knowledge of the history of Southwark and Lambeth by archaeological investigation.	1	(Leisure function) One representative and one deputy.
Southwark Cathedral Education Centre	The Education Centre exists to help teachers cover the curriculum for primary and secondary education in imaginative ways, while playing its part in the Cathedral's outreach and mission and presenting the Cathedral as a place of worship.	1	(Education function)
Southwark Construction Skills Centre ("the Centre")	<p>To work together in the delivery of the Southwark Construction Skills Centre ("the Centre").</p> <ul style="list-style-type: none"> • Establish a centre of construction training excellence for the local construction industry • Deliver high quality construction skills training • Inspire local school age children to pursue a career in the construction industry • Provide pathways into employment in the construction industry for 	1	(Regeneration/employment and education function) Cabinet or deputy cabinet member

Name	Purpose	No. of places	Notes
	<p>local people, by increasing the employment and training opportunities in the sector for the borough's residents, as well as helping the local construction industry meet their skills needs</p> <ul style="list-style-type: none"> • Provide a visible 'front door' to enable local people to find new skills and employment opportunities within the construction sector. 		
<p>Safer Neighbourhood Board (Southwark)</p>	<p>The role and purpose of the Safer Neighbourhood Board is:</p> <ul style="list-style-type: none"> to ensure communities are more closely involved in crime reduction and prevention; to have a broad remit to reflect M.O.P.A.C's (Mayor Office for Policing and Crime) broader responsibilities; to have greater reach in community involvement; to achieve greater coherence between different engagement mechanisms and; to make more efficient use of resources to deliver value for money and target funds at tackling issues of local concern and crime prevention. 	1	<p>(Community safety function)</p> <p>Cabinet member with community safety portfolio</p>
<p>WeAreWaterloo BID (Business Improvement District)</p>	<p>To create a safer and more pleasant trading environment for businesses and to promote the area to bring in more visitors, whilst maintaining its individuality and unique character.</p>	1	<p>(Regeneration function)</p> <p>Usually a ward councillor.</p>

Item No. 19.	Classification: Open	Date: 18 July 2017	Meeting Name: Cabinet
Report title:		Nominations to Panels, Boards and Forums 2017-18	
Ward(s) or groups affected:		N/A	
From:		Proper Constitutional Officer	

RECOMMENDATIONS

1. That the cabinet agrees the allocation of places to the panels and boards and forums set out in Appendix A of the report for the 2017-18 municipal year and nominates members accordingly.
2. That the cabinet considers whether to appoint a chair and vice-chair to the following body from amongst those individuals appointed to serve:
 - Standing Advisory Council on Religious Education.

BACKGROUND INFORMATION

3. It is for the cabinet to agree the allocation of places to panels, boards and forums in connection with the functions that are the responsibility of the cabinet (i.e. housing, education, social services, regeneration etc).

KEY ISSUES FOR CONSIDERATION

Proportionality

4. Appendix A sets out the detail of those, panels, boards and forums for which nominations are required for the 2017-18 municipal year. There is no requirement that appointments to panels, boards and forums are proportionate and in the past, where the allocation of seats has been proportionate, this has been done by local agreement.
5. There is no requirement that a seat allocated to a particular group can only be filled by a member of that group. Therefore groups have the discretion to allocate seats as they wish, including to a member of another group or an individual councillor.

Appointment of chairs and vice-chairs

6. In recommendation two, members are asked to consider whether the appointment of the chair and vice-chair of the Standing Advisory Council on Religious Education (SACRE) should be agreed by the cabinet or at the first meeting of the body. If Members are minded to agree the chair and vice-chair at this meeting then names should be given at the time:
 - Standing Advisory Council on Religious Education

7. Currently SACRE appoint the chair and vice-chair.

Establishment of new bodies

8. Members may wish to establish new bodies or recommend that officers look into changing the status of existing bodies. In relation to the creation of new bodies, Members will need to:
- (i) agree new terms of reference
 - (ii) agree the membership and allocation of places
 - (iii) consider whether to appoint the chair and vice-chair.

Community impact statement

9. There are no specific community impact issues arising from the recommendations.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	Nominations to Panels, Boards and Forums 2017-18

AUDIT TRAIL

Lead Officer	Everton Roberts, Principal Constitutional Officers	
Report Author	Paula Thornton, Constitutional Officer	
Version	Final	
Dated	7 July 2017	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES/CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Date final report sent to Constitutional Team		7 July 2017

APPENDIX A

NOMINATIONS TO PANELS, BOARDS AND FORUMS 2017-18

JOINT PARTNERSHIP PANEL (TRADE-UNION CONSULTATION)

Summary of Functions	Status	Membership	Politically Proportionate
To provide a member-level trade union consultation forum for dialogue on corporate policy issues and corporate proposals affecting the workforce.	Non statutory	2 Councillors, Human Resources Director, Chief officer team representative, plus accredited Branch Secretaries of Unison, GMB and Unite.	N/a

Allocation 2016-17	Proposed Allocation 2017-18	Council Appointment	Comments
2 representatives from the cabinet. In 2016-17 the cabinet members were the leader of the council and cabinet member responsible for human resources.	2 representatives from the cabinet	2 Councillors	None

HOMEOWNERS SERVICE CHARGE ARBITRATION TRIBUNAL

Summary of Functions	Status	Membership	Politically Proportionate
To resolve homeowner service charge disputes from 2014/15 onwards.	Non statutory	1 Independent chairperson 1 Leaseholder representative 1 Councillor (from pool) 1 Independent legal representative	N/a

Allocation 2016-17	Proposed Allocation 2017-18	Council Appointment	Comments
None	Unlimited	Members to act as pool	Cabinet members are not able to be members of the panel.

TENANCY AND LEASEHOLD ARBITRATION TRIBUNALS

Summary of Functions	Status	Membership	Politically Proportionate
To resolve certain disputes between secure tenants and the council (landlord) arising from a breach within the terms of the Tenancy Agreement. To resolve disputes between Southwark Right to Buy applicants, Southwark Council leaseholders and Residential Freeholders who pay a service charge to Southwark Council.	Non statutory	1 Independent chairperson 1 Tenant or Leaseholder representative 1 Councillor (from pool)	N/a

Allocation 2016-17	Proposed Allocation 2017-18	Council Appointment	Comments
Unlimited.	Unlimited	Members to act as a pool	Cabinet members are not able to be members of the panel.

SOUTHWARK SAFEGUARDING ADULTS BOARD

Summary of Functions	Status	Membership	Politically Proportionate
The purpose of the Board is to ensure that adults can live a life free from abuse and neglect.	Statutory		N/a

Allocation 2016-17	Proposed Allocation 2017-18	Council Appointment	Comments
Cabinet Member for Adult Care and Financial Inclusion	Cabinet Member for Adult Care and Financial Inclusion	1	.

SOUTHWARK SAFEGUARDING CHILDREN'S BOARD

Summary of Functions	Status	Membership	Politically Proportionate
<p>To promote and safeguard the welfare of children.</p> <p>To engage in activities that safeguard all children and aim to identify and prevent maltreatment or impairment of health or development.</p> <p>To ensure that children are growing up in circumstances consistent with safe and effective care.</p> <p>To lead and co-ordinate proactive work that aims to target particular groups and to arrange for responsive work to protect children who are suffering, or likely to suffer significant harm.</p>	Statutory	Senior managers from different services and agencies including independent and voluntary sector.	N/a

Allocation 2016-17	Proposed Allocation 2017-18	Council Appointment	Comments
Cabinet Member for Children and Schools	Cabinet Member for Children and Schools	1	Cabinet Member for Children and Schools to be participant observer.

STANDING ADVISORY COUNCIL ON RELIGIOUS EDUCATION

Summary of Functions	Status	Membership	Politically Proportionate
To review the existing provision of Religious Education and consider whether any changes need to be made in the agreed syllabus or in support offered to schools. To monitor the provision of the daily collective worship and to consider any action to improve such provision.	Statutory	4 Councillors Plus representatives of local faith groups and Teachers Associations	N/a

Allocation 2016-17	Proposed Allocation 2017-18	Council Appointment	Comments
Labour – 3 Liberal Democrats – 1 Conservatives – 0	Labour – 3 Liberal Democrats – 1 Conservatives – 0	4 Councillors	

SOUTHWARK TENANT MANAGEMENT ORGANISATION COMMITTEE

Summary of Functions	Status	Membership	Politically Proportionate
To discuss with representatives of TMO's issues of mutual interest.	Statutory	4 Councillors TMO Representatives Cabinet Member for Housing	N/a

Allocation 2016-17	Proposed Allocation 2017-18	Council Appointment	Comments
Labour – 3 Liberal Democrats – 1 Conservatives – 0	Labour – 3 Liberal Democrat – 1 Conservative – 0	4 Councillors and Cabinet Member with responsibility for Housing	

CABINET AGENDA DISTRIBUTION LIST (OPEN)**MUNICIPAL YEAR 2017-18**

NOTE: Original held by Constitutional Team; all amendments/queries to
Paula Thornton Tel: 020 7525 4395

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		Duncan Whitfield	1
		David Quirke-Thornton	1
Other Councillors		Officers	
Gavin Edwards	1	Doreen Forrester-Brown	1
Jasmine Ali	1	Jennifer Seeley	1
Paul Fleming	1	Norman Coombe	1
Tom Flynn	1	Kevin Fenton (1st floor, hub 1)	1
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Kieron Williams	1		
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Mark Williams			
Ian Wingfield			
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Press			
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