

Cabinet

Tuesday 13 March 2018

4.00 pm

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

Membership

Councillor Peter John OBE (Chair)
Councillor Stephanie Cryan
Councillor Maisie Anderson

Councillor Fiona Colley

Councillor Barrie Hargrove
Councillor Richard Livingstone
Councillor Victoria Mills

Councillor Johnson Situ

Councillor Ian Wingfield
Councillor Mark Williams

Portfolio

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

INFORMATION FOR MEMBERS OF THE PUBLIC

Access to information

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Contact: Everton Roberts on 020 7525 7221 or email: Everton.roberts@southwark.gov.uk

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 5 March 2018



Cabinet

Tuesday 13 March 2018
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 - 2
	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 7 March 2018.	
6.	MINUTES	3 - 10
	To approve as a correct record the minutes of the open section of the meeting held on 6 February 2018.	
7.	DEPUTATION REQUESTS	
	To consider any deputation requests. The deadline for the receipt of deputation requests is midnight Wednesday 7 March 2018.	
8.	PETITION FROM METROPOLITAN TABERNACLE CHURCH, ELEPHANT AND CASTLE - PARKING ISSUES	11 - 13
	To consider a petition received from the Metropolitan Tabernacle Church, Elephant and Castle in respect of parking issues.	
9.	RESPONSE TO DEPUTATION REQUEST FROM LOCAL RESIDENTS IN RESPECT OF CPZ ZONE L - NORTHERN END OF GROVE LANE, SE5	14 - 17
	To consider a report back to cabinet following a deputation request heard by the 6 February cabinet.	
10.	FEEDBACK FROM SOUTHWARK CONVERSATION	18 - 25
	To consider the initial findings of the Southwark Conversation.	
11.	SUICIDE PREVENTION STRATEGY AND ACTION PLAN 2017-2022	26 - 30
	To approve the suicide strategy and action plan.	
12.	GATEWAY 3: VARIATION DECISION - HIGHWAYS AND PROFESSIONAL SERVICES - EXTENSION OF EXISTING CONTRACT	31 - 43
	To approve the extension of the highways and professional services contract.	
13.	PROGRESS REPORT - IN-HOUSE REPAIRS SERVICE	44 - 58

Item No.	Title	Page No.
	To note the progress made to date to ensure a fit for purpose borough-wide repairs service is in place on 2 October 2018 at the end of the Mears contract.	
14.	COUNCIL PLAN INTERIM PERFORMANCE REPORT 2014-15 TO 2017-18	59 - 84
	To note the council's performance over 2014-15 -2017-18 against the Council Plan 2014-2018.	
15.	GATEWAY 0: NURSING CARE STRATEGIC OPTIONS ASSESSMENT	85 - 103
	To approve the strategic options assessment for nursing care which recommends procurement to achieve better value for money on nursing care spend.	
16.	GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - CARE AT HOME AND COMMUNITY FOR CHILDREN AND YOUNG PEOPLE WITH SPECIAL EDUCATIONAL NEEDS AND DISABILITIES (SEND)	104 - 132
	To approve the procurement strategy outlined for care at home for children and young people with special educational needs and disabilities (SEND), namely to create an outcomes-based framework in partnership with NHS Southwark clinical commissioning groups (CCG).	
17.	SOUTHWARK SCHOOL DESIGN GUIDELINES	133 - 149
	To approve the draft Southwark School Design Guidelines for consultation.	
18.	GATEWAY 1: PROCUREMENT STRATEGY APPROVAL ABBEYFIELD ESTATE HINE (MAYDEW HOUSE) WORKS	150 - 169
	To approve a further revised procurement strategy which is split across Abbeyfield Estate HINE (Maydew House) and note the estimated professional fees.	
19.	JOSEPH LANCASTER ESTATE, DEVERELL STREET, SE1 - GRANT OF LONG LEASE AND HOUSING FUNDING AGREEMENT	170 - 186
	To agree funding for the delivery of 40 new council homes	
20.	GATEWAY 0: FACILITIES MANAGEMENT CONTRACT FOR THE COUNCIL'S OPERATIONAL ESTATE	187 - 202
	To note the strategic options assessment for delivery of a facilities management contract and approve the recommended strategic delivery option.	

Item No.	Title	Page No.
21.	GATEWAY 2: CONTRACT AWARD APPROVAL - DOOR ENTRY AND WARDEN CALL CONTRACT	203 - 229
	To approve the award of the door entry and warden call contract.	
22.	GATEWAY 2: CONTRACT AWARD APPROVAL - COMMUNAL LIGHTING AND ELECTRICAL TESTING CONTRACTS - CONTRACT A: NORTH OF THE BOROUGH AND CONTRACT B: SOUTH OF THE BOROUGH	230 - 256
	To approve the award of contracts A and B for communal lighting and electrical testing.	
23.	CANADA WATER DEVELOPMENT AGREEMENT	257 - 290
	To agree to enter into a development agreement with British Land and delegate to the director of regeneration and the director of law and democracy decisions associated with this agreement.	
24.	AIR RIGHTS ABOVE 2-68 AND 70-136 CHILTON GROVE, SURREY QUAYS	291 - 302
	To confirm that the air rights above 2-68 and 70-136 Chilton Grove shown on the plan at Appendix A currently held for housing purposes is no longer required for those purposes and to approve 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.	
25.	BEDE CENTRE, ABBEYFIELD ESTATE, ROTHERHITHE	303 - 315
	To confirm that the Bede Centre shown on the plan at Appendix A currently held for housing purposes is no longer required for those purposes and to approve 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.	
26.	AIR-RIGHTS ABOVE DAMORY HOUSE, ABBEYFIELD ESTATE, ROTHERHITHE	316 - 327
	To confirm that the air rights above Damory House, Abbeyfield road shown on the plan at Appendix A currently held for housing purposes is no longer required for those purposes and to approve 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.	

Item No.	Title	Page No.
27.	MAYDEW HOUSE, ROTHERHITHE	328 - 340
	<p>To confirm that Maydew House shown on the plan at Appendix A currently held for housing purposes is no longer required for those purposes and to approve 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.</p>	
28.	AIR-RIGHTS ABOVE THAXTED COURT, ABBEYFIELD ESTATE, ROTHERHITHE	341 - 352
	<p>To confirm the air rights above Thaxted Court, Abbeyfield Road shown on the plan at Appendix A currently held for housing purposes is no longer required for those purposes and to approve 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.</p>	
29.	PROPOSED ACQUISITION OF FREEHOLD INTEREST IN OFFICE ACCOMMODATION 132 QUEENS ROAD, LONDON SE15 2HP	353 - 359
	<p>To approve the acquisition of the freehold interest in 132 Queens Road London SE15 2HP as part of the office accommodation strategy.</p>	
30.	ACQUISITION OF CHAMPION HILL, EDGAR KAIL WAY SE22	360 - 365
	<p>To approve the acquisition of land at the Champion Hill stadium site, Edgar Kail Way for the purposes as to part of the site of housing delivery and the associated funding requirement as set out in the closed version of this report.</p> <p>To authorise the director of regeneration to negotiate the purchase of the site and agree detailed heads of terms in line with the principal terms set out in the closed version of this report.</p>	

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**31. PROPOSED ACQUISITION OF FREEHOLD INTEREST IN OFFICE ACCOMMODATION 132 QUEENS ROAD, LONDON SE15 2HP**

To approve the acquisition of the freehold interest in 132 Queens Road London SE15 2HP as part of the office accommodation strategy.

32. ACQUISITION OF CHAMPION HILL, EDGAR KAIL WAY SE22

To approve the acquisition of land at the Champion Hill stadium site, Edgar Kail Way for the purposes as to part of the site of housing delivery and the associated funding requirement as set out in the closed version of this report.

To authorise the director of regeneration to negotiate the purchase of the site and agree detailed heads of terms in line with the principal terms set out in the closed version of this report.

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: 13 March 2018

LEAD OFFICER DETAILS

Name and contact details:

Peter Barter 020 7525 5327 or email: peter.barter@southwark.gov.uk

DETAILS OF THE REPORT

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

Title of report: Proposed Acquisition of Freehold Interest in Office Accommodation, 132 Queens Road, London SE15 2HP

To approve the acquisition of the freehold interest in 132 Queens Road, London SE15 2HP as part of the office accommodation strategy.

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

The loss of financial benefits arising from paying capital finance charges versus rent payments (as detailed in the closed version of the report).

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

The freehold has only recently become available so it was not possible to include notice in the forward plan of the intended acquisition.

Everton Roberts
For Proper Constitutional Officer
Dated: 5 March 2018

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

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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: 13 March 2018

LEAD OFFICER DETAILS

Name and contact details:

Matt Derry 020 7525 3787 or email: matt.derry@southwark.gov.uk

DETAILS OF THE REPORT

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

Title of report: Acquisition of Champion Hill, Edgar Kail Way SE22

Approval is sought to the acquisition of land at the Champion Hill stadium site, Edgar Kail Way SE22 for the purposes of housing delivery and approval of the associated funding requirement.

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

Delaying of this decision would result in the council being unable to be able to negotiate with the present owners immediately and would therefore potentially result the opportunity to purchase the site being lost, which would further risk the delivery of the council's vision for this site.

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

The potential opportunity to seek to acquire the site has only now been identified.

Everton Roberts
For Proper Constitutional Officer
Dated: 5 March 2018



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 6 February 2018 at 4.00 pm at the Council Offices, 160 Tooley Street, London SE1 2QH.

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

1. APOLOGIES

All members were present.

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

The chair gave notice of the following late item:

- Item 7: Deputation requests
- Item 14: Policy and Resources Strategy 2018-19 to 2020-21

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

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

There were no closed items considered at this meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

None were declared.

5. PUBLIC QUESTION TIME (15 MINUTES)

Public Question from Amir Eden

Marion Marples asked the public question on behalf of Amir Eden.

Would Southwark Council reform its planning process and procedures to make it genuinely accessible to all, enabling all to influence major changes and taking into account Bankside Residents' Forum's recommendations.

Response by the Cabinet Member for Regeneration and New Homes

Thank you for your question, this provides a comprehensive set of questions concerning issues that we are addressing through the planning division digital strategy. We are taking forward projects to address access to planning information by all of the different customers of the service. This includes how we reach those who may find access to digital challenging. Southwark planning began a review of the Statement of Community Involvement (SCI) that began in 2016. The SCI sets out how we will involve the public in the planning service. It became clear that rather than updating the SCI a complete review of customer experience was required. The aim is to create a user friendly, accessible, informative and where possible self service that includes as many people as possible in planning and ensures that there is access by all members of the community including hard to reach groups.

The focus of the project is to implement Southwark's digital strategy to introduce digital by default and to ensure that there is always an excellent customer service. Projects under way include moving all communications to MySouthwark. The email and mail has been moved to MySouthwark. This has also enabled anyone who is interested in planning applications or policy to access all consultations for the borough or in chosen areas. This has made planning more efficient by reducing the need to update databases and it has improved the customer experience as the customer can track their conversations with the council. The number of people signed up for planning information has increased from 2000 to 7000 since we moved to MySouthwark over the past year. The new website has been rewritten with clear, simple Information and we removed 500 outdated files. Comments pages have been added to the website and we consider suggestions for improvements weekly. These are either immediately actioned or are being compiled to inform our improvements. We have introduced SMART2 on the website with new maps and search tools to improve access to the council's data store to provide background information. The council's get online service has been introduced at libraries to help anyone who needs assistance with how to use the website. There is a copy of each planning document for consultation at each library with a poster advert. We have continued to make our policy documents clear and concise so that they can be easily understood by everybody. We produce leaflets that we distribute online. We prepare consultation reports on all planning documents and for planning decisions that are presented to decision makers with clear information about who has been consulted and how comments have been taken into account.

We are working on many innovative projects to make the service more accessible using digital technology and they will be introduced during the next year.

Supplemental question

Marion Marples requested that the council should:

- Avoid consultations around holiday periods
- Ensure that developers are required to provide a jargon free summary planning leaflets that are sent to residents within 100 metres of development
- Encourage the use of consultation workshops to allow local residents and groups to engage in the planning process
- Encourage councillors to undertake site visits, especially if on the planning committee.

Councillor Mark Williams explained that the council were required legally to deal with planning applications within a specific timeframe, but would always try to add in extra days when consultation took place around holiday periods. The council was continuing to try and ensure that as much information as possible was available online.

6. MINUTES

RESOLVED:

That the minutes of the meeting held on 23 January 2018 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 this as urgent as the request had been received in line with the constitutional deadline for the receipt of deputation requests.

RESOLVED:

1. That the deputation be received.
2. That the council's chief executive and director of law and democracy be requested to look at the issues raised by the deputation in order to seek a resolution and to report back to the 13 March 2018 cabinet.

Cabinet heard a deputation request from local residents in respect of CPZ Zone L (Northern end of Grove Lane) relating to a planning issue connected with street parking rights for the Mary Datchelor development. The deputation claimed that the council had failed to implement its own decision regarding the removal of on street parking rights for residents in this development in 2008. The parking situation at the northern end of Grove Lane in CPZ Zone L has consequently become increasingly difficult, with many residents being unable to park within several hundred meters of their home.

The deputation asked that that council rectify their failure to implement this planning decision and stop granting/renewing resident parking permits for residents in the Mary

Datchelor development (who it was claimed, currently have access to approximately 45 underground parking spaces). The deputation in response to a suggestion that there was parking available in nearby streets, felt this to be unreasonable as they were still some distance from their homes and some of the residents were elderly.

8. LEDBURY ESTATE - NEXT STEPS UPDATE

RESOLVED:

1. That the content of the report be noted.
2. That the draft dates of the key stages that the Ledbury Project Team have agreed be noted.
3. That a further report be received setting out the outcome of the resident consultation on the options appraisal process that is planned to be undertaken in July 2018.

9. REVIEW OF RESIDENT ENGAGEMENT - REPORT FROM THE HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE

Councillor Tom Flynn, chair of the housing and community safety scrutiny sub-committee attended the meeting to present the report to cabinet and answer questions.

RESOLVED:

1. That the findings of the research exercise into resident engagement be noted.
2. That the strategic director of housing and modernisation report back within 8 weeks with proposals on how to involve residents in developing this work.

10. THE OUTCOME OF THE CONSULTATION EXERCISE ON CHANGES TO DAY CENTRE PROVISION AT QUEENS ROAD AND RIVERSIDE AND THE DEVELOPMENT OF A DISABILITY HUB: RESPONSE TO DECISIONS FROM CALL-IN

RESOLVED:

That the responses to the recommendations in the report entitled 'Decisions from call-in: The Outcomes of the Consultation Exercises on Changes to day Centre Provision at Queens Road and Riverside and the Development of a Disability Hub' 12 December 2017 be noted.

11. ANNUAL PERFORMANCE REPORT FOR GENERIC HOME CARE CONTRACTS 2016-17

RESOLVED:

1. That the performance of the contracts over its sixth and final full year be noted.
2. That it be noted that the performance of the contracts has largely met the intended

outcomes of Southwark's Ethical Care Charter (SECC) which commenced in October 2014 and that service users have expressed their satisfaction with the services through provider feedback mechanisms.

3. That it be noted that the delivery of the contracts over the sixth year has largely met the council's contractual requirements.
4. That the gap in meeting one indicator on turnover of staff be noted. This is due to qualified staff leaving the agency in the last year to progress their career. See paragraphs 54 to 56 of the report.
5. That the improvement of the services on the quality issues raised by Care Quality Commission (CQC) in their inspections during 2016 be noted. London Care achieved a good CQC rating in all five standards while MiHomecare improved to good in two out of the five standards – effective and responsive.
6. That it be noted that the award of the new care at home contracts was approved in October 2017 and mobilisation to the new providers will be completed by the end of March 2018.

12. POLICY AND RESOURCES STRATEGY: REVENUE MONITORING REPORT, INCLUDING TREASURY MANAGEMENT 2017-18 (MONTH 8)

RESOLVED:

1. That it be noted that:
 - the general fund outturn forecast for 2017-18 is an overspend of £0.035m (Table 1, paragraph 12 of the report) after the application of the supplementary improved better care fund grant (IBCF) as agreed by the health and well being board on 11 September 2017
 - the continuing pressures on children's and adults' social care of £5.059m, including the net use of reserves totalling £1.383m; prior to the application of the IBCF, these cost pressures were forecast to be £12.530m (paragraphs 13 to 17 of the report)
 - the adverse variance in public health of £0.5m due to continued demand pressures in sexual health services (paragraphs 20 to 24 of the report)
 - the favourable variance in environment and social regeneration of £2.0m is largely due to the reduced demand and costs from the waste private finance initiative (PFI) contract (paragraphs 20 to 24 of the report)
 - the continuing cost pressures in housing and modernisation in temporary accommodation, No Recourse to Public Funds and severance payments (paragraph 26 to 38 of the report)
 - The favourable variance in strategic finance of £1.500m (paragraph 43 of the report)
 - the £4m contingency is utilised in full to mitigate the total impact of cost pressures (paragraph 45 of the report)
 - the general fund outturn forecast including the final projected outturn position assumes a total net reduction in reserves of £10.6m (table 3 of the report)
 - the forecast reduction in reserves includes the full allocation of remaining Dedicated Schools Grant Reserve of £1.249m as well as a further draw down from reserves of £3.500m creating a future call to the DSG reserve of £3.500m

- (paragraphs 18 and 19 of the report)
 - the housing revenue account forecast set out in table 2, paragraphs 47 to 54 of the report
 - the treasury management activity to date in 2017-18 (paragraph 60 to 64 of the report).
2. That the general fund budget movements that exceed £250,000, as shown in Appendix A of the report be approved.
 3. That cabinet general fund budget movements that are less than £250,000, as shown in Appendix A of the report be noted.

13. POLICY AND RESOURCES STRATEGY: CAPITAL MONITORING REPORT, INCLUDING CAPITAL PROGRAMME UPDATE 2017-18 (MONTH 8)

RESOLVED:

1. That the general fund capital programme for the period 2017-18 to 2026-27 as at Month 8, as detailed in Appendices A and D of the report and the forecasted £177.5m financing required for 2017-18 be noted.
2. That the housing investment programme for the period 2017-18 to 2026-27 as at Month 8 2017-18, as detailed in Appendix B of the report and the £31.9m financing required for 2017-18 be noted.
3. That the virements and variations to the general fund and housing investment capital programme as detailed in Appendix C of the report be approved.
4. That the projected expenditure and resources for 2017-18 and future years for both the general fund and housing investment programmes as detailed in Appendices A, B and D of the report as at Month 8 2017-18 be noted and that this position continues to be forecasted to outturn until more up to date information is available.
5. That the inclusion in the programme of the capital bids set out in Appendix E of the report be approved.
6. That it be noted that this report indicates that external borrowing will be required in 2017-18 and beyond to finance the programme. Options to identify the most appropriate source of financing will be appraised by the strategic director, finance and governance in conjunction with the cabinet member for finance, modernisation and performance. Debt financing costs are reflected in the policy and resources strategy 2018-19 with a proposed growth commitment.
7. That it be noted that the first sentence of paragraph 98 of the report should read:

"Following a review of fire safety measures in tower blocks and in response to tenants' concerns a structural issue affecting the four towers on the Ledbury Estate was identified." (This is to clarify that the structural issues affect all floors of the four towers of the Ledbury Estate and not just the upper floors).

14. POLICY AND RESOURCES STRATEGY 2018-19 TO 2020-21

The chair agreed to accept the report as urgent as cabinet were required to prepare a budget proposal for submission to council assembly. This was the last cabinet meeting before council assembly on 21 February 2018. The council were required to set a lawful budget by 11 March 2018.

In respect of the report (paragraphs 110-112: recommendations from overview and scrutiny committee) an updated table was circulated. This included recommendation 1 which was omitted from the report circulated on 2 February 2018.

1. That it be noted that the recommendations were considered at cabinet on 23 January 2018, and that this report has been amended accordingly.
2. That it be noted that the 23 January report was considered by overview and scrutiny committee on 29 January 2018 (recommendations as set out in paragraphs 110 to 112 of the report).
3. That it be noted that as at 31 January 2018, the final local government settlement has not been received, and that the revised 2018-19 budget presented at Appendix A of the report reflects the provisional settlement, and that any changes will be reported to council assembly.
4. That it be noted that this report presents the final balanced general fund budget proposals for 2018-19 including:
 - Efficiencies and improved use of resources of £10.928m (Appendix C of the report)
 - Income generation proposals of £7.281m (Appendix D of the report)
 - Commitments of £32.625m (Appendix F of the report)
 - Pay Awards, assumed at 2% of £4.2m
 - Contractual inflation of £3.9m.
5. That this balanced one year 2018-19 budget be submitted to council assembly for approval.
6. That it be noted that under Part 3C of the constitution full cabinet is responsible for the approval of new fees and charges and agreement of charging levels in line with the medium term resources strategy, and therefore that the fees and charges be agreed and the level of those fees which cabinet is not permitted to set be noted (Appendix G, paragraphs 99-101 of the report).
7. That it be noted that in the summer of 2018, cabinet will receive a refreshed outlook of the financial position for the council and especially with regard to local government financing for 2019-20 and beyond.
8. That it be noted that due to timing of council assembly and the Greater London Authority (GLA) precept setting meeting, council assembly will be asked to establish a council tax setting committee to make the formal resolution for council tax (paragraphs 113 to 116 of the report).

NOTE: In accordance with overview and scrutiny procedure rule 17.2 (a) (budget and

policy framework) decisions 1-5 and 8 are not subject to call-in.

The meeting ended at 5.28pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 14 FEBRUARY 2018.

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: 13 March 2018	Meeting Name: Cabinet
Report title:		Petition from the Metropolitan Tabernacle Church – Parking Issues	
Ward(s) or groups affected:		All	
From:		Proper Constitutional Officer	

RECOMMENDATION

1. That the cabinet consider a petition from the Metropolitan Tabernacle Church, Elephant and Castle relating to parking issues.

BACKGROUND INFORMATION

2. A petition containing 500 signatures or more maybe presented to the cabinet. A petition can be submitted by a person of any age who lives, works or studies in Southwark. Petitions must relate to matters which the council has powers or duties or which affects Southwark.
3. At the meeting, the spokesperson for the petition will be invited to speak up to five minutes on the subject matter. The cabinet will debate the petition for a period of up to 15 minutes and may decide how to respond to the petition at the meeting.

KEY ISSUES FOR CONSIDERATION

4. A petition containing 1,160 signatures has been received from the Metropolitan Tabernacle Church, Elephant and Castle, London SE1 6SD.
5. The petition states:

“We are deeply concerned about the probable loss of both on-street and off-street parking in the vicinity of the Tabernacle resulting from redevelopment, from the current controlled parking zone C review and other traffic management initiatives. This would cause immense difficulties for our very large Sunday schools and youth meetings with rolls of over 1200 children and teenagers. These community activities have helped keep thousands out of gang culture over the years and are the largest of their kind in our city. To maintain them we need parking and access for our numerous minibuses and volunteer helpers vehicles.

We appeal to our council, with its strong community ethos; to continue to make available free parking on single-yellow lines and payment bays on Sundays and to only install double-yellow lines where absolutely necessary; to consider the impact on the Tabernacle of local traffic management proposals; and to consider any further opportunities for additional parking for the Tabernacle where it can be safely permitted.”

We currently have use of off-street parking on the premises of the London College of Communications and we rent spaces in the shopping centre car park. Both would be lost to development. The review of CPZ C2 threatens to change significant lengths of single to double yellow lines.”

Community impact statement

6. The Southwark constitution allows for petitions to be presented by members of the public and can be submitted by a person of any age who lives, works or studies in Southwark.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Environment and Social Regeneration

7. The council has received requests to carry out a review of the C2 area controlled parking zone from local residents and has reacted to those requests.
8. In line with the council’s current standards the new design provides parking bays wherever it is considered safe to do so. Double yellow lines are only proposed in locations where it is deemed necessary, for road safety reasons, to prevent vehicles from parking. The council has a duty of care to users of the highway to ensure their safety as far as is reasonably practicable and, furthermore, is required carry out such works as it deems necessary to comply with that duty.
9. A number of parking spaces were lost in this area while development work was carried out and this review has given the council the opportunity to carry out a full review of the area and reinstate parking in a number of locations.
10. Although received after the end of the consultation period, which ended on the 22 February, this petition will be recorded as a formal objection to the statutory consultation currently being carried out and will be considered along with any other objections received.
11. As part of the consideration of objections the highways department will be instructed to carry out a review of the proposals to fully satisfy the council that double yellow lines will only be installed where it is absolutely necessary for the safety of road users.
12. Once this review has been carried out officers from the highway department will be required to present their findings to the cabinet member for environment and the public realm for determination.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet procedure rule 2.13 on petitions	160 Tooley Street, London SE1 2QH	Paula Thornton 020 7525 4395
Link: (copy and paste into browser) http://modern.gov.southwark.gov.uk/documents/s67579/Committee%20Procedure%20Rules%20March%202017.pdf		

AUDIT TRAIL

Lead Officer	Chidilim Agada, Head of Constitutional Services	
Report Author	Paula Thornton, Constitutional Officer	
Version	Final	
Dated	1 March 2018	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Strategic Director of Environment and Social Regeneration	Yes	Yes
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Date final report sent to Constitutional Team		1 March 2018

Item No. 9.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Response to deputation request from local residents in respect of CPZ Zone L – Northern end of Grove Lane, SE5	
Ward(s) or groups affected:		Brunswick Park	
Cabinet Member:		Cllr Ian Wingfield, Cabinet Member for Environment and Public Realm	

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

Firstly, on behalf of the Council we apologise for omitting the permit free requirement into the S106 Planning obligation for the Former Mary Datchelor School, 17 Grove Lane, London, SE5 8RD (planning ref 07/AP/0020).

From the officer information and legal advice it is not possible to retrospectively alter that agreement. Therefore I have requested officers to identify options to mitigate for this omission.

Officers advise that currently they have not exhausted all options of mitigation at this stage and therefore the information below is the current status of the progress of the officer investigation.

RECOMMENDATION(S)

Recommendation(s) for the Cabinet

1. To note the information contained in the officer report. Currently officers have not completed their investigation into all the options to address the issue referred to in the petition this report contains the progress and next steps.

BACKGROUND INFORMATION

2. The cabinet received a deputation from local residents on 4 February regarding CPZ Zone L (Northern end of Grove Lane) relating to a planning issue connected with street parking rights for the Mary Datchelor development. The deputation claimed that the council had failed to implement its own decision regarding the removal of on street parking rights for residents in this development in 2008 resulting in a worsened situation for local residents.
3. The deputation refers to the following development site, the Former Mary Datchelor School, 17 Grove Lane, London, SE5 8RD (07/AP/0020). The application was approved in 2008 and included a parking provision of 50% and an Agreement to fund an amendment to the Traffic Order to prevent new residents of the development from securing parking permits should deter car ownership within the development and thus reduce car use.

4. Following issues raised by local residents in 2017, officers investigated the situation and it was found that this recommendation was omitted through human error in the S106 planning obligation contract. Therefore there is no legal mechanism for the council to prevent residents of the former Mary Datchelor School applying for a parking permit for CPZ L.
5. Officers also investigated issues raised by local residents regarding parking stress in Grove Lane. The appropriate Parking Zone (PZ)– L comprises of 540 spaces made up of 481 permit bays 59 pay and display and disabled. In September 2017 there were 436 permits issued of which 11 were registered to the former Mary Datchelor School site. At the weekends when the zone is not in operation there is parking on the single yellow lines (most of which are Monday to Friday only).
6. The current status of the officer investigation is that at the request of local councillors, officers are in the process of preliminary communication with the management companies of the residencies on the former Mary Datchelor School site to open up avenues of negotiation in respect to the on street parking issue.

KEY ISSUES FOR CONSIDERATION

7. Considering the issues above a number of options have been investigated;
 - **Option 1.** Amend the S106 agreement to reflect the permit free obligation. This was deemed not possible for several reasons including the length of time that has passed from the signing of the original agreement.
 - **Option 2** Write to the residents requesting to voluntarily give up parking permits and the council to retrospectively applying the permit free status to the site..

This was also deemed not possible largely due to the fact the residents have no legal obligation to comply with this unprecedented request and therefore unlikely to comply. Also as only 11 of the possible 90 residential units have permits by drawing attention to the situation a further 79+ permits could be requested.
 - **Option 3** Await responses to letters sent to the management companies of the Mary Datchelor School site requesting car park usage rates and open a dialogue with the management company to determine if there is capacity that could accommodate the current 11 CPZ permit holders identified. Depending on the results of the response received, set up a meeting with the management company and the petitioners to further investigate resolutions.
 - **Option 4** Review the CPZ for efficiencies. To identify possible extra spaces and extend the hours of operation to include all or part of the weekend to reduce parking stress. This would require a public consultation and may attract objections to any proposed changes.

Legal implications

8. Legal officers advise that there is no real prospect of being able to amend the terms of a section 106 Agreement from 2008. The ownership will have changed from a single developer to 90 separate units. Only 11 of these have permits and there is no compelling reason why these residents would accept a change.

9. Whilst not directly relevant to this site, it should be noted that the issue of parking permits has been considered by the courts in recent years. Most recently in the Court of Appeal decision in R (Khodari) v RB Kensington and Chelsea in 2017, it was confirmed that “permit free” obligations do not fall within section 106 Town and Country Planning Act and therefore restrictions cannot be imposed under section 106 Agreements. If such restrictions are to be sought, then alternative legislation needs to be followed and this is the current approach adopted when drafting such provisions (details of relevant legislation to be added under director of law and democracy comments).

Policy implications

10. Current policy¹ states that most residential developments inside controlled parking zones are required to be car free, from 2006, meaning that residents of these developments are not eligible for parking permits. Some properties are subject to a car free development agreement under Section 106 of the Town and Country Planning Act 1990. Disabled blue badge holders do not need permits. The proposed submission version of the New Southwark Plan also states that development within existing or planned CPZs will not be eligible for on street resident and business car parking permits;

Resource implications

11. If the Cabinet decide to request that officers review Parking Zone L this will require prioritization of the parking zone review programme and impact of officer resource.

Financial implications

12. If the Cabinet decide to request that officers review Parking Zone L, any cost implications will be reviewed for funding from current revenue budgets.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (FC17/080)

14. This report is updating cabinet on the options being reviewed by Officers to address the issues referred to the petition as detailed in the report.
15. The strategic director of finance and governance notes that there are no immediate financial implications arising from this report and any cost implications emerging following the review and decision by cabinet will need to be contained within existing departmental revenue budgets.
16. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

¹ The Council’s Transport Plan (2011), Policy 1.2 – advocates car free development in areas of good access to public transport and that are located in a controlled parking zone. Table 15.4 of the current Southwark Plan (2007) states that, in the Central Activity Zone, housing should normally be car-free. Car free locations should have a high Public Transport Accessibility Level value (5 or 6) be within a Controlled Parking Zone have good access by walking, cycling and public transport to services and facilities such as shops, schools, health and leisure facilities, and offices.

Strategic Director of Environment and Social Regeneration

17. Officers from Parking Management team will continue to work with Planning and Transport to investigate the issues in the petition and report back to Cabinet.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Transport plan 2011	Planning and Transport, 5th Floor, Tooley Street	Pip Howson 020 7525 2952
Link: http://www.southwark.gov.uk/info/200107/transport_policy/1947/transport_plan		

AUDIT TRAIL

Cabinet Member	Cllr Ian Wingfield, Cabinet Member for Environment and Public Realm	
Lead Officer	Simon Bevan, Director of Planning	
Report Author	Pip Howson, Team Leader Transport Policy	
Version	Final	
Dated	5 March 2018	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	No
Strategic Director of Finance and Governance	No	No
Strategic Director of Environment and Social Regeneration	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		5 March 2018

Item No. 10.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Feedback from Southwark Conversation	
Ward(s) or groups affected:		All	
Cabinet Members:		Councillor Maisie Anderson, Public Health and Social Regeneration and Councillor Johnson Situ, Business, Culture and Social Regeneration	

FOREWORD – COUNCILLOR MAISIE ANDERSON, CABINET MEMBER FOR PUBLIC HEALTH AND SOCIAL REGENERATION AND COUNCILLOR JOHNSON SITU, CABINET MEMBER FOR BUSINESS, CULTURE AND SOCIAL REGENERATION

In September 2017, Cabinet adopted the emerging Southwark Regeneration Framework. This piece of work sought to build on our commitment to invest in communities across the borough. The framework had three objectives: a borough wide approach to improving the wellbeing of current and future generations; a one Council approach to bring about improved well-being for people and places across Southwark; and wellbeing as a primary outcome of all our work. A key priority of the emerging framework was the need to hear from people who live, work or play in Southwark on their impression of change and the impact it has had on their lives.

Our ambition for the Southwark Conversation was to speak to residents, and the wider Southwark community, about how they perceive change in our borough - what was working for them, what they hoped to see more of as well as their fears and concerns about change in Southwark. In so doing we set ourselves the target of reaching more people than we've ever done before, crucially hearing from residents we traditionally don't hear from through our regular consultation programme.

We held a plethora of events across the borough, from baby and toddler sessions in local libraries to local meetings of faith organisations. No event was too small, no part of the borough without an opportunity to attend a local event. We used technology to hear from some of our borough's most digitally savvy but we also had a presence on street stalls and Christmas fairs.

We would like to take the opportunity to thank the thousands of residents who took part in the exercise, and generously gave their time to talk to Councillors and Southwark staff about what matters to them and what makes a great place to live. The questions were wide-ranging and open so we hugely appreciate the careful thought that went into the responses. In this report we are now asking officers to spend more time undertaking detailed analysis of the findings in order that the future work of the Council can be informed and improved by the responses that we received.

Our initial findings first and foremost suggest that respondents liked the Southwark Conversation and found the format accessible and helpful. In addition, a significant majority of those who responded felt positive about change in our borough. Sense of

community, getting "out and about" and being connected shone through as themes raised by residents, pointing to what makes a good neighbourhood to live in and what can help with health and wellbeing. Other key themes that emerged include housing, safety of streets, cleanliness as well as the importance of employment opportunities and training.

Once further analysis of the findings has been completed - and the full richness of the information has been explored - the results of the Southwark Conversation will be a critically important tool for the design of the new council plan and service design across the Council.

Being connected to our residents and reflecting their needs, hopes and aspirations in all that we do has been a longstanding goal of this administration and we hope that the results of this engagement will allow us to further deepen this approach going forward.

RECOMMENDATIONS

That the cabinet

1. Consider the initial findings from the Southwark Conversation, as set out in the report at Appendix 1;
2. Note and welcome the comprehensive response to the engagement exercise and thanks all those who participated in the Conversation for taking the time to provide their views and opinions;
3. Instruct officers to undertake further, more detailed analysis recognising the richness and diversity of the feedback with a particular focus on housing, community and public realm as the three top themes that people were most likely to mention when talking about change in the borough;
4. Note that the outcomes from analysis will support the development of a new Council Plan in the summer;
5. Following analysis, receive a final feedback report, including actions to be taken forward, in July 2018.

BACKGROUND

6. In September 2017, the Cabinet received a report setting out a draft social regeneration policy framework and in doing so agreed a definition as "social regeneration is about ensuring that the places where people live, now and in the future, create new opportunities, promote wellbeing and reduce inequalities so people have better lives, in stronger communities and achieve their potential".
7. In agreeing this definition the Cabinet sought to more clearly define the council's approach to regeneration that works for all; an approach that primarily seeks to reduce economic and health inequalities and to strengthen communities. An approach that harnesses change to reduce inequalities in a borough where people are healthy and resilient, feel connected, and there are opportunities for all.
8. Cabinet also agreed that the draft social regeneration policy framework be further shaped and used as part of the evidence for a wider conversation with residents, partners and stakeholders and that a report be brought back on progress. This was known as "the Southwark Conversation". The Southwark

Conversation ran from 19 October up until 24 December 2017. It involved 109 separate events alongside receipt of 2,923 individual responses. In line with Cabinet's request, the report at Appendix 1 sets out the initial findings from this wide-ranging conversation exercise.

KEY ISSUES FOR CONSIDERATION

Social regeneration and the Southwark Conversation

9. Southwark is developing a policy framework for social regeneration. In September 2017, Southwark's emerging policy framework on social regeneration proposed a number of starting objectives:
 - A borough wide approach to improving the wellbeing of current and future generations;
 - A one Council approach to ensure all our assets are used and aligned effectively to bring about improved well-being for people and places across Southwark;
 - Wellbeing as a primary outcome of all our work, whether in regeneration or across the broader work that we do together as a Southwark community.
10. The emerging framework put people at the heart of everything the council does, engaging with them in an ongoing process to identify priorities and co-design solutions. In developing the framework, the council wanted to gain a deeper understanding of what people think about social regeneration and wellbeing in the borough.
11. Fundamental to the social regeneration policy framework was the Southwark Conversation, which was about drawing from everyday conversations and experience in our shops, streets and schools and the places where people come together. It was about understanding what people across the borough think has worked well in recent times, what we as a council and community need to keep doing and do more of, as well as what may need to change in the light of the borough and world in which we live, both now and in future years.
12. The Southwark Conversation was therefore about involving as many people as possible who have stake in improving the well-being of those who visit the borough, work here and call Southwark their home.

Southwark Conversation – headline findings

13. In summary, people generally liked the approach of the Southwark Conversation and welcomed it as a way to actively engage with a wide range of individuals, communities and groups across the borough. The headline finding was that 70% of respondents were positive, either in full or part, about change in the borough.
14. Feedback highlighted that “getting out and about”, “services and amenities” and “being connected” were the top three things that most people ranked as important to their health and wellbeing. When asked to specifically talk about what makes a place a ‘good neighbourhood’, almost 60% of people cited a sense of community as the biggest single determining factor for them.
15. Appendix 1 goes into detail across a number of common themes emerging from the Southwark Conversation. Themes included housing, cleanliness and safety

of streets, employment and training for young people and more generally the things that people like to do and want to see more of locally.

16. To be able to categorise and present the key findings of the data as set out in Appendix 1 a process commonly known as “data reduction” was deployed. The most systematic and commonly used method for doing this in qualitative research is for the researchers to read through the transcripts and develop categories or codes to represent the data. In other words when similar topics were encountered they were coded as belonging to a similar category. Taking this approach allowed the researchers to note the most commonly mentioned issues or views held by respondents.
17. There were a number of ‘issues’ that while mentioned by a significant number of respondents were not necessarily mentioned by the majority of respondents. As a result, it would be inappropriate to infer where this happened that the absence of a mention equates to a disagreement with the most commonly expressed views.

Southwark Conversation – what, when, who?

18. The Southwark Conversation was launched by the Leader of the Council on 19 October 2017. It ran until 24 December 2017 and involved 109 separate events including community conversations, group discussions, public meetings and other community-led activities. The Conversation generated 2,923 individual responses, representing the largest borough wide response of its type and in line with aspiration set out by Cabinet in September 2017. By comparison, the next largest consultation exercise undertaken by the Council (on dogs) prior to the Southwark Conversation generated 2,081, some 842 responses fewer.
19. Alongside tried and tested methods of engaging with our residents the Conversation included more innovative ways of reaching under-represented groups. We know that young people are less likely to respond to council consultations so the Conversation targeted young people and other under represented groups through for example working with Rerezent Youth radio. Other methods included young people interviewing their peers in streets and open spaces across the borough.
20. Community groups across the borough were encouraged to lead conversations and council officers produced a toolkit for those with little or no experience of facilitating these kinds of discussions. Officers also commissioned a series of “talkaoke” events at different locations. The talking version of karaoke, talkaoke is a pop-up talk show consisting of an illuminated round table with a host sitting in the middle who facilitates the conversation with participants around the table.
21. Appendix 1 summarises the initial findings from the Conversation exercise alongside the demographic profile of respondents to the Southwark Conversation, comparing this with the general population of the borough to highlight the level of reach and representation of response. It sets out how Conversation responses and input were generated and gathered and who responded (e.g. whether in full online or by telephone or other means). It explains how responses and input was analysed by officers, in particular recognising the richness and complexity of the subjective nature of responses. It sets out what people told us and what people think, grouping the responses under a series of common themes. It also highlights how people say they could be more involved in the future of the borough.

22. Appendix 2 sets out further information on the engagement methodology deployed for the Southwark Conversation.

Next steps

23. This report sets out the initial findings from the feedback arising from the Southwark Conversation. As set out in Appendix 2, the engagement methodology deployed for the Southwark Conversation included using wide and innovative techniques to ensure as broad a representative sample of views as possible. Given the richness and complexity of views, the analysis at this stage has focused on initial findings. Further, more detailed work is required to ensure that the analysis gives fuller understanding of what people told us, what they think and what they would like to see more (and less) of both now and for the future of the borough.
24. Officers will therefore undertake a further, more detailed stage of analysis over the coming months and report back on detailed findings in line with that analysis. This stage of analysis will be important in helping the Council to develop a new Council Plan in the summer of 2018 alongside further development of the outcome measure and indicators that make up the social regeneration policy framework. This will mean that the feedback from the Southwark Conversation will help directly shape priorities for the Council's plans, actions and resources over the medium term.

Community impact statement

25. The Public Sector Equality Duty requires public bodies to consider all individuals when carrying out their day to day work, in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.
26. The Southwark Conversation, running from 19 October to 24 December 2017, was a conversation with communities about wellbeing and the future of the borough. The conversation drew on planned events in the council calendar, use of resident surveys, other community conversations as well as more innovative approaches to engagement.
27. The engagement plan was designed to be inclusive of all the borough's communities and provide a range of mechanisms to provide all residents with the opportunity to engage. In particular, a dual approach was taken to ensure the community engagement process was as representative as possible. This approach included a series of events designed specifically to encourage participation by groups of residents either traditionally underrepresented, or for whom traditional engagement events are hard to access. These events were promoted via community engagement contacts.
28. Groups and individuals that may not always be heard as often as others were a key focus and where particular groups were underrepresented activities were targeted to prioritise such groups, ensuring as wide a sample of representation as possible in the Conversation.

29. To ensure that the community conversations were accessible to all residents, survey respondents were asked to provide demographic information which could be compared with the demographic make-up of the population as a whole. This exercise demonstrates that the conversation is broadly representative of the population as a whole giving high levels of confidence that it represents what most people would be likely to say. The demographic profile of those participating in the Conversation is set out within the report at Appendix 1.

Policy implications

30. This report sets out initial findings from the Southwark Conversation, as set out in Appendix 1. The feedback report explores local issues and potential solutions as suggested by local people and gives a sense of what people think of change in the borough. It is important that these findings should be triangulated with what we already know from other engagement, research, data analysis and understanding of the borough. As such in order to ensure the findings are set within the most appropriate context, they will need to be verified using other sources of information such as previous consultations and local data before identifying local implications or next steps.
31. The Southwark Conversation is the beginning of a co-production approach to social regeneration. The feedback will be used to shape the policy framework for social regeneration and with that influence council policies, projects and activities over the short and medium term. This will include development of a new Council Plan that will be worked up following the outcome of local elections in May 2018.

Resource implications

32. There is no specific resource implication attached to reporting on the initial findings from the Southwark Conversation per se.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

33. This report asks cabinet to note the responses to the recent "Southwark Conversation" initiative, consider the findings and recommends that officers be instructed to undertake further work to analyse the feedback and provide and bring back a further report to Cabinet.
34. As the subject-matter of the report falls within more than one cabinet portfolio area, it is appropriate for the report to be brought to the full meeting of cabinet for consideration, in accordance with Part 3D of the council's constitution.
35. Local authorities in England were until 2015 subject to a requirement to produce a "sustainable community strategy" for promoting and improving the economic, social and environmental well-being of its area and contributing to the achievement of sustainable development. This accompanied a general power to do anything the council considered likely to achieve these objectives, which in 2012 was itself revoked, in relation to local authorities in England, and replaced by the "general power of competence" giving councils the power to do any thing that individuals generally may do. Councils also retain their subsidiary power under section 111 Local Government Act 1972 to do anything calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

36. In 2012 local authorities in England were made subject to a duty to take such steps as they considered appropriate to for improving the health of people in their areas (section 2A National Health Service Act 2006, as amended). “Wellbeing” is a feature of the council's definition of social regeneration (see paragraph 3 of the report) and a feature of its policy framework (see paragraph 5). The report further describes the Southwark Conversation as fundamental to the development of the council's policy in this area, and can therefore be said to have facilitated, and/or is conducive or incidental to, the fulfilment of council's duty in this area.
37. Paragraph 24 of the report refers to the public sector equality duty in section 149 Equality Act 2010. This requires the council, in the exercise of all its functions, to have due regard to the need to
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- The duty will apply throughout the development of the social regeneration policy framework.
38. That a decision maker must conscientiously take into account responses to response to a consultation before finalising any proposal is a fundamental principle of fairness and sound consultation, as enshrined by the Supreme Court decision in *R (Moseley) v Haringey London Borough Council* (2014).

Strategic Director of Finance and Governance (FC17/079)

39. The strategic director of finance and governance notes the recommendations in this report in respect of the Southwark Conversation. It is recommended that further more detailed analysis takes place to support the development of a new council plan in the summer. The costs of this more detailed work must be contained within existing budget provision. The costs of any projects arising from a new council plan will be identified at the time these are brought forward.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
Appendix 1	Southwark Conversation – initial findings (Southwark Council: London, 2018) – circulated separately
Appendix 2	Southwark Conversation – further explanation of engagement methodology – circulated separately
Appendix 3	Southwark Conversation – Guidance for Running a Group Discussion – circulated separately

AUDIT TRAIL

Cabinet Members	Councillor Maisie Anderson, Public Health and Social Regeneration Councillor Johnson Situ, Business, Culture and Social Regeneration	
Lead Officer	Deborah Collins, Strategic Director of Environment and Social Regeneration Kevin Fenton, Director of Health and Wellbeing	
Report Author	Kevin Fenton, Director of Health and Wellbeing Stephen Gaskell, Head of Chief Executive's Office	
Version	Final	
Dated	1 March 2018	
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		1 March 2018

Item No. 11.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Suicide Prevention Strategy and Action Plan, 2017-2022	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Richard Livingstone, Adult Care and Financial Inclusion	

FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR ADULT CARE AND FINANCIAL INCLUSION

Every suicide is a tragic event with devastating impacts on family, friends and communities. Sadly, many of us in Southwark will have been directly or indirectly impacted by suicide.

Like many parts of the country, our borough has seen an increasing trend in the number of suicides over the last decade. Whilst suicide rates in London tend to be lower than the national average, this is not the case in Southwark and it is clear that we need a new strategy to replace the one published back in 2005.

Our Suicide Prevention Strategy sets out how we will reduce suicide, attempted suicide and self harm, with the ambition that we have one of the lowest rates in London. Our medium term target on this journey is to reduce the number of suicides in the borough by at least 10% over the next five years.

The work in this strategy builds on the experiences in public health since that 2005 strategy was agreed, particularly the work of Public Health England and the Independent Mental Health Taskforce. It adopts as a framework the seven priority areas outlined in the National Suicide Prevention Strategy.

The strategy also sets out how we will work with our partners to achieve this, in particular making use of the stakeholders that have come together to form Southwark’s Suicide Prevention Steering Group.

Crucially, this strategy does not sit in isolation but is fully aligned with the Joint Mental Health and Wellbeing Strategy agreed by Cabinet, Southwark Clinical Commissioning Group and the Health and Wellbeing Board in January.

RECOMMENDATION

1. The Cabinet are invited to approve the Suicide Prevention Strategy and Action Plan.

BACKGROUND INFORMATION

2. In January 2017 the then Secretary of State for Health Rt Hon Jeremy Hunt MP wrote to local authorities asking each local authority to develop a local suicide

prevention strategy by the end of 2017. This came on the back of an inquiry by the House of Commons' Health Select Committee into suicide prevention and new guidance issued by Public Health England.

3. Southwark last refreshed its suicide strategy in 2005 and since the new Southwark Public Health team was formed in June 2016, there was no existing forum for suicide prevention within the borough.
4. Southwark public health directorate has spent the last year bringing partners together around suicide prevention. A multi-stakeholder expert steering group has been established and one of the first activities of the group has been the co-production of a new suicide prevention strategy and action plan. The 2017-22 strategy and action plan was reviewed by the Health and Wellbeing Board in November 2017 and was recommended for approval by Cabinet.

KEY ISSUES FOR CONSIDERATION

5. Southwark's Suicide Prevention Steering Group met for the first time on 7 February 2017 and, in-line with national guidance, committed to developing a new strategy and action plan by year's end.
6. To inform the strategy Southwark's Public Health Team completed a health needs assessment on suicide and self-harm in Southwark as part of the 2016-17 Joint Strategic Needs Assessment (JSNA).
7. The new Southwark strategy identifies seven priority areas for action that have been built around the recommendations outlined in Public Health England's National Suicide Prevention Strategy and tailored to local needs:
 - Reduce the risk of suicide in high risk groups
 - Tailoring approaches to improve mental health across all communities
 - Prevention of suicide in high risk locations and reducing access to the means of suicide
 - Providing better information and support to those bereaved or affected by suicide
 - Supporting the media in delivering sensitive approaches to suicide and suicidal behaviour
 - Reducing rates of self-harm as a key indicator of suicide risk
 - Supporting research, data collection, monitoring and information sharing.
8. The strategy vision draws on guidance published in the Five Year Forward View for Mental Health by the independent Mental Health Taskforce which sets a national ambition to reduce the suicide rate in England by 10 per cent by 2020-21. Southwark has therefore set an ambition to reduce the number of suicides across the borough by at least 10% over the five years of the strategy as well as reduce the incidence of self-harm and attempted suicide.
9. In order to realise the above vision, Southwark's Suicide Prevention Steering Group and partners have committed to implementing over 30 actions over the first two years of the strategy.
10. At the 18-month point of the strategy, the Steering Group will look to revise the action plan and again seek approval from the Health and Wellbeing Board.

11. In order to monitor progress against the actions that partners have committed to undertaking, a monitoring and evaluation framework has been proposed. The framework focuses on near-real time monitoring of suspected suicide, attempted suicide and self-harm as well as local published rates of suicide attempted suicide and self-harm. It is intended that reporting on the strategy would be undertaken alongside the updates from the Joint Mental Health and Wellbeing Strategy that passed Cabinet in January 2018.
12. Due to the registration delay in reporting suicides - the median registration delay for suicides in London in 2015 was 192 days - and the relatively low number of local cases annually, suicides are reported over a three-year period. Therefore, we recognise that we will not be able to measure the number of suicides in Southwark five years from now, in 2022, until 2025. Therefore, in order to determine success we will look to assess the trajectory in suicide rate at the end of the strategy period, using data for 2018-20.

Policy implications

13. Public Health England and the Independent Mental Health Taskforce have published guidance for local suicide planning and highlighted three main recommendations for local authorities:
 - Establish a multi-agency suicide prevention group involving all key statutory agencies and voluntary organisations
 - Explore opportunities to work with the local coroner court to complete a suicide audit
 - Develop a suicide prevention strategy and/or action plan that is based on the national strategy and local data.
14. With the new strategy and action plan Southwark will meet two of three above points.
15. We have committed to exploring opportunities to work with HM Coroner to carry out a suicide audit as part of the action plan and a draft information sharing protocol was shared with HM Coroner in summer 2017. The Director of Health and Wellbeing wrote to HM Senior Coroner for Inner South London on 12 February 2018 in an effort to accelerate collaboration.

Community impact statement

16. Southwark Public Health published a Joint Strategic Needs Assessment (JSNA) on suicide and self harm in 2017 that identified groups (including those with protected characteristics) at greater risk on the basis of national data. The document is provided as a background document (page 5). The Suicide Prevention Strategy and Action Plan sets out to reduce those inequalities. In-line with the council's Public Sector Equality Duty, the Suicide Prevention Strategy and Action Plan will continue to undertake analysis as part of the planned suicide audit to better understand the differential impact of suicide and self harm on the many communities within Southwark and, in due course, bring forward recommendations to mitigate those risks.

Resource implications

17. The on-going coordination of Southwark's Suicide Prevention Steering Group, monitoring of progress against actions and delivery of actions will be absorbed into daily work activities.
18. No further resource is required.

Legal implications

19. Please see the comments of the Director of Law and Democracy below.

Financial implications

20. None.

Consultation

21. The Suicide Prevention Steering Group comprises Southwark Council, NHS Southwark Clinical Commissioning Group, South London and Maudsley NHS Foundation Trust, London Ambulance Service, the rail industry, British Transport Police, the Metropolitan Police Service, the Samaritans and other voluntary sector organisations.
22. A public consultation event, led by Councillor Richard Livingstone and Dr Richard Pinder (Consultant in Public Health), was held on 1 November 2017. Key areas of feedback from the event have been incorporated into the strategy and action plan and we will continue to engage with partners over the lifetime of the action plan.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**Director of Law and Democracy**

23. The community impact statement notes that an equality analysis will be undertaken as part of the new Suicide Prevention Strategy and Action Plan, and this will allow the council to demonstrate compliance with the Public Sector Equality Duty under section 149 of the Equality Act 2010, which requires it to have due regard to the needs of individuals and groups having a protected characteristic under the Act. There are no other specific legal implications arising from this report.

Strategic Director of Finance and Governance (FC17/078)

24. This report is requesting cabinet to approve the suicide prevention strategy and action plan. Details are provided within the main body of the report.
25. The strategic director of finance and governance notes there are no financial implications arising from this report.
26. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

Other officers

27. None.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
JSNA Suicide & Self Harm 2017	Southwark Public Health Directorate 1 st Floor 160 Tooley Street London SE1 2 QH	Richard Pinder 07825 693 831
Link (copy and paste into your browser): http://www.southwark.gov.uk/assets/attach/5714/JSNA%202017%20-%20Suicide%20%20Self%20Harm%2020171130.pdf		

APPENDICES

No.	Title
Appendix 1	Suicide Prevention Strategy & Action Plan – circulated separately

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Adult Care and Financial Inclusion	
Lead Officer	Professor Kevin Fenton, Director of Health and Wellbeing	
Report Author	Richard Pinder; Carolyn Sharpe, Public Health	
Version	Final	
Dated	1 March 2018	
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		1 March 2018

Item No. 12.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Gateway 3 – Variation Decision Highways and Professional Services – Extension of existing contract	
Ward(s) or groups affected:		All Wards	
Cabinet Member:		Councillor Ian Wingfield, Environment and the Public Realm	

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

The Council as Highway Authority has a statutory responsibility to ensure the highway network is maintained to a safe standard. In addition the Council has made a commitment to improve the highway network where feasible, in particular to promote the Councils fairer future promises.

Since 2013 the maintenance, repairs and improvements of the highways under the responsibility of the Council have been carried out by Conway Aecom Ltd under the Highways and Professional Services contract. This contract expires in March 2019 with an extension allowable for any period up to two years. I am pleased to support the recommendations to extend this contract for a period up to the two year limit.

Extending the current contract will ensure the council gets the best possible deal from the market and will allow Officers to assess market conditions within the London area and determine the most appropriate and beneficial delivery method on expiry of this contract. An assessment can be made on the optimum tender period for any future contracts to ensure continued best value for the residents, businesses and visitors to Southwark.

RECOMMENDATIONS

1. That the Cabinet approve the extension of the Highways and Professional Services (HAPS) contract with Conway Aecom Ltd from its expiry on 31 March 2019 at a cost of approximately £20m for a maximum period (subject to recommendation 2) of up to two years and as further detailed in paragraph 26.
2. That Cabinet delegates the approval of the period of extension (within the 2 year maximum) to the strategic director for environment and social regeneration.
3. That the Cabinet note that a further Gateway 0 report will be submitted to the relevant cabinet member for consideration setting out the future delivery options for highways services subsequent to this extension.
4. The Cabinet notes the intention to provide resilience by entering into framework agreements with alternative suppliers for both scheme works delivery and professional design services, agreed under a separate governance process.

BACKGROUND INFORMATION

5. Under the Highways Act 1980 the council, as Highway Authority for most of the public roads and pavements within the borough, has a statutory responsibility to ensure those public highways are maintained to a safe standard. This will cover everything from a standard “pothole” repair to gritting the roads and pavements deemed necessary during freezing conditions and snowfall. In addition to these statutory duties the council also has a responsibility to endeavour to improve the highway network where possible. This is carried out using capital funding which can be from Southwark’s own budgets or from external partners such as Transport for London (TfL) or through developers’ S106 / Community Infrastructure Levy (CIL) funds.
6. Most London boroughs generally deliver highways services through individual service providers on contracts similar to the current HAPS contract. Some of the London boroughs have signed up to the TfL London Highways Alliance Contract (LoHAC) to deliver their services. The LoHAC contracts expire on 31 March 2021 with no option for extension. One London borough – Hounslow – delivers its service through a PFI contract. The highways maintenance, highways improvements and highways professional services market is very competitive throughout the UK. This is even more so in London due to the close proximity of 34 different highway authorities (32 London Boroughs + City of London + Transport for London) and a number of major development sites that require roads, pavements, cycleways, open spaces etc.
7. Southwark Council currently provides this service through the Highways and Professional Services Contract. This contract was tendered in 2012 under 3 different Lots:
 - Lot A – Highways Maintenance
 - Lot B – Project Delivery (Works)
 - Lot C – Professional Services
8. The contract value was estimated to be £66m over 6 years, increasing to £87m over the maximum 8 year period. The contract commenced on 1 April 2013 for a duration of 6 years taking the contract through to an expiry date of 31 March 2019. There is an option for Southwark Council to extend the contract for any duration up to a maximum of 2 years, requiring a minimum of 3 months notice to Conway Aecom Ltd. This contract was awarded at a time when market rates were low and this contract has provided good value for Southwark Council, particularly in Lot A – Highway Maintenance.
9. Although Conway Aecom Ltd has met or exceeded most of the KPIs in earlier years they have struggled to meet certain KPIs as might be expected in a contract of this size and complexity and deliver some works to the required programme. However Improvement Plans have been put in place and performance has improved to a good level in the 2017-18 financial year.
10. A number of insurance claims are still to be resolved with Conway Aecom. Discussions and meetings between Conway Aecom staff and Officers are ongoing to seek satisfactory resolution.

KEY ISSUES FOR CONSIDERATION

Key Aspects of Proposed Variation

11. This variation will extend the existing HAPS contract with Conway Aecom Ltd for a maximum period of 2 years. The anticipated value of this variation is approximately £10m per annum, depending on available budgets, giving the variation a total maximum value of £20m, which equates to 30% of the total original contract value.
12. The Head of Highways, as the contractual Service Manager is required to provide notice of any extension award to Conway Aecom Ltd at least 3 months before the expiry of the contract. Conway Aecom Ltd is obliged to accept any extension to the contract.

Reasons for Variation

13. The extension to the current highways and professional services contract is required to ensure continuity of service including the statutory duty to maintain the highways in a safe condition. Detailed assessment of the industry has highlighted that renewing the contract in April 2019 would not deliver the best outcome for Southwark and that extending existing arrangements as set out in this report will maximize our ability to pick the optimum time to go out to the market.

Future Proposals for this Service

14. It is proposed to extend the current contract to allow a full business appraisal of the future delivery options. During the extension period it is proposed to add additional resilience by ensuring the council has framework options available for both works and professional services in addition to this contract.

Alternative Options Considered

15. There are two fundamental options for the continued delivery of an effective highway management and maintenance service;
 - 1 End the existing contract in March 2019 and replace with an alternative delivery model
 - 2 Extend the current contract to allow careful consideration of the alternative options and select the optimum tender period.

OPTION 1: Do not extend the contract and consider alternative options for delivery from April 2019

16. This option is to allow the current contract to terminate in March 2019 and consider alternative delivery options from that date. These alternative delivery options are detailed in the tables below.
17. Regarding sub option 1A TfL have entered into Contracts with four separate suppliers on an area basis and CVU (a joint venture between Colas, Volker Highways and URS) is the Supplier for the Central area under which Southwark falls. Since the award of that contract Aecom Ltd have bought out URS. Under the Contract between TfL and CVU boroughs can procure works and services

through the LoHAC Framework. Southwark are procuring a Call Off Agreement with CVU for project delivery works. This Call Off Agreement could be extended to include maintenance and reactive services currently provided under the Lot A contract.

1A – Use current LoHAC framework contract	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Minimal procurement and contract set up costs • Contractor has been through competitive process and rates are generally compatible to current HAPS rates • The Contractor is known and proven within London • Possible synergies with TfL projects • LoHAC contract conditions very similar to HAPS contract conditions so minimal learning curve for Officers • Since Aecom have purchased URS the same company is responsible for design works on both the HAPS and LoHAC contracts 	<ul style="list-style-type: none"> • Current LoHAC contract expires in March 2021 with no option for extension • TUPE implications with high costs and complexity and only 2 years to absorb the costs • Materials and standard details are not always exactly the same so some rates will need to be agreed • Works ordering and finance systems would need to be provided • CVU's main depot is based in Beckton which would increase travel time and pollution

18. These arrangements would provide a delivery option for the service by a Contractor which is experienced in this type of work and has successfully been through a competitive tender process. However, the contract expires in March 2021 with some uncertainty over the future of these contracts due to TfL budget constraints. Therefore, there would be TUPE and set up costs which the supplier would need to recover over a two year period which make this option financially unviable.
19. Therefore this option is not recommended.

1B – Bring services in-house	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Direct access to the DLO who will deliver repairs by Council employees • Possible division / department resource sharing where skill set allows • Single point of contact within Highways Management Team with direct responsibility for operatives 	<ul style="list-style-type: none"> • TUPE cost implications for Council • This would result in a strategic change of policy and direction for which there is no direct management experience • The timescales would be too short at this time to ensure a workable solution is introduced • Agreements with material suppliers needed. Limited purchase power is likely to result in higher costs. • Agreements with plant suppliers needed. Limited purchase power is likely to result in higher costs. • Agreements with specialist sub-contractors needed. Limited purchase power is likely to result in higher costs. • Southwark Council take on all liabilities • Specialist design services would still need to be procured • Need to consider how will peaks and troughs in work loads for both works and design would be taken care of

20. This approach could provide greater control over the operatives providing the service on the ground. However, there would be substantial initial capital expenditure to obtain the necessary plant and equipment. As an example a single road planing machine (that removes the old road surface) of the size often used in Southwark would cost around £300k for a second hand one in reasonable condition and around 5 years old. A piece of equipment like this would be necessary to carry out the works but would not be in use all the time. The TUPE cost implications would also need to be fully explored. Agreements with a number of suppliers for both plant and materials as well as specialist sub-contractors would need to be made. Due to restricted buying power compared to most contractors higher costs would be incurred.

21. Therefore this option is not recommended.

1C – Re-tender	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Confidence that current market rates have been tested but these may not be as beneficial as the existing HAPS rates • Chance to enhance some sections of the contract • Any new supplier may have fresh ideas • Potential performance improvements 	<ul style="list-style-type: none"> • The new rates are likely to be more expensive than the current rates as the market is not as competitive as it was during the HAPS tender • Does not allow the Council to assess whether any new TfL contract would be appropriate to its needs due to timing • Potential loss of knowledge and experience • Does not align with knowledge of the market in relation to timing

22. Whilst a formal re-tender would demonstrate current market best value and give the opportunity to review the Council's delivery strategy and contract documentation to maximise the benefit to the Council, retendering now may not provide best value for money for the Council compared to the current contract. Sufficient time should be allowed to fully review all options when further details of the proposed TfL contracts are known and an assessment of our neighbouring boroughs current and proposed service delivery can be completed. TfL anticipate a decision on their proposed contracts strategy by late 2018 and Southwark should review and consider this option. Lewisham have recently awarded a number of smaller contracts for specific operations e.g. carriageway resurfacing, and their experience from this approach should be considered. A joint procurement arrangement with suitable neighbouring boroughs, taking into account their contract timescales should also be discussed for benefits to Southwark Council. The consequences of taking some services in house should also be assessed. Officers' professional knowledge of the market also suggests that tendering for provision of a new contract from April 2019 may not lead to the best outcome for the Council due to other expected activity taking place in the market at that time.

23. Therefore, this option is not recommended.

OPTION 2: Extend the current contract whilst considering the optimum re-tender period and alternative delivery options

24. This option is to extend the current contract for up to two years to allow officers to determine the optimum period to re-tender in terms of anticipated market activity and industry output whilst allowing sufficient time to thoroughly review all options.

Extend contract for optimum period	
Advantages	Disadvantages
<ul style="list-style-type: none"> • The current contract provides competitive rates • Established relationship and the areas that need improvement are known • No loss of experience or knowledge from current supplier • Option for other suppliers to deliver services through alternative framework arrangements should the need arise • Greater flexibility and confidence of scheme delivery and budget spend • Limited procurement costs / staff time lost • No immediate issues relating to TUPE • Supply chain and pan-London experience retained as Conway/Aecom are a leading supplier of Highways Services in London • Allows the Council time to consider delivery and contract strategies such as shared services or in-house delivery • Allows the Council to monitor how the new TFL contract takes shape and assess its suitability for us • Allows the Council to assess how recently let contracts in other boroughs (Lewisham for example) perform • Extension period can be granted to suit most beneficial contract tender period 	<ul style="list-style-type: none"> • Although Conway Aecom have met most of the required KPIs they have struggled to meet certain KPIs and deliver some works to the required programme. Improvement Plans have been put in place and performance has improved to an acceptable level in 17/18 • Capital budgets, including TfL funding, is currently reducing making profit margins for Conway Aecom even tighter • Whereas Conway Aecom are obliged to accept any extension award they may become an unwilling partner due to the reduced budgets and tight profit margins

25. This option would retain the current provider of core highways services. However, officers also propose adding additional resilience through the use of other frameworks to mitigate any future delivery problems and provide back up (the HAPS contract with Conway Aecom is non-exclusive). Through agreements already in place, three suppliers are available through the Ealing Framework for design works. As detailed in Section 13 Southwark are procuring a Call Off Agreement with CVU for project delivery works. This Call Off Agreement will be extended to include maintenance and reactive services currently provided under

the Lot A contract as a contingency plan. The use of these contractors can be tailored based on the performance of Conway Aecom Ltd.

Conclusion

26. Therefore, it is recommended to approve an extension of the current contract in principle for a maximum period of up to 24 months (until 31 March 2021). Officers will continue to monitor market intelligence to determine the optimum tender period to maximise the benefits to Southwark Council. Officers will evaluate the delivery options and prepare tender and contract documentation during 2018 to ensure readiness to tender at the optimum time. A separate Gateway 1 will be issued for determination prior to commencing the tender process. As a result it is proposed that the exact duration of the extension will be determined by the Strategic Director for Environment and Social Regeneration.

Timescales for the next steps

27. Investigation and assessment of the available options for the provision of the service delivery on expiry of the current HAPS contract commenced in January 2018. This will include further discussions with TfL regarding the format of their contracts upon expiry of the current LoHAC contracts. TfL anticipate further details of their preferred delivery option by Spring 2018. The investigation will also include an assessment of the recent contracts awarded by Lewisham Council for their Capital Renewal works. Discussions with Lambeth Council will also be held regarding their highways service delivery proposals. This will be reported through the appropriate process to the relevant cabinet member in a Gateway 0 report. It is anticipated this report will be for consideration by the cabinet member in early Summer 2018. To ensure tender and contract documents will be ready at the earliest opportunity these will start to be compiled by early Spring 2018 with an anticipated completion date of the end of 2018.

Identified risks for the variation

28. The Council is confident that the current contract management arrangements have ensured good performance and that this will continue. However, in case the performance of the current provider falls below expectations mitigation measures have been put in place for continued service delivery. These measures include Southwark joining the Ealing Framework for consultancy services and entering into a call-off agreement for works with CVU through the TfL Framework Contract.

Policy implications

29. Under the Council's Fairer Future Promises there are a number of commitments which improvements to the highways network will help the Council achieve. Improvements to the footways and cycleways will encourage residents and visitors to adopt a more sustainable mode of transport than a motor vehicle to help provide a greener borough and encourage more active and healthy lifestyles.

Contract management and monitoring

30. The current contract management and monitoring arrangements will remain in place during the extended contract period. This includes enhanced monitoring of the sections of the contract that were previously underperforming particularly in

2016/17 and have improved during 2017/18.

Community impact statement

31. People in all areas of the borough are affected by the quality of the public highway and its assets.
32. The very young and the elderly would benefit the most by having a footway network which is well maintained and safe to use.
33. The award of a contract extension is not considered to have any detrimental impact on local people and communities.
34. All service elements contained in the contracts are a borough-wide service. The contract specification addresses planning and delivery of planned and responsive works and seeks to improve quality of the service and product and customer satisfaction.
35. The impact of the service will affect all communities / groups, residents, businesses, visitors and those that pass through the borough and will in turn improve the quality of life to all. Direct benefits are a well maintained infrastructure which makes an important contribution to the safety of all. Continued emphasis on maintenance will especially benefit the most vulnerable members of the community i.e. the elderly, the disabled and young children.
36. Conway Aecom have been assisting the Council with its aim of meeting the "Safer Lorries Safer Cycling" pledge in relation to vehicles used on the contract and their HGV movements in and around the borough.

Social Value 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 social value considerations included in the contract (as outlined in the Gateway 1 report) are set out in the following paragraphs.

Economic considerations

38. As part of their quality submission Conway Aecom provided evidence of previously engaging local small and medium sized enterprises with a view to incorporating them into the supply chain. A commitment to repeat this for Lots A and B during the contract period was made. Additionally the commitment to making full use of the talents, skills and experience of the community and individuals that exist in Southwark has been undertaken.
39. A contract clause ensures that all contractor, sub-contractor casual and agency staff employed or engaged in providing these services are paid an equivalent hourly wage which is equal to or exceeds the London Living Wage (LLW).

Social considerations

40. Conway Aecom has been providing training opportunities to Southwark residents based on the level of spend by the council. Conway Aecom has welcomed working

in partnership with Southwark Works to deliver the commitment. At the beginning of 2018 Conway Aecom are providing the following number of Apprenticeship opportunities for local people through this contract:

- 3 x working in professional services (Design)
- 3 x working within Term Maintenance (On the ground)
- 1 x working in Term Maintenance (Commercial)
- 1 x working in Structures (Civil Engineering)

41. The HAPS contract was tendered prior to Southwark Councils policy of inserting a specific clause relating to the suppliers obligation to comply with the requirements of the Employment Relations Act 1999 (Blacklists) Regulations 2010 ("the Blacklists Regulations"). However, this was a legal requirement prior to the tender period and contract award. Although there have been no incidents relating to this requirement, to avoid any possible uncertainty Conway Aecom have reconfirmed they will comply with this requirement for all the remaining duration of this contract.

Environmental / sustainability considerations

42. The contract adheres to industry best practice on sustainability and arisings from highways maintenance is recycled and re-used in the borough whenever possible.
43. The contract specifications set out the need for the completion of specific project / works related environmental assessments including impact on fauna, flora, soil and water and installation of required control measures where necessary.
44. The contract specifications demand Euro VI standard engines on new fleet in this contract. The minimum standard for existing fleet is Euro V. This aims to introduce stricter limits on pollutant emissions of nitrogen particulates and oxides.
45. The entire fleet utilised in service delivery operates on diesel with 5% bio-ethanol, reducing carbon emissions. All cars in the fleet are either diesel or hybrid with minimum emissions to Euro V standards.
46. The use of dust suppression techniques for all construction activities are a contractual requirement. This is achieved by installing dust screening and dampening on all surfaces to prevent dust becoming airborne. Road planers are fitted with systems using computer controls to manage suppression whilst minimising water consumption.
47. As part of the commitment to the contract Conway Aecom have set a self-imposed target to recycle a minimum of 95% water / waste from gully cleaning operations and surplus materials or waste arising from construction activities.

Resource implications

48. There are no implications on resources resulting from this report.

Legal implications

49. There are no legal implications resulting from this report.

Financial implications

50. The proposed contract extension will not commit the Council to any minimum level of expenditure during any financial year. This contract provides no exclusivity to Conway Aecom and the Council retains the option to use other delivery mechanisms as detailed above.
51. The base costs on Lots A and B are subject to an inflationary mechanism. The agreed mechanism has a saving built into the calculation to account for the efficiencies of the supplier. For Lot C, the contract is based on open-book actual cost plus principles so there is no inflationary indexation. However, there are KPIs built into the contract to ensure that any inflationary pressure in the contract is maintained at the market average level. Additionally, the non-exclusive nature of the contract gives the Council the right to procure services elsewhere if CA is not felt to be giving value for money.
52. The works undertaken under Lot A – Highway Maintenance will continue to be funded from the Asset Management revenue budget. This budget will support the identified core services of inspections, highways and structures maintenance, gully cleaning and winter services (gritting) and the value of work ordered can be planned to be within budget resources available for the financial year.
53. The anticipated annual expenditure for Lot B works will continue to be funded through capital receipts, Local Implementation Plan funding and ad-hoc project grants / funds.
54. The anticipated annual expenditure for Lot C services will continue to be charged to either capital or revenue, but these costs are mostly recovered through grants or external income.

Consultation

55. No consultation is required.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

56. No further comments received from Head of Procurement.

Director of Law and Democracy

57. This report seeks approval of the extension of an existing contract with Conway Aecom Ltd for highways and professional services for a maximum period of up to two years, together with authorisation to delegate the approval of the period of extension to the Strategic Director for Environment and Social Regeneration. The contract contains express provision for such extension.
58. Under the council's Contract Standing Orders (CSOs), any decision to allow a variation of a contract is reserved to the cabinet or cabinet committee where the variation and its value comprise a Strategic Procurement (as defined in the CSOs). CSOs further provide that a variation decision may only be made if the expenditure has been included in approved revenue or capital estimates or has

been otherwise approved by, or on behalf of the council. Paragraphs 52 to 54 of this report confirm how the proposed additional expenditure will be funded.

59. As noted in paragraph 41 the statutory obligations relating to the prevention of “blacklisting” have been incorporated in the contract conditions.
60. The community impact statement set out in this report notes that there will be continued emphasis on the performance and monitoring of maintenance obligations under the contract, which is intended to benefit vulnerable members of the local community. This is consistent with the Public Sector Equality Duty contained in section 149 of the Equality Act 2010 which, amongst other things requires the council, in making procurement decisions to consider and have due regard to any effects of the decision on the community at large and on people identified as possessing “protected characteristics”, as defined in the Act.

Strategic Director of Finance and Governance (FC17/075)

61. The Strategic Director of Finance and Governance notes the recommendations in this report for the extension of the Highways and Professional Services (HAPS) contract for up to two years from 1/4/2019. This will affect the general fund revenue budget and capital programme in 2019-20 and 2020-21.
62. The council’s general fund revenue budget for 2019-20 will be set in February 2019. It is important that the cost of the work ordered under the contract is managed within identified resources.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
None.	

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Environment and the Public Realm	
Lead Officer	Deborah Collins, Strategic Director for Environment and Social Regeneration	
Report Author	Matthew Hill, Head of Highways	
Version	Final	
Dated	1 March 2018	
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
Head of Procurement	Yes	No
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		1 March 2018

Item No. 13.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Progress report – in-house repairs service	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	

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

In December 2017 Cabinet agreed a Gateway 0 report to consider bringing responsive repairs works in house through a Direct Labour Organisation and for Southwark Building Services (SBS) to undertake repairs work across the whole of the borough. This report provides an update on the progress that has been made so far and highlights the ongoing work that needs to be done to make sure we are ready for 1 October 2018 when the Council’s current contract with Mears comes to an end.

Responsive repairs are a key service for the Council, affecting all council tenants, supporting the Council’s commitment to providing quality housing and vital to delivering on our Fairer Future promises. Good service needs to be consistent as it can directly affect the quality of our residents’ lives and the key performance indicators for the in-house repairs service needs to put our residents at the heart of its service.

Past experience in Southwark of service delivery by large external contractors has been variable and the contractors have consistently struggled to meet the Council’s performance targets. A directly delivered service will allow the Council to reduce administration, stop duplication of effort and provide the opportunity to review the current client/contractor split we have worked under in previous contracts allowing us to move to a truly “One Council” service that puts residents at the heart of the way services are delivered.

The in-house service will also allow the Council to grow its own workforce, build on our successful apprentice programme by investing in further apprenticeship opportunities and will focus on new partnerships with local suppliers to help boost the local economy.

Whilst there is still work to be done between now and October good progress is being made and a further report will be brought back to cabinet later this year providing a further update on that progress.

RECOMMENDATIONS

That the Cabinet:

1. Notes the progress made to date to ensure a fit for purpose borough-wide repairs service is in place on 2 October 2018 at the end of the Mears contract.
2. Reaffirms its commitment to repairs being brought back in house as set out in the Gateway 0 report of 12 December 2017 and that this report acts as the

Gateway One necessary to approve the insourcing of the work, including the TUPE transfer of staff.

3. Instructs officers to continue the work preparing for this as set out in this report.
4. Notes that a further report around progress will be brought back to Cabinet later in 2018.
5. That the Leader of the Council:
 - Delegates to the appropriate Chief Officer the decisions confirming the reorganisation of Southwark Building Services arising from Cabinet's agreement to the recommendations above; and
 - Delegates to the appropriate Chief Officer the decision to approve major terms and conditions of employment outside the national and provincial schemes. Please see section 22 below for more detail.

BACKGROUND INFORMATION

6. Cabinet agreed a Gateway 0 report on 12 December 2017 that set out a strategic options assessment for responsive repairs and maintenance works to the council's housing stock. That Gateway 0 had the following recommendations and this report provides an update in line with those recommendations:
 - Instruct officers to develop detailed plans that would allow all repairs and associated works to be undertaken by the council's in-house trading service for housing repairs, Southwark Building Services (SBS) for an initial period of 12 months with effect from 2 October 2018.
 - Requests a progress report to Cabinet in March 2018 setting out a proposed new service delivery model, project plans, full risk assessments and a full business case in support of the delivery of the service by SBS.
 - This report deals with the plans to undertake responsive repairs and maintenance inside tenanted properties across the whole borough. Communal repairs that are chargeable to leaseholders are being procured via a number of competitive tenders to ensure the council can demonstrate value for money and meet its legal obligations to leaseholders. The Southwark procurement gateway process will be followed for the letting of these contracts.

KEY ISSUES FOR CONSIDERATION

7. As set out in the Gateway 0 report, the recommendation to bring these services in house was based on market research carried out by Asset Management within the Housing and Modernisation Department. Past experience in Southwark of service delivery by large external companies has been variable, and the contractors have consistently struggled to meet the council performance targets.
8. The insourcing of internal repairs will allow the Council to test new delivery and pricing models without being tied to formal contractual specifications that would require variations in order to test new ideas.
9. A directly delivered service will allow the Council to reduce administration, stop duplication of effort and provide the opportunity to review the current hard Client/Contractor split, moving to a truly "One Council" service, putting the

residents at the heart of the way the service is delivered. The Gateway 0 set out a list of criteria for judging the success of the new service which officers have been working to in the planning and delivery to date.

10. The in-sourcing of repairs and maintenance gives the council greater control of day to day HRA spending in areas which impact directly on the quality of life of our tenants. Direct in-house delivery of services allows us to respond to and adjust our offer to meet residents' needs.
11. It also allows the council to grow its own workforce and invest in further apprenticeships and new partnerships with local suppliers to help boost the local economy.
12. The new pricing model will allow certainty over repairs and maintenance budgets, reduce administration and should increase the percentage of jobs that are completed on the first visit.
13. The task of preparing for SBS to take on the works currently being delivered by Mears while developing a new service delivery model in order to ensure that the service is not just maintained but improved for residents is a large, complex and challenging one, involving input not only from officers on the client and contractors side but also from Human Resources, Organisation Transformation, finance and legal. This is being coordinated with project management structures and support, closely overseen by a strategic board consisting of the Strategic Directors of Finance & Governance, Housing and Modernisation and Environment & Social Regeneration. This report sets out more detail on the project and progress to date.
14. Despite the challenges, the board is confident that progress is being made across the work streams to enable successful delivery of the service in house from 2 October 2018. The board also considers that it will be prudent to keep open the option of staging the improvements planned to the service through new service delivery models and associated changes past the start date.

Governance and project management

15. The strategy board mentioned, above, meets on a fortnightly basis to receive and review updates on progress and discuss any challenges or hurdles encountered. A detailed project plan has been produced to ensure all the tasks that need to be undertaken are captured and assigned to individuals within the project delivery team. The board will control the progress of the project by regular reports from the project delivery team.
16. The board reports both into Cabinet and, where there is an interface with accommodation more generally, into the council's office accommodation board. The project has been divided into a number of work streams and each has an assigned lead officer. Appendix One shows these work streams and a detailed update on progress to date and planned next steps is set out later in this report.
17. Gateway reporting for the remaining contracts, not part of this new service delivery arrangement, which are being competitively tendered will follow Contract Standing Orders.

18. Risks have been analysed and are reviewed regularly as part of the strategy board overview. The following top risks have been identified:

Risk	Mitigation
Reduction in quality or failure of service delivery by existing contractor before the term expires.	Contract management of current contract and contingency arrangements in place.
Delays to implementation of new arrangements.	Project planning and oversight by board members with ability to resource project as necessary. Contingency arrangements. Maintaining ability to transfer service "as is" with improvements to follow later.
Concern or lack of information about the new arrangements.	Engagement with residents and staff through engagement and communications plans.

Business case

19. In order to assess the financial impact of this project a detailed business case is being prepared that will enable the total costs of the new service to be established.
20. The business case seeks to quantify the impact of the expansion of the SBS service with effect from October 2018. That will include costs being transferred from the previous external contract and the ongoing costs of the existing SBS service. It will also include any specific one off costs arising from transition from the previous arrangements to the new and any initial investment required to support the new service. These costs will form the basis of charges to be made to the housing revenue account (HRA) for the housing repairs service. Due to the nature of service being provided there will be a requirement to fully recover the services from the HRA. The means of charging are subject to review as part of the In-house Service work stream, which may involve the movement from charges per job to charges per property. This position is still being clarified but will become clear in the period leading up to October 2018.
21. Given the complexity of the project and the short implementation timescales for the new arrangements it has not been possible to incorporate the precise cost of the new service within council Housing Revenue Account and General Fund budgets for 2018/19, however because of the nature of the service there will be no net impact on the General Fund budgets as the full cost will be chargeable to the Housing Revenue Account as Landlord Services. It is targeted at this time to maintain housing revenue costs within current budget provision. The business case will also be assessing the full year costs of the repairs service being provided by SBS for both 2019/20 and 2020/21. It is anticipated that this period will enable further transition and enhancement of the service including efficiencies as the new management arrangements take effect. SBS are developing their own financial model that can be used to estimate the impact of different level of demand on the requirements for specialist skills or trades to support the service. In order to continually develop the SBS operation in the future this model will need to be actively maintained and updated in support of

those managing the service. As these updates take place there will be a need to continually reconcile service levels with council's approved budgets and to make variations as necessary.

22. For each of the years the business case will be establishing both the direct and indirect costs of the services including staffing, materials, vehicles, plant, equipment and facilities. In addition there will be a need to re-baseline departmental and corporate overheads fairly attributable to the service as it expands. The business case is cross referencing each of the 15 individual work streams involved in the project. Accordingly, the business case will be refreshed as new and improved information becomes available. Any necessary budget adjustment will be reported through monitoring reports to cabinet throughout 2018/19, any budget variations required in 2019/20 and beyond will be captured as part of the annual update to the policy and resourcing strategy.
23. Moving beyond October 2018, the transition costs involved regarding the movement of resources, particularly the movement of staff will be monitored closely to ensure that the intricacies involved follow the legislative requirements. Additionally, a budget for organisation development will be utilised to ensure any identified potential skills gap will be continually improved.

Human resources – terms and conditions (ts&cs) and re-organisation

24. There are 2 distinct areas of work. One is the TUPE process, with the Mears staff transferring across to SBS in October 2018. This work stream is undertaking the necessary preparation work to manage the smooth transition of Mears staff, together with the management of their physical transfer to Southwark.
25. An indicative 'in scope' list of staff likely to transfer from Mears to Southwark in October has been received and is under review to prepare for the formal TUPE consultation process. Southwark managers are liaising with Mears to arrange informal meet and greet sessions with Mears staff. While being conscious that specific staff will be identified and consulted through the TUPE process, it is helpful to start to build relationships and demonstrate our commitment and values to our future workforce.
26. The other area of work is the shaping of the Traded Services organisation and the design and agreement of an appropriate structure and terms and conditions to deliver the new service. Benchmarking has been done to gather details of London-wide pay rates for a variety of job roles to help shape the new terms and conditions to be discussed with existing SBS staff. Informal consultation with the unions is underway. It is noted that under the Council's Constitution part 3C a full cabinet decision is required to consider and agree (4) decisions regarding the strategic management of the council including decisions on major reorganisations and major reallocations of functions between departments or chief officers and (6) approval of major terms and conditions of employment outside the national and provincial schemes. Due to the tight timescales for the delivery of this aspect of the project the Leader is requested to consider exercising his delegation powers to Chief Officers on these two specific decisions.

Workplace

27. The new modernised depot planned to incorporate all the Council's craft workers will not be available for the start of this new service and is being managed under its own separate programme. However, space has been identified at existing depots based on the initial staffing numbers, and the plans for this are being worked on, including improving facilities at existing depots to support the existing and additional workforce.
28. Next steps are:
 - Plans to be developed to design changes to the two depots to accommodate the additional staff required.
 - Physical moves to be undertaken in time for the 2 October 2018 contract commencement.

Information technology

29. The board has agreed that introduction of a new IT solution in time for the new service launch in October, would pose a risk to the initial success of the new arrangements and to mitigate this risk, existing IT solutions will be used at this stage in the programme.
30. The work stream will plan for the provision of the required IT equipment that will be needed by Mears staff, together with ensuring IT systems are configured to deliver the new service in time for the October start date.
31. Early planning will be undertaken during the period to scope out the system requirements for a new IT solution. In addition, process mapping of existing systems will be carried out so that more efficient working processes can be identified and adapted.
32. Next steps are:
 - Migration of historical data from Mears to the Council needed to ensure a full picture of the stock condition is known.
 - IT systems will need to be reconfigured to facilitate the new service delivery model.
 - Officers responsible for managing the Northgate system are building the upload of new work programmes and schedules of rates into their work programmes. This will ensure that the council manages its asset registers, records data for legal challenges and provides auditability of works done.

Organisation development/new service design

33. The introduction of a new service delivery model will bring culture and behaviour changes to the business. The OD Work stream will help in providing support to staff and managers through this change process.

34. The Council wide staff survey run in 2017 had low levels of returns from front line staff in the Environment and Social Regeneration Department, so a re-run has taken place targeting the Traded Services and Cleansing workforce to understand current levels of satisfaction and areas of concern. The results are currently being analysed and will inform the work stream activity.
35. Next steps are:
- Work will be undertaken to review existing processes and design the new service delivery model and establish the key aims of the new service.
 - When the new service delivery model is designed, a detailed culture and behaviour change programme will be put in place to ensure staff are ready at the implementation of the new service. This is likely to include clear and consistent expectations of managers with development programmes for them; development plans for staff across the service and a pilot of modern ways of working with appropriate technology solutions as well as an induction for the new staffing group.

New in-house service

36. Options for a new delivery models have been considered, with a recommendation for a 'Price per Property' (PPP) and 'Price per Void' (PPV). The work stream has engaged an external contract specialist to assist with the drafting of a new Service Level Agreement (SLA) that will ensure robust performance management arrangements are in place for the new service.
37. Next steps are:
- Officers are drafting a new SLA, with external legal expertise (Sharpe Pritchard LLP). Once finalised, it will be shared with appropriate Cabinet Members for sign off. It will consist of a brief performance specification setting out key performance indicators (KPIs), budgets, obligations and a detailed supplement containing a full SLA as a minimum. A resident focus group will be established to help shape the new service and any changes impacting on residents will be subject to an Equalities Impact Assessment.
 - The new SLA will differ from previous contractual arrangements. The new service will be entirely structured around the best possible service to residents meaning contract management, how the Council handles contact with residents, how it pays staff will no longer be the main issues addressed in the SLA
 - New Key Performance Indicators (KPI's) to be agreed acknowledging that the resident experience will be at the heart of the new service.
 - The new service model, service structure and new ways of working will be subject to consultation as per the Council's Re-organisation, Redundancy and Redeployment Procedure. The staff terms and conditions will also

require consultation and renegotiation to meet the needs of this new service delivery model.

- Client structure to remain in place until final service level agreement is agreed and then will be subject to review and restructure.
- Review existing Contact Centre engagement with residents to explore ways of streamlining job processing to reduce contact points between the resident and the craft worker actually undertaking the work.
- Appendix 2 outlines the agreed business rules for the new service.

Implementation and transition

38. The focus of this work stream will be to ensure that all our activities align to ensure a smooth transition at the time of Mears TUPE and without disruption to the residents.
39. For the purposes of detailed oversight of the project, this work stream has been broken into component parts. These are set out as follows with a brief summary of progress to date:

Contracts and Procurement

- Contract and procurements will be managed under a dedicated work stream to oversee any tendering process.

Material, Equipment & Stores

- The work stream has been formed to oversee the material and equipment requirements that the new service will need, reviewing current usage and the predicted increase. Any additional material storage requirements will be reviewed by the work stream as well as the new equipment needs required from the Mears TUPE process.

Vehicles

- The potential increase to the vehicle fleet as a result of the Mears TUPE will be managed and overseen by the vehicles work stream.
- As the final numbers of TUPE transferees won't be known until the end of August 2018, a conservative number of long term vehicle leases will be procured with the short-fall in vehicles made up with short term rentals to avoid the possibility of the Council leasing too many vehicles

Contact Centre

- Preparing the Contact Centre for the new service, together with ensuring that the customer experience is maintained. The Contact Centre work stream will therefore prepare and support the Contact Centre ready for the implementation on 2 October 2018.

Communications

40. A communication plan has been compiled ensuring impacted staff are kept updated and informed, with regular briefings in place. Councillors will be kept apprised of the progress being made. This work stream links with the resident engagement work stream.

Resident engagement

41. Residents will be informed of the new service proposals, with early engagement having been made at the Future Steering Board on 6 February 2018. Articles will be placed in Southern Group of Tenants Organisation and the Southwark Housing Life newsletters in the early summer period.

42. Next steps are:

- Residents will be informed and engaged around the new service proposals.
- Tenant Council and Area Forums will be informed of the progress once Cabinet agree the proposals set out in this report
- External communications around the new service and expected benefits in September 2018.
- An internal communication plan will be developed to dovetail with HR and OD workstreams.

Community impact statement

43. These services affect all council tenants and leaseholders, support the council's commitment to providing affordable quality housing, and deliver its Fairer Futures objectives. The repairs and maintenance contract is designed to deliver both timely and responsive repairs for council tenants. Maintaining and surpassing the already improving performance indicators in customer satisfaction and right first time repairs will have a continued positive effect on the service users.

44. A full equality analysis will inform the developing service models. The implementation of due regard to the PSED (Public Sector Equality Duty) is closely linked to the Council's Fairer Future principles. For example, putting residents at the core of everything we do through hearing diverse views and understanding diverse needs when reviewing and developing services. It is a

positive duty to help us promote equality in all that we do. Equality considerations will be integrated throughout all the procurement stages, consultation, engagement and communications undertaken.

45. Equality considerations and analysis into existing and new processes will be built into the review and development of the new service models, including understanding equality issues around the service users or equally and issues that emerge from analysis of complaints about the housing repairs service will be considered as part of the service redesign, including communications, digital inclusion and access to the repairs service. Equality monitoring will also be built into implementation of the new service models to ensure that the repairs service is improved for all. Particular consideration will be given to equality implications where users are vulnerable (for example, those with mental health and other disabilities, young people, older people, women who have experienced domestic abuse and their children).
46. Proposals for the new services will also allow the council to grow its own workforce and invest in further apprenticeships and new partnerships with local suppliers to help boost the local economy.

Social value considerations

47. With the in-sourcing of repairs and maintenance, services can be tailored to reach vulnerable residents.
48. The proposed service delivery arrangements will allow SBS to add social value across a number of its activities. Social value activities may include work placements for unemployed residents, work experience opportunities for a selection of the borough's schools, and multiple opportunities for the borough's school children to benefit from employer engagement through career fairs and school events.
49. For each £1m of turnover SBS commit to employing a minimum of 1 apprentice. There will never be less than 15 in our cohort at any one time and wherever possible these will be Southwark residents.
50. Whilst committing to undertake work by directly employed staff, there will still be occasions when sub-contractors are needed to help address times of high demand. Where sub-contractors are used we commit to engaging with local businesses providing local services and to encourage contractors/suppliers to engage with borough-wide employment programmes such as Southwark Works to support unemployed residents access to training, skills and sustainable employment.

Human resource implications

51. The progress report sets out recommendations for an In-house repairs service to undertake repairs and maintenance inside individual properties across the borough. There are a number of Human Resource implications arising from this project.

52. There will be a restructure of Traded Services, which will involve the consultation on and re-negotiation of existing terms and conditions, seeking to reach agreement through collective bargaining and review of job roles to align with the proposed delivery model and new service structure. The reorganisation will be undertaken in line with the Council's Reorganisation, Redeployment and Redundancy Procedure including the production of an equality impact analysis. All staff and Trades Union will be fully consulted on proposed changes.
53. The current repairs service provision in the South of the borough is undertaken by Mears. This contract is due to end on 2 October 2018 and it is likely that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply. The Council will ensure that actions and consultation will fully comply with legal obligations and requirements in line with TUPE regulations, working closely with Mears HR responding to the requirements of both the transferring organisation (Mears) and the receiving organisation (LB Southwark).
54. Both the restructure of traded services and the Mears TUPE projects will be planned taking into account the potential interdependencies between the two pieces of work when preparing for establishing the new service.
55. Following the creation of the new service HR and Organisation Development will ensure the service has an ongoing development plan to help embed the new ways of working, new structures, skills and behaviours fit for the new service.
56. Post TUPE transfer, formal consultation will take place with affected staff and Trades Union (including former Mears employees) within Traded Services on the structure required to support the full implementation of the new borough wide service delivery model.
57. The HR service has a dedicated change management consultancy team who will lead on the HR elements of this project, supported by operational HR teams. We will bring in additional temporary resources if required ensure the smooth running of this project.

TUPE/pensions implications

58. The TUPE implications of the termination of the Mears contract are set out in paragraphs 49 to 51 above. The outcome of the procurement exercise for the chargeable communal repairs contracts may also have TUPE implications.
59. Due diligence is being undertaken with the current providers to obtain a clearer picture of the TUPE implications and further legal advice will be sought in light of the result of that due diligence.

60. Any employees who transfer to the council under TUPE will be entitled to membership of the LGPS.

Financial implications

61. There are no financial implications arising from this report. The business case will continue to be developed in order to establish the full costs of the service in 2018/19, which will be recovered in full from existing HRA budget provision. For 2019/20 and beyond, the business case will also establish future budgets that will be contained within future Policy and Resource Strategies and within the HRA budget.

Consultation

62. Facilitating the right service design through the transition from the Mears contract for both tenants and leaseholders is essential and will therefore require extensive engagement. A Consultation work stream has been established, and consultation will be undertaken with key stakeholders, from residents, leaseholders, tenants and residents associations. This will give local residents the opportunity to influence the service design and to address any concerns they may have.
63. The proposals outlined in this report have been shared with the Future Steering Board and received a positive response.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
None.		

APPENDICES

No.	Title
Appendix 1	Project work streams
Appendix 2	Business Rules

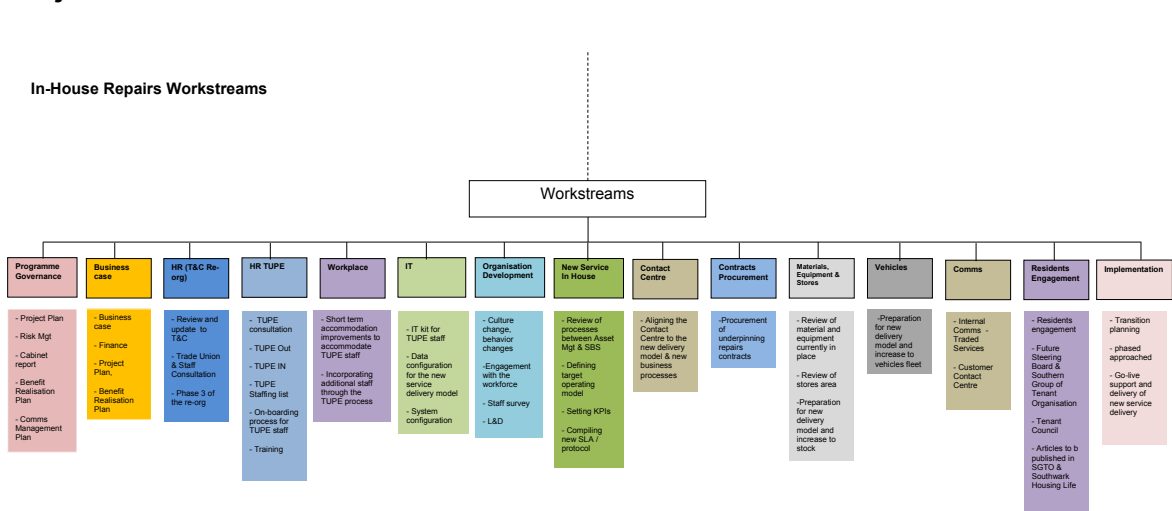
AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
Lead Officer	Deborah Collins, Strategic Director of Environment and Social Regeneration	
Report Author	Ian Smith, Director of Environment	
Version	Final	
Dated	28 February 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	No	No
Head of Procurement	No	No
Director of Law and Democracy	No	No
Director of Exchequer	No	No
Contract Review Boards		
Departmental Contract Review Board	No	No
Corporate Contract Review Board	No	No
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		2 March 2018

APPENDIX 1

Project work streams

In-House Repairs Workstreams



APPENDIX 2

Asset Management List of Business Rules

There are a number of business rules that need to be incorporated in any new SLA and agreed by SBS. These are detailed below:

1. Priority shall be to eliminate the trading deficit and achieve financial breakeven on an annual basis as a minimum and aspire to deliver a positive rate of return (historically 5% RoR required under old DLO legislation).
2. As sole/primary client for the DLO, any deficit is effectively underwritten by HRA and will continue to be so.
3. Cost of move to rate per property and new contractual arrangements must be contained within existing base budget provision as a minimum and subject to annual budgetary savings targets.
4. Permanent staff in leading roles.
5. KPIs:
 - a. Customer satisfaction – measured by residents survey.
 - b. Right first time - measured by residents survey.
 - c. Appointments kept - measured by residents survey.
 - d. Orders completed on time as specified by the client
 - e. Average time to complete orders
 - f. No more than 10% non-specialist work to be sub-contracted.
 - g. Response to complaints and enquires within stipulated timescales.
 - h. Post inspections of all work streams for quality, health & safety etc.
 - i. Defaults – no more than 10 defaults issued per month.
 - j. minimise avoidable contact
 - k. minimise complaints upheld
 - l. response to enquiries and complaints
 - m. follow on appointments raised in a timely manner from site at convenience of the customer
6. Apprenticeships – maximise meaningful opportunities.
7. Responsive repairs fully reported using NatFed SOR's to ensure asset registers are updated and evidence available for legal and complaint enquiries.
8. Flexible response to change
9. Specialist experience for dealing with aids and adaptations.
10. London Living Wage as a minimum incorporated in supply chain contracts
11. Trades union recognition by subcontractors and no use of companies involved in blacklisting.

Item No. 14.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Council Plan Interim Performance Report 2014-15 to 2017-18	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

Since 2010 Southwark Council has been delivering a fairer future for all. We are proud of our record and ambitious for the future.

This report highlights the progress we have made since 2014. We are delivering a fairer future with quality affordable homes, making sure that our children have the best start in life and that you can lead a healthy active life whatever your age. We are delivering a strong local economy, revitalised neighbourhoods and a borough that is cleaner, greener and safer.

Our progress is remarkable by any measure, but given the savage government cuts that we and other London boroughs have faced, it is even more remarkable. We have kept council tax low so you are now paying less in real terms than in 2010 and by using money wisely and always looking for new and innovative ways to do more, we have not had to cut our ambition. We have continued to improve the borough for the more than 300,000 people who live here.

We are ensuring the council is fit for the future and has the capability to continue delivering for our residents. There is still much more to do, but this council is moving in the right direction with the right priorities so that everyone can share in the opportunities of the borough, and get the most from living in the heart of the best city in the world.

RECOMMENDATION

That Cabinet:

1. Notes the council's performance over 2014/15 - 2017/18 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. The Council Plan promises 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, and more health checks: 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. Every year since 2015 a Council Plan Annual Performance Report has been presented to cabinet, noting progress made through each year since the Council Plan was agreed. The Council Plan Interim Performance Report 2014/15-

2017/18 (see Appendix 1) provides an overview of delivery against the Council Plan in the four year period from 2014/15 to 2017/18, drawing on performance data that has been collated over the same period.

KEY ISSUES FOR CONSIDERATION

6. The Council Plan Interim Performance Report (appendix 1) summarises delivery against the Council Plan from 2014/15-2017/18.
7. 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.
8. Progress against the Fairer Future promises is summarised below:
 - Promise 1 - Value for money: The Policy and Resources Strategy 2018/19 outlines how our programme of modernisation and innovation will enable £11m of savings over the coming year. Council tax proposals for 2018/19 will mean that Southwark's council tax is the 8th lowest in London and lower in real terms than in 2010.
 - Promise 2 - Free swimming and gyms, and more health checks: We have been offering free gym and swim to all our residents since summer 2016. 28,000 residents have benefited from an NHS health check, double the number of checks completed between 2010 and 2014.
 - Promise 3 – Quality affordable homes: During April 2014 to March 2017 almost 6,000 new homes were built in Southwark; a further 11,183 are in the pipeline as of April 2017. 2,200 new council homes are in plan, the first 380 are now complete and by the end of 2018 1,519 will be complete, on-site or with planning permission and contractors in place to build them. 3,112 existing council homes have been fitted with a new kitchen and/or bathroom over the same period. 95 per cent of our homes are classed as 'Decent', meaning they meet national standards set for council housing.
 - Promise 4 - More and better schools: Working with schools we have increased the number of primary schools places by 6 per cent since 2014, and the number of secondary school places have increased by 15 per cent in the same period. Ofsted rates 92 per cent of our primary and secondary schools as "Good" or "Outstanding", and 87 per cent of our mainstream schools achieved a better Attainment 8¹ score than national averages. Based on Attainment 8 and Progress 8 measures, GCSE attainment in Southwark ranks in the top quartile amongst London boroughs and nationally.
 - Promise 5 - Nurseries and childcare: Two new community nurseries were opened in 2015-16 - Beanstalk Climbers Early Years and Lorrimore Square, and we have rolled out the 30 hours of free childcare programme.
 - Promise 6 - A greener borough: 99 per cent of waste is being diverted away from landfill and we are exploring how more estates can receive green

¹ GCSE grades changed in 2017 to numerical grades. Attainment 8 is an average points score across 8 GCSE subjects.

energy. Our parks and open spaces have been awarded 11 Green Flags over the last 4 years.

- Promise 7 - Safer communities: Smarter use of CCTV means that there has been a year on year increase in the number of incidents captured on CCTV leading to arrests. We have also taken steps to prevent crime through more estate security doors and introduction of the Women's Safety Charter. Our zero-tolerance approach to noise nuisance brings together services that tackle noise, antisocial behaviour and environmental protection.
 - Promise 8 - Education, employment and training: Since 2014, 5,466 residents have been supported into jobs, and over 1,400 new apprenticeships have been created. The Youth Guarantee has been running since 2015, delivered through projects such as the Southwark Construction Skills Centre.
 - Promise 9 - Revitalised neighbourhoods: The journey to revitalising the Elephant and Castle, Aylesbury and Old Kent Road has already met many milestones, including the delivery of new homes, leisure facilities, and business hubs.
 - Promise 10 - Age friendly borough: Southwark is a World Health Organisation accredited Age Friendly Borough. Our Ethical Care Charter was established in 2014 to make sure that carers working in Southwark are treated fairly. The Extra Care Housing scheme at Cator Street opened in 2016 and planning consent for phase two is expected later this year.
9. Cabinet member performance schedules outline our progress in detail against the commitments in the Council Plan 2014-18, the schedules can be found on the council's website (see background papers).

Community impact statement

10. The purpose of this report is for cabinet to note delivery against the Council Plan 2014/15 - 2017/18. No specific equality analysis has been undertaken on this report as there are no impacts arising from the report itself.
11. 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

12. 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

13. 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.

14. 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.
15. As paragraphs 10 and 11 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 (FC17/081)

16. This report is requesting cabinet to note the council's performance over 2014/15 -2017/18 against the Council Plan 2014-2018.
17. 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.
18. Staffing and any other costs connected with this recommendation to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet portfolio performance schedules	Southwark Council Strategy and Partnerships Fifth Floor, Hub 4 160 Tooley Street PO Box 64529 London SE1P 5LX	Matthew Little 020 7525 0388
Link: http://www.southwark.gov.uk/council-and-democracy/fairer-future/council-plan		
Council Plan 2014/15 - 2017/18 (Refreshed version)	Southwark Council Strategy and Partnerships Fifth Floor, Hub 4 160 Tooley Street PO Box 64529 London SE1P 5LX	Matthew Little 020 7525 0388
Link (please copy and paste into your browser): http://www.southwark.gov.uk/assets/attach/3659/Council%20Plan%202014-18%20(2016%20Refresh).pdf		

APPENDICES

No.	Title
Appendix 1	Council Plan Interim Performance Report 2014/15 - 2017/18

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	2 March 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer title	Comments sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director for Finance and Governance	Yes	Yes
Cabinet member	Yes	Yes
Date final report sent to Constitutional Team		2 March 2018

Council Plan Interim Performance Report

2014/15 – 2017/18

Our fairer future promises delivered

Promise 1: Value for money

“We will continue to keep Council Tax low by delivering value for money across all our high quality services.”

Staying true to our budget principles, our Policy and Resources Strategy 2018/19 outlines how our programme of modernisation and innovation will enable £11m of savings over the coming year. Council tax proposals for 2018/19 will mean that Southwark’s council tax is the 8th lowest in London and lower in real terms than in 2010.

Promise 2: Free swimming and gyms

“We will make it easier to be healthier with free swimming and gyms for all residents and doubling the number of NHS health checks.”

We’ve been offering free gym and swim to all our residents since summer 2016. 28,000 residents have benefited from an NHS health check, double the number of checks completed between 2010 and 2014.

Promise 3: Quality affordable homes

“We will improve housing standards and build more homes of every kind including 11,000 new council homes by 2043 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.”

Almost 6,000 new homes were built in Southwark between April 2014 to March 2017; a further 11,183 are in the pipeline as of April 2017. We now have over 2,200 new council homes in plan, the first 380 are now complete and by the end of 2018 1,519 will be complete, on-site or with planning permission and contractors in place to build them. 3,112 existing council homes have been fitted with a new kitchen and/or bathroom over the same period. 95 per cent of our homes are classed as ‘Decent’, meaning they meet national standards set for council housing

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% of students at every secondary school get at least five good GCSEs.”

Working with schools we’ve increased the number of primary schools places by 6 per cent since 2014, the number of secondary school places have increased by 15 per cent in the same period. 92 per cent of our schools are Ofsted rated “Good” or “Outstanding” and we’re proud to say that 87 per cent of our mainstream secondary schools achieved a better Attainment 8¹ score than national averages. Based on Attainment 8 and Progress 8 measures, GCSE attainment in Southwark ranks in the top quartile amongst London boroughs and nationally.

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”

We’ve opened two new community nurseries Beanstalk Climbers Early Years and Lorrimore Square. We have also helped create new provision for two year olds at Bessemer Grange School, Charlotte Sharman School and Surrey Square School. We have also rolled out the 30 hours of free childcare programme.

¹ GCSE grades changed in 2017 to numerical grades. Attainment 8 is an average points score across 8 GCSE subjects and is used to benchmark attainment levels at GCSE.

Promise 6: A greener borough

“We will protect our environment by diverting more than 95% of waste away from landfill, doubling the estates receiving green energy and investing in our parks and open spaces.”

99 per cent of waste is being diverted from landfill and we are exploring how more estates can receive green energy. Eleven more parks and open spaces have been awarded Green Flags over the last 4 years and Southwark now has more Green Flag parks than any other inner London borough.

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.”

Smarter use of CCTV means that we’ve seen a year on year increase in the number of incidents captured on CCTV leading to arrests. We’ve also taken steps to prevent crime through more estate security doors and the introduction of the Women’s Safety Charter. Our zero-tolerance approach to noise nuisance brings together services that tackle noise, antisocial behaviour and environmental protection.

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.”

We’ve supported 5,466 residents into jobs and have created 1,400 new apprenticeships to date. Our Youth Guarantee has been running since 2015, through initiatives like the Construction Skills Centre which has trained over 500 residents in the past year.

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 the Elephant and Castle, the Aylesbury and starting regeneration of the Old Kent Road.”

The journey to revitalising the Elephant and Castle, Aylesbury and Old Kent Road has already met many milestones, including the opening of a £20m state of the art leisure centre at Elephant and Castle, delivery of 261 new homes and the Southwark Resource Centre at the southwest corner of the Aylesbury development site; funding has been awarded to the Livesey Exchange to create a thriving business hub on the Old Kent Road.

Promise 10: Age friendly borough

“We want you to get the best out of Southwark whatever your age so will become an age friendly borough including the delivery of a Southwark ethical care charter and an older people’s centre of excellence.”

The World Health Organisation has accredited Southwark as an Age Friendly Borough and we are delivering a set of activities to make sure people can age well in Southwark. Our Ethical Care Charter was established in 2014 and is now fully implemented to make sure that carers working in Southwark are treated fairly, boosting service satisfaction levels from 53% to 96%. Our Extra Care Housing scheme at Cator Street opened in 2016 and planning consent for phase two is expected later this year.

Seven themes encompass our Council Plan commitments

1. Quality affordable homes
2. Best start in life
3. Strong local economy
4. Healthy active lives
5. Cleaner greener safer
6. Revitalised neighbourhoods
7. Fit for the future

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 2014 we set out a range of commitments to improve the number of homes in the borough and ensure quality housing is available across Southwark.

In 2014 we said that we would:

- Build more homes of every kind.
- Build at least 1,500 new council homes by 2018, and 11,000 by 2043.
- Finish our programme to make every home Warm, Dry and Safe by 2016 and started a programme to deliver a quality kitchen and bathroom for every council tenant.
- Introduce licensing in the private rented sector and further crack down on rogue landlords.
- Set up an independent leaseholder and freeholder management company (homeowner agency).
- Introduce resident housing Inspectors.
- Further reduce illegal subletting of our council homes.
- 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.
- Keep council rents low.
- In 2016 we expanded our commitments, and said we would:
- 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.
- Invest in our existing housing stock, including delivering a quality kitchen and bathroom for every council tenant.

How we've performed since 2014

During April 2014 to March 2017 almost 6,000 new homes were built in Southwark; a further 11,183 are in the pipeline as of April 2017. We now have over 2,200 new council homes in plan, the first 380 are now complete and by the end of 2018 1,519 will be complete, on-site or with planning permission and contractors in place to build them.

We've made huge investments in our Warm, Dry, Safe programme and Quality Housing Improvement programme, enabling over 3,112 existing council homes to be fitted with new kitchens and/or bathrooms since April 2015. Our investment has led to 95 per cent of homes being classed as "Decent" in December 2017 compared to 63 per cent in March 2014.

In 2015 we rolled out our selective and additional licensing policies helping improve quality within the private rented sector and prevent rogue landlords by licencing over 1,400 dwellings since the scheme began. We have also met our commitment to implement a lettings policy where 50 per cent of all new council homes go to tenants from that area, with the rest going to other Southwark residents.

MySouthwark Homeowner Agency successfully launched in the autumn 2016, the service is dedicated to improving the way the council and homeowners work together. Despite significant challenges and ongoing uncertainty in national policy we have continued to deliver key pledges from our housing strategy.

Our project to recruit and train resident housing inspectors launched in 2016, since then we've recruited 150 residents to the role, working directly with local people to improve homes and estates.

In keeping with previous years, council rents in Southwark were one of the lowest in London in 2016/17; our rents were the second lowest in inner London and sixth lowest across all London boroughs.

In 2016 we expanded our commitments, including plans to improve repair services; since then overall satisfaction with the service has improved and currently stands at 87 per cent, compared to 84 per cent in 2016.

We also launched our award winning Housing Solutions service to help manage homelessness and the use of temporary accommodation. We have secured DCLG “Trailblazer” funding and aim to deliver improved ways of working to prevent homelessness in Southwark.

Our multiagency approach to supporting hoarders has helped resolve over 60 cases of hoarding since 2016, by working with individuals and supporting them to clear the clutter in their property and live their life as independently and safely as possible.

What next?

We’re the only council in England to be selected by the Ministry for Housing Communities and Local Government as a trailblazer for the Homelessness Reduction Act.

Southwark also received an award of £690,000 from the Ministry to establish and manage a Training Academy for all London Council’s and council’s in the South East and Eastern regions.

The training will provide a new professional qualification in homelessness designed by the Ministry, the Chartered Institute of Housing and Southwark Council and will train over 1000 officers. The training academy will be officially launched by the Government’s Homelessness Minister later this spring.

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 2014 our commitments established a number of ways that we would support children, young people and their families to achieve their full potential.

In 2014 we said that we would:

- Invest in the borough's children's centres.
- Work with local parents to open two new community nurseries.
- Find new ways to guarantee care and early education to help parents.
- 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.
- Increase library access with a free library card to every secondary school child.
- Ensure a top quality children's playground in every local area.
- Provide free fruit for all primary school children as a healthy morning snack.
- Invest more in 'early support' for families.
- Establish a new Childcare Commission, bringing together expert, parents, providers and employers to find new ways to guarantee care and early education.

In 2016 we expanded our commitments, and said we would:

- 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.

How we've performed since 2014

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. We know that children's centres can have a huge impact on development in the early years, so we want to make sure that as many children as possible are making use of our centres. We know that on average 1,356 children under the age of four are registered with one of our children's centres and we will be monitoring the number of targeted families that maintain engagement with a centre.

In 2015 and 2016 we worked with local parents to open two new community nurseries at Beanstalk Climbers Early Years and Lorrimore Square. We have also helped create new provision for two year olds at Bessemer Grange School, Charlotte Sharman School and Surrey Square School.

Over the last six months we've rolled out 30 hours of free nursery provision for all eligible parents in Southwark, helping more families to access quality, affordable early education and care. Early support for families has also meant that 71 per cent of two year olds in Southwark receive a free nursery place, above the London average. 83 per cent of 3-4 year olds were also benefitting from a free early education place.

Our support and focus on the early years has been guided by the findings of the Southwark and Lambeth Childcare Commission, which was chaired by Tessa Jowell in 2014-15. The Commission published its final report in 2015. The findings have helped to improve the range of options for parents, carers and young children in Southwark.

Since 2014 every on-time application for a primary school place has led to an offer within 2 miles of the child's home. In the last four years there has been a 4 percentage point increase in the number of families who

were offered their first preference primary school place, with 98% of families receiving their first preference in 2017.

Working with schools we've increased the number of primary schools places by 6 per cent since 2014, and the number of secondary school places have increased by 15 per cent in the same period.

The way GCSE grades are awarded changed in 2017, and rather than the traditional A-G grades, government introduced grades 1-9, with a grade 9 broadly equivalent to an A*. These changes mean we can no longer track how many students achieve five GCSEs at grades A-C. Using the new grade system we are able to say that in 2017, 87% of our mainstream schools achieved a better Attainment 8 score (Attainment 8 is an average points score across 8 subjects) than national averages. This continues a five-year long improvement trend in GCSE attainment in Southwark. Based on Attainment 8 and Progress 8 measures, GCSE attainment in Southwark ranks in the top quartile amongst London boroughs and nationally.

In 2016 the Charter School East Dulwich opened its doors to students and works have started on the schools' permanent site. Plans are also progressing for a second new secondary school in Southwark - Haberdasher Aske's Borough Academy on Southwark Bridge Road is due to open in 2019.

Our policy to pay the council tax of all Southwark foster carers has been in place since April 2016 and we also launched a campaign to encourage more people to become foster carers. From the start of the next financial year young people leaving our care will also be exempt from council tax.

In 2014 we set ourselves a target to issue a free library card to all Year 7 pupils, since then over 8,500 cards have been issued. We also made the commitment to ensure a top quality playground in every local area, and many playgrounds, such as Dulwich Park, St Mary's Churchyard and Nunhead Green have been improved. Work is well underway on the new playground at Peckham Rye Park. Playgrounds at Southwark Park, Leyton Square and Burgess Park have also been identified for investment - consultation on improvements to all three parks is underway.

For the last four years we've been working with primary schools in Southwark to provide free fruit to their pupils as a healthy morning snack. We also fund free healthy school meals in all Southwark Primary Schools, helping to nurture a healthy food culture at no additional cost to families. Not only does this help tackle stigma and inequality that can sometimes face pupils at meal times, it also ensures that all our children eat healthily, together, as one school community.

To support our staff and partners in safeguarding children from all forms of harm, we have been running regular training courses to raise awareness of child sexual exploitation, domestic abuse, female genital mutilation and neglect. More than 80 delegates have completed the training since 2016. Educating the wider public is also a crucial tool for safeguarding children, that's why we're working with local businesses to raise awareness of these issues. Every year the council works with hundreds of parents to help secure the best outcomes for them and their children. Through parenting classes, information, advice and guidance, we offer residents the chance to learn and grow as parents - and so shape a better future for their children.

What next?

As part of our programme of investment in primary schools, we look forward to completing the relocation of Cherry Garden School from their old site in Bermondsey, to their new, modern building in Peckham. Due for completion in summer 2018, the new site will accommodate more pupils and enable students with complex needs to benefit from improved facilities.

Beormund School is also due to relocate to Peckham, placing it within the heart of the borough and therefore making it more accessible to students who travel to the school from across Southwark. The new site will enable the school to offer more places to pupils with special educational needs.

Consultation is underway for the new Spa School Camberwell, a special school for up to 120 students with autism., Plans are being developed for the extension of Rotherhithe Primary School, creating more school places in an area of high demand.

Strong local economy

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

The commitments we established in 2014 sought to improve the economic wellbeing of residents, support town centres, and help businesses thrive.

In 2014 we said that we would:

- Guarantee education, employment or training for every school leaver.
- 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.
- Award scholarships to local young people from low income backgrounds to study art foundation courses.
- Open a credit union account with a £10 opening deposit for every secondary school student.
- Deliver good money advice for secondary school students.
- Establish a Southwark Business Forum.
- Support business improvement districts including around the Blue in Bermondsey.
- Stop the spread of pawnbrokers, betting shops, gambling machines and pay day lenders.
- 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.
- Deliver an hours free parking in our shopping parades.
- Keep council tax at or below inflation.

In 2016 we expanded our commitments, and said we would:

- Encourage our partners to sign up to the Diversity Standard, our shared commitment to a fairer and more inclusive borough.
- Support a high quality FE and skills offer in the borough.
- 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.
- Encourage young people to save by depositing £20 into every credit union account opened for an 11 year old.
- Invest in our relationships with businesses through the Southwark Business Forum.
- Support our business improvement districts.

How we've performed since 2014

5,466 local people have been supported into employment through council funded projects; not only have we surpassed our original target - we achieved it seven months ahead of schedule.

We've created 1,484 apprenticeships so far through council programmes and partnerships; making us London's top performing council for apprenticeship creation in recent years. Our partnership with London South Bank University will help develop an Institute for Professional and Technical Education at the Passmore Centre, supporting 1,000 residents by 2021. Initiatives like these are giving residents more opportunities to take up the range of new jobs that have been created across the borough in the last four years.

Since 2014 all school leavers in Southwark have had access to the Youth Guarantee, enabling them to access education, employment or training whether that's through local FE provision, our local Construction Skills Centre, apprenticeships, or other means of learning and earning in Southwark.

Our partnerships with schools also ensure that Southwark school leavers are prepared for work and ready to explore new opportunities; we've secured work experience for over 1,000 young people annually since 2014. We've also delivered apprenticeship roadshows and employer led learning activities that have reached out to thousands of school pupils over the last four years.

Young people with an interest in the arts can access our Arts Scholarship Programme which launched last summer. The Arts Scholarship Scheme accompanies the Southwark Scholarship Scheme which has been awarded to 50 Southwark students since 2014, double the number awarded in the previous four years.

Our 2016 commitment to support a high quality FE and skills offer in the borough is making good headway, and in 2017 we published the Southwark Skills Strategy, outlining our ambitions for a quality skills offer that places resilience, ambition and employability at its heart. Over the coming months we'll be putting the strategy into action.

We want our young people to learn good financial habits and that's why our Smart Savers scheme has been depositing £10 into every credit union account opened for an 11 year old in Southwark since 2014, with an increase to £20 for accounts opened since 2016. In the last 4 years over 1,000 young people have taken up this offer, helping them save a combined total of £70,000. Southwark students have also been benefitting from financial literacy programmes operating in the majority of our secondary schools since 2015.

Businesses are a valuable part of our community; they help keep our borough thriving and create new opportunities for our residents. Over the last four years we've built new partnerships with our local businesses, whether that's through Business Improvement Districts (BIDs), including the Bermondsey BID which was established in 2015, or through the Southwark Business Forum which has been bringing together large businesses since 2015.

We've also been investing in more affordable business space, street markets and pop up shops through our

High Street Challenge Fund. Since it launched in 2014, the High Street Challenge has invested £750,000 to help deliver 44 projects that directly benefit local high streets and town centres across Southwark.

We've made sure that our growing creative sector has access to affordable studio and performance spaces that are crucial to their long term success. Since 2014 we've created 253 new work spaces, many of which are offered on a subsidised basis.

In 2015 we were one of the first councils to use Article 4 Direction legal powers to make it harder for pawnbrokers, betting shops and pay day lenders to open on our high streets. We've also made sure that anyone visiting one of our shopping parades can benefit from one hour free parking.

Our refreshed Cultural Strategy, agreed in March 2017, places culture and creative industries at the heart of our priorities, 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.

Underpinning our plans for a strong local economy in Southwark is our commitment to a fairer and more inclusive borough. Through our Diversity Standard we are encouraging our partners to actively join us in working towards this goal. Since 2016, 74 organisations have signed up to the Standard.

Council tax proposals for 2018/19 will mean that Southwark's council tax remains the 8th lowest in London and lower in real terms than in 2010.

What next?

Looking beyond 2018 we expect a number of exciting projects to come into fruition, including the refurbishment of the Passmore Centre at London South Bank University. With the help of funding from Southwark Council the Passmore Centre will become an Institute for Professional and Technical Education, focusing on higher level apprenticeships.

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 2014 we hope to enable more people to make healthy choices and support our partners to offer the best possible care to our residents.

In 2014 we said that we would:

- Make swimming and gym use free for all residents
- Deliver a safer cycling network.
- Extend bike hire across the borough.
- Bring up to ten more parks to green flag standard.
- Introduce 'play streets', where some streets are closed to traffic during school holidays.
- 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
- Implement the Southwark ethical care charter, with better paid carers and an end to zero hours contracts.
- Double the number of free NHS health checks to catch problems like heart disease and diabetes early.
- Become an 'age friendly borough'.
- Establish a commission to enhance the vital work of the voluntary and community sector.

In 2016 we expanded our commitments, and said we would:

- Encourage all Southwark residents to make use of free gym and swim.
- Develop a cross-council plan for age-friendliness in Southwark
- Enhance the vital work of the voluntary and community sector.
- Encourage residents, businesses and visitors within Southwark to walk and cycle in the borough on safer routes.
- 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
- 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.
- 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.

How we've performed since 2014

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. Over 76,000 people have registered with the scheme since it started.

We are currently working to deliver a Cycle Strategy which includes the development of a number of cycle routes (sometimes called 'quietways'). Quietway 1 is now open and Quietway 7 is currently under construction as well as the Southwark Cycling Spine. In the last two years we've delivered a walking and cycling campaign to encourage active travel across the borough, including the role out of periods of discounted cycle hire for partner organisations.

We continue to work with TfL and other partners to extend the bike hire scheme to more parts of Southwark, with plans to extend the scheme from Rotherhithe to Peckham announced this year. Our Air Quality Strategy and Action Plan sets out how we will improve air quality on our roads and we continue to support the Mayor's plans to extend the Ultra-Low Emission to the south circular road.

Since 2014, 11 additional Green Flags have been awarded to parks in Southwark, bringing the total number of Green Flags up to 28 across our parks. We also made the commitment to help young people play and enjoy the outdoors, whether in our parks or on our streets. We launched our "play streets" initiative in 2014 and since then over 138 streets have taken part in the initiative enabling more children to play outdoors.

Our older and vulnerable residents deserve the best possible care, and we're pleased to say that 79 per cent of homecare providers working with council-supported clients meet all essential care standards set by regulators. Our Ethical Care Charter, which has been in place since 2014, ensures that carers working in Southwark are paid fairly for the valuable work they do. As a result, service user satisfaction levels for home care have jumped from 53% in 2014 to over 96% consistently in each of the last four quarters.

Our commitment to support vulnerable residents is borne out with 90 per cent of residents aged 65 or over still at home over 3 months after being discharged from hospital. This means they are receiving the right level of care at home and can avoid return stays in hospital.

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. Through our cross council action plan, we'll be taking forward initiatives and ideas that make it easy to age well in Southwark.

In 2016, we opened Tayo Situ House, an Extra Care Housing Scheme of 42 council flats with 24/7 on-site care. Based on this success, we are building a similar new scheme right next door, together with a community hub for older people.

In December 2017 Cabinet agreed a strategy for nursing homes that will increase our capacity in the borough from the current 115 available places to 361 by 2020.

NHS health checks help catch health problems early and that's why we sought to double the number of people receiving a health check from 14,000 to 28,000 between 2014-2018. By September 2017, 28,000 people had received a health check.

We continue to work with partners to reduce teenage conception rates through our free contraception distribution services and sexual health advice services. The teenage conception rate has fallen from 27.4 per cent in 2014 to 24.7 per cent in 2015 (owing to a lag in the national release of this data we are not yet able to comment on rates for 2015 onwards).

We can prevent the spread of HIV by encouraging more people to access sexual health services; in 2016-17, 87 per cent of first time users of sexual health services took a HIV test, helping us to detect the virus as soon as possible.

Obesity affects people across a range of age groups, that's why we've adopted new approaches to help our residents manage their weight and lead healthier lifestyles. Over 50 of our schools have been taken part in the Healthy Schools Award, helping them to actively support their pupils to lead healthy lives. Adults at risk of obesity or long term health conditions can also make use of our 'Exercise on Referral' scheme, to access a free 12 week scheme to become more active. Over 40 Southwark businesses have also signed up to the London Healthy Workplace Charter, formalising their commitment to creating healthy workplaces for their staff.

In 2016 we made a commitment to reduce smoking in the borough. During 2016-17, 71 per cent of retailers subject to a test purchase for under age sales of tobacco were compliant with the law. Data for quarter 3 of 2017/18 shows that compliance has increased to 89 per cent. Where illegal activity was taking place, 32 enforcement operations were carried out, with 8,000 illegal cigarettes retrieved through one operation in 2017.

Our joint Voluntary Sector Commission with Lambeth submitted their report to Cabinet in 2015. Since then we've developed our Voluntary and Community Sector Strategy in partnership with the NHS Southwark Clinical Commissioning Group (CCG) and Communities Southwark. More recently we established a cross-council VCS Commissioning Board to coordinate the commissioning of VCS programmes.

What next?

Over the coming months we will be working with the Design Council to apply design processes and methods to public health challenges. We are one of a handful of boroughs to be taking part in the prestigious Design in the Public Sector programme. Our focus will be on the use of digital solutions to further improve the NHS Health Check programme, and enable better outcomes in detecting and preventing cardiovascular diseases.

We will continue our work with the NHS to better integrate health and social care, so that together we can both improve services and get best value for money.

Working with nursing home providers we will also build two new nursing homes in the borough so that we can deliver the additional places set out in our nursing home strategy.

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.

In 2014 we said that we would:

- Invest in our libraries and keep them open, including Dulwich and Kingswood House.
- Maintain clean streets.
- Encourage people to keep Southwark clean, and use our enforcement powers where people litter or don't clean up after their dogs.
- Introduce estate deep cleans
- Increase recycling rates.
- Divert more than 95 per cent of waste away from landfill.
- Have zero tolerance on noisy neighbours.
- Increase CCTV coverage.
- Deliver a new Women's Safety Charter.
- Deliver a Domestic Abuse Strategy.
- Increase estate security doors.
- Campaign for Seeley Drive police base in the south of the borough.
- Campaign for the 300 Southwark police officers and police community support officers cut since 2010
- Double the number of estates receiving green energy from the South East London Combined Heat and Power.
- Campaign against the super-sewer in Chambers Wharf
- Double capital investment into roads.

In 2016 we expanded our commitments, and said we would:

- Support the Mayor's commitment for dedicated police officers in every ward.
- Use our regulator powers to minimise the impact of the Super Sewer tunnelling on local residents and schools.
- Improve the quality of neighbourhoods.

How we've performed since 2014

We have kept all our libraries open and in 2016 opened a new library in Camberwell. We are on track to open a new Grove Vale Library later this year and have plans for a new library as part of the Aylesbury Estate regeneration. Nunhead Library received a major refurbishment in 2016 and we're improving Kingswood House too. We know our communities value libraries. We are delighted that the huge success of the new Camberwell Library has been recognised by winning the national Booksellers Library of the Year Award 2017. Also, more books are borrowed from Canada Water Library than any other library in London!

We regularly inspect street cleanliness. Over the last 4 years cleanliness levels have remained above our targets. In 2015 we launched a successful campaign to encourage dog owners to clean up after their pets. Since 2016 we've also organised targeted activity in areas where dog fouling and littering is more significant. We've issued over 1,900 fixed penalty notices for littering since 2014.

Our estate deep clean programme began in 2015, making sure that a third of all estates are extensively cleaned every year. Many estates benefit from jet washing, acid cleaning, and removal of overgrown foliage.

Year on year recycling rates have increased in Southwark since 2014, our recycling rate is currently higher than many other inner London Boroughs. However, there's still more we can do to improve recycling across the borough, especially in some flats and estates where we know participation is low.

We're really proud to say that we've decreased the amount of waste we send to landfill on annual basis since 2014, with almost 99 per cent of waste being diverted from landfill in the third quarter of 2017-18. This is a huge

achievement and testament to our promise to make Southwark a cleaner, greener borough.

By taking a joined up approach to addressing complex cases of noise nuisance, we've brought together services that tackle noise, antisocial behaviour and environmental protection. On average we have visited over 2,000 cases of noise nuisance annually during 2014 - 2017 in order to ensure the issue is dealt with promptly. Our award winning CCTV team have been crucial to the way we tackle crime and anti-social behaviour, helping to deliver a year on year increase in the percentage of all crimes viewed by CCTV resulting in an arrest since 2014.

152 premises have signed up to the Women's Safety Charter since it launched in 2014, with construction companies participating too. Our Domestic Abuse Strategy launched the following year outlining four key areas that we would action to reduce domestic violence in Southwark. Part of our action plan was to develop domestic abuse champions within our community. To date we've trained 30 domestic abuse champions, with more training being delivered to young people.

We continue to support the Mayor's commitment for dedicated police officers in every ward, which is in keeping with our desire to reverse cuts to the number of police officer and PCSO's in Southwark since 2014. We also maintain the need for a Seeley Drive police base.

Thousands of households have benefitted from new or refurbished estate security door systems, helping to keep homes and communities safe. A further 611 new estate security doors are due to be installed by June 2018.

The number of estates receiving green energy from the South East London Combined Heat and Power (SELCHP) has remained consistent with 2014 levels; however we continue to look at how more estates can be supplied by SELCHP in the future.

After a long period of campaigning against the Super Sewer, government decided to approve the plans. Since then we have refocused our efforts on minimising disruption to the local community.

By April 2018, £34.5m will have been invested in our roads since 2014/15; double the amount we invested in the four years leading up to 2014, and making sure vital infrastructure in our borough is safe and reliable for all users.

Our partnership work and commitment to keeping Southwark clean, green and safe means that 75 per cent of tenants and leaseholders that were surveyed are satisfied with Southwark as a place to live. 91 per cent of residents were also satisfied with parks, local spaces, and libraries in Southwark.

What next?

In December 2017 we took the decision to move away from investing our pension fund in fossil fuels. In the coming months the council will explore new opportunities to invest in the development of sustainable energy infrastructure alongside other local authorities, through the London Collective Pension Investment Vehicle (CIV), helping to contribute to global climate change ambitions which in turn supports our goal of a cleaner, green Southwark

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.

In 2014 we said that we would:

- Revitalise our neighbourhoods to make them places where we can all be proud to live and work.
- Transform the Elephant and Castle with a new leisure centre, affordable homes and a shopping centre.
- Campaign for the Bakerloo Line to be extended south of the Elephant and Castle to Camberwell and Old Kent Road.
- Start work on the regeneration of the Old Kent Road.
- Introduce a new diversity standard to make sure that people from every community get their voices included when decisions are made.
- Invest in Camberwell including a new library.
- Invest in Peckham Town Centre to support arts and business.
- Deliver an improved playground in Peckham Rye Park.
- Secure the long term future of Greendale and Dulwich Hamlet Football Club.
- Deliver free cash point in Nunhead.
- Bring superfast broadband to Rotherhithe.
- Open new pedestrian crossings outside Borough Station and between Trinity Street and Great Suffolk Street.

In 2016 we expanded our commitments, and said we would:

- Refresh the way we involve residents in decision making.
- Transform the Aylesbury Estate with new homes, a library, and health centre and employment opportunities.
- 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.
- 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.
- Improve connectivity across the borough and make it easier for people get around.
- Deliver a strategic approach to planning and development.

How we've performed in since 2014

In 2017 we launched the Southwark Conversation, to understand how change in our borough is affecting people and how they feel about the future. Almost 3,000 people who live and work in Southwark took part in the Conversation – the biggest of its type - through surveys and workshops. A report on initial findings is being published in March 2018.

As part of our programme of works to refresh the way we involve residents in decision making, we have conducted an independent review into our current involvement approach. This included identifying what we can improve. Over 1,000 people took part in the review and the findings were presented to Cabinet in February 2018.

We finalised our Diversity Standard in 2016, setting out good practice for diversity and inclusion; the Standard has been promoted to businesses, public sector organisations and the voluntary sector.

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

Camberwell saw the completion of Theatre Peckham and Artichoke pocket spaces, and the redesign of Camberwell Green. The award winning Camberwell Library opened in 2015, receiving a warm welcome from the local community. Nearby at Peckham, new space for the creative and arts sector was made available at Peckham Levels in 2017. Works for the relocation of Mount View Academy to Peckham have also begun with the Academy planning to open in September 2018. Improvements to Peckham Rye Park – including an improved playground - are complete, and construction has begun on Peckham Palms to create a bespoke mix of commercial units.

The redevelopment of River Walkways and Albion Primary School in Canada Water are on track, and works at St Olavs Square are complete. Good progress has been made across sites in London Bridge, Bankside and Blackfriars, leading to the completion of Blackfriars Boulevard, the opening of the Tate Modern Extension and The Bridge Theatre.

Funding has been awarded to the Livesey Exchange to create a business and community hub on the Old Kent Road; shop front improvement works are also planned in the area. Consultation on the Old Kent Road Area Action Plan is underway, including the extension of the Bakerloo Line through the area.

Pedestrian crossings at the junction between Borough High Street and Marshalsea Road, and Trinity Street and Great Suffolk were put in place in 2017. We've also delivered our commitment to open a free cash point in Nunhead.

In 2017 we completed a number of infrastructure improvements projects, including Quietway 1 which has broadened the cycling network in Southwark. Our Kerbside Strategy will also help people of all abilities take advantage of walking routes in the borough.

The final consultation on the New Southwark Plan ran until the end of February 2018; the agreed Plan will define our strategic approach to planning and development in Southwark.

We're committed to securing the long term future of Greendale and Dulwich Hamlet Football and have implemented an interim management plan for Greendale

and the artificial pitch, pending engagement and consultation on the future of this space.

Since 2016, BT Openreach have delivered 27 new broadband street cabinets borough wide, including 9 in Rotherhithe, representing 2,922 possible new connections. In November 2017, we agreed the installation of wireless broadband infrastructure on a number of council owned buildings which will supply up to 40Mb broadband speeds across 70% of the borough, beginning with Rotherhithe.

What next?

Learning from the success of the High Line in New York, we are working with partners bring create the Low Line in Southwark - a new walking route alongside the railway viaduct which connects neighbourhoods and is opening up a wide variety of opportunities.

The first three sections of Low Line have now opened with new walkways opened through previously gated off areas. The project has created homes for a range of independent and creative occupiers, including the Union Theatre, Spanish Theatre Company, O'Meara, and The Africa Centre.

Over the next five years we're planning a new route through the arches at Borough Market called Dirty Lane and the opening of 70,000 square feet of arches, as part of the redevelopment of London Bridge station. This will include affordable units for local independent businesses and organisations and a new home for the Southwark Playhouse.

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.

Our “fit for the future” theme was introduced as a new theme in 2016 and at the time 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 since 2016

Our Workforce Strategy was agreed in 2016 and sets out how we will support a productive, motivated and high performing workforce. To achieve these objectives we are developing a Southwark Managers Framework, a new employee induction process and a review of our HR policies, recruitment processes and learning and development framework.

We're also making the most of the apprenticeship levy to deliver new ways of starting a career with the council, with apprentices and first entry staff now accounting for 2.9 per cent of our workforce, and building on our success as a Top 100 Apprenticeship Employers 2016.

Alongside our Workforce Strategy is our Workplace Strategy, which outlines our approach to creating a bright, modern, flexible work environment for all staff. We have begun consulting on the development of a third council office at Queens Road, helping bring together almost 400 staff who help some of the borough's most vulnerable residents.

Our independent staff survey ran in 2017. The majority of our staff are proud to work for the Council and speak highly of it as an employer; levels of engagement amongst staff exceed those in other public sector and local authority organisations. Most importantly our vision and values for a fairer future speak to the overwhelming majority of our workforce.

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 on a range of devices. In the last 2 years we've also expanded the number of centres involved in our Digital Hubs programme, enabling more residents to improve their digital skills; over 7,300 residents have also taken part in 'Introduction to ICT' session to gain basic ICT literacy.

Within the council we've recruited a Digital Delivery Team and moved to a new Shared ICT Service to ensure our digital infrastructure enables efficiency.

Staying true to our budget principles, our Policy and Resources Strategy, approved by Cabinet in February 2018, outlines how our programme of modernisation and innovation will enable £11m of savings from efficiency and improved use of resources over the coming year.

We also made a commitment to make sure we protect council resources from fraud. Since 2016 we've recovered 237 illegally sublet properties, prosecuting people involved in illegal sublets. In 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.

What next?

Having received Investors in People (IiP) Gold accreditation in 2015, we will be seeking to renew our accreditation this year. The IiP re-accreditation process will rigorously assess the council's organisational values, approach to investing in our workforce, and our business practices to evaluate the extent to which we meet the internationally recognised IiP benchmark.

Item No. 15.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Gateway 0: Nursing Care Strategic Options Assessment	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Adult Care and Financial Inclusion	

FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR ADULT CARE AND FINANCIAL INCLUSION

Southwark Council spends £9.2m a year on nursing home provision. Given the increasing numbers of frail elderly in the borough, together with pressures on hospital beds and the extraordinary financial pressures that the local authorities face, it is critical that the Council looks at how to best meet future needs for nursing home provision whilst also getting the best possible value for money for nursing home places.

In December, Cabinet agreed a strategy to ensure that there were sufficient nursing home places available in Southwark. This report takes that strategy forward by considering the best way to procure places, both within the borough or outside of it when that best suits the individual's needs.

The report sets out a number of possible options and considers their merits and sets out the business case to achieve the best value for money for the Council in future procurement decisions that the cabinet will consider later in the year.

RECOMMENDATIONS

1. That Cabinet approves this strategic options assessment which recommends procurement to achieve better value for money on nursing care spend.
2. That Cabinet notes that this report sets out the need and approach to repatriating spend on nursing home placements back to the borough and the need to ensure a more robust approach to contracting placements generally. Given the recommendation to procure, this may lead to one or more Gateway 1 reports to reflect the differing contracting arrangements that may be required for in borough and out of borough provision.
3. That Cabinet notes procurement will be the best way of obtaining maximum value for money when purchasing beds in and outside of the borough and the most appropriate approach to support the commissioning intention to increase access to local nursing home beds to over 300 by 2020 as set out in December 2017 Cabinet report.

BACKGROUND INFORMATION

4. This report is a necessary step in the procurement process of the council. It is a spend analysis report that, given the annual spend on nursing placements and any contracting arrangements that may follow, provides an opportunity for the council to

consider its options for securing value for money from this spend. This report follows on from two reports, previously considered by Cabinet, regarding nursing care homes.

5. In December 2017 Cabinet agreed a report “Increasing Nursing Home Provision in Southwark”, which set out the councils’ strategy to increase the number of beds and the quality of local nursing care provision in Southwark (See background documents). This report followed recommendations from the Health Communities Sub-Committee, which is detailed in paragraph 6. The report highlighted that there has been a loss of nursing beds over recent years and highlights the council’s proactive response to increase local supply through the redevelopment of two sites of currently disused homes. This illustrated by table 1 below:

Table 1: Southwark Nursing Redevelopment Programme

Nursing home	2015	2018	2020
Burgess Park, Picton Road	55	0¹	70
Camberwell Green,	55	0²	0
D'Eynsford Road	0³	0³	75
Tower Bridge, Tower Bridge Road	128	128	128
Queens Oak	88⁴	88⁴	88⁴
Total	326	216	361

6. In June 2016, Cabinet considered the healthy communities sub-committee report “Time to Care”; which identified the need for proactive action to address, delivery, quality and supply of nursing care beds in the borough. This report confirms the approach to increasing local supply, as set out in the Cabinet report presented in December 2017, and the council’s approach to managing quality as set out in paragraph 10. Paragraph 44-46 sets out why providers in the independent sector are better placed than the council to provide this type of service.
7. “Care homes with nursing” (nursing homes) are 24 hour facilities regulated by the Care Quality Commission (CQC). They differ from “residential care homes” as the care of the residents is monitored and supervised at all times by a registered nurse employed by the registered provider based on site. The nurse also provides basic medical care to the residents (this function is paid for by the NHS).
8. The CQC has two nursing registration categories:
- General Care Home with Nursing
 - Dementia Care with Nursing

A care home can be registered to provide both nursing and residential care beds within the same establishment.

9. The council uses nursing care beds to fulfil its statutory social care duties under the Care Act 2014 towards the frailest residents with complex health problems who can no longer live safely in less dependent accommodation. Nursing care homes are used extensively by the NHS for “continuing health care” needs plus a relatively

1 Burgess Park home was decanted in December 2017 to allow for the redevelopment of the building

2 Camberwell Green was provided by HC One and was closed in 2016

3 D'Eynsford Road home closed in 2010-11, and the Council is working with the provider to redevelop the site

4 The Queens Oak home is block booked to Lambeth Council

small number of people who purchase their own care privately outside of any statutory arrangements.

10. In December 2017 the council had 291 people either permanently or temporarily placed in 90 nursing care homes, all but two out of borough. Currently there are no consolidated contracting arrangements in place between the council and any of the homes used. The price paid for each nursing care bed required is individually negotiated by the council's Brokerage Team. The council only places in homes that have a CQC rating of "Good" unless the family request a specific home for personal reasons that may be rated as "Requires Improvement".
11. The level of spend for 2017-18 is projected to be in the region of £9.2m based upon rates of utilisation as of December 2017. The current pattern of purchasing means that it is difficult for the council to achieve value for money, retain the money invested within the local economy and maintain ongoing relationships with the homes to ensure a good quality of care.
12. This Gateway 0 sets out the business case to achieve value for money from the council's spend both in and out of borough, by developing consolidated contractual arrangements. The details of the proposed procurement approach will be considered at the June 2018 Cabinet by way of a Gateway 1 report.

KEY ISSUES FOR CONSIDERATION

Policy implications

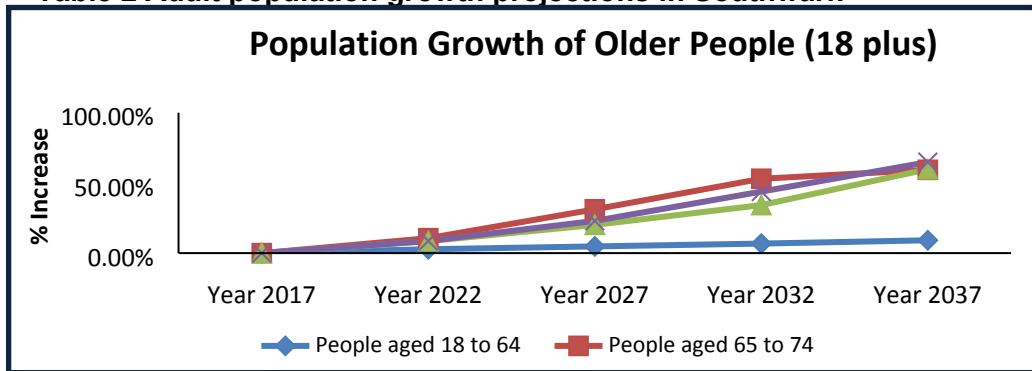
13. The Care Act 2014 places a duty on the council to assess and support frail and disabled adults with their eligible care needs. The Act also introduced duties on local authorities to facilitate a vibrant, diverse and sustainable market for high quality care and support in their area, for the benefit of their whole local population, regardless of how the services are funded. Southwark's requirements in this area are articulated in the Council's Market Position Statement 2018.
14. The Care Act 2014 also identifies the right for individuals to exercise choice in the care that they receive, which clearly extends to a nursing care establishment given that this will be the person's home.
15. Southwark's Vision for Adult Social Care is to deliver well co-ordinated personalised health and social care services to prevent, delay or reduce the need for care and support in order to live as independent lives as possible. Within the context of nursing care, placements only apply to those with the most complex care needs and increasingly for those reaching towards the end of life. In addition there is a small cohort of younger adults who will have some rehabilitative capacity to move to more independent living from a nursing home, following recovery or therapy to manage a long term chronic condition or injury.
16. Southwark Council and Southwark Clinical Commissioning Group (CCG) have developed a joint "Five Year Forward View" which sets out a vision to jointly improve the health and well being outcomes for our population, through closer alignment between the two bodies. The residents of nursing care homes are heavily dependent upon both health and social care services.
17. The recommendations as set out in this report are firmly shaped by the Fairer Future Promise 1 (value for money) and Promise 2 (Age Friendly Borough – with

links to the dementia communities program) with further recognition of the links with Promise 9 (Revitalised Neighbourhoods)

Demographic drivers

- 18. The council is proactively responding to the demographic challenges of an aging population. Although Southwark’s population tends to be younger than national and London averages, the Greater London Assembly mid-census population data predicts the highest percentage increase in Southwark’s overall population (64%) is projected for those aged 85+, with a higher than average increase (59%) of those aged 65-84. (GLA Data.Gov.UK) As set out below:

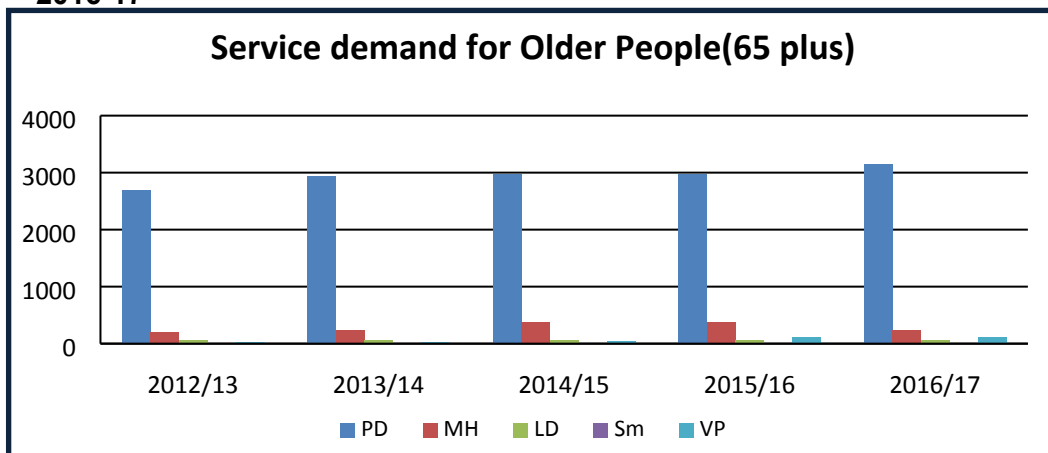
Table 2 Adult population growth projections in Southwark



Source (Greater London Assembly Southwark Market Position Statement)

- 19. The primary care needs of older people supported by the Council relate in the majority of cases to chronic and complex physical ill health and disability with the second largest being mental health. As set out below:

Table 3 The numbers of older people being supported by Southwark Adult Social Care alongside their primary care need for financial years 2012-13 to 2016-17

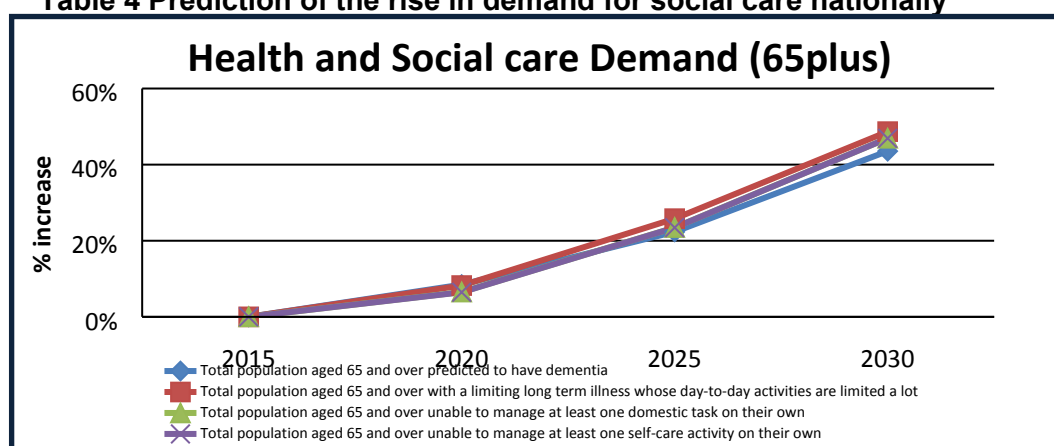


source: Reviews Assessment and Packages (RAP) Adults Performance team
 (PD= Physical Disability, MH= Mental Health, LD= Learning Disability, SM= Substance Misuse, VP= Vulnerable Person)

- 20. As a result of the improvements in medical care, the demand for social care is predicted to increase significantly as more people live longer but with increasingly complex and often multiple health conditions. Newcastle University’s National

Centre for Aging published research in January 2018⁵ that highlighted the number of older people living with 4 or more long term conditions is set to double by 2025, with one in three having either dementia or other form of mental health condition. Such medical needs are often compounded by health and economic inequalities, the connectivity of family and other support networks and whether very frail older people live alone. These factors mean that there will be a predicted rise in demand for social care support of very frail people over coming years, as illustrated in the table below:

Table 4 Prediction of the rise in demand for social care nationally



Source 'Projecting Older People Population Information': - POPPI

21. The council will continue to deliver and further develop initiatives that support very frail adults to remain in their own home (such as those set out in paragraph 23 below). As a result the predicted percentage increase in nursing bed demand may not be as correspondently high as the overall increase in demand implies.
22. The demand from working age adults for nursing care is not however likely to increase as significantly. The greatest demand will continue to come from those living with physical and mental disabilities alongside one of more complex health conditions. These conditions tending to be most pronounced in later middle age. However there will be a relatively smaller younger cohort living with conditions such as acquired brain injury who may benefit from intensive periods of neuro rehab in a nursing care setting as a step towards more independent living.

Demand for nursing care beds in Southwark

23. The council has been proactive and effective in responding to these demographic pressures. It has been highly successful, in partnership with the CCG in developing community based alternatives to nursing care beds for people following or avoiding acute hospital admission (i.e. night owls, double handed home care initiatives etc). These schemes have proven to be effective in supporting very frail and unwell people to leave or stay out of hospital. The services have contributed to Southwark performing well when compared to the rest of London in relation delayed bed days in acute hospitals. For example in November 2017 in Southwark as a whole there were 353 hospital bed days attributed to delayed transfer of care, which is well within the Better Care Fund (BCF) target (434).

⁵ The Epi Cron Cohort Study of chronic disease and multimorbidity- Newcastle University January 2018

24. However the social care requirements of the very frailest with the most complex care needs cannot always be met through the services described above, and there will always be a cohort who will require a placement in a nursing care home. The lack of availability of suitable nursing care beds continues to be a significant reason for hospital bed delays in Southwark for both the council and the NHS.
25. Nursing care homes increasingly provide good quality palliative and enhanced levels of care. Repeated and long stay hospital admissions can be detrimental to both the dignity and quality of life of very frail people with complex care needs (often combined with dementia) as well as having a negative impact upon an already over stretched health and social care economy. The Southwark Joint Strategic Needs Analysis 2015 highlighted that fewer people die in care homes in Southwark than London and national averages, with higher proportions dying in hospital or their own domiciliary home. Supporting people to die at home is not practical or chosen for some, so improved access to good quality nursing care has a significant benefit for both individuals and their families alongside wider whole system gains.
26. Every year the council has to report statutory short and long term support (SALT) returns showing details of activity. These returns include a “snap shot” of the number of *permanent* nursing care residents placed at the end of the year plus the flow of people permanently placed into nursing care throughout that particular financial year. Numbers fluctuate slightly according to new admissions, deaths and respite placements at any given time. In respect of patterns of placements the SALT returns illustrate that the councils’ requirement have stayed fairly constant over recent years.

**Table 5 Nursing Care Permanent Placement SNAP Shot and Flow
(SALT returns)***

Financial year	No at end of the year (snapshot)	Total no during the year (flow)
2014-15	238	321
2015-16	230	336
2016-17	246	333

27. When compared to the whole of London, the SALT figures provide details of the total number of permanent nursing care placements across the whole of London. In 2016-17 Southwark has the 12th highest total number of nursing care placements made out of the 32 London Boroughs. (fourth highest for working age and the fourteenth highest for over 65 year olds) this includes short and permanent placements (source: SALT returns). The partnership commissioning team, on behalf of the CCG and the council is exploring bed based intermediate care to manage this increasing demand.
28. As part of the SALT returns, the council is also benchmarked against 16 comparator London boroughs with similar demographic characteristics. In relation to placements of over 65 years olds into residential care (both with and without nursing) Southwark had the fourth highest number relative to the size of the population of the group. Unfortunately these figures are not published in a form that enables comparisons of nursing only placements.
29. As reported to December 2017 Cabinet, the council had 291 people placed either permanently or temporarily in nursing care homes. This group being made up of:

- 261 people on a permanent or very long term placement primarily managed by older people and disabilities teams. The majority are older people primarily with complex physical and or mental health/dementia care needs. Working age adult placements relate primarily to complex and debilitating physical disabilities and conditions or acquired brain injuries. Most working age adults tend to be middle aged and approaching retirement age.
 - 30 older frail people in a temporary placement with a regular turnover (primarily to provide family respite or to facilitate a timely hospital discharge)
30. The CCG also funds 108 Southwark residents in nursing care homes in and outside of the borough, 80% of which are older frail adults. These beds are purchased through a pan-London NHS Any Qualified Provider (AQP) framework with external non NHS providers. This framework is restricted to CCGs and the intention locally is to continue to use this framework.
31. In addition, Southwark CCG funds Ann Moss Way, which is a service that supports older people with mental health needs (dementia) and challenging behaviours. The planned decommissioning of the Ann Moss Way unit currently operated by South London and Maudsley NHS Trust (SLaM) means that those that would otherwise have received this service will do so in Streatham. It is known that there are stresses in the system, which means that some nursing homes will refuse referrals of patients that have challenging behaviours and in some instances will insist on additional funding for one-to-one care. The council has proposed that the savings from the decommissioning of Ann Moss Way should be reinvested locally so that families and friends can more easily visit their loved ones. This local investment could be by way investing in a block contract for a wing of one of the local nursing homes that are operating, or being developed, so that the needs of this cohort of the population can be meaningfully and cost-effectively met within the borough.

The supply of nursing care homes

32. Nationally the nursing care sector faces significant challenges meeting rising demand due to ill health in later life and the general demographic drivers associated with an aging population. It is estimated that an additional 71,000 nursing care home beds will be needed across England by 2025 (Kingston et al Lancet 2017). Despite the predicted growth in need, the availability of beds in London is decreasing, with a fall of 18.5% in beds per 100 people aged 75 or over between 2012 and 2016 (National End of Life Care Intelligence Network, 2017).
33. The Care Quality Commission (CQC) published a report “The State of Health Care and Adult Social Care 2016-17” (see background papers). The report highlighted that nursing care homes remain the “biggest challenge” with regards to financial sustainability across the whole health and social care economy in the UK. The report noted particular challenges in inner London and other areas with relatively low self-funder older age populations. The report also drew attention to the fact that the sector has significantly under performed in relation to the quality of care compared to comparable services (example home care, supported living, shared lives and residential care services).
34. In response to these challenges in December 2017 Cabinet considered a report setting out the strategy to increase local nursing home beds to over 300 in the borough. This figure is based upon patterns of current utilisation underpinned by the aim to provide care closer within Southwark. To achieve this aim, the council is

working with providers who own existing (currently disused care home) sites in the borough to rebuild new homes that are fit for purpose, specifically:

- Burgess Park, Picton Street SE5 – This home closed in December 2017 to be reopened as a new purpose built 70+ bed nursing care facility in 2020.
- D'Eynsford Road SE5 – which is the site of a home in Camberwell that had been closed for some time where discussions are ongoing about potentially opening another new purpose built 70 + bed unit.

35. With the temporary closure of Burgess Park there are currently now 216 beds in two nursing care homes in Southwark:

Table 6 Nursing Care Homes in Southwark

Name of Home	Owner of the home	No of beds	No of permanent Southwark Council clients (nursing care)
Tower Bridge, Bermondsey SE1	HC-One Ltd	128	83 (11 temporary 72 permanent)
Queens Oak, Peckham SE15 (block booked to Lambeth)	Excelcare Holdings	88	1 ⁶ (permanent)
TOTAL		216*	84

*Both homes contain a mix of residential and nursing beds.

36. As per paragraph 10, the council's policies for payments is to place in "Good" or "Outstanding", never in "Inadequate" homes and with caution in homes rated as "Requires Improvement". As per Appendix 1, Queens Oak is rated as "Good". February 2018, the CQC published the outcome of their most recent inspection of Tower Bridge. CQC determined that the rating for the home should change from "Good" to "Requires Improvement". Tower Bridge is the only home in the borough that the council has ready access for making placements. Therefore, given the placement policy of the council, the change in rating speaks to the fragility of good quality supply for residents in Southwark, and the importance of the council increasing and diversifying its supply of nursing home beds in the borough. In the meantime, the council, together with the CCG, is working with HC One to deliver the quality of care the council expects.
37. The council currently uses 90 different homes (88 out of borough) although the use of these homes differs greatly:
- 9 homes accounted for 62% (161) of the permanent placements. The details of which are set out in Appendix 1.
 - 18 homes contained between 3 and 5 permanent residents
 - 63 homes had only 2 or 1 permanent residents.

⁶ This placement was made through Lambeth Council.

38. Due to the limited supply of available beds in Southwark, the council places people in homes with acceptable CQC ratings, primarily in south London. However it is noted that there is and always will be a proportion of the out of borough placements made due to service user and family choice rather than lack of local supply.

Financial sustainability

39. Although placements are made through individual service level agreements negotiated for each resident, the current arrangements do not necessarily always achieve best value. When the council compares itself against the 16 London boroughs with similar characteristics and demographic profiles, the figures (including both general and dementia beds) indicate that on average the council currently pays higher fees for both older and working age adults than most comparator boroughs. (These figures are gross)

Table 7 - Comparative nursing care average gross weekly costs 65+

Nursing Care	Age	Age
	65+	18-64
Southwark	£786	£1,098
Average	£760	£991
Highest	£950	£1,187
Lowest	£548	£677
Southwark's rank out of 16	7 th highest	6 th highest

Source: ASC Finance Returns and SALT activity data, 2016

Future service requirements and outcomes

40. In summary the council has need for:
- I. Better value for money through reducing unit costs to levels at or below average costs paid by comparator boroughs. This will be achieved through developing stronger contractual arrangements.
 - II. Increased access to more than 300 permanent and temporary nursing care beds in Southwark by 2020 across age ranges and client groups
 - III. A stable and diverse market that responds to the needs of the council, the NHS and delivers choice to service users.

The procurement option will support in the delivery of these strategic objectives. However in addition to these requirements, the council will always need to purchase beds ad hoc out of borough to meet individual circumstances (example for family reasons or very specialist needs such as acquired brain injury). This will continue to be met through bespoke individual contracts with homes out of the borough.

Strategic service delivery options and assessment

41. In order to deliver upon these strategic requirements, a number of procurement and contracting options have been considered as set out below:

A. Do nothing and cease providing the service

42. The council does not currently hold consolidated contracts with nursing home providers. So allowing contracts to lapse and ceasing the activity is not an option given the council's statutory duties in this area.

B. Continue the status quo position

43. This would mean continuing spot purchasing arrangements. However this is not considered a viable option as it is unlikely to be financially sustainable for the council given the demand and the financial resources available. The council's Contract Standing Orders require that contract values over £100k should be the subject of a tender. Therefore continuation of the status quo position is not sustainable.

C. In-source

44. The healthy communities sub-committee presented the "Time to Care" report to the June 2016 Cabinet, which included consideration for the council to run a nursing care home itself. The September 2016 Cabinet took a view that this was not an appropriate option when it approved a subsequent report (Response to healthy communities scrutiny sub-committee report: "Time to Care: A Future Vision of Care in Southwark").
45. Providing a nursing care home requires specialist skills and work force, including delivering health care under the supervision of a suitably qualified nurse, with the necessary infrastructure to provide clinical supervision and oversight of the medical care being provided. The council does not hold the necessary expertise or CQC regulated status to operate a nursing care home-in house. Likewise the costs of in-house delivery are not likely to provide good value for the council.
46. It is highly unusual for local authority to be direct providers of care homes with nursing and it has not been possible to identify a local authority who has done so.

D. Shared service delivery

47. The council has explored the opportunities of developing shared service arrangements with neighbouring authorities (given the requirement for homes to be located in or adjacent to Southwark). No London authority operates a nursing care home in house.
48. Lambeth have a long standing contract in place with Excelcare Holdings, for both residential and nursing beds across four different homes (Including Queens Oak situated within Southwark) Recent discussion relating to D'Eynsford Road, Lambeth and Excelcare Holdings have not as yet provided direct access to Queens Oak.
49. Other neighbouring boroughs already hold small scale block contracts for respite nursing beds from private operators and there is limited potential to join existing arrangements on a shared service model at this time. Lewisham and Bromley are currently considering increasing the number of block booked respite beds, but their requirements and circumstances are not the same as those in Southwark.

50. The council will always continue to explore options with neighbouring boroughs and pursue the option if it is in its best interest to do so, but it is unlikely that this will deliver all the requirements needed, so it is not being recommended at this stage.

E. Voluntary sector/not for profit

51. There remain a relatively small number of charities and Registered Social Landlords (RSL's) although not in the borough, who provide nursing care homes in the region. Two of the nine most frequently used homes set out in Appendix 1 are operated by Sanctuary (RSL) and Mission Care (Charity).
52. The council has previously discussed with NHS and potential voluntary sector development partners such as Guys and St Thomas' Community Trust and Coin Street Co-op to increase nursing care provision within the borough. Officers will continue to identify opportunities to continue these discussions, opportunities such as the potential re-provision for Ann Moss Way.
53. These, and other voluntary sector and not for profit organisations will be encouraged to tender under any future competitive procurement exercise. However this section of the nursing care market is in decline and it is therefore unlikely that all the council's requirements can be met by not for profit organisations alone and any future procurement options will not exclusively be restricted to this sector. They will however be strongly encouraged to apply in any open procurement exercise.

F. External Procurement

54. It is believed that it is in the council's best interest to develop a more consolidated contractual relationship that is most likely to be achieved through an external procurement exercise. Under EU legislation this procurement will be subject to "light touch" regulations. Therefore the council has flexibility regarding how it will be carried out.
55. The exact details of the procurement approach will be considered through a Gateway 1 report to be submitted to Cabinet in June 2018. This report will compare different procurement approaches and recommend a specific course of action to be taken to meet the strategic objectives set out in this report.

Market considerations

56. There are historical and structural challenges in the local market in Southwark. These are shared with many other areas as set out in the CQC's "The State of Health Care and Adult Social Care" 2016 report. The report highlighted that there are significant budgetary pressures facing the sector particularly in relation to staffing costs. Which are impacted by uplifts in the National Living Wage. The council's approach to addressing these factors within the procurement exercise will be set out in the Gateway 1 report.
57. The council with support from our CCG partners has been proactively supporting homes in the borough. To support the market the council introduced a standard 2% increase in fees for this financial year (2017-18). In addition the CCG provides enhanced primary care support from local GPs, the council grant funds peer quality inspection delivered by Age UK in residential and nursing homes, as well as successfully applying for a £1m grant to fund refurbishment at Tower Bridge to make it a "Dementia Friendly" building (Department of Health's Dementia Capital bidding program 2013-14).

58. Initial soft market testing amongst the most frequently used homes alongside the providers developing new facilities in Southwark, has indicated that there is interest in the council's procurement plans. The council already has a strong relationship with homes in neighboring boroughs and further market testing will be carried out in early spring to finalise the proposed procurement approach and scope.

Recommended strategic delivery option

59. Based upon the information and details outlined in this report it is not thought that bringing the service in house or developing a shared delivery option would meet the council's requirements. The recommended strategic delivery option is therefore a procurement exercise that is compliant with the council's contract standing orders. That this approach will help develop local provision and deliver value for money.

Identified risks for the service and recommended strategic option

60. A number of risks are identified, as set out below:

Risk	Detail	Mitigation
Lack of interest from the market	The CQC "The State of Care" report evidence that providers are moving away from the state funded sector towards self funder markets due to uncertainty regarding profitability	Initial soft market testing has indicated that there will be sufficient providers interested in exploring the procurement opportunity with the council. There will be further market testing to inform the final procurement strategy to be recommended in the Gateway 1 report.
Restricting future opportunities to increase local supply.	The council could be at risk of missing out on future opportunities to develop further homes in Southwark with new providers through the council entering into in long term contracts.	A full options appraisal of different contracting options will be carried out to ensure the contracting model proposed in the Gateway 1 meets the council's needs and does not hinder development within the local market. The tender documentation will be drafted in such a way as to ensure that contracts are sufficiently flexible to be able to maximise future opportunities.
Affordability	The council will not have the funds to cover the costs of the contract arrangements.	The council will be using nursing care provision in only a limited number of cases, and it believes better value can be achieved by adopting more consolidated contracts. The council also receives funding via the Improved Better Care Fund (IBCF) some of which is for nursing care.
Quality may fluctuate	Providers once on the framework may have an CQC inspection that leads to an "need improvement" or "inadequate rating"	A dynamic framework approach that selects based upon quality and cost that incentivises providers.

Risk	Detail	Mitigation
Paying for voids	The council may end up with a contract through which it pays for empty beds that are not used.	Contractual terms will be carefully drafted to ensure that payment for empty beds is not a feature of the arrangements.
Viability of contracts	Given the financial and demographic pressures facing the council and the provider sector, the contracts may not be viable for either party beyond funding from the IBCF which is designated up to March 2020.	The council is aware of these challenges and will ensure that the procurement approach and contractual arrangements are sustainable for both parties.

Key/non-key decisions

61. This is a key decision.

Next steps

62. The next steps are indicatively set out below :

Service Delivery Project Plan (Key Decisions)

Activity	Complete by:
Enter Gateway 0 decision on the Forward Plan	22/12/2017
DCRB Review Gateway 0	07/02/2018
CCRB Review Gateway 0	15/02/2018
Deadline for submission to constitutional support	19/02/2018
Agenda Planning	27/02/2018
Approval of Gateway 0: Strategic Options Assessment	13/03/2018
Current contract end date	NA – all currently spot placements
Scrutiny Call-in period and notification of implementation of Gateway 0 decision	28/03/2018
Further soft market testing and further engagement to inform procurement approach	20/04/2018
DCRB Review Gateway 1	02/05/2018
CCRB Review Gateway 1	10/05/2018
Deadline for submission to constitutional support	14/05/2018
Agenda Planning	22/05/2018
Cabinet approval of Gateway 1	05/06/2018
Scrutiny and standstill	20/06/2018
Completion of new service specification, tender methodology and documentation and any final market engagement required	20/07/2018

Activity	Complete by:
Advert and bidders event	23/07/2018
Closure of Tender process (Assuming a single stage process given much smaller market than home care)	07/09/2018
Tender evaluation and due diligence	07/10/2018
DCRB Review Gateway	End of November 2018
CCRB Review Gateway	End of November 2018
Cabinet approval of Gateway	Dec 2018
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	Dec 2018
Mobilisation of new contract arrangements	Jan 2019 onwards

Community impact statement

63. Southwark is an extremely diverse borough and this applies both to users of adult social care, the general population and its care workforce. The nursing care population is predominantly older adults living with complex physical and mental health needs. In line with the demographic profile of the “very old” frail population, this group of residents is more likely to be female and white than the general population as a whole. Younger residents tend to be more mixed in terms of ethnicity and matching general profiles within the borough.
64. It is believed the council’s procurement plans will not have a negative impact in relation to the groups identified as having a “protected characteristic under the Equality Act 2010 and the councils’ equality agenda: race, gender, age, disability, faith and religion, sexuality, gender re-assignment, marriage and civil partnership and finally child care and pregnancy. It will however directly benefit the older population and those living with complex disabilities in particular.
65. Care homes also provide employment opportunities for local people, and once new homes open in Southwark more local employment opportunities will emerge.

Social Value considerations

66. 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

67. As set out in the community impact assessment (above) the workforce tends to live locally, and the award of contracts will continue to support the local economy.

Social considerations

68. The council policy in this area will be carefully considered in the Gateway 1 report.

Environmental/sustainability considerations

69. There is no negative impact upon the environment as a consequence of a procurement exercise for nursing care beds.

Plans for the monitoring and management of project

70. The future contracts will be monitored through both the council's own contract and performance team alongside the day to day operational observational monitoring that will be undertaken by social work officers and NHS clinical partners.
71. These services are also regularly inspected by the CQC, and the council will continue to work closely with the agency to ensure ongoing quality in any home contracted following the procurement exercise.

Resource implications

72. The procurement will be carried out from existing staffing resources contained with the joint council and CCG partnership commissioning team, drawing upon technical support (such as legal, procurement, finance) from the council's existing staffing structures.

TUPE/pensions implications

73. There are not thought to be any TUPE considerations, and there is no former Local Government Pension Scheme liability within nursing care homes either in or outside of Southwark.

Financial implications

74. The council currently purchases nursing care placements from a large numbers of suppliers, paying net the negotiated individual rate to the home for each placement. Deductions are made by the council for the Funded Nursing Care (FNC) paid by the NHS and any other contributions that the client makes. The home then collect these fees from the client or their family, referring back to the council those who refuse to pay for action to be taken.
75. The current average net cost for the council of a nursing bed is £639 for those over 65 and £1,019 for working age adults (January 2018).
76. The council's budget for care homes with nursing is under considerable pressure as a result of the demographic factors associated with an aging population and the ongoing cuts to the council's budget. The current nursing care budget across the council for all client groups is £7.265m, with significant pressures in 2017-18, primarily due to continued levels of demand and the rates paid, that could take projected spend up to £9.2m this financial year.
77. The council and CCG undertake rigorous assessments to ensure that only those robustly entitled for statutorily eligible needs are placed into nursing care homes as well as continuing to develop cost effective alternative community provision where appropriate. A review of the ways that charges and improving charging collection

will also inform the final procurement approach to ensure that the council maximises income collection.

Legal implications

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

Consultation

79. Officers have engaged with the CCG and CQC throughout on the plans.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance

80. The strategic director of finance and governance notes the contents of this report, including that no immediate financial implications will arise from it. Future cost implications will be determined and evaluated during any procurement activities resulting from this strategic options assessment.

Head of Procurement

81. This report seeks the approval of Cabinet for this strategic options assessment designed to increase access to local nursing home beds within Southwark.

82. Paragraph 59 recommends that the best approach to service delivery would be to undertake a procurement exercise in line with the council's contract standing orders.

83. Risks and mitigation related to this service are outlined in the table below paragraph 60.

84. An assessment of the potential external procurement options, as well as an estimated budget for the procurement will be outlined in a future Gateway 1 report.

Director of Law and Democracy

85. This report seeks the approval of the strategic options assessment for the delivery of increased and improved nursing care provision in Southwark.

86. Under the council's Contract Standing Orders, a pre-procurement/gateway 0 report is required for any service contract with an estimated contract value of £10m or more, or other strategically important contract for services, goods or works where requested by the relevant cabinet member. The decision to approve the report recommendation is reserved to the relevant cabinet member under the council constitution but may be referred to Cabinet for approval at his/her request.

87. Whilst the recommended strategic delivery option is for the council to undertake a competitive procurement exercise the estimated contract value of the procurement is not yet known and will be confirmed in the gateway 1 report together with the proposed procurement strategy.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Increasing Nursing Home Provision in Southwark Cabinet report December 2018	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s72810/Report%20Increasing%20Nursing%20Home%20provision%20in%20Southwark.pdf		
Healthy Communities Sub Committee Time to Care Report 2016	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
Link (please copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s60873/Time%20to%20Care%20-%20a%20future%20vision%20of%20care%20in%20Southwark%20draft%20OSC%2022%20March%202016%20v2.pdf		
Kingston, A., Wohland, P., Wittenberg, R., Robinson, L., Brayne, C., Matthews, M. E., Jagger, C. (2017) <i>“Is late-life dependency increasing or not? A comparison of the Cognitive Function and Ageing Studies (CFAS)”</i> .	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
Link (please copy and paste into your browser): http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(17)31575-1/fulltext		
National End of Life Care Intelligence Network (2017) “The role of care homes in end of life care Briefing 1 - Care home bed provision and potential end of life care need in people aged 75 or older in England” Public Health England.	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
Link (please copy and paste into your browser): http://www.endoflifecare-intelligence.org.uk/view?rid=1013		
State of Care Report 2016-17 Care Quality Commission	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
Link (please copy and paste into your browser): https://www.cqc.org.uk/sites/default/files/20171123_stateofcare1617_report.pdf		
Newcastle University Study on co morbidity and aging.	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
Link (please copy and paste into your browser): https://ec.europa.eu/eip/ageing/news/national-centre-ageing-science-and-innovation-		

Background Papers	Held At	Contact
announced-newcastle-university_en		
ASCOF 2016-17/SALT returns	Southwark Council 160 Tooley Street London SE1 2QH	Andy Loxton 020 7525 3130
Link (please copy and paste into your browser): https://digital.nhs.uk/catalogue/PUB30122		

APPENDICES

No	Title
Appendix 1	Summary of the nine most frequently care homes used by the council

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Adult Care and Financial Inclusion	
Lead Officer	David Quirke-Thornton, Strategic Director of Children and Adults'	
Report Author	Andy Loxton, Commissioning Manager (Partnership Commissioning Team)	
Version	Final	
Dated	1 March 2018	
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		1 March 2018

APPENDIX 1**Nine most used nursing care homes by the Council.****(February 2018)**

Provider Name of the Home	Borough	CQC rating	Date of publication of the latest inspection	No permanent residents placed by the council (Dec 2018)
Hc-One Ltd Tower Bridge Care Home,	Southwark	Requires improvement	Feb 2018	83
Abbey Total Care Group Parkview Nh	Croydon	Good	Oct 2017	20
BUPA Collingwood Court Nursing Home, SW4.	Lambeth	Good	Aug 2017	10
BUPA Havelock Court	Lambeth	Good	Aug 2017	8
Independently owned Laurels Nursing Care Centre	Lambeth	Good	Nov 2017	8
BUPA Manley Court Nursing Home	Lewisham	Requires improvement	Dec 2017	7
Sanctuary Riverlee Care Home	Bromley	Good	Mar 2016	7
Mission care Homefield Nursing Home	Bromley	Good	Apr 2017	6
Excelcare Peartree Care Centre	Lewisham	Good	Mar 2016	6
TOTAL				161

Item No. 16.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Care at Home and in the Community for Children and Young People with Special Educational Needs and Disabilities	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

Following the council's commitment to developing the Southwark Ethical Care Charter for adult homecare, it is warmly welcomed that this report sets out how this will be fully extended to care at home and in the community for children and young people with special educational needs and disabilities.

Every child in Southwark deserves the best start in life and our expectation is that children and young people with special educational needs or disabilities and their families get the very best care packages. Care should meet their needs, enable a better quality of life and should offer seamless and personalised support from childhood to adulthood. In addition, this procurement is also underpinned by a commitment to improve the outcomes for our children and young people and to put the child or young person and their family right at the centre of the commissioning of care packages so that they are empowered to have choice and control over their care.

The new framework proposed will fully comply with the Southwark Ethical Care Charter. The Charter establishes a minimum baseline for safety, quality and dignity of care by ensuring fair employment conditions for home care staff (including sustainable pay, conditions and training levels). Services are commissioned according to need, not hours or tasks. Homecare workers are paid for additional travel time and expenses. Fair terms and conditions ensure a well-trained workforce which has the ability to provide appropriate and high quality care. Payment of the London Living Wage (as a minimum) not only improves the financial well-being of homecare workers, it also recognises the skills and competencies that they deploy on order to keep children and young people safe and well.

RECOMMENDATIONS

1. That Cabinet approve the procurement strategy outlined in this report for Care at Home for Children and Young people with Special Educational Needs and Disabilities (SEND), namely to create an outcomes-based framework in partnership with NHS Southwark CCG with an estimated total value of £13.8 million. The contract is expected to start on 3 December 2018.
2. That Cabinet note the estimated value of services purchased by the Council through the framework to be £2.6 million per annum, for a period of up to three years (two years plus option to extend for one year) making a total contract value of £7.8 million.

3. That Cabinet note that NHS Southwark Clinical Commissioning Group (CCG) will be invited to participate in the framework agreement with an estimated spend by the CCG of £2 million annually, for continuing care needs for children with disabilities, making a total contract value of £6 million over three years.
4. That Cabinet note that this form of homecare service for young people will follow the Southwark Ethical Care Charter.

BACKGROUND INFORMATION

5. Southwark Council's Children and Young People's Plan, underpinned by the Children and Families Act 2014, outlines an expectation that children and young people with special educational needs or disability and their families access a local offer of seamless, personalised support from childhood to adulthood. As a result, children with disabilities are able to access care packages that enable a better quality of life. The care packages referred to in this document take place in the home and or in the community.
6. Care packages take into account not only the child's need but the wider context of the family and parental circumstances. The Children and Families Act requirement is intended to support parents or carers to continue providing care for their children at home, taking into account the parent or carers' need to engage in employment.
7. Delivery of care is such that care workers do not move from child to child throughout the day, but instead have visits rostered with the same child throughout the school day. Visits tend to be in the morning or in the evenings.
8. Children and young people are assessed by a multi-disciplinary team to understand if they meet the criteria for continuing care. Packages are put in place when criteria are met via the MATCH (Multi-agency Team around the Child) panel with representatives from health, social care, education and providers. Care packages may be funded by both the Council and the CCG based the needs.
9. Care packages consist of personalised care and support delivered by carers to carry out a programme of activities with disabled children and young people who have a range of needs, including some complex need, both in their homes and the community.
10. Care packages funded by the CCG will consist of nursing care delivered by Children's Nurses or trained Healthcare Assistants to fulfil the direct nursing needs of disabled children and young people with the most complex needs.
11. Council provided care packages are purchased on an ad hoc basis as required from a number of providers that were on a now expired framework. These care packages provide care and support for children, young people and their families so that independent living at home can be optimised.
12. NHS Southwark CCG provides continuing care packages for children and young people if they have needs arising from disability, accident or illness that cannot be met by existing universal or specialist services alone. These are also purchased on an ad hoc basis as required from providers who were on the expired framework.
13. There are currently 293 children and young people accessing care packages through Southwark Council. Current annual spend on care packages by the council

for children and young people in this cohort is approximately £2.6 million. The current spend on children aged 0-14 is £1.2 million and for young people aged 14-18, £1.4 million.

14. There are currently a total of 23 children and young people receiving continuing care packages funded by the CCG. The current spend is £2 million per annum.
15. It is anticipated that this procurement will put in place a new framework with a start date of 3 December 2018. A steering group will be fully established to lead the procurement with representation from care, health, education; other key stakeholders such as parents will be involved in the tender particularly the engagement and evaluation components.
16. Whilst the current framework expired at the end of 2016, ad hoc purchasing has continued from providers within the expired framework. There have been changes to commissioning arrangements across the council and CCG and some bespoke work has been undertaken to update the needs analysis, which has led to a delay in re-procuring the framework. When the new framework is procured it will conform to the Southwark Ethical Care Charter.
17. The council and the CCG have to date utilised a four-borough preferred provider framework. Orders placed under that framework will continue to operate on an ad hoc purchasing basis until a new framework is procured. Under the expired provider framework providers were expected to adhere to Unison's ethical home care charter of April 2013 which stipulated that providers must ensure and evidence that workers are paid the London Living Wage and that service users are at the centre of care and have choice regarding how, by who and when it is delivered. From the 22 providers on the expired framework there are currently 11 providers delivering care packages (personalised care and nursing) and they offer the London Living Wage. We anticipate that these providers will wish to bid to join the new framework on the same basis but we will seek to enhance the framework by ensuring compliance with the Southwark Ethical Care Charter. Current packages will continue and care package reviews will ensure quality and choice is provided.

Summary of the business case/justification for the procurement

18. Southwark Council commissioned IPC (Institute of Public Care) to produce a report to inform the work of the procurement steering group and its stakeholders to prepare for the development of an outcome based approach to the design, procurement and delivery of a new home care service – Designing Care at Home for Children and Young People. A copy of the report dated October 2015 can be found in Appendix 1.
19. Southwark Council and NHS Southwark CCG want to explore options that enable care packages to be delivered in a more flexible way, and provide high quality and responsive services for children and young people with SEND. Officers consider that purchasing on an ad hoc basis from current preferred providers does not allow us to achieve this. Establishing a more flexible framework including a wider range of providers should allow better value to be secured through the more effective leveraging of the Council and CCG buyer power and the setting of rates upfront.
20. Southwark Council and NHS Southwark CCG are seeking to;

- Ensure that commissioning is based on desired outcomes, at both population and individual level for this group of children and young people. The current ad hoc purchasing arrangements do not facilitate this in a systemic way.
- Emphasise their commitment to the Southwark Ethical Care Charter and ensure that contracts with external providers comply with the Charter. The current ad hoc purchasing arrangements do not facilitate such compliance.

Market considerations

21. This is a mature/developed market. There were twenty-two (22) providers on the expired framework with over 50 more bidding to join the framework. A maximum number could be set following market engagement activity if required. Nursing and personal care are regulated activities under Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014. All providers carrying out regulated activity must be Care Quality Commission (CQC) registered.
22. Undertaking this procurement provides an opportunity to test, engage and encourage interest of the market of potential bidders; market engagement will be undertaken with existing and national providers of services for children and young people. This procurement can be expected to attract new providers given the range of needs identified for this cohort of children and young people with SEND. Potential providers will be CQC registered. Officers want to ensure that the Care at Home and in the Community for Children and Young People procurement delivers on the Southwark Ethical Care Charter (SECC) and achieves the London Living Wage (LLW) commitment. We would consider consortia bids as this may facilitate bids by smaller local organisations.

KEY ISSUES FOR CONSIDERATION

Partnership considerations

23. The decision for the CCG to participate in the framework will obtain final approval at the CCG's Commissioning Strategy Committee on 1st March 2018. There is an established panel to make funding decisions about care package bands at the MATCH (Multi-agency Team around the Child) panel with representatives from health, social care, education and providers.

Options for procurement route including procurement approach

24. This procurement is driven by the need for value for money, improved choice and better outcomes. This procurement falls under the light touch regime (LTR) as defined in the (EU) Public Contracts Regulations 2015.

The following options have been considered:

Option 1: Do nothing. This is not an option given that there is a statutory duty to provide care packages.

Option 2: Continue with ad hoc purchasing from providers. The council and CCG are keen to explore new ways of procurement which would enable better and improved outcomes for our children and young people with SEND and reduce cost of care packages. This option would not allow this to happen. This option also

would not enable compliance with the Southwark Ethical Care Charter or be compliant with EU procurement processes.

Option 3: Joint working. Officers have identified benefits from commissioning with the local CCG. These benefits include identifying suitable providers for children and their families where they have health and social care needs, and cost effective micro-commissioning. Further collaboration is being explored with neighbouring boroughs. Lambeth and Bexley have confirmed that they do not wish to join this procurement exercise, they will continue to purchase on an ad hoc basis. Lewisham is creating its own framework with its own CCG. Opportunities for joint working across the four organisations will continue to be explored.

Option 4: Move to direct payments. We must continue to offer directly funded care purchased from providers for those children, young people and families for those that do not wish to manage a direct payment. This option would move towards further enabling and empowering children, young people and their families to be in direct control of their care package. However, there is a risk this option does not improve care packages, provide an increased range of service options or reduce cost for the cohort as ad hoc purchasing would be continued from the expired framework. As direct payments pass commissioning responsibility to the service user, compliance of providers with the Ethical Care Charter can be encouraged but not enforced through contractual means.

Option 5: Undertake a competitive EU compliant procurement process in order to establish a framework of providers to deliver health and social care packages. This framework would cover continuing care and social care needs. The Southwark Ethical Care Charter is also a key factor for procurement. Southwark will be one of a very small number of signatories applying the Charter to children's home care. The council also considered an external procurement involving the use of a dynamic purchasing system (DPS), and making use of pre-existing frameworks procured by external parties. The administrative burden of the DPS was considered too much of a risk for this procurement due to the need to continually evaluate applications and the increased administrative burden of the application of mini competition for placements. In addition the council were unable to identify any suitable third party frameworks which could be joined.

Option 6: Provide services in-house, it would not be possible to provide the range and number of flexible options to meet local needs; for nursing care, the council has no track record or expertise in providing such care directly. The children and families for whom these services are required have widely different needs and individualised care packages are important in meeting these, hence the need for a relatively high number of flexible providers.

Option 7: Council only procurement. This is not supportive of well-established working arrangements at the MATCH Panel in deciding the care packages that are delivered. Excluding the opportunity for the CCG to join the procurement would not be in tune with the council and CCG commitment to work jointly to deliver the best possible care and improve services for local people. This option would not enable care packages to be delivered flexibly or be responsive to the need of children and young people with SEND who often need both bands of care.

Proposed procurement route

25. Option five (5) is the most viable route and offers a way forward for partnership working across health and social care and supports delivery of personal budgets.

We are not seeking to limit the number of providers given the range of needs and types of services that may be required. We however expect that the providers in the market to be able to be able to provide Band A, Band B or both Band A and B. as outlined below.

26. Southwark Council and NHS Southwark CCG also want to ensure that value for money is improved in commissioning of care packages. Tendering for a new framework agreement is an option that has the potential to reduce the cost of care packages.
27. While directly funded care packages will continue to be provided, the proposed procurement strategy is intended to cease the use of ad hoc purchasing from the currently expired framework and move to commissioning from providers on a new framework agreement. This will still allow children, young people and their families to exercise choice and ensure that the Southwark Ethical Care Charter is implemented.
28. It is anticipated that there will be two lots or bands for the service within the framework:

Band A: Personalised Care and Support delivered by Carers with experienced carers trained to an advanced level and by support workers to carry out a programme of activities with disabled children and young people who have a range of needs, some complex need, both in their homes and the community.

Band B: Nursing Care delivered by Children's Nurses or trained Healthcare Assistants to fulfil the direct nursing needs of disabled children and young people with the most complex needs (continuing care eligible) as set out in the child specific care plan.

Identified risks for the procurement

29. A risk register of the key risks identified is set out in the table below. The steering group will regularly review these risks. Actions being taken to mitigate risks are identified in the right-hand column of the table.

No	Risk	Likelihood	Mitigating Actions
1	Cost of procuring differently increases, leading to a reduction in any savings that can be achieved.	medium	Work closely with finance to ensure close attention to present and potential costs, taking account of market fluctuation.
2	The timeframe for the procurement may slip.	medium	Allow for slippage within timeframe and project management of the procurement.
3	Lack of market interest – not enough bids of sufficient quality to form a framework.	low	Well planned market engagement and communication about forthcoming tender.
4	Council and CCG unable to manage implementation and delivery of joint framework due to complexity and or limited resources.	low	Make best use of existing resources which are already in place. Steering group with a wide range of expertise.

Key/non-key decisions

30. This report deals with a key decision.

Policy implications

31. The Council and the CCG are seeking to commission directly funded care packages using a Framework for Health and Care packages for Children and Young People with SEND and continuing care needs. This has the potential to reduce management and transactional costs as well as help to meet our duties to jointly commission for SEND under the Children and Families Act 2014.

32. This procurement strategy seeks to achieve the following objectives and outcomes for children, young people and their families;

- Ensure that children and young people and their families have choice and quality care and support to meet needs of local children and young people.
- Place the child or young person and family at the centre of everything we do in the development and commissioning of care packages provision.
- Align resources to support seamless planning across the continuum of need
- Ensure effective information and advice about care packages in order to empower children, young people and their families
- Empower providers to develop quality care packages provision which meets families' needs
- Enable families to choose how they access the support offered by a care package.
- Ensure that high-quality, flexible and responsive care packages are provided for children and young people with special educational needs and disabilities and their families and is readily available at the right time to those who need it.
- Empower families to make better use of the range of opportunities available to them
- Ensure value for money
- Ensure fairness of access.

33. Trade union recognition will be stipulated in the procurement.

Procurement Project Plan (Key Decisions)

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan	24/01/2018
DCRB Review Gateway 1	07/02/2018
CCRB Review Gateway 1	15/02/2018

Activity	Complete by:
Brief relevant cabinet member (over £100k)	13/02/2018
Notification of forthcoming decision - Cabinet	13/02/2018
Approval at CCG Commissioning Strategy Committee	01/03/2018
Approval of Gateway 1: Procurement strategy report	13/03/2018
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	21/03/2018
Soft market testing and engagement/consultation	27/04/2018
Completion of tender documentation	11/05/2018
Publication of OJEU Notice	18/05/2018
Publication of Opportunity on Contracts Finder	23/05/2018
Invitation to tender	23/05/2018
Closing date for return of tenders	11/07/2018
Completion of any clarification meetings/presentations/evaluation interviews	25/07/2018
Completion of evaluation of tenders	05/09/2018
Forward Plan Gateway 2	02/11/2018
DCRB Review Gateway 2:	07/11/2018
CCRB Review Gateway 2	08/11/2018
Notification of forthcoming decision – despatch of Cabinet agenda papers	21/09/2018
Approval of Gateway 2: Contract Award Report	13/11/2018
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	21/11/2018
Debrief Notice and Standstill Period	23/11/2018
Contract award	26/11/2018
Add to Contract Register	26/11/2018
Place award notice in Official Journal of European Union (OJEU)	26/11/2018
Place award notice on Contracts Finder	26/11/2018
Contract start	03/12/2018
Initial contract completion date	02/12/2020
Contract completion date – (if extension(s) exercised)	02/12/2021

TUPE/pensions implications

34. Currently services are purchased on an ad hoc basis from a number of different providers. This means that there will not be a single organised grouping of employees so TUPE will not apply to the arrangements as a whole. However, it is possible that within the current services there are some arrangements that could be

covered by TUPE. TUPE can apply if there is an organised grouping of employees carrying out certain activities. There may be a care package for a particular child or young person that is undertaken by a dedicated group of carers or single carer and TUPE could potentially apply in those circumstances. More information will need to be obtained about the details of current arrangement to ascertain whether TUPE could apply in some circumstances and the implications.

35. If TUPE does apply it will be unlikely to directly affect the council as an employer. The procurement plan will need to ensure that there is sufficient time for the incumbent and new providers to comply with their duties under TUPE. Due diligence of the current providers' workforce will also need to be carried out before the tender process commences as its results need to be included in the tender pack. Tenderers will be directed in the tender documentation to seek their own independent advice and no warranties will be given as to the application of TUPE.

Development of the tender documentation

36. The tender documentation required to set up the framework will be developed by the procurement steering group which will include officers from the council's legal, finance and corporate procurement teams.
37. The AD for Partnership Commissioning will oversee all elements of the procurement process and sign off all the relevant tender documentation (Official Journal of the European Union (OJEU) contract notice, Selection Questionnaire, Invitation to tender (ITT), service specification and the quality and price evaluation methodologies).
38. The procurement steering group is comprised of members from the Council and CCG on the SEND Joint Commissioning Working which reports to the SEND Governance Board co-chaired by the Director of Education, Southwark Council and Director of Quality and Chief Nurse, NHS Southwark CCG.

Advertising the contract

39. The tender will be advertised in a number of ways:
- Notice in OJEU
 - Publication of notice on Contracts Finder
 - London Tenders Portal.
 - Existing and other Care at Home providers known to the council and CCG will also be alerted to the advert placed on the council's website.

Evaluation

40. Evaluation criteria will be developed by the steering group and will consider feedback from users of existing services.

The contract will be awarded using an open tender process consisting of 3 stages. The first stage will be quality based and include a selection questionnaire followed by the method statement.

- Stage 1 - Selection Questionnaire which will consist of pass/fail questions. The Council will reserve the right not to continue the evaluation to the method statements with any bidder who fails any of the selection questions.

- Stage 2 - Method statements will be used to evaluate tenders against key quality criteria such as quality of resources, approach to service delivery, management of information and approach to service improvement. Only tenders meeting the quality threshold will then be assessed on price.
- Stage 3 - The method of allocating to Bands will be determined after market engagement and finalised by the project board.

In order to secure the best service possible from providers, with outcomes for users, the report proposes a weighted model of 60/40, price/quality.

Community impact statement

41. The Public Sector Equality Duty under the Equality Act 2010 will apply. This requires that the Council has due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out its activities. To ensure that the council meets these obligations an equality analysis will be undertaken to inform and update to the service specification and findings of that equality analysis will be noted in the Gateway 2 report. However, the proposed procurement is intended to benefit vulnerable children and young people having a protected characteristic under the Equality Act.
42. As there may be changes to service users and other stakeholders the council will also consult with those affected as part of the tender and procurement process, in order to minimise the potential for discrimination and to advance equality of opportunity and foster good relations between people with different protected characteristics,

Improved response to diversity and cultural difference

43. The prevalence of special educational needs and disabilities varies significantly between children and young people from different ethnic backgrounds.
 - The prevalence of SEND among different minority groups in Southwark mirrors the national pattern, with the highest prevalence among those from a Black Caribbean ethnic background. Locally more than 1 in 4 children attending Southwark schools who are from a Black Caribbean background have special educational needs or disabilities.
 - In contrast, approximately 1 in 13 children from an Indian ethnic background attending Southwark schools have SEND.
44. Southwark is an extremely diverse borough and this applies both to its service user and carer population and its Care at Home and in the community workforce. Within that diversity, Southwark has a number of communities which have been generally regarded as 'hard to reach'. A further factor is that a significant proportion of the homecare workforce comes from a BME background. Southwark's rich diversity is a real strength. Clearly an awareness of linguistic, cultural and religious factors, and the skills required to deliver caring respectful and responsive services across the different groups in this context will be important for providers in the new pattern of services.

Social value considerations

45. 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.

Economic considerations

46. Local companies will be able to bid for inclusion on this framework and if successful, will help to promote local jobs to local people in delivering care for children and young people.

Social considerations

47. The Council has made a commitment to ensure that the London Living Wage (LLW) benefits were extended to not only the council's directly employed staff but also those who work for the council through contracts. Since the introduction of this commitment in 2012, the LLW has been included in all relevant procurements and in some cases to existing contracts.
48. For this procurement the council will stipulate the LLW requirement for all employees, workers and sub-contractors engaged by the provider on the contract. It is recognised that some services for example nursing services, all staff are paid LLW. The tenderers' support of the council's LLW commitment will be tested fully through the procurement process. The council will need to be satisfied that, where there are any business models with self-employed components, self-employed workers are paid the LLW or, in the case of genuinely self-employed independent contractors, paid fees which support the council's Fairer Future Procurement Strategy.
49. The Southwark Ethical Care Charter, to which the council is committed, establishes a minimum baseline for safety, quality and dignity of care by ensuring fair employment conditions for home care staff (including sustainable pay, conditions and training levels). Services are commissioned according to need, not hours or tasks. Homecare workers are paid for additional travel time (ie time which is additional to travel time between home and their allocated work base) and expenses. Fair terms and conditions ensure a well-trained workforce which has the ability to provide appropriate care. The workforce in these services is predominantly women performing tasks which require semi-skilled or skilled expertise. Payment of the minimum LLW not only improves their financial well-being, it also recognises the skills and competencies that they deploy in order to keep children and young people safe and well.
50. The council's Fairer Procurement Strategy is designed to ensure best value and continued improvement in everything purchased by the council. The policy ensures compliance with best value, probity and transparency principles, with all organisations in any given market following the same rules.

Environmental/sustainability considerations

51. As a minimum, providers will be expected to have environmental policies in place for their organisations, particularly with regard to transport. This will be assessed during the procurement process.

Plans for the monitoring and management of the contract

52. There is strong commitment to an outcome based approach, and potentially incentives for successful delivery of them. It is clear both from the views of service users and the experience of other local authorities that an outcome based approach can only be delivered successfully with a holistic and flexible approach. This has implications not only for Care at Home workers but for other professionals and agencies involved - collaboration, avoidance of duplication, consistency of care and good information sharing will all be required so that service users feel they are being supported by a well-integrated team.
53. Day to day monitoring of the contract will be achieved through monthly review meetings between officers and the provider(s). The contract will be monitored and managed in respect of:
- London Living Wage
 - compliance with the specification and contract terms and conditions
 - cost
 - user satisfaction
 - risk management
 - key performance indicators.
54. Annual Performance Reviews will be reported to DCRB (Departmental Contract Review Board) and the CCRB (Corporate Contract Review Board).

Staffing/procurement implications

55. There is a cross departmental/organisational project team tasked with delivering this procurement across the Council and CCG. There are governance arrangements in place to oversee the progress of the procurement and to make necessary decisions during the process.
56. The steering group will report to the Special Educational Needs and Disability (SEND) Governance Board.

Financial implications

57. Direct payment and package budgets are under significant pressure with an adverse variance of £1.2m forecast in 2017-18 as demonstrated in the table below. The proposals in this report estimate that the future annual cost to the council will be £2.6m, a significant improvement on the current estimate of £3.2m. However this still leaves an estimated annual shortfall of around £600k which will be contained within the £3.8m earmarked in the 2018-19 Adult Social Care budget for pressures within the All Age Disabilities pathway.

Direct Payment and Package Budgets

Age Range	Budget £000	Forecast £000	Variance £000
0-14	1,020	1,864	844
14+	1,014	1,338	324
	2,034	3,202	1,168

Legal implications

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

Consultation

59. A consultation will take place with service users including children and young people and their families to support the procurement process including direct involvement in engagement events and evaluation of bids.

60. Soft market testing event with providers will also take place.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (26TJ1718)

61. The strategic director of finance and governance notes the contents of this report, especially those contained within the Financial Implications paragraph and that any cost reductions achieved as a result are likely to have a part year effect in 2018-19 due to the proposed implementation date of 3 December 2018. Any budget pressure experienced by this service will have to be contained within the overall budget of the C&AS Department.

Head of Procurement

62. This report seeks approval for the procurement strategy for care at home services for children and young people with special educational needs and disabilities, for a period of up to three years at a total cost of £7.8 million.

63. The proposed procurement route, outlined in paragraphs 21 and 22, is to establish a framework through a competitive EU compliant tender process in line with the EU regulations and Council's own contract standing orders.

64. Paragraph 2 explains that NHS Southwark Clinical Commissioning Group (CCG) will also be invited to participate in the framework at an estimated cost to them of £6 million, this is contingent on approval being confirmed as detailed in paragraph 20.

65. The identified risks and proposed mitigation of this tender are laid out in paragraph 23 and the associated table.

Director of Law and Democracy

66. This report seeks approval of the procurement strategy for care at home services for children and young people with special educational needs and disabilities.

67. Due to the nature and estimated value of the services that the council requires the procurement of those services will be subject to the application of the European procurement regulations (Public Contracts Regulations 2015) as well as relevant domestic legislation and the council's Contract Standing Orders.
68. The report details a proposal to establish a framework following an EU compliant procurement process which will be available for use by the council and the NHS Southwark CCG.
69. The decision to approve the recommended procurement strategy is one which is expressly reserved to the cabinet under the council constitution.
70. The community impact statement set out in paragraphs 41 and 42 of this report summarises the effect of the Public Sector Equality Duty (PSED) contained in section 149 of the Equality Act 2010, and in making procurement decisions the Council must consider and have due regard to any effects of the decision on the community at large and on people identified as possessing "protected characteristics", as defined in the Act. The report identifies the diversity of service users and the carer workforce as well as the diversity and prevalence of special educational needs and disabilities across ethnic groups, and it notes that an equality analysis will be undertaken, both to enable the council to demonstrate its compliance with the PSED and also to inform the service specifications for the new framework.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No	Title
Appendix 1	Designing Care at Home for Children and Young People

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	David Quirke-Thornton, Strategic Director Children's and Adults Services	
Report Author	Carol-Ann Murray, Joint Commissioning Manager - Children and Young People	
Version	Final	
Dated	1 March 2018	
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		1 March 2018

London Borough of Southwark

**Designing Care at Home For
Children and Young People**

**Context, Outcomes and
Approach**

Care at Home Project Board

October 2015

London Borough of Southwark

Designing Care at Home

Context, Outcomes and Approach

1 Introduction

This paper has been prepared by the Institute of Public Care (IPC) Oxford Brookes University for the Care at Home Project Board. Its purpose is to summarise the main drivers and approach that steers the work of the Board and its stakeholders to prepare for the development of an outcome based approach to the design, procurement and delivery of a new home care service – Care at Home – from July 2016.

The paper concludes with a number of considerations for the Board in order to progress the preparation of a procurement exercise over the next few months.

2 Context

2.1 The size and shape of current Care at Home provision

Adult Home Care services in Southwark were last tendered for in 2011. The bulk of current services are provided by 2 main contractors, which are privately owned organisations with 700 staff, serving 1500 Southwark customers. A range of private and voluntary sector providers serve 750 people on a spot purchase basis. All services are delivered on a demand led basis

Key dimensions about Southwark service users are as follows:

- 64% of those who receive care are older people; People with Learning Disability, Physical Disability or with Mental Health problems make up the other 36%.
- Among those receiving care aged 65 or over 65% are women.
- 37% of those aged 65 or over receiving care are from BME groups, which is disproportionate in relation to the BME population generally.
- Southwark has limited knowledge about the numbers and characteristics of self-funders using care at home agencies.

2.2 Care at Home's wider commissioning context

The overall expenditure on Home Care is over £20 million, with a further £500,000 expenditure on home care for children. Southwark is part of the South East London framework agreement. This includes general home care and also enhanced home care, which is overseen by nurses. However, much of the children's care provision is spot purchased or remains with providers who chose not to join the framework. An integrated approach is to be taken to the commissioning of adult and children's services.

In addition to the contracts for Care at Home Southwark has the following:

- One cost and volume community Reablement contract – awarded in July 2015 and expiring in June 2016.
- Two cost and volume intermediate care contracts linked to each of the acute hospitals in the borough – awarded in January 2015.
- One cost and volume neurological rehab/stroke community intermediate care contract awarded in January 2015 and expiring in June 2016.
- One block outcome focused extra care contract – awarded in 2012 and expiring in September 2016.
- One overnight "Night owls" block contract (The contract went live April 2013 and expires September 2015, but currently in the process of being extended to September 2015 subject to continued funding through the Better Care Fund).
- Southwark Is part of a framework set up by Lewisham Council/CCG for children's home care (which includes nursing care) that expires May 2016 (Although most provision is currently purchased on spot).
- The CCG has a three-year home care contract for continuing healthcare clients in Southwark with Medacs. This is one year in and covers the whole borough.

Although the procurement process for Care at Home is proceeding as a separate exercise it is seen as crucial that there is synergy with planning for related forward procurement within adult social care, notably synergy with planning for reablement, and synergy with health provision, especially continuing care and hospital discharge. An integrated approach to Care at Home, which is outcome based, operates seamlessly with other services, and incorporates lessons from experience in Southwark and elsewhere, will be key to the development of Southwark's Local Care Networks. Implementing the vision will require flexibility, creativity and openness from all agencies and professionals involved, and providers will need to be able to adapt to changing circumstances with flexibility and creativity.

2.3 Specific issues relating to children's Care at Home services

Children home care is significantly smaller in volume with 78 current packages, most of which tend to operate on a longer-term basis. There are two bands of provision.

Band A: Personalised Care and Support delivered by Children's Nurses to fulfil the direct nursing needs of disabled children and young people with the most complex needs as set out in the child specific care plan.

Band B: Personalised Care and Support delivered by Carers with experienced carers trained to an advanced level to carry out a programme of activities with disabled children and young people who have complex needs, both in their homes and the community.

Care at Home for children was moved to a framework agreement last year but most provision currently is on a spot purchase arrangement. These services are not subject to charging unlike adult services.

Consideration is being given to the best means of securing provision for children within the overall project.

2.4 Key drivers and policy assumptions

■ Integration with health

In addition to the requirements of the Care Act, Health integration and the need to achieve value for money and financial sustainability in challenging financial circumstances, Southwark has a number of other central strategic drivers for policy in developing Care at Home.

■ Time scale

The two main demand led contracts expire at the end of July 2016 and there is no provision to extend beyond this point. Services will need to be re-commissioned by then and there is a very clear member expectation that this happens and that Southwark Ethical Care Charter (SECC) is delivered fully for all commissioned home care.

■ Ensuring the full implementation of the Ethical Care Charter

Southwark's vision for Care at Home recognises that the workforce in home care is often expected to deliver quality with limited time to interact with users and without attention being paid to travel time. Many feel undervalued given the stigma attached to the work. They need to be properly trained and supported with fair working conditions that allow them to develop and grow in confidence and be proud of what they do.

The culture of care organisations is crucial to fostering the right conditions for good leadership and better care, and the Six Senses Framework which

identifies a sense of **safety, continuity, belonging, achievement, purpose, and significance** as being crucial for anyone to have quality of life must be applied to home care staff as well as service users and carers. As Southwark's vision statement makes clear the quality of life of all three parties is inextricably linked.

Introduced last year, the Charter requires among other duties payment of the London Living wage, travel time, access to training for staff and an end to funding of 15-minute sessions. This, and the rates payable are likely to make Southwark an attractive proposition for potential new providers. There are substantial financial implications, and the Charter will have consequences for some providers who lose trained staff to compliant providers. Southwark believes, however, that improved outcomes can only be delivered through proper training of staff, joint working and a partnership approach with operational teams. The Charter is therefore crucial to the delivery of the overall vision, signalling to providers an expectation of creativity, flexibility and better quality performance against outcomes. The workforce implications for providers are considerable in terms of better training, better career paths and good quality leadership.

- **Working within the context of Local Care Networks (LCNs)**

Southwark and the CCG have developed plans for co-location and collaborative working, across 2 Local Care Networks and this has significant implications for a more localised delivery of Care at Home services. Close alignment, and a more interactive relationship will be required with primary and community health services. Developing more integrated services will be a central element in the development of LCNs. By aligning services with LCNs and having a small number of contractors for each LCN Southwark intends to remove the need to spot purchase home care.

Though the exact model for localities has yet to be decided there is a policy expectation that each will have a small number of providers. The policy of removing barriers to Small and Medium Enterprises will continue to apply nonetheless.

- **Strong commitment to an outcome based approach, and potentially incentives for successful delivery of them**

It is clear both from the views of service users and the experience of other local authorities that an outcome based approach can only be delivered successfully with a holistic and flexible approach. This has implications not only for Care at Home workers but for other professionals and agencies involved - collaboration, avoidance of duplication, consistency of care and good information sharing will all be required so that service users feel they are being supported by a well-integrated team.

- **Improved response to diversity and cultural difference**

Southwark is an extremely diverse borough and this applies both to its service user and carer population and its Care at Home workforce. Within

that diversity Southwark has a number of communities which have been generally regarded as 'hard to reach'. A further factor is that a significant proportion of the homecare work force comes from a BME background, whereas a significant proportion of older service users come from White British backgrounds. Southwark's rich diversity is a real strength, but such factors can sometimes create misunderstandings and uncertainty on both sides. Clearly an awareness of linguistic, cultural and religious factors, and the skills required to deliver caring respectful and responsive services across the different groups in this context will be important for providers in the new pattern of services.

- **Capacity to work with people's community networks**

Good practice in working effectively with people at home requires that workers understand not only the individual's network of contacts (family members, friends, community groups etc) but the other community based options (many of them provided by the voluntary sector) which may help people avoid social isolation. As the Southwark Vision statement makes clear the connections we have with our communities are a wider reflection of who we are, and the relationships we have are key to preventing loneliness and isolation which can easily lead to depression and self-neglect. A person's needs are linked into their community to promote independence and choice, whether it's for shopping, activities or just being sociable, and should be covered in their Support Plan.

For a home care worker to be "the ears and eyes of the Council", they must be aware of the user's links and contacts with the wider community and keep a weather eye out for these links to be maintained. Care at home is not just about visiting and doing tasks, it's being mindful of the uniqueness of the individual and their belonging in their community.

- **Coproduction with service users and carers**

Personalisation of services and an outcome-based approach presume a sharing of responsibility between the service user and the provider organisation. Carers will often need to be involved as well. This presumes rights and responsibilities on both sides, including a principle of resilience on the part of the citizen, and an acceptance on the part of professionals that people need to be fully involved in assessments and reviews. At service level there will also need to be arrangements for coproduction, and structures put in place to support it.

- **Prevention**

All care at home provision needs to contribute to prevention/early intervention, and the reablement process. It is clear from the experience of the Night Owls provision that a 24 hour access to services is needed to cope with emergencies which might otherwise lead to hospital admission and a longer term reduction in capacity to function independently. According to recent reviews pathways into this service have up to now been predominantly through hospital discharge teams, but it will be important in

future to transform this area of work in to a key component in the 'offer' for Care at Home. In the same way Southwark will aim to ensure as high a take up of telecare and assistive technology as possible.

- **Reablement**

Though the development of reablement services needs to take care at home plans carefully into account the commissioning of home care will proceed as an exercise separately and in its own right.

- **More complex care**

There is an assumption from the data available that many cases will have a higher level of complexity going forward, calling for provision which is rapidly available, capable of responding to significant levels of need, including dementia, and flexible in its operation.

3 Developing an outcomes based approach

Southwark is strongly committed to an outcome-based approach in commissioning its Care at Home services.

Experience from Southwark and elsewhere¹ suggests that the following are key factors in implementing an outcome based approach, geared to the needs of the individual's needs in living successfully, with the right help, in their home.

- Engagement with current and potential providers about what will be required to deliver the model and working with them collaboratively.
- Ensuring that home care staff have the training and flexibility to deliver the service with the right training and aptitude to deliver outcomes well.
- Ensuring that social workers and NHS staff who may be involved in assessment understand how to assess people for outcomes that will promote their independence. Assessment staff and providers will need to work closely together.
- Agreeing who will ensure that customers have all the equipment they need (including telecare) to assist them in maximising their opportunities for independence
- Engaging service users, their carers and families in preparing for the new model and what they can expect into the future.
- Making the payment mechanism as simple as possible. In considering whether rewards or penalties will be involved as part of the chosen model Southwark will have to tackle some barriers which have already been identified locally- establishing baseline data which is accurate and universally accepted; and what impact can be attributed to a provider in

¹ IPC - Emerging practice in outcome-based commissioning for social care (2015), IPC - Help to live at home service: an outcome-based approach to social care (2012)

the context of a complex local health and social care context. The payment mechanism must also be able to assist service users with their personal budgets (in line with the Care Act 2015).

- Ensuring that the performance management system that is put in place is clear and simple, and that it is reported and considered on a regular basis both to meet demand and outcomes.
- Planning for an integrated service with Health is crucial. For many older people, for example, it is ensuring that they are getting the right help for their health needs that make a significant difference to the outcomes that are possible for them. All services will need to relate to each other effectively, and the central focus for this will be the operation of the Local Care Networks.

Southwark already has engagement strategies in place for both service users and providers, and it will be important in the upcoming months to use both programmes to work at the outcomes likely to be the main components of the eventual service specification. Innovative responses to a more outcome based specification are much more likely if clear messages are delivered at an early stage about the impact to be required.

Southwark has looked at national and local information about the perceptions of service users, and this has included the work of SLIC. Southwark has also obtained information through work by Age UK about service user views on the present Home Care services, and those they would like to see. A recent inspection exercise has also produced useful findings. Some very clear broad themes have emerged from these pieces of work, as follows:

- People place having a regular Home Care worker with whom they can develop a relationship as a very high priority.
- The support should be based on participative assessment and regular review.
- Key aspects of the relationship are the need for workers to have a kind and caring attitude, and the role of visiting in reducing social isolation is seen as very important.
- People want the focus of support to be as flexible as possible with fewer limits on activities- matters like administering eye drops, basic food preparation, and lifting were all mentioned.
- People want to have their culture understood and respected.
- People want their care provision at home to link well with other services, so that things felt 'joined up'- this included their care worker passing on information and being aware of the overall picture of local resources.

These themes are not surprising, and are in general harmony with the drivers described earlier. They are also clearly at the heart of the Southwark Vision for Adult Care and the value statement underpinning it.

Aggregated to service level they can be the basis of some core service level outcomes, which might be described as follows:

- People are enabled to continue living at home for as long as possible and are enabled to function as independently as possible.
- Consistent assessment processes are used which fully involve service users, and which are reviewed regularly so that there is a shared understanding of achievement, needs and priorities.
- Service users feel respected, cared for and valued, within the context of their own culture.
- Care at Home is well linked with other services within the community and the Locality network so that service users feel that their treatment is coordinated and that people are working together.
- Hospital and care home admissions are reduced as a result of care at Home undertaking preventive work, ensuring good use of adaptive equipment, and 'early warning' interventions.

4 Implications for Commissioning and Procurement

4.1 Whole system change - linking provision to Local Care Networks (LCNs)

Southwark's LCNs are central to the development of the whole integrated social care system.

The key priorities for the LCNs tie in clearly with the vision for care at Home and are a central component of what the LCNs need to offer.

- Pro-active and preventive
- Accessible on a 24 hour basis
- Coordinated
- Empowering and holistic

A willingness to regard Care at Home workers and their agencies as having an important voice within care planning and delivery will be needed as a key cultural shift, and this will call for a more multidisciplinary approach, with greater flexibility among professionals about tasks, roles, and information sharing, including a more inclusive, shared professional language. All these elements are seen as strongly desirable by service users, but traditionally have been hard to achieve. Changes across the system mean that the Care at Home tender process offers an important opportunity for this joined up approach to be planned for. The work of the planned Enabling Group and Enabling Forum can usefully take these issues into consideration in driving forward the establishment of the LCNs.

4.2 Reablement

IPC is aware that consideration is being given to establishing direct provision for specific reablement services in the borough. This would certainly enable a planned design to be implemented easily and may be more manageable in the context of integration with NHS provision.

However Reablement is to be organised going forward there are significant issues vis a vis Care at Home. Some questions and options to be borne in mind are as follows:

- Can the Reablement service, the Acute Trusts and Care at Home providers work well enough together so that unnecessary referrals to Reablement are avoided?
- Can a reasonable level of 'reablement' activities be defined as suitable for Care at Home providers?
- Are processes in place to ensure that an integrated approach to returning from hospital is in place? - Transport, prompt availability of assessed equipment and adaptations, good handover from hospital to community NHS staff, and good working relationships which respect the role of Care at Home staff are all significant issues.
- To what extent should all of the core reablement functions be provided through a direct delivery model and what "Flex" in house services may be needed from commissioned providers in responding to demand pressures?
- Can Care at Home staff play a more active role in alerting impending crisis and preventing hospital admission? - This implies a willingness for rehabilitation services to work with care at Home staff agencies and respond to their concerns.

4.3 Diversity in the market and participation by local organisations

IPC's experience is that many organisations continue to struggle with the concepts of an outcome-based approach within a personalised system, and the challenges for business planning can be considerable.

Clear messages at an early stage and the suggested engagement activities will help address this problem, but given the emphasis on price planned for the procurement smaller organisation are most likely to be successful through collaborative approaches such as consortia or sub-contracting. IPC's experience is that the development of such arrangements can take longer than expected and work most effectively with good advance notice and clear messages of encouragement.

This area of concern is especially important given the evidence that service users wish to see a more culturally sensitive set of services.

4.4 Southwark Ethical Care Charter

The SECC is described in the earlier section on policy and drivers. Underpinning the tendering and procurement programme for Care at Home, with the new contractual term scheduled to start in July 2016, is a commitment to a step change in home care commissioning, and in particular, that the home care workforce is valued by progressing the Council's commitment to the Ethical Care Charter.

The Charter will address the long-standing work force concerns about Home Care caused by low pay, poor or absent training and zero hour contracts. The implications for providers are very significant, and although it may take a number of years to achieve the fully intended impact, capacity to apply SECC will be a central issue in the commissioning process. Dialogue with the market about costs and business-planning implications will need to be an urgent priority, and the programme of engagement and workshops described later will need to have these issues as key elements.

In addition the new desired flexibility, consistent with a personalised approach, and the ability to respond more creatively to individual need, including some levels of dementia will call for a real commitment to training, and although LB Southwark may well need to take a lead in coordination and indeed some provision of this training, there will be a major need for partnership working across the whole health and social care economy in Southwark.

Transformation of services, underpinned by SECC, will call for a changing profile and skills base for the workforce, and this will need to be linked to clear career paths and an integrated workforce strategy cross social care and health roles.

4.5 Children's services

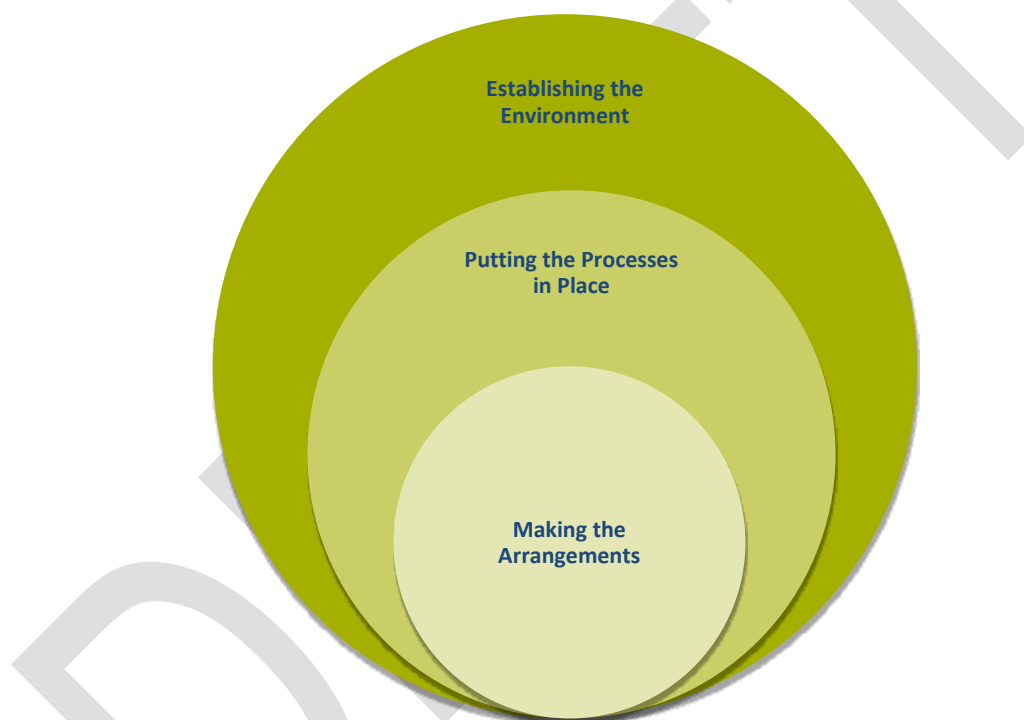
As indicated earlier the nature of care at home for children is very different from adult provision- in volume and approach. Some key questions for the procurement approach within the present project are as follows:

- Will providers be expected to cope with children's services as well as those for adults, and if so what are the additional training implications?
- Should children's services be procured as a single entity given the limited number of packages, and if so how will they relate to the Local Care Networks?
- Since the SECC does not presently apply to the children's services what are the implications for providers of children's services?

4.6 The change to an outcome based approach and a more integrated role for Care at Home

At an earlier stage in discussions with IPC the experience of introducing Personalisation, and in particular outcome focused assessment and support planning was described as variable in Southwark. IPC believes that good practice in this area is crucial to the desire to commissioning for outcomes.

IPC has developed a model that succinctly describes a whole system approach to developing an outcome- based approach to care management and commissioning. In our experience, attention to all three areas of the model is important in order to achieve an effective transition to the new way of working



The model has been developed to support organisations to reflect on their “readiness” of embarking on an outcome focused way for working by exploring a number of questions, for example, is there:

- A clear vision describing the values and principles of the new outcomes focused approach?
- Effective relationships built between service users, providers and commissioners, and other local authority staff such as care managers?
- Sufficient time and support at all levels to make the change happen?

In addition, when designing the processes, and in particular the support planning process, your process should consider the following points:

- The process must focus around what services will help the individual achieve the desired outcomes rather than focusing on what services are known to be available. Thus enabling innovative and creative ideas to care and support to be provided.
- Time must be given to enable this process to reveal the depth of issues, the potential risk, and how these might be resolved.
- It is important to consider what 'success' would look like and how this might be measured in order to inform the review process. Baseline measurements may need to be taken to compare against at later reviews.
- Outcome based support planning requires a system that enables the recording of outcomes and how they are to be achieved. Staff also need to be trained to support people to think creatively about the care and support options and how to measure the impact of this for the individual in relation to the outcomes identified.

It will be helpful if at an early stage a clear vision describing the values and principles of the planned outcome based approach is communicated to all key stakeholders. The vision clearly will include the SECC.

An engagement programme has been undertaken with the main stakeholder groups, as follows.

- Commissioning, procurement and other key professional roles within the council and CCG - a whole day planning event facilitated by IPC
- Social workers, occupational therapists, and NHS health care and therapy staff- 4 half-day workshop events facilitated by IPC.
- Home Care providers- an initial workshop by IPC with a further event planned to consider the main elements of the service specification
- Service Users and carers - Southwark rightly wishes the new culture to be more co-productive and engaging, and has already undertaken a series of workshops to develop a service user forum.

Further workshops are planned for children's services and health staff.

It is clear that engagement will need to be sustained throughout the whole project and its period of implementation, and a communications plan is being developed to ensure that this takes place.

It is clear from engagement to date that a significant shared concern is the provision of ongoing training for Care at Home staff, as well as ensuring that Southwark's processes and procedures reflect an outcome based approach.

5 Next steps

A project plan with key milestones and overall timings has been developed. Other key steps to be taken in the near future are as follows:

- The need to agree on an optimum number of providers within each Local Care Network, and how children's service will fit into the lotting arrangements.
- Development of a draft Service Specification with the support of IPC
- Revising and updating the communications plan for the project.
- Continuing with the engagement programme

Institute of Public Care
October 2015

DRAFT

Item No. 17.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Southwark School Design Guidelines	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Victoria Mills, Children and Schools	

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

At the heart of the Council's commitment to give every child the best start in life is a commitment that every child should attend and thrive at a great local school. A place where good teachers, great school leaders and committed support staff ensure that children leave school equipped with the skills, knowledge and well-being to fulfil their potential.

We also acknowledge that the buildings where our children learn and our staff teach influence the success of school life. Our schools should be warm, dry and safe but they should also provide indoor and outdoor spaces that enhance teaching, learning and play. They should be places where our children are inspired to learn and where teachers feel they have no barriers to delivering the very best education. For parents and the wider community they should be buildings to be proud of and which add to the quality of the local built environment.

School buildings do not need to be new and shiny to do these things. Well-maintained old buildings can be sources of huge interest and curiosity for our children and can be enhanced by internal improvements and external extensions. There is no perfect architecture for a school so instead our commitment is to making sure every school building is fit to deliver a 21st century education and to create environments where every child feels safe and secure to explore, develop and grow.

These school design guidelines set out our ambition for the entire Southwark school estate, for existing schools that may need maintenance, improvement or extension and for the next generation of schools that will be built in Southwark. These design principles are being set out now to particularly inform the consideration of school sites and expansions in close proximity to forthcoming large residential developments including Old Kent Road and Canada Water.

The guidelines allow flexibility, not on ambition that every school building should be of the highest quality, but instead to recognise that every school and school community is unique. Our headteachers, teachers, children, parents, governors and local communities should feel they can set out their vision for their school and these guidelines rightly allow for us to respond to their knowledge and priorities.

RECOMMENDATIONS

1. That the draft Southwark School Design Guidelines as set out in the appendix to this report be approved for consultation, to be returned to Cabinet for final approval later in 2018.

BACKGROUND INFORMATION

2. Southwark has one of the most ambitious capital investment programmes in the country. The population of Southwark is expected to rise by significantly in the next 10 years and this will attract investment in new and expanded schools, new homes and associated infrastructure.
3. A comprehensive set of Southwark New Homes Design Standards was adopted by the council in 2016. To ensure consistently good design in schools, a set of draft 'Southwark School Design Guidelines' have been developed and these are set out in the appendix to this report.
4. They take account of experience and expertise gained from the current school expansion programme across nursery, primary, secondary and special schools; and national expertise and best practice from leading specialists in architecture and education who have worked with the council.
5. The design guidelines are intended to be used by clients, architects and developers.
6. As an inner city borough, Southwark is home to a diverse community with a broad spectrum of needs. The provision of high quality education to provide the 'best start in life' is fundamental to improving the opportunities for its citizens and a key driver in social equality and community regeneration.
7. To encourage families to choose to live, work and learn in Southwark schools must be of the highest quality, adding value to the communities they serve. To help tackle poverty and crime, school buildings must be welcoming, safe and, above all, inspire learning. In order to attract and retain the most talented teachers, good quality teaching spaces and workplaces that are fit for purpose are essential.
8. The council believes that good school design and the internal and external environment are vital to support the high quality of teaching and learning in the schools in the borough. There should be no differential in the quality of the new school accommodation across the borough, accepting that each development will be influenced by specific site and planning constraints.
9. The School Design Guidelines therefore set out the standards that Southwark expect to see in all school development, from remodelling, extensions to existing schools and new build schools.
10. Notably, the Old Kent Road and Canada Water regeneration areas will attract investment in schools to respond to demographic growth. The Old Kent Road Area Action Plan alone includes plans to deliver, 20,000 new homes, new town centres and three new tube stations. The increase in population is expected to require the expansion of up to nine existing primary schools, and one new

secondary school and two new primary schools. The School Design Guidelines will seek to maintain the high design quality delivered in the borough, so that the learners of Southwark have the best start in life and equal access to excellent learning spaces.

11. Southwark has invested heavily in schools over the last ten years and particularly over the last four years. The council has delivered the highest quality in school design and build possible and, as a result, there are some exceptional examples across the borough. Post occupancy feedback has indicated some very positive outcomes.
12. It is important to stress that good design does not need to cost more. Good design derives from a knowledgeable client in the council and the schools, be they local authority schools, academies, free schools or voluntary aided schools. Above all, good design is achieved by making the right choices in terms of sites and the internal and external areas and ensuring that scarce resources are invested wisely in sustainable buildings that are adaptable to future needs.
13. The Southwark School Design Guidelines have been developed with a view to maintain standards of school design across Southwark, including taking account of the future need to build schools in high density environments, where compatible mixed use is often a necessary consideration.

KEY ISSUES FOR CONSIDERATION

Policy implications

14. 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.
15. 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. A number of these are relevant to the adoption of the School Design Guidelines which are proposed in this report. Specifically, 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 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 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.
16. From a policy perspective a key document is the New Southwark Plan, in particular policy “P23: Education places”.
 17. This policy is supportive of the development of school places to meet local needs where they provide shared sports, arts, leisure, cultural or community facilities. It also sets out high-level design requirements: “Development of school places must provide sufficient floor space for teaching, halls, dining, physical education, staff and administration activities, storage, toilets and personal care, kitchen facilities, circulation, plant and any non-school or support functions such as special needs facilities. Schools must receive adequate daylight and sunlight, provide high quality external areas that avoid sightlines from neighbouring homes, have good internal and external air quality and support safe travel by pupils.”
 18. Other policies in the New Southwark Plan also have a bearing on the design, including “P11: Design of places” and “P12: Design quality”.
 19. The Old Kent Road AAP plans for new and expanded schools. Draft policy “AAP13: Best start in life” supports the co-location of schools with for example older peoples’ accommodation and other compatible development and states that “development of new and existing schools must:
 - Be in line with DfE Building Bulletin 103 standards and other published ESFA and Southwark guidance for good school design; and
 - Sit well within the context and respond to the specifics of the location; and
 - Be far enough away from main roads to protect children and young people from air pollution; and
 - Have a siting and orientation that allows the school to have architectural presence and make a positive contribution to the local environment; and
 - Have good sized pupil entrances that provide a sense of welcome and are located away from residential entrances and major traffic junctions; and
 - Consider safeguarding and privacy of residential homes and school facilities; and
 - Provide for flexible, well connected spaces with good light, air and a feeling of occasional height in internal teaching spaces; and
 - Provide high-quality external space specific to the learning and development needs of pupils attending the school, from EYFS right through to KS4; and

- Ensure that indoor and outdoor facilities are available for community use. “

Community impact statement

20. The adoption of Southwark School Design Guidelines will benefit the community as it will ensure high quality design across the school estate, potentially those developments including residential and commercial developments mixed with schools.
21. The adoption of the School Design Guidelines will also benefit the wider community in ensuring equality of access to high quality teaching and learning spaces.

Resource implications

22. The adoption of this policy can be managed under existing resources but it will ensure that in future design clear decisions are made regarding the development of sites and choices for investment.
23. There are no immediate legal or financial implications arising from this report.

Consultation

24. Schools across the borough will be further consulted on the proposed on the development of these School Design Guidelines following approval of this draft.
25. The draft so far has been developed in consultation with a number of council departments and experts in the field of school design and will continue to be discussed widely.
26. Consultation on individual school designs will take place as part of the planning process for each school.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

27. The strategy for procurement is key to achieving good outcomes especially with regards to attaining the best value, design and construction. Each scheme should be developed with a procurement strategy that is specific to the scheme that takes account of best practice, market intelligence and lessons learned.
28. This requires a well written and researched educational brief, the appointment of a design team with a good mix of expertise, experience and innovation and ensuring that previous design and post occupancy feedback lessons have been applied.
29. The method of procurement will be driven by a variety of factors, including cost, programme and the current market conditions. It is important to remember that there is no ‘one size fits all’ model and a procurement route which best suits the project’s requirements should be considered at an early stage. The selection of designers and contractors should be suited to the scale of the project, well

balanced between cost and quality. It should be possible to evidence good value for money, with genuine open competition. Many school schemes will be part funded by the council and the ESFA and this process will need to be evidenced.

30. Attention should be given to developing an appropriate cost and quality evaluation methodology which contains project specific criteria supported by the necessary ensure that the brief and the evaluation criteria are clear from the outset with the necessary feasibility studies, and master planning and full surveys, to ensure that risk can be costed and realistically apportioned.
31. All surveys, designs and construction contracts should be warranted in favour of third parties, including academies.

Director of Law and Democracy

32. The report seeks the approval of cabinet to commence consultation on a draft Southwark School Design Guidelines. Cabinet has the power to take the decision set out in the recommendation.
33. All schools maintained by local authorities in England are subject to the School Premises (England) Regulations 2012, which imposes a requirement that facilities for securing the hygiene, health and welfare (among other matters) of pupils must be "suitable". Academies, free schools and independent schools are governed by the Education (Independent School Standards) (England) Regulations 2010, which outline minimum standards of premises and facilities.
34. The Localism Act 2011 empowers a local authority to do anything that an individual may do, subject to certain statutory limitations which might apply. Devising and consulting on these proposed guidelines could be said to be within the ambit of this wide-ranging power, and also incidental to the council's own functions concerning the maintenance of its own maintained schools and its duty to secure a sufficiency of schools in its area under section 14 Education Act 1996.
35. In undertaking any consultation, the council must adhere to the principles enshrined in *R (Moseley) v Haringey London Borough Council* (2014), namely that consultation must always (i) take place at a formative stage; (ii) give sufficient reasons to permit intelligent consideration and response; and (iii) give adequate time for a response. Further, the response to a consultation must be conscientiously taken into account by a decision-maker before finalising any proposal.
36. Section 149 Equality Act 2010 requires the council, in the exercise of all its functions, to have due regard to the need to
 - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

37. The duty will apply in the designing of the consultation, throughout the consultation period and in further development of these guidelines.

Strategic Director of Finance and Governance

38. This report is requesting cabinet to agree the draft Southwark School Design Guidelines as set out in the appendix to this report to be approved for consultation before final approval by cabinet later in 2018.
39. The strategic director of finance and governance notes that there are no immediate financial implications arising from this report. Future capital investment programmes in schools adopting the final approved Southwark Schools Design guidelines will need to be contained within the council's approved capital programme.
40. Staffing and any other costs connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark New Homes Design Standards	Chief Executive's Department	Bruce Glockling 020 7525 0138
Web link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5756&Ver=4		

APPENDICES

No.	Title
Appendix 1	School Design Guidelines

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Children and Schools	
Lead Officer	Bruce Glockling, Head of Regeneration	
Report Author	Rebecca Marsh, Project Manager, Regeneration	
Version	Final	
Dated	1 March 2018	
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
Interim Head of Procurement	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		1 March 2018



Grange School street frontage at dusk

Haverstock Associates. Image c. Tim Crocker

Southwark school design guidelines

Draft for consultation March 2018

Southwark school design guidelines

Context and vision

As an inner city borough, Southwark is home to a diverse community with a broad spectrum of needs. The provision of high quality education to provide the 'best start in life' is fundamental to improving the opportunities for its citizens and a key driver in social equality and community regeneration.

To encourage families to choose to live, work and learn in Southwark, schools must be of the highest quality, adding value to the communities they serve. To help tackle poverty and crime, school buildings must be welcoming, safe and, above all, inspire learning. To attract and retain the most talented teachers, good quality teaching and workplaces that are fit for purpose are essential.

Southwark Council believes that good design and the internal and external environment are vital to support the high quality of teaching and learning in the schools in the borough. This document therefore sets out the standards that it expects to see in all builds including remodelling, extensions to existing schools and new build schools.

It is recognised that there is an ongoing need to learn and retrain throughout a lifetime. Designs should respond to the varying requirements of each key stage and the diverse Southwark community. We should provide access to inspiring indoor and outdoor learning opportunities and in secondary schools offer specialist facilities which lead to aspirations and pathways to further education, training and employment.

ICT will always be an important factor in driving delivery of the Southwark vision for education. Learning will extend beyond the school day and school building, supported by state of the art technology.

The current primary and secondary school expansion programme has taken place in the context of the wider sustainability agenda. The new and remodelled buildings will be more energy efficient and better maintained, minimising life cycle costs. Buildings will be designed on principles of sustainability and constructed from renewable materials, where appropriate. The schools built and refurbished today must leave a strong legacy of good and adaptable design for Southwark's future generations.

Who is this guidance for?

This set of good practice design principles for Southwark schools is designed to be read in conjunction with all relevant guidance from the EFA and London Borough of Southwark, including, but not limited to building bulletin 103 (mainstream schools) and building bulletin 104 (special schools). It reflects national and local experience of designing and building schools and, in particular, to inform the consideration of school sites which may be located in close proximity to forthcoming residential developments in Southwark, including the Old Kent Road and Canada Water.

These design principles are targeted at both new schools and schools to be expanded. In Southwark we have some excellent examples of high quality school buildings. Many of these are exemplar and can be used as case studies.

This document is expected to be referenced by architects, developers and other consultants as well as informing the client including the council, the EFA and individual schools. It will also assist with planning applications and will be referenced by the planning case officers.

Compliance with area standards

Some sites fully conform to the requirements of DfE Building Bulletins (BB103 and BB104) in respect of both internal areas and external areas. More usually it is the internal areas which are met and the external ones which are compromised on urban sites. The degree to which the council will accept proposals that fall short of BB area guidelines will be dependent on the quality of design, as measured against these council design guidelines. The council encourages creative solutions such as raised play decks that will achieve this outcome but will rarely compromise on reductions in internal areas.

The importance of setting an education vision and a clearly defined brief

All Southwark school projects have been and will continue to be developed with a clear written education vision that has been developed in partnership with the Headteacher, staff, pupils, parents, governors and the community, as appropriate.

This is key to the success of any school and community project and the council will wish to see all architects and

developers involved in the process of defining a clear brief to secure an environment which brings positive benefits to teaching and learning.

The vision is an important part of the briefing process which sets out, in educational terms, the outcomes that the client is seeking to achieve. The vision should reflect the schools' priorities and views on how best to respond to the needs of the locality. This will then allow professionals to achieve those outcomes within the site and building area and set budget constraints. There should be no differential in the quality of the new school accommodation across the borough, but each development will be influenced by the specific site, context and planning constraints.

Effective briefing is often about making important choices about priorities for internal and external areas. It is rarely possible or affordable to achieve all aspirations of the education vision and the briefing process works out which areas are most important within the available area to achieve those outcomes.

Identity in the Community

A school is a civic building. Its siting and orientation should allow it to have architectural presence and make a positive contribution to the adjacent public realm. Schools



Bellenden School
Cottrell & Vermeulen Architecture

can provide a catalyst for future development and be core to the community.

The council's preference will always be for stand alone school buildings, if at all possible. Pupils attending schools will often be living in dense residential areas and the school can provide valuable sanctuary and support, including access to green and habitat areas. Where this is not possible, the council has set some guidelines to obtain the maximum out of high density and mixed use sites.

There are a number of schools in Southwark which provide a valuable social and community resource with the Headteacher and staff providing extra support to vulnerable families. This can include drop-in support, after school clubs, the provision of meals, social welfare and mental health. Schools play a valuable role in dealing with inequalities in our communities and supporting families.

Understanding the school's role in the community is an important part of the briefing process. This will influence designs that will enable some parts of a school to be used outside of normal school hours. The site should permit straightforward zoning of areas in terms of security and power consumption, which means schools could be made more publicly accessible and give the building both a civic function and a civic presence.

Respecting the Context

The wider context of each school is important. A school building should sit well in its urban context and community, respecting, and be respected by the scale of its neighbours, and also respond to what is specific about the location.

Safeguarding considerations for children, and privacy considerations for residents and school users alike, should ensure that residential development is designed where feasible, so that its principal habitable rooms are not directly in sightlines to the school. Residential development should not 'overwhelm' a school nor create constant overshadowing of a school site.

Involvement of all relevant stakeholders, pupils, teachers, parents and local people must also be included in the process. A new or refurbished school can be used to significantly enhance the quality and character of the local area, making it a place that is more attractive to residents, businesses and investors. The school building can be used to communicate the ethos of the community, thus boosting civic pride and enhancing civic image. The Supplementary Planning Guidance 'Design' recommends



Charles Dickens School entrance incorporating old and new
Haverstock Associates

the production of Design Statements at various stages in the design process to demonstrate how urban design principles have been incorporated. Extensions and refurbishments to an existing school can be used to lift the quality of the existing buildings, thus enhancing the overall quality of the school.

Siting and pollution concerns

Schools should be sited if possible sufficiently far away from main roads, and other sources of air and noise pollution, to protect children and young people from high levels of air pollution when they are outside. (According to GLA data, approximately 50% of Southwark's secondary schools and 60% of Southwark's primary schools were located on sites that exceeded EU NO2 limits in 2013).

The siting of schools within a footprint should also take account of compatible uses as set out in this document.

Subject to the exact site constraints, the use of elevated play areas has been demonstrated as a practical solution to concerns about pollution, lifting the play areas away from where pollution settles and potentially achieving benefits in terms of the access to external areas from classrooms. This should be considered as one type of outdoor space, to complement others, as described in this document.

Entrance and Legibility



Albion School
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The site should allow legibility of a school's physical and architectural organisation taking account of the surrounding built environment, safety and accessibility including public transport, walking and cycling routes.

It should allow for a clear and good sized pupil entrance or (entrances) that can cope, for example, with more than 1500 pupils arriving/leaving at once (in the case of a

secondary school) and provide a sense of welcome and arrival to all. The school entrance should be sited away from any major residential entrances or major traffic junctions, providing a safe environment for young people to travel to schools by cycle, walking or public transport. The entrance strategy should be established early – i.e. do children/students go straight in to the building or do they congregate outside first- this will dictate space requirements and influence planning.

Whilst any car use should be absolutely minimised and will be referenced in the School Travel plan, careful consideration should be given to any potential conflicts with the drop off and collections of children in primary schools and these points should be sited away from the main entrance if possible, considering neighbours and road safety.

Mixed use and high density sites

Proposals for mixed use and shared use sites are becoming more common, particularly where land is scarce or in different ownerships. It is possible that such sites will have a range of activities including for example:

- Different schools sharing a site,
- Shared use with compatible uses such as sports and leisure and further education and pre school education,
- Residential use, where compatibility is satisfactorily evidenced.
- Commercial and office developments, which may be compatible with older pupils.

Each brings a range of technical, design and operational challenges depending on when users are likely to be occupying the site, and their requirements for access and servicing, which are likely to be very different.

Where mixed uses and high density uses are not compatible they will not be accepted. However, if the uses are considered compatible, account should be taken of the following design principles:

- School buildings on high density sites can be just as successful as schools on more generous sites but the design should take account of these challenges and demonstrate where compensatory design solutions are being proposed; e.g. a larger multi use hall where there is reduced external area, elevated play decks and podium development.
- Opportunities should be taken to achieve the best compatibility within a site footprint between uses, e.g. primary schools and residential accommodation for the elderly, or office accommodation and educational facilities for secondary students, especially for KS4 and sixth form, and the provision of sports and leisure and open space, which can be used by both the school and the

community.

- The use of space and light should be maximised in design with creative solutions to achieve movement between internal and external areas. Teaching environments are successful when there is good access to external areas, and light and air are maximised to provide a high quality environment.
- Safeguarding is crucial and practical design solutions can be adopted to mitigate direct sightlines and any perceived overlooking concerns. Careful consideration should be given to the elevations and the positioning of windows as they affect sightlines and providing buffers between education and residential accommodation, with set back of residential development, as appropriate to the site.
- External areas can provide a 'sanctuary' for children living in dense inner city areas, providing access to important habitat areas and areas for growing and exploring the natural environment. The council will expect to see this in all developments.
- Avoidance of designs which place a school in a position where it is overshadowed or dominated by taller buildings, potentially compromising light and air for the educational environment.
- A clear servicing strategy to avoid creating conflicts but with practical and pragmatic solutions to the management of deliveries. Utilities should be separated.
- Maintenance of areas of internal and external should be considered to ensure that responsibilities can be clearly defined within a lease and Development Agreement and arrangements for governance understood by the users.
- Entrances and cores for stairways and lifts should be clearly separated to avoid conflicts, as they will be designed to meet very different requirements.
- Access and transport should be clearly defined and careful thought should be given to the safe journey to and from school and, in the case of primary and early years, provision, pick up and drop off. This should include awareness of the direction that most pupils will arrive from.
- Phasing should be considered at the inception of a mixed-use school project – with the intention being that the new school should not be exposed to ongoing construction activity, risks and disruption.
- School insurers should be involved early on, in case there are unusual requirements that need to be incorporated in the design because of the mixed use.



Bellenden School circulation space
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Environmental conditions internally

People in any building will benefit from fresh air, control of unwanted noise and a healthy environment. A stuffy atmosphere, draughts or distracting noises could affect concentration, making it harder to teach and learn. Complex building management systems have been shown to be problematic with users as training often fails to take place. Building services installations and BMS should, therefore, work well and be simple to use. Siting schools away from main roads could help to ensure that a building doesn't have to be fully sealed and mechanically ventilated - which can increase both capital costs and running costs but in some schools this may be



Albion School classroom
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necessary. The council has now developed some practical solution and best practice design solutions for the classroom environment.

Each teaching room should have an openable window to allow for users to access fresh air as required.

Acoustic design for schools is a demanding Building Regulations requirement and, in naturally ventilated buildings, it is relatively easy to achieve good cross-ventilation and thus good internal air quality, while keeping running costs down.

Post occupancy evaluation has shown the considerable benefits of acoustic treatment to ensure that classrooms work well for teaching and for pupil attention during lessons. This helps create a feeling of calm, which supports good learning and teaching.

Allowing for Expansion

The assumption should be built into a site selection that expansion may be needed at some future point and this should be taken into account if feasible. It is easy to assume that the size of a new school is optimal and unlikely to grow; in reality good schools will grow and demand can come very quickly, so a site should consider opportunities for new buildings and expansion over time.

In selecting sites, complex and disruptive phasing should be avoided. Phasing the construction of new schools is often inevitable but can be time consuming, disruptive to education and costly.

Internal teaching and learning environment

The internal teaching and learning environment should include the following:

- Creating flexibility by suiting spaces to allow change of designation to reflect curriculum developments, and enabling work with different sized groups



Albion School informal learning
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- Effective adjacencies

- Suiting large spaces to give maximum flexibility
- Effective storage strategies
- Light and air and a feeling of space, including opportunities for height and volume
- Good social and informal learning including a calm dining experience with external link
- Good connection between inside and outside for curriculum and social activities
- Circulation which is part of the learning journey with daylight and offering a clear sense of orientation to the building.
- Display to celebrate high quality work, and to provide identity and a sense of community
- Well placed staff offices for passive supervision
- Provision of well designed staff areas with room for resources and planning preparation and assessment (PPA) for lessons.
- Fully integrated ICT solution
- Well designed toilets that can be supervised and reduce the risk of any bullying.
- Passive supervision to be ensured so that there are no unsupervised areas
- Safeguarding considerations should always be paramount in design considerations.
- Accessible so pupils with any disability can benefit fully from the facilities and learning opportunities and be fully compliant or exceed Part M of the Building regulations
- Should not discriminate by design in anyway that might impact or be perceived to impact on pupils because of any disability
- aim to improve the physical environment for disabled pupils, maximising their opportunity to participate in the curriculum

Outdoor Space



Albion School rooftop playground
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It is essential for their well-being and development for children/young people of all ages to spend time outside. Providing quality external space is as important as providing the right internal curriculum area. Phasing can further affect what is available in the short term, but it can make a school unviable in the long term if sufficient outdoor space is not factored in from the outset.

Urban school playgrounds often provide the only safe, supervised place where children can play outdoors. Playgrounds should be considered priorities when allocating and planning sites and should be fully accessible taking account of the needs of pupils with any form of disability including children diagnosed on the autistic spectrum.

Access should be provided to habitat areas and areas for growing to encourage understanding of the environment.



Charles Dickens School street frontage showing rooftop MUGA
Haverstock Associates

Rooftop multi-use games areas (MUGAs) are valuable and should be considered alongside opportunities for outdoor teaching including roof terraces/balconies to provide direct access from teaching areas. Building Bulletins require areas for outdoor social interaction and gathering, as well as timetabled sports.

Above all it should be remembered that the ability of pupils, especially in primary schools, to move freely between internal teaching areas and the outdoors should be maximised in design so there is a feeling of light and air. Research has clearly shown that freedom of movement in schools aids teaching and learning.

Daylight and Views

Classroom windows need to be large enough to satisfy regulatory daylight requirements, while views out are also important, so proximity to residential development should not preclude this. Therefore it would not be desirable to select a site on the presumption that school windows can be translucent if they face residential properties. Good light and air to all spaces, and a feeling of occasional height and volume, to some teaching spaces can assist

with the quality and feel of the environment, and provide a stimulating variety of experience.

Car parking and service access

Car parking should be reduced to the absolute minimum in consultation with the school. PTAL ratings vary from site to site and the issue of staff recruitment and retention should be considered. Adequate room must be provided for refuse storage/collection, deliveries (which must enter and exit the site in a forward gear – but this servicing requirement should be balanced against the need to provide usable outdoor amenity space for children/students, and priorities will need to be agreed on a project-specific basis), emergency vehicles and secure bike storage, safely remote from pedestrian arrival points.

Daily servicing (food deliveries to the kitchen, in particular) should ideally take place directly from the public highway. Again, access should not conflict with any pedestrian arrival points.

There should be well designed opportunities for secure cycle parking and storage.

Sustainability

Schools must be energy efficient, minimise pollution, maximise natural site characteristics for energy generation and conserve resources where possible.

Environmental impact must also be minimised during the design and construction phases. As designs evolve and change they must be evaluated to ensure that the 'green baton' is not dropped during the course of the project. New build schools must aim for an 'excellent' BREEAM rating and refurbished schools a 'very good' rating.

The construction process must ensure that it does not consume a disproportionate amount of resources and that opportunities are taken to educate school users about sustainable processes. Activities could include site visits and working with teaching staff to incorporate sustainable design issues into lessons at appropriate points in the construction process.

Future uses must be taken into account and spaces designed accordingly. The longer-term view should consider change of use beyond the duration of a 25-30 year maintenance period. A sustainable development is one that can be easily adapted for evolving or changing uses.

Procurement

The strategy for procurement is key to achieving good outcomes, especially with regards to attaining the best value in design and construction. Each scheme should be developed with a procurement strategy that is specific to the scheme that takes account of best practice, market intelligence and lessons learned.

This requires a well written and researched educational brief, the appointment of a design team with a good mix of expertise, experience and innovation and ensuring that previous design and post occupancy feedback lessons have been applied.

The method of procurement will be driven by a variety of factors, including cost, programme and the current market conditions. It is important to remember that there is no 'one size fits all' model and a procurement route which best suits the project's requirements should be considered at an early stage. The selection of designers and contractors should be suited to the scale of the project, well balanced between cost and quality. It should be possible to evidence good value for money, with genuine open competition. Many school schemes will be part funded by the council and the ESFA and this process will need to be evidenced.

Attention should be given to developing an appropriate cost and quality evaluation methodology which contains project specific criteria supported by the necessary ensure that the brief and the evaluation criteria are clear from the outset with the necessary feasibility studies, and master planning and full surveys, to ensure that risk can be costed and realistically apportioned.

All surveys, designs and construction contracts should be warranted in favour of third parties, including academies.

Item No. 18.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Abbeyfield Estate HINE (Maydew House) works	
Ward(s) or groups affected:		Rotherhithe	
Cabinet Member:		Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	

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

London is facing a housing crisis and in Southwark we are witnessing the effects, with over 11,500 households registered on our housing allocations list. We have made the bold commitment to build 11,000 new council homes by 2043 and the proposal for the Abbey Field Estate will help us to deliver on this commitment.

Prior to 2010 the only proposal being considered for Maydew House was to hand the building over for private development. The recommendations highlighted in this report mean that we are able to re-provide 112 of the flats in Maydew House as council homes. The refurbishment of Maydew House, releasing the current Bede Centre site and the proposal to build above Damory House and Thaxted Court provides an opportunity to deliver 199 council homes. This will see an increase of 60 council homes on the Abbeyfield Estate with half of the homes available for residents in the local area in line with the Council’s local lettings policy.

This report outlines the revised procurement strategy to allow the refurbishment of Maydew House and for a new site for the Bede Centre using the EU restricted tender process and for Cabinet to approve this procurement route.

RECOMMENDATIONS

That Cabinet:

1. approves a further revised procurement strategy set out in this report reverting back to the EU restricted tender process with a total estimated contract value of £61.5 million, which is split across Abbeyfield Estate HINE (Maydew House) with an estimated value of £39 million and the new build development at the Bede Centre with an estimated value of £22.5 million, for an estimated period of 208 weeks from July 2019.
2. notes that there are estimated professional fees of £4 million which includes £1 million recharged to capital for the internal staff element. This makes a total estimated scheme cost of £65.5 million.

BACKGROUND INFORMATION

3. Cabinet approved the enhanced refurbishment works to Abbeyfield Estate designating a high investment needs estate (HINE) on 20 March 2012.

4. Cabinet approved the gateway 1 for the procurement process on 22 July 2014 for an EU restricted tender procurement, however this procurement did not proceed due to the requirement to appoint specialist architects which subsequently had an impact on the procurement timetable, this is further explained in paragraph 10. Following this Cabinet further approved a revised procurement process on 13 December 2016 for the use of the Greater London authority (GLA) London Development Panel (LDP) framework. It is now not viable to procure the works through this route as interest was received from only 2 contractors of which one further withdrew and one contractor remained undecided. Prior to the Grenfell tragedy this was previously identified as a low risk as soft market testing was carried out and a bidders day was held to promote the programme.
5. Interest from the contractors on the GLA LDP framework deteriorated since the tragic events at Grenfell. The council has considered using another framework (i.e. the South East Consortium) but the outcome may well be the same as the interest from the LDP framework. It was also recognised that whilst the GLA LDP framework had 25 companies on it there were restriction around certain companies who could tender because of their alignment with Registered Providers (RP's) which was a possible cause of little interest.
6. The proposed scheme is the redevelopment of the Abbeyfield Estate in two phases. Phase I comprises of works to the base of Maydew House to relocate the Bede Centre, the re-siting of the main entrance from the current podium level to the ground level and the removal of the podium link to Damory House and Thaxted Court. An additional five storeys will be constructed on top of Maydew, the existing flats within the building will be fully refurbished, the ramps and external access stairs will be removed, soft and hard landscaping to the block surrounds will be created, the entrance to Thaxted Court will be repositioned in order to enhance the interaction between the park and housing and additional access will be created directly into Southwark Park.
7. Once Phase I is completed, Phase II will start. The Council's aims and objectives for Phase II of the scheme are as follows:
 - To demolish the then vacant Bede Centre and to provide 87 new residential properties.
 - To provide high quality shared and private amenity space by enhancing current landscaped areas adjacent to Maydew House and Thaxted Court.
 - To ensure a safe and secure development for existing and new residents.
 - To enhance the character, use and appearance of the site and surrounding area.
8. The additional storeys on Maydew will consist of 24 units for sale on the open market. The council will need to sell approximately 32 of the refurbished existing units in the block to balance the estimated costs. This will be re-evaluated at tender stage. In addition there will be an 87 new properties built on the current Bede site which will be Phase II of the project. This is demonstrated as follows:

Original Tenanted dwellings	139
Original Leasehold dwellings	5
Total number of dwellings	144
New units	24
Total number of dwellings in refurbished Maydew	168

Bede site development new tenanted units	87
Total units in scheme	255
Sale of units to cover the estimated building costs	32
Sale of the new units	24
Number of units the council will retain for social rent*	199

*This includes 25 tenants who have requested the right to return

9. In December 2015 a mini competition process was undertaken through the Peabody framework to select and appoint new architects for the scheme to join Calfordseaden who were acting as Employers Agent, Quantity Surveyors, Mechanical & Electrical Engineers, Structural Engineers and Principal Designers, Calfordseaden were appointed as the Employers Agent through the councils long term agreement. Howarth Tompkins, a suitably qualified and experienced architectural firm, was appointed on the Peabody framework through mini-competition in respect of the design services for the Abbeyfield Estate following the approval of the Gateway 2 on 8 February 2016.
10. Haworth Tompkins architects immediately began to look at the block and discuss the options with the team and stakeholders. Meetings were held with the Bede Centre to establish their needs and ways in which they operate. Several options were provided and agreed. The internal layout of the residential units was also reviewed and although the existing flat layouts could not realistically be altered the lift core was reviewed along with the proposals for the new five additional stories. The architects' brief was also increased to include the provision of an estate wide master plan, this was considered necessary to incorporate other blocks which, although not part of the Maydew scheme, were intrinsic from a planning perspective. Meetings were held with the council's Building Control and Fire Safety Team in respect of the implications of adding the additional stories.
11. The master plan that has been prepared for the estate provides a wider vision for the area including a new entrance to the park. Although works under the current scheme will be restricted to the areas immediately adjacent to the block the master plan will provide a wider picture for future possible works.
12. The scheme has progressed significantly with design complete and planning submitted. Approval is expected in March 2018.
13. Due to the recent economic changes in the last twelve months, most notably the decision to leave the European Union, a gradual slump in the market especially around prime and inner London markets, the decline in the buy to let market and the tragic fire at Grenfell Tower, advice was sought from a prominent property consultancy firm on the mortgageability of the sale units within Maydew.
14. Advice given showed that with current market conditions, mortgages could be difficult. However the housing market is constantly fluctuating and the properties in Maydew will not come on to the housing market for three years, so the position could very well change and there may also be some cash buyers for the properties.
15. Option 1: As agreed at Housing Investment Board (HIB) on 1 February 2018, to proceed with the scheme under the current proposals, as it is very possible that mortgages could be available in three years time and aligned with cash buyers,

all the properties could be expected to sell with minimal issues. In order to reduce the risk to the Council, at tender stage the contractors will be given the option of taking on ownership of the properties to be sold, and then selling them themselves. The value of the works would be discounted and there would be a pricing structure laid out in the contract that if the contractors sell flats for higher amounts the Council would receive a percentage of the higher amount.

16. Other options considered were:

- Option 2: The Maydew refurbishment with roof top homes and the new build on the Bede site can be seen as one package, so if the Council decides to sell the properties itself and is unable to sell them all, it could sell some of the equivalent numbers of properties in the Bede site new development. This would greatly reduce any risk to the Council whilst ensuring the planned refurbishment and development of the whole area, whilst maintaining the same numbers of social housing.
- Option 3 to refurbish Maydew House as it is, without the roof top homes development, and not selling any homes bearing the full costs from the HRA.
- Option 4 to refurbish Maydew House as it is, without the roof top homes development but selling refurbished existing units. Reducing the costs to the HRA.

17. The risk, benefits and issues associated with the options above are as follows

	Issues	Benefits/Risks
Option 1	The council has to forward fund a large amount (£65.5m)	The council carries all the risk for the for sale units (£29.9m) The council can also realise the receipt from the sales
Option 1 (with the contractor taking on ownership of the for sale properties)	It won't be clear until it is market tested what the cost will be to the contractors taking the risk or if there will be interest.	The contractor takes the risk on for the sale units, but this will come at a cost. The forward funding is reduced. The council will only realise a share of the profit if above the expected sales values are achieved.
Option 2	The council has to forward fund a large amount (£65.5m). Need better estimated sales values to assess this model Reduces access to s106/RTB resources going into the scheme.	Risk on sales reduced as no longer on an existing high rise building

	Issues	Benefits/Risks
Option 3	No receipt from sales and the costs of the scheme will never be recouped.	Risk reduced as scheme not expecting sales and some reduction on resources required. An increased number of social homes.
Option 4	No receipt from rooftop development.	The risk reduced as the scheme is not funding or reliant on sales from the rooftop development; however, this also reduces the potential of a receipt / profit from these units.

18. On completion of the building and refurbishment works if the properties can not sell the council could undertake private rented sales on 15 to 20 year leases, consider intermediate rental options or negotiate with other registered providers. Whichever option is taken there will be no net loss to council rented homes.
19. The costs for Maydew HINE, including the Maydew build on top, the refurbishment of the existing flats and the provision of new build housing on the Bede Site are in the business plan.

Summary of the business case/justification for the procurement

20. The cabinet report in March 2012 highlighted the finding of an options appraisal for the enhanced refurbishment to the Abbeyfield Estate comprising of Maydew House, Damory House, Thaxted Court and the Bede centre
21. The option appraisal followed on from previously shelved contracts for asbestos removal which identified the need for residents in Maydew House to be relocated due to the levels of asbestos contained within the block and for the fact that the communal heating and hot water infrastructure needed full replacement. As such Maydew House has required a large amount of investment for a number of years and the building fabric has been in decline whilst the council decided the future of the block.
22. Arrangements (approved on 11 May 2012) are in place to use the reserve contractor, Keepmoat, to deliver the necessary works to Damory and Thaxted Houses in order to mitigate delays for the residents in these 2 blocks.
23. Following meetings with residents, local Tenants and Residents Associations (TRAs) and council officers, extensive major improvements to the fabric of Maydew House and the surrounding areas has been identified – which includes the building of additional floors on top of Maydew and the re-provision of the Bede facility within the curtilage of Maydew House and redevelop the area currently occupied by Bede for new council housing.
24. The works to Maydew House are to be funded by the sale of a proportion of the newly created flats and a number of the refurbished flats plus funds previously approved. The new build on the land freed up by relocating the Bede is to form

part of the 11,000 new council homes the council are committed to deliver and will be funded accordingly.

Market considerations

25. Market testing by contacting prospective contractors who would normally carry out this type of construction will be contacted to ascertain their interest and gauge and assess whether there is an appetite for this type of development via a two stage process.
26. An open day will be arranged on site in order that prospective contractors can see the scale and magnitude of the development with allocated time slots in order to maintain competitiveness within the market place.
27. A Prior Information Notice, (PIN), will be announced and circulated which notifies and sets out the procurement process and informs the market that they should expect a procurement within the next 12 months or earlier depending upon timescales.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

28. The following options have been considered:
29. **Do nothing** – Maydew house has been completely stripped out in preparation for the refurbishment works. The council could loose the number of social rented units as described in paragraph 8.
30. **Provide the works in house** – there is no resource or expertise that existed within the council to undertake this type of work.
31. **Use of the GLA LDP or Hyde framework** – this is not feasible as explained in paragraph 4 & 5.
32. **Undertake an EU procurement route (traditional tendering)** – The Contractor builds to a defined scope of work for a fixed lump sum regardless of cost. In the main, the council remains responsible for the design and the performance of consultants under the building contract. This process is generally considered to have a high propensity for confrontation, is slow in mobilisation and has only a moderate level of construction expertise input to design. Confrontation normally occurs on issues of cost and delays caused by clients or the consultants, as well as contractor culpable delays. Currently Maydew House and the Bede site have been advanced on the understanding of a Design and Build Contract, a traditional contract would need the production of a full set of Bills of Quantities which have not been produced.
33. **Undertake an EU restricted tender** utilising a design and build contract - This design and build transfers maximum risk to the contractor and has a good reputation for controlling the specification output and the councils costs. The design however, will be the most commercial response that a contractor can produce to satisfy the contract conditions. This arrangement enables the contractor's expertise to be applied to the design production programme and has financial incentive to manage the whole process effectively. A well briefed and managed design and build procurement route with adequate mechanisms to

control quality and design parameters is the procurement option that best satisfies and safeguards the councils interests/priorities.

34. **Breaking contract into lots** – this is not feasible for the size of the contract and the development is to be located on one site.
35. **Project to be delivered by regeneration** - Legal advise was sought to see if the project could be delivered under existing council contracts, but there are no contracts applicable.
36. From the above it is recommended that the EU restricted tender process design and build is carried out to procure these works as it transfers maximum risk to the contractor and has a good reputation for controlling the specification output and the councils costs.

Proposed procurement route

37. It is recommended that the procurement undertaken follows the EU restricted procedure. This is a two stage tender and companies interested in tendering will be required to formally express an interest, satisfactorily pass the prequalification stage in order to proceed to the invitation to tender stage.
38. As the market remains volatile with unpredictable interest and returns to tenders, the best solution to this current market status which involves early engagement with the tenderers through the ITT process via a two stage process.
39. The selection process for the contractor shall follow standard procedures and working practices to allow the early involvement of the contractor by means of a transparent, two-stage process, comprising:

Stage 1 (pre-construction)

- fully developing the consultant's design proposals from RIBA stage 4 onwards
- packaging and competitively tendering the works on an open book basis
- submitting contractor's proposals and pricing document, including the proposed contract sum, for decision by the council.
- the council may request the tenderers to come in for clarification meeting meetings and an interview which may form part of the quality evaluation.

Stage 2 (construction) – subject to a separate Gateway 2 approval

- carrying out and completing the works in compliance with the contract documents for:
- enabling works (where necessary)
- main works

40. The process described above would give rise to the following gateway reports:
 - From the Stage 1 process - a gateway 2 report for preconstruction services
 - From the Stage 2 process:
 - a gateway 2 report for enabling works (if required)
 - a gateway 2 report for main works

41. With this two stage approach to procurement, there is an expectation and likelihood that the contractor appointed for pre-construction services would be appointed for the works contract, subject to the formal decision of the contracting authority to proceed

Identified risks for the procurement

42. The table below identifies a number of risks associated with this procurement, the likelihood of occurrence and the control in place to mitigate the risks:

R/N	Risk identification	Likelihood	Risk Control
R1	Challenges to procurement outcome	Low	Ensure robust procurement in line with EU procurement regulations
R2	Tenderer is not financially secure.	Low	Ensure SQ document is drafted to ensure only financially sound companies are shortlisted for tender. Ensure further external financial risk analysis is obtained during the tender analysis period.
R3	Procurement process is delayed.	Low	Effective procurement and project management. Providing realistic timescales.
R4	Insufficient market interest	Low	A wide range of contractors are available through the OJEU process and the council will undertake market testing as well as publish a Prior Information Notice (PIN) whereas the framework limited the number of contractors as explained in paragraphs 4 & 5.
R5	Planning consent not in place	Low	Regular meetings with the planning team are in place to ensure all documents and conditions have been met prior to the proposed planning committee date.
R6	Poor performance or poor quality workmanship of successful contractor when awarded.	Low	Regular meetings to review performance schedule from the outset of the work with successful contractor. As well as reviewing their responses to questions set out in the Supplier Questionnaire (SQ) Establish processes of quality control and works inspections before sign off. The contract will include a 12 month defects liability period for all works undertaken and the new build elements will be subject to an extended warranty such as that provided by the National House Building Council (NHBC)

R/N	Risk identification	Likelihood	Risk Control
			The contractor will be managed by an experienced team led by Calfordseaden whose recent experience includes the Bermondsey Spa Regeneration project for Hyde Housing
R7	Mortgage ability of the new units	Medium	Other options have been considered as explained in paragraphs 14 to 19

43. A Performance Bond is required for this scheme and retention will be held as the works progress.
44. A Parent Company Guarantee will be required if the successful contractor has a parent company.

Key /Non Key decisions

45. This is considered a key decision because it deals with a strategic procurement.

Policy Implications

46. To improve housing standards and build more homes of every kind, including 11,000 new council homes with 1,500 by 2018.
47. To make all council homes warm, dry and safe and start the roll out of our quality kitchen and bathroom guarantee.
48. To revitalise neighborhoods to make them places in which we can all be proud to live and work.
49. To deliver value for money across all our high quality services

Procurement Project Plan (Key Decisions)

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan	13/11/2017
DCRB Review Gateway 1	27/11/2017
CCRB Review Gateway 1	07/12/2017
Brief relevant cabinet member (over £100k)	12/02/2018
Notification of forthcoming decision - Cabinet	19/02/2018
Approval of Gateway 1: Procurement strategy report	13/03/2018
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	21/03/2018
Completion of tender documentation	25/04/2018
Publication of OJEU Notice	26/04/2018
Publication of Opportunity on Contracts Finder	27/04/2018

Activity	Complete by:
Closing date for receipt of expressions of interest	28/05/2018
Completion of short-listing of applicants	10/7/2018
Invitation to Stage 1 tender to 5 tenderers	13/7/2018
Closing date for return of tenders	26/8/2018
Completion of any clarification meetings/presentations/evaluation interviews	04/10/2018
Completion of evaluation of tenders	01/11/2018
Forward Plan (if Strategic Procurement) Gateway 2	1/06/2018
DCRB Review Gateway 2 (PCSA)	18/11/2018
Notification of forthcoming decision – despatch of Cabinet agenda papers	25/11/2018
Approval of Gateway 2: Contract Award Report	3/12/2018
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	12/12/2018
Debrief Notice and Standstill Period (if applicable)	16/12/2018
Stage 2 tender to successful contractor	5/01/2019
Closing date for return of tender	23/02/2019
Stage 2 tender review	23/03/2019
Forward Plan (if Strategic Procurement) Gateway 2	1/12/2018
DCRB Review Gateway 2:	6/04/2019
CCRB Review Gateway 2	16/04/2019
Notification of forthcoming decision – despatch of Cabinet agenda papers	May 2019
Approval of Gateway 2: Contract Award Report	May 2019
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	May 2019
Debrief Notice and Standstill Period (if applicable)	May 2019
Contract award	Jun 2019
Add to Contract Register	Jun 2019
Place award notice in Official Journal of European (OJEU)	Jun 2019
Place award notice on Contracts Finder	Jun 2019
Contract start	July 2019
Initial contract completion date	June 2023
Contract completion date – (if extension(s) exercised)	NA

TUPE/Pensions implications

50. TUPE should not apply to the appointment of a contractor to deliver these works to Abbeyfield Estate and should not apply on the expiry of the contract, as the works will have been completed.

Development of the tender documentation

51. An Employers Agent Calfordseaden LLP has been appointed, who as part of their role, will undertake the responsibility for developing the tender documents in the form of JCT Design and Build 2016. Technical designs requirements and specifications will be developed based on Southwark's Design Standards and Technical specifications. The Head of Investment, Delivery Manager, Project Manager in the Investment Team will work with the Employers Agent to develop the tender documentation. Other Council Officers and legal including procurement will also be involved to ensure smooth running of the procurement and to identify and resolve any key issues that may arise

Advertising the contract

52. A PIN will be issued setting out details of the planned procurement and inviting suppliers to a meeting.
53. The contract will be advertised by way of an official notice that will be published in the official Journal of the European Union (OJEU), contracts finder and Pro-contract (the councils E-procurement portal).

Evaluation

54. The prequalification questionnaires (PAS 91) returned will be evaluated by a panel comprising the council's area project manager, the council's Head of Investment and representatives from Calfordseaden. The selection process will be an evaluation of each contractor's economic and financial standing and their technical knowledge, accreditation, experience and ability and capacity to do the work.
55. Following evaluation of responses to the PAS 91 a short list of the top five highest ranked potential suppliers will be drawn up. As this is a two stage tender the shortlisted suppliers will be selected to participate in the Stage 1 Invitation to Tender (ITT) phase.
56. The council's standard evaluation criterion is based on 70% price and 30% quality and the tenders when received, will be evaluated on this basis. The methodology of the evaluation and the criterion to be evaluated will be agreed with the procurement and legal services sections to ensure the legality and robustness of the tender process.
57. Price evaluation will be undertaken by Calfordseaden's quantity surveyor (QS) and quality will be evaluated by a panel comprising the council's project contract manager, the council's area project manager, a representative from Calfordseaden and the council's Head of Investment manager for major works.
58. At Stage 1 the tenderers are to provide their requirements in relation to Overheads, Profit and Preliminaries on the project and are also required to price a base Elemental Schedule. The document will include quantities for the scheme

and the rates are to be populated by the tenderers. The document will form part of the analysis for stage one and negotiation during the second stage of the tender with the preferred contractor.

59. At stage one of the process the design will be available for Maydew House and Bede site development up to the production of the employers' requirements (ERs).
60. The pricing of the cost plan will account for 70% of the tender score. The build up will be Maydew house 62% and Bede centre redevelopment 38%. Within each, the scores will be allocated; overhead and profits, 19.2%; preliminaries, 40.8% and cost plan(excluding overhead and preliminaries), 40%.
61. Quality is likely to make up 30% of the score. Areas likely to be assessed are:
 - Management of directly employed staff and sub-contractors
 - Design stage, i.e. value engineering and qualitative enhancement to design
 - Delivery stage
 - Post completion
 - Design and management of fire prevention
 - Working on high rise buildings
62. Each quality question will be awarded appropriate marks from zero, unacceptable or no response given to five, excellent response. Each question will be scored and then the criteria weighting applied to give a weighted score for quality.
63. Written submissions may be clarified for veracity and accuracy by clarification meetings and /or presentations.
64. At Stage 2 the contractor will be selected through the Stage 1 tender process and will be engaged under a Pre-Construction Services Agreement (PCSA). The selected contractor will be required to:
 - work with LBS on an open book basis
 - procure any surveys or investigations required to mitigate any risks associate with the existing building, ground conditions, below ground services and other areas of project risk
 - validate and adopt the Stage 3 + design
 - agree the scope of subcontract packages
 - agree a list of at least three sub-contractors for each package
 - prepare subcontractor tender packages clearly setting out scope of each subcontract including preparation of pricing document as required
 - send out tenders to at least three subcontractors and obtain a lump sum price for the works packages
 - review subcontractor tender returns and make recommendation
 - lead on value engineering (VE) exercise where sub-contractor packages exceed budget
 - once all the subcontract packages have been returned confirm lump sum cost for completing the works in accordance with the ERs
65. As detailed in paragraphs 51, a project board will be established and this board will approve all documentation prior to its issue to prospective tenderers and will

ratify all of the evaluations completed by officers or agents of the council on this scheme.

66. The Employers Agent will submit a tender and value for money report with the conclusion reached by the panel.

Community impact statement

67. Southwark is a borough with high levels of deprivation, low income levels and high levels of housing need. Southwark's Housing Strategy 2009-16 identified a shortage of affordable housing in the borough, particularly larger homes. Households from black and ethnic minority communities tend to be those living in overcrowded, poor quality housing.
68. Cabinet agreed in June 2016 a new vision for the future housing strategy including a principle to use every tool at our disposal to increase the supply of all kinds of homes across Southwark.
69. The proposal to increase the supply of affordable, good quality homes will benefit households in need from all Southwark communities, and will increase the Housing options available for older people and people with disabilities.
70. Those households in the vicinity of the new developments may experience inconvenience and disruption whilst works are taking place but such communities will benefit in the long term from the provision of new homes. Particularly as 50% of these homes will be let to existing families from the local area subject to an agreed local lettings policy

Social Value considerations

71. 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.

Economic considerations

72. It is envisaged that expressions of interest will be submitted by interested parties within the EU in response to the published OJEU advertisement. As the contract will also be advertised on the councils website, it is anticipated that this will also attract the interest of more local companies.
73. The design brief for the new homes has been developed in consultation with the 'user client' officers and it was made clear that the Council is seeking developments that are not only attractive and functional in their design but also durable and easy to maintain with low running costs.
74. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. It is expected that payment of the LLW by the successful contractor for this contract will result in quality improvements for the council. These should include a higher calibre of multi-

skilled operatives that will contribute to the delivery of works on site and will provide best value for the council. It is therefore considered appropriate for the payment of LLW to be required. The successful contractor will be expected to meet LLW requirements and contract conditions requiring the payment of LLW will be included in the tender documents. As part of the tender process, bidders will also be required to confirm how productivity will be improved by payment of LLW. Following award, these quality improvements and any cost implications will be monitored as part of the contract review process.

75. The council will be seeking the appointed contractor to participate in local employment initiative. The initiative will generally conform to any Local Government policy that generally will encompass the Contractor, wherever possible, being encouraged to employ local subcontractors and labour and shall involve the training and employment of local people. Such employment and training will be relevant to the needs of the local community. The contract will require the successful contractor to provide apprenticeships.

Social considerations

76. The new housing will provide high quality affordable housing for local people in need of accommodation. 50% of these homes will be made available to existing families in need on an agreed local lettings policy. The remainder will be made available to other households in need of accommodation from the council's housing register.
77. The new rented homes will be let at social rent levels.
78. Those tenants who were required to move to allow for the works will have the right to return to Maydew House.
79. The council conditions will also include an express condition requiring compliance with the blacklist regulations, and include provision to allow the contract to be terminated for breach of these requirements.
80. The council can exclude companies, and their subcontractors, who break the law by blacklisting from public contracts if they are either still blacklisting or have not put into place genuine past blacklisting activities. The council can require "self cleaning" which enables a potential contractor to show that it has or will take measures to put right its earlier wrongdoing and to prevent them from re-occurring and to provide evidence that the measures taken are sufficient to demonstrate it has:
- "Owned Up": clarified the fact and circumstances in a comprehensive manner by actively collaborating with the investigating authorities
 - "Clean Up": taken concrete technical, organisational and personnel measures that are appropriate to prevent further criminal offences or misconduct, and
 - "Paid Up": paid or undertaken to pay compensation in respect of any damages caused.

Environmental/sustainability considerations

81. In line with the Energy and Carbon Reduction Strategy, the Council will work towards the target reduction rate for new council build homes of 15% by 2022.

82. The Council will aspire to achieve Code for Sustainable Homes Level 5, and therefore have to reduce carbon emissions, conserve fuel and energy as set out in Building Regulations (Part L) Value the Environment.
83. Specifications outline that there should be an efficient approach to waste management. At design stage there is direction for designers to exercise reasonable skill and diligence in the selection of materials. At construction stage contractors are required to minimise construction waste and maximise the use of recyclable/ reusable products and materials.
84. Specifications stipulated within the Employers Requirements will ensure that the development activity is controlled in a way that positively contributes to achieving sustainability.
85. At design stage, requirements will be in place to meet sustainability specifications including the following:
 - Energy efficiency
 - Reduce carbon emissions
 - Conserve water and energy
 - Mitigate flooding risk
 - Safeguarding biodiversity.
86. During construction the appointed contractor/developer will be required to adhere to guidelines outlined in the London Construction Guide which include and are not restricted to the following
 - Procuring and using material sustainably
 - Selecting materials with low lifecycle impacts
 - Using local materials
 - Use of materials with high recycling
 - Meet minimum standards set out in Building Regulations.
87. The council's approach to procurement of the design, development and construction processes will ensure a requirement to maintain and improve sustainability to the project
88. The homes will have to achieve the Code for Sustainable Homes Level 5 (CfSH5); measures will have to be taken at all stages of development to achieve this.

Plans for the monitoring and management of the contract

89. The contract will be managed on a day to day basis by a team within Calfordseaden including building surveyors, clerk of works, structural and mechanical engineers, a Fire Safety Surveyors, Valuers and Quantity Surveyors. Finances will be managed by Calfordseaden's QS with an overview by council officers.
90. In addition to the professional staff provided by Calfordseaden, there will be a contract manager, a customer relationship officer and a project manager from the council's Investment team allocated to this scheme, supported by Mechanical and Electrical engineers and Fire Safety Surveyors from the

engineering team within Asset Management. The investment team will monitor both the external and internal professional staff and the successful contractor's performance and arrange regular meetings with the residents' project team at which contractor performance will be discussed.

91. The officer team detailed above will report on a monthly basis to a project board comprising the Director of Asset Management, Head of Investment and the Investment Delivery Manager.
92. This project board will scrutinise performance against; programme, spend forecast, income levels, resident satisfaction and completions as well as ratify decisions made by the site team within the previous period and ensure the project as a whole remains within identified acceptable parameters.
93. Resident involvement in the monitoring of the project will be via the resident project team which has been established and meets regularly and incorporates residents who have expressed an interest in returning to the refurbished block and as well as residents from the neighbouring blocks.

Staffing/procurement implications

94. The staff resources deployed to this procurement is sufficient to meet the proposed timetable.
95. The project will be resourced by existing staff, within existing budgets.
96. Officer time relating to the management of this project is funded from the capital budget for individual projects.
97. Management of this project is funded from the capital budget for individual projects.

Financial implications

98. The anticipated profile of expenditure is set out below:

Previous years	£1m
2017/18	£1m
2018/19	£ 2m
2019/20	£21m
2020/21	£15.5m
2021/22	£10m
2022/23-2024/25	£15m
Total	£ 65.5m

99. The estimated professional fees for Abbeyfield HINE are approximately £4 million and will be confirmed at gateway 2 stage.

100. The estimated costs are made up as follows:

Maydew refurbishment	£30.0m
Additional floors/units for Maydew	£ 6.9m
Re-provision of Bede	£ 2.1m
<u>New Build on Bede site</u>	<u>£22.5m</u>
Total	£61.5m

Investment implications

101. Following approval of the report to cabinet in March 2012, provision has been built into the housing investment programme (HIP) for the proposed expenditure to cover the full scheme costs as identified in this report.
102. The additional flats created by extending Maydew House vertically will be for sale along with approximately 32 of the refurbished flats in the block. The sale receipts (forward funded from other resources) along with previously approved funding from council resources, are expected to fund this scheme.
103. The new build on adjacent land that will be made available by the re-siting of the Bede Centre within the curtilage of Maydew House will be funded from section 106 and right to buy receipts.
104. Depending on the market conditions prior to the time of the proposed sale of homes at Maydew, the council will consider it's options to ensure that it achieves the maximum value from the development

Legal implications

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

Consultation

106. Extensive consultation has been carried out with Local residents councillors and other stakeholder since the first options appraisal in 2011. They have been consulted at each stage of proposals. Ward Councillors are being fully briefed prior to any public consultation and their comments and feedback incorporated in any proposals. Council Officers have met and will continue to meet with T&RA groups following Councillor briefings.
107. More recently the following consultation meeting has been held:
- 21 September 2016 - Friends of Southwark Park Annual General Meeting
 - 22 September 2016 - BEDE Board of Trustees
 - 13 October 2016 - Maydew House Returning Residents
 - 19 October 2016 - Friends of Southwark Park Monthly Meeting
 - 1 March 2017 - Bradley House Residents (Substation)
 - 16 March 2017 - Abbeyfield Estate Residents (Bede Site)
 - 25 May 2017 - BEDE Board of Trustees
 - 21 June 2017 - Friends of Southwark Park Monthly Meeting
 - 22 June 2017 - Bradley House Residents (Substation/Parking)
 - 21 September 2017 - Councillor briefing:

108. A further public consultation meeting will be held once planning approval has been granted.

Other implications or issues

109. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M17/117)

110. The strategic director of finance and governance notes the recommendations in this report for the revised procurement strategy for development partners for the Abbeyfield Estate HINE (Maydew House) works.
111. The estimated costs of the scheme are included in the financial implications, including the profile of anticipated spend. These costs will be confirmed at the GW2 contract award stage.
112. There is an estimated resource shortfall for the Housing Investment programme for 2017-18 and also over the life of the programme. There is also likely to be further demand on the capital programme as a consequence of local or national demands for resources following the tragic Grenfell fire. It is, therefore, important that the cost of these works is carefully monitored and that accurate forecasting is in place.
113. Any variation or extension to the contract beyond the scope of this report will require further approval in line with council's procurement protocols

Head of Procurement

114. This report is seeking approval of the procurement strategy for a two stage construction project for the Abbeyfield Estate HINE (Maydew House) works.
115. The report references the previous decisions taken to refurbish the site (20 March 2012) and procurement routes chosen to deliver these works. The report details the latest procurement options considered and the rationale for undertaking an EU restricted tender, a two-stage process that requires bidders to express an interest and successfully pass a prequalification stage before being invited to tender.
116. The report confirms that this EU restricted (2 stage) procurement process is in line with the regulations and satisfies the council's contract standing orders.
117. The timeline for the project is achievable provided the appropriate resources are available when necessary. The report confirms that the project will be supported by external and internal resources. Paragraphs 54 to 66 details the evaluation methodology and the project governance arrangements for both preconstruction and construction phases that will be in place throughout the project to help ensure the project delivers on target.

Director of Law and Democracy

118. This report seeks the approval of cabinet to the procurement strategy for Abbeyfield Estate HINE (Maydew House) works.
119. This contract is classified as a strategic procurement and therefore Contract Standing Orders (CSO) paragraph 6.4.3 reserves the decision to the cabinet or cabinet committee to authorise the proposed procurement process, after consideration by the corporate contracts review board (CCRB) of the report.
120. CSO 4.4 states that all contracts above the EU threshold values require compliance with the Public Contracts Regulations 2015 following a publicly advertised competitive tendering process, as set out in the CSOs and in line with the procurement guidelines. It is considered that these works fall under the Public Contracts Regulations 2015.
121. Paragraph 36 of this report confirms that a restricted two stage tendering procedure is proposed which will comply with EU regulations and CSO tendering requirements. The works will involve a preconstruction stage and a construction stage which will be subject to separate gateway 2 reports as set out in paragraphs 39-41 of this report.

Director of Exchequer

122. The council has bought back all the sold flats in Maydew, so there are no service charge implications for this contract. Further HINE work to the other blocks on the estate (Thaxted and Damory) will be service chargeable, and will be carried out under a separate scheme so that statutory consultation with the leaseholders can be carried out.
123. Vacant units which are sold with a view to funding the project will need to be sold on similar terms to the current right to buy leases to allow the future management of the block and construction, billing and collection of service charges.
124. There are garages under Maydew House which will be demolished as part of the work to the block. These garages have been unoccupied (and unlettable) for a considerable period of time, with a consequent loss of income. As there is no proposal for re-provision of the garages there will be a loss of amenity to the area.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Gateway 1 - Procurement Strategy Approval Abbeyfield Estate HINE (Maydew House) Works – 13 December 2016	Constitutional Team 160 Tooley Street London SE1 2QH	Paula Thornton 020 7525 4395
Link (copy and paste into your browser): http://modern.gov.southwark.gov.uk/documents/s65508/Report%20Gateway%201%20-%20Procurement%20Strategy%20Approval%20-%20Abbeyfield%20Estate%20HINE%20Maydew%20House.pdf		

Gateway 1 - Procurement Strategy Approval Abbeyfield Estate HINE (Maydew House) works – 22 July 2014	Constitutional Team 160 Tooley Street London SE1 2QH	Paula Thornton 020 7525 4395
Link (copy and paste into your browser): http://modern.gov.southwark.gov.uk/documents/s47539/Report%20Gateway%201%20Abbeyfield%20Estate%20HINE%20Maydew%20House%20Works.pdf		

APPENDICES

No	Title
None.	

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
Lead Officer	David Markham, Director of Asset Management	
Report Author	Cheryl Phillips, Project Manager	
Version	Final	
Dated	1 March 2018	
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	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	No
Corporate Contract Review Board	Yes	No
Cabinet Member	Yes	No
Date final report sent to Constitutional Team		2 March 2018

Item No. 19.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Joseph Lancaster Estate, Deverell Street, SE1 – Grant of Long Lease and Housing Funding Agreement	
Ward(s) or groups affected:		Chaucer Ward	
Cabinet Members:		Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing; and Councillor Mark Williams, Regeneration and New Homes	

FOREWORD - COUNCILLOR STEPHANIE CRYAN, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING AND COUNCILLOR MARK WILLIAMS, CABINET MEMBER FOR REGENERATION AND NEW HOMES

Our commitment to build 11,000 new council homes by 2043 is a bold and ambitious plan and we are delivering on this commitment. We are already seeing the benefits our new council homes are having on local communities and this development proposal by Leathermarket CBS is their second proposed development to build homes at council rents. Their first development, Marklake Court, on the site of the former Kipling Street garages has delivered 27 new homes at council rents.

As a council we are committed to providing good quality social housing across the borough and this report seeks to cement our partnership working with Leathermarket JMB by working on the delivery of a second resident led and genuinely affordable housing development project on the Joseph Lancaster nursery site on the Lawson Estate. This partnership provides a great opportunity for residents to have a greater stake in the delivery of new homes at council rents and to help shape that delivery.

This report asks for cabinet to authorise officers to negotiate agreements with Leathermarket CBS on funding and the lease of the land to enable them to deliver high quality new homes.

RECOMMENDATIONS

That the Cabinet:

1. Notes that officers have carried out a due diligence exercise on the Leathermarket Community Benefit Society in connection with the application for funding of a development of 40 new council funded homes at council rents on the former Joseph Lancaster Nursery Site and that this has informed the officer recommendations to cabinet.
2. Notes the Leathermarket CBS business plan (at Appendix 2) and that this shows a viable position over 30 years based on the council’s financial support.
3. Agrees to authorise the strategic director of housing and modernisation to enter into negotiation on an Agreement for Lease and grant of a long leasehold interest of the Land on the Joseph Lancaster Estate, Deverell Street, London SE1 (“the

Property”), as shown edged blue on the plan attached at Appendix 1, with the Leathermarket Community Benefits Society (CBS) on the same basis as agreed for the first development site: undertaken by the CBS at Kipling Garages. Any variations to be delegated to the Strategic Director of Housing & Modernisation to agree and subject to reaching agreement on the conditional matters set out in recommendation 6 below.

4. Agrees to authorise the strategic director of housing and modernisation and strategic director of finance and governance to enter into negotiation on a funding agreement through either a loan or a Housing Grant Agreement to a maximum sum of £12,163,234, to enable the development of land on the Joseph Lancaster Estate, Deverell Street, London SE1 (“the Property”) by the Leathermarket Community Benefit Society Limited (CBS). Any variations to be delegated to the Strategic Director of Housing & Modernisation to agree.
5. Notes that final agreement will be subject to reaching agreement on a number of conditional matters which need to be fulfilled before the lease can be granted and the Funding Agreement signed by officers. These include:
 - Satisfactory preliminary site investigations.
 - Grant of satisfactory building consents/planning permission secured.
 - Agreement on the mechanism for project delivery finance secured through the council’s Housing Investment Programme.
 - Officers’ agreement on the detailed final cost plans for the Scheme including professional fees and the CBS client fee.
 - Agreement on any outstanding legal issues.
 - The inclusion of clauses on letting the new homes at council rents, the council’s normal policies on London Living Wage and social value through for example apprenticeships and requirements relating to the practice of blacklisting’ as set out in the council’s Fairer Future Procurement Strategy.
 - Agreement to authorise that the land on the Joseph Lancaster Estate, Deverell Street, London SE1 (“the Property”), as shown edged blue on the plan attached at Appendix 1 is appropriated for planning purposes to be held pursuant to the provisions of Section 237 of Town and Country Planning Act 1990 for planning purposes in accordance with the Power of appropriation: Section 122 of the Local Government Act 1972. This appropriation will be subject to receipt of planning permission.
 - Completion of a property due diligence exercise on the site which will include ensuring that there are no other rights or interests in any of the land.
6. Notes that a planning application for the scheme (17/AP/4661) has been submitted by the CBS and will be considered by the planning committee in due course.
7. Instructs officers to develop a policy that sets out the council’s criteria for the agreement of requests of this type for land and funding.

BACKGROUND INFORMATION

8. In 1996 Southwark Council outsourced the management of around 1500 homes in North Bermondsey to the Leathermarket JMB. This decision proved successful, as the Leathermarket JMB has had four successful continuation ballots. The most recent continuation ballot was completed in October 2016, which achieved 94% support on a 76% tenant turnout for the JMB to continue

management of their homes. In 2013 the council made the JMB the country's first self-financing tenant management organisation.

9. The JMB is building on the confidence of the council and its residents to support Southwark to deliver 11,000 new genuinely affordable homes.
10. In response to requests from a number of Leathermarket residents for additional affordable homes to be delivered on the Leathermarket JMB estates (referred to throughout the report as Leathermarket estates), Leathermarket CBS was established as a development vehicle to take forward the delivery of new build housing schemes on the Leathermarket estates. Establishing a separate organisation to drive forward the delivery of new homes on the Leathermarket estates enables the JMB to continue focusing on its core activities of managing and maintaining its existing housing stock. The CBS is the first of its kind to be established in the country and is governed by a board of directors – made up of Leathermarket residents and co-opted directors (providing supplementary skills).
11. The CBS has identified that by working with local residents, designing homes that meet local needs in a way that is sympathetic to the immediate neighbours and in line with council policy allocating a proportion of these to residents on the estate, they can achieve much greater levels of local support than an outside developer would achieve. This enables the CBS to unlock contentious sites and hidden homes.
12. Through a process of analysis of the Leathermarket estate, in conjunction with professional advisors, a number of potential development sites have been identified which include the former Kipling Garages and Joseph Lancaster Nursery site at Deverell Street, London SE1.
13. The Council has already transferred the long leasehold interest of the Kipling Garages site to CBS, and a scheme of 27 homes was designed in partnership with local residents and the Council. These homes, which will be let in line with Council rents, are currently being built and are due for completion in Summer 2018.
14. In July 2016 the cabinet agreed to enter into a Housing Grant Agreement with the Leathermarket CBS for £9,661,815 (Nine million, six hundred and sixty one thousand eight hundred and fifteen pounds). This was funded from a combination of commuted S106 monies (£6,280,182) held by the council and money from the council's Housing Investment Programme (£3,381,633). The proportions were 65% and 35% respectively and approval was given by the Council's Planning Committee.
15. At this time officers agreed to provide ongoing support to Leathermarket CBS to continue to develop their financial modeling and business planning capacities and this arrangement continues with this scheme.
16. The due diligence exercise undertaken on the Kipling Garages proposal identified a number of areas relating to governance for future action by the Leathermarket CBS and following a meeting with CBS board members and officers an action plan was agreed to put in place the necessary actions by December 2016. The CBS confirmed that all actions were completed.
17. DCLG funding of £427,000 was secured by the council to progress the initial feasibility of the Joseph Lancaster Nursery site up to planning submission (RIBA

Stage 3). Further DCLG funding was also secured for the consultation and completion of an Estates Improvement Plan on the Leathermarket estates.

KEY ISSUES FOR CONSIDERATION

Joseph Lancaster site

18. The Joseph Lancaster site is located in the London Borough of Southwark in the Chaucer Ward, on the Lawson Estate, which is managed by the JMB. The Lawson estate is held within the Council's housing revenue account.
19. The proposed development site consists of the former Joseph Lancaster Nursery site, which lies within the post-war Lawson Estate located north of New Kent Road and east of Elephant and Castle. The site is surrounded on three sides by the existing residential buildings of Lawson Estate; Munday House, Beeston House, Nashe House and Middleton House, which consists of high and medium rise buildings constructed in the mid to late 1950's Deverell Street runs along the southwest side of the site.
20. Adjacent to the nursery site is a 14 space car park and 9 'lock up' single domestic garages (which are currently let on license agreements and subject to the completion of the property due diligence exercise may be able to be terminated at any time). These two separate areas are included within the development site to explore the potential relocation of the car park to improve the main communal area.
21. Beyond the development site boundary (demarked by the blue line on the OS site map at Appendix 1) is a wider boundary for the estate improvement works to be undertaken as part of the wider development.
22. The total size of the proposed development site is 4,132.6 m²; this includes the proposed estate improvement works boundary.

Proposed scheme

23. The proposed development comprises 40 homes, consisting of a new staggered multi-storey building of 34 flats, with the highest part being 8 storeys; and six 2-storey mews houses. The proposed buildings form an L-shape, with a proposed communal open space in the centre, incorporating landscaping, a re-provision of car parking and children's play space, and four car parking spaces for disabled residents. The unit breakdown comprises:
 - 6 x 3 bed mews houses
 - 7 x 1 bed flats
 - 24 x 2 bed flats
 - 3 x 3 bed flats
24. The scheme has been designed by Bell Phillips Architects in conjunction with the residents of the Joseph Lancaster estate. The scheme development has been through a rigorous design process with each stage the subject of consultation with the residents of the estate.
25. The proposed scheme does not entail the demolition of existing estate homes but does involve the further densification of the estate. The new scheme will be car free except for four spaces provided for the wheelchair accessible units.

Delivery cost estimates and financing

26. The early feasibility to progress the Joseph Lancaster scheme to the planning application stage totals £427,000. This was covered by DCLG funding (including £60,000 from Southwark's Community Housing Fund).
27. The estimated construction delivery funding required totals £12,163,234. Officers have run the scheme through the council's Appraisal model, which is the model used to appraise our own internal direct delivery programme of new council homes. The Appraisal analysis reports that the cost to value ratio is positive as would be expected given the property values in this part of the borough.
28. The base construction costs are £2,644.50 psm, which demonstrates value for money when compared to other similar new build schemes. This increases to £2,710.40 psm with the inclusion of the external works. When considering these external works are more extensive than would normally be associated with housing schemes of this size, these costs demonstrate value for money. As this is a community led housing scheme on an infill site, surrounded by 1950s council tenanted blocks, it is a priority for the CBS to deliver wider regenerative benefits for the whole community. These improvements will benefit existing residents as well as the new residents, and an improved parking area for existing residents that meets current space and secure by design standards.
29. Design and developers contingencies to the combined sum of £1.5m are included in the costs. At this stage there is still a significant amount of untested risk - as the ground beneath the existing nursery and garages has not been tested, planning permission is not yet secured, and the quantity surveyors cost estimates are yet to be tested through a contractor. This contingency will only be drawn down if Leathermarket CBS demonstrate the requirement for its use and are not part of the funding request to the council. .
30. The council's Appraisal also reviews CBS' on-costs and compares these to the council's costs on similar schemes. The costs reflect the fact that the CBS is a relatively new community led organisation, building its capacity and expertise. Officers will be working with officers of the CBS to ensure it delivers as efficiently and effectively as possible.
31. The council provides this grant to the CBS for the development of the site for high quality, genuinely affordable residential accommodation pursuant to Section 24 of the Local Government Act 1988.
32. The Leathermarket CBS has explored a number of funding options. Through a series of discussions, negotiations and a careful appraisal of the scheme costs it has been considered appropriate that the Council 'gap fund' the remaining finance necessary to complete the proposed development via a Housing Grant Agreement. However, further DCLG/GLA bidding opportunities for community led organisations are imminent, and we will support the CBS to seek funding from these sources if the bidding criteria can be met. Any match funding secured through other sources will reduce the gap funding required.
33. Leathermarket CBS will be able to generate finance to part fund future schemes from the net rental income from the completed schemes at Marklake Court (formally Kipling Garages) and Joseph Lancaster scheme. As detailed in CBS' business plan £900,000 can be borrowed against the rental income from

Marklake Court and £2,250,000 against the Joseph Lancaster income stream. The CBS is able to borrow more against Joseph Lancaster as the projected rent income is higher for the bigger scheme and significant elements of CBS core running costs are covered using the Marklake Court (formally Kipling Garages) rental income stream.

Grant Agreement

34. Should the appropriate mechanism for funding be a grant agreement this will set out the conditions upon which funding is provided from the council to the grant recipient. The agreement specifies the purpose for which grant is to be provided, the reporting arrangements, monitoring and evaluation, liaison and communication between the parties, and the funding provided to the grant recipient.
35. The Grant Agreement is to be supplemental to and co-terminus with the Agreement for Lease.
36. The total sum payable under the Grant Agreement would be a maximum of £12,163,234 (twelve million, one hundred and sixty three thousand, two hundred and thirty four pounds). It is suggested that this will be funded from a combination of commuted S106 monies held by the council (subject to approval from the Council's Planning Committee) and from the council's Right to Buy Receipts. The intention is that the proportions will cover 70% and 30% of the construction delivery costs respectively.
37. The main heads of terms of the Grant Agreement, and measures to ensure the council's exposure to risk is minimized will reflect the Grant Agreement entered into in October 2016 for Marklake Court (former Kipling Garages) which was the Leathermarket CBS, first new homes delivery site and subject to extensive legal advice.
38. As with the earlier agreement the amount of the Grant shall not be increased above the maximum sum in the event of any overspend by the CBS in its delivery of the project and any such overspend will be the recipients' liability. In the event that the amount spent is less than the maximum sum agreed amount this amount will be recovered or withheld by the council.
39. The Grant Agreement will continue from the date at the head of the agreement to the end of 10 years and 6 months following the final Practical Completion ("the Grant Period") unless it is brought to an end in any of the ways described in the Agreement or in the event that the Agreement for Lease or Lease is terminated
40. The Grant Agreement was drafted to ensure that the council's exposure to risk is minimized as much as is possible in particular it ensured that the Grant Recipient shall:
 - i. Use the Grant only for the delivery of the Project;
 - ii. Not change the Project without the written consent of the council;
 - iii. Use the Grant in accordance with the purposes set out in the Grant Agreement;

- iv. Maintain proper paper and electronic records of evidence of spend and evidence of outputs achieved and provide these to the council when requested;
 - v. Permit the council and/or its appointed representative(s) to review the performance and compliance of the Grant Recipient in relation to the Grant Agreement, provided that reasonable notice has been given and at any time during normal working hours;
 - vi. Ensure that value for money and sound procurement practices are applied to all contracts entered into in relation to the Project;
 - vii. Ensure that the tenancies arising from the development of the Property are for affordable housing within the council's understanding of the term.
 - viii. Ensure that the development of the Property follows the London Housing Design Guide.
41. If this option is pursued the council's intention is that the Grant will be paid to the Grant Recipient in full. However, without prejudice to the council's other rights and remedies, the council may at its discretion withhold or suspend payment of the Grant and/or require repayment of all or part of the Grant if:
- i. The Grant Recipient uses the Grant for purposes other than those for which they have been awarded;
 - ii. The delivery of the Project does not start within 12 months of the Commencement Date and the Grant Recipient has failed to provide the council with a reasonable explanation for the delay;
 - iii. The council acting reasonably considers that the Grant Recipient has not made satisfactory progress with the delivery of the Project;
 - iv. The Grant Recipient is, in the reasonable opinion of the council, delivering the Project in a negligent manner;
 - v. The Grant Recipient obtains duplicate funding from a third party for the Project;
 - vi. The Grant Recipient obtains funding from a third party which, in the reasonable opinion of the council, undertakes activities that are likely to bring the reputation of the project or the council into disrepute;
 - vii. The Grant Recipient provides the council with any materially misleading or inaccurate information;
 - viii. Any member of the governing body, employee or volunteer of the Grant Recipient has (a) acted dishonestly or negligently at any time and directly or indirectly to the detriment of the project or (b) taken any actions which, in the reasonable opinion of the council, bring or are likely to bring the council's name or reputation into disrepute;
 - ix. The Grant Recipient ceases to operate for any reason, or it passes a resolution (or any court of competent jurisdiction makes an order) that it be

wound up or dissolved (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);

- x. The Grant Recipient becomes insolvent, or it is declared bankrupt, or it is placed into receivership, administration or liquidation, or a petition has been presented for its winding up, or it enters into any arrangement or composition for the benefit of its creditors, or it is unable to pay its debts as they fall due;
- xi. The Grant Recipient fails to comply with any of the terms and conditions set out in this Agreement and fails to rectify any such failure within 30 days of receiving written notice detailing the failure; or
- xii. In the event of a material breach of the Agreement for Lease by the Grant Recipient leading to the Termination of the Agreement for Lease.

Loans by local authorities

- 42. There are a growing number of local authorities in England and Wales that have provided loans for developments and regeneration projects including for housing developed by Community Land Trusts (CLTs). In some cases this uses borrowing from the Public Works Loan Board to on lend to the CLT.
- 43. Local authorities have investment powers under section 12 of the Local Government Act 2003 which states “a local authority may invest - (a) for any purpose relevant to its functions under any enactment, or (b) for the purposes of the prudent management of its financial affairs”, provided when exercising the power they comply with current secretary of state guidance and stay within their prudential indicators.

Policy on future funding/lease requests

- 44. Kipling Garages and Joseph Lancaster Nursery are the first two housing schemes of this kind that the council has supported. Given the learning from these two proposed developments and the likelihood of future requests coming forward officers will now develop a policy/set of criteria for the council in assessing whether to support these.
- 45. This policy will include the following elements:
 - Eligibility criteria – outlining who can apply and for what purposes.
 - Standard conditions of funding and the obligations/rights of both parties to the agreement including conformance with all relevant council policies.
 - Reporting, monitoring and audit requirements.
 - Governance issues and transparency.
 - Procurement requirements.
 - Arrangements under which funding can be recovered in the case of a default.
 - Arrangements for variations to agreed funding allocations.
 - Tenancy arrangements that the provider is required to operate.
 - Payment arrangements.
 - How funding requests will be prioritised for example schemes that:
 - Deliver best value for money for the council.
 - Are fundamentally viable.
 - Demonstrate strong local community support and engagement.

- Demonstrate strong partnership with the council.
- Deliver well-designed homes and neighbourhoods.
- Deliver a net increase of social housing.

Tenancy and rent levels

46. The properties will be let on assured tenancies at council rent levels. The CBS' intention is that any 'Right to Buy' provisions will be excluded therefore protecting these assets for future generations.
47. The proposed rents are the same as they would be if the council had built the homes at council rents i.e. at council target or the indicative rent cap whichever is lower. Rents will reduce by 1% until 2019/20. Thereafter it is assumed that rents will increase by CPI plus 1% for the next five years and CPI thereafter.
48. The proposed rents (as at March 2018) are as follows:
- 1 bed £125.63 per week
 - 2 bed £136.94 per week
 - 3 bed £155.48 per week
49. The Council and CBS have agreed that 50% local lettings criteria will be applied across three schemes, the Council's Long Lane development, the CBS Marklake Court (formally Kipling Garages) project and the Joseph Lancaster development. The Leathermarket CBS local lettings policy sets out the eligibility criteria for the allocation of the CBS new build homes to existing JMB tenants and the policy for determining priority for an allocation. The CBS has adopted Southwark Council's approach to re-housing tenants as set out in the Housing Allocations Scheme November 2013.

CBS business plan

50. As part of the due diligence undertaken by LBS, the CBS's Business Plan updated February 2018 was scrutinised. The conclusion of this exercise showed a viable position with on-going rental income exceeding costs over the term of the plan, which is based on reasonable assumptions. The CBS Business Plan November 2017 is provided at Appendix 2.

The assumptions in the CBS business plan are

- The new homes at Marklake Court are finished in summer 2018. The new homes at Joseph Lancaster Nursery site are completed in Summer 2020 and that a third scheme will follow (but its costs and income are not yet included in the 30-year plan);
- All properties are being let in line with council rents. The rents assumed are based Southwark Council's current target rents i.e. 1-bed £125.63, 2-bed £136.94 and 3-bed £155.48 (inclusive of service charge) as at March 2018.
- Based on government statements we apply -1% up to 2019/20 and then CPI+1% from 2020/21 to 2024/25 and then we assume CPI for the remainder of the Business plan.
- Tenants will pay their fuel and water charges directly and not as part of their rent;
- Voids & Bad debts – 3%;

- The homes will be managed by the JMB under a service level agreement, which is now agreed. Further work is required on the VAT implications of the CBS buying a management service from the JMB;
- The management and maintenance requirement is £2,450 per unit per annum increasing with CPI. This is based on the JMB's actual spend in 2015/16;
- - Capital works (such as boiler, kitchen and bathroom replacements) required over the 30-year business plan are budgeted at £800 per property per annum increasing by CPI, starting in year 8. In the financial forecast, the CBS have calculated the total cost per property over the 30 years;
- The first call on the client fee will be staffing, legal and administrative costs;
- The CBS aims to build up reserves to £250,000 (increasing annually by CPI) for future emergencies, any further surpluses will be recycled into future schemes;
- The maximum borrowing capacity is calculated based on an affordability basis – i.e. what repayments can be made from the net rents. For the purposes of these calculations the CBS have assumed an annual management overhead cost of £100k (if no further projects came forward);
- Amortising Debt - Interest rate of 4% has been assumed (this has not yet been ratified with lenders and is considered to be a cautious estimate), and is modelled with repayment over 25 years. It is assumed that borrowing will be capped by either income cover ratio of 1.25 or 70% LTV.
- The Marklake Court (formally Kipling Garages) construction cost is from the fixed price tender from Buxton Building Contractors, fixed professional fees and contingencies; and
- Joseph Lancaster construction cost is based on the Stage 3 Cost Plan prepared by Measur (quantity surveyors), with external works forecast at £250,000.

Joseph Lancaster lease terms

51. The terms of the agreement for lease and grant of a long leasehold interest in the Joseph Lancaster site "the property" to the CBS will be on the terms outlined below;
 - Lessee: Leathermarket CBS
 - The Term: 125 years
 - The Reserved Rent: One pound peppercorn
 - Permitted Use: Residential Social Rent

52. These are the same terms by which the long leasehold interest in Kipling Garages was granted to CBS, as authorised by Cabinet at its meeting on 16 September 2014.

53. The parties will enter into an Agreement For Lease following which a lease will be completed once certain conditional matters have been fulfilled. The conditional matters are:
 - Satisfactory preliminary site investigations.
 - Grant of satisfactory building consents/planning permission secured.
 - Agreement on the mechanism for project delivery finance secured through the council's Housing Investment Programme.

- Officers' agreement on the detailed final cost plans for the Scheme including professional fees and the CBS client fee.
- Agreement on any outstanding legal issues.
- The inclusion of clauses on letting the new homes at council rents, the council's normal policies on London Living Wage and social value through for example apprenticeships and requirements relating to the practice of blacklisting' as set out in the council's Fairer Future Procurement Strategy.
- Agreement to authorise that the land on the Joseph Lancaster Estate, Deverell Street, London SE1 ("the Property"), as shown edged blue on the plan attached at Appendix 1 is appropriated for planning purposes to be held pursuant to the provisions of Section 237 of Town and Country Planning Act 1990 for planning purposes in accordance with the Power of appropriation: Section 122 of the Local Government Act 1972. This appropriation will be subject to receipt of planning permission.
- Completion of a property due diligence exercise on the site which will include ensuring that there are no other rights or interests in any of the land.

54. The grant of this long lease is subject to a declaration of surplus being obtained from the director of regeneration.

55. The 125-year lease will contain an obligation on the tenant to implement the planning permission and to complete the development within 5 years from the date of the lease.

Land appropriation

56. It is currently proposed that the Land on the Joseph Lancaster estate, Deverell Street, London SE1 ("the Property"), as shown edged blue on the plan attached at Appendix 1 is appropriated from housing purposed for planning purposes and to be held pursuant to the provisions of Section 237 of Town and Country Planning Act 1990 for planning purposes in accordance with the Power of appropriation: Section 122 of the Local Government Act 1972. This is subject to the granting of planning permission for the scheme.

Indicative delivery programme

57. The indicative delivery programme for the Joseph Lancaster scheme is set out in the below table.

Deliverables	Delivery dates
Feasibility/Design Development with local residents and pre-application process	Completed
Planning application submission	Completed
PQQ process	Completed
Prepare, issue & evaluation of tender documents for stage 1	March/April 2018
Planning consent granted	March 2018
Enter into Agreement for Lease	June 2018
Enter into Funding Agreement	June 2018
Selection of preferred contractor – enter into Pre-construction Services	January – May 2018

Agreement	
Enter into main construction contract	November 2018
Start on site	December 2018
Completion	July 2020

Kipling development progress

58. The 27 homes currently being built by the CBS on the former Kipling Garages site are progressing well. The scheme, now known as Marklake Court, is on programme to complete in summer 2018 within budget

Master planning across JMB estates

59. The CBS business plan includes reference to a further five-year programme of 116 new homes. This funding request and lease arrangement is only for the Joseph Lancaster proposal and the council is not currently being asked to support the other potential developments outlined in the plan.
60. The Council and CBS successfully bid for a total of £18,000 of DCLG funding in order to complete an Estate Improvement Plan across the JMB estates. This is enabling comprehensive consultation to be undertaken to establish opportunities across the JMB estates for the delivery of additional affordable housing and identify priorities for improving the estate – including existing homes and communal areas.
61. A report will be brought back to Cabinet to report on the key findings of the Estate Improvement Plan.

CBS capacity building – governance, finance and procurement

62. In 2016 Council reviewed CBS's governance, finance and procurement arrangements, as part of the due diligence undertaken before agreeing Council funding towards the delivery of Marklake Court housing scheme (former Kipling Garages). As a result of this exercise officers identified a number of areas for action by the Leathermarket CBS and following a meeting with CBS board members and officers an action plan was agreed to put in place the necessary actions.
63. All of the key actions are complete and the council are satisfied that the implementation of these actions has led to a clear separation between the Leathermarket JMB and Leathermarket CBS, robust governance, and increased capacity and expertise within the CBS client team.
64. The CBS client team now consists of a CBS Programme Director, with substantial experience and expertise with delivery affordable homes within the local authority and RSL sectors; and two community and communication officers who have substantial experience of working with communities.
65. The CBS secured through the council £50,000 of DCLG funding to support capacity building within the CBS. This contributes to covering the costs of strengthening the client team and provides funding to support the development of the Leathermarket CBS Board.

Consultation

66. Given the scale and significance of the proposals, the Leathermarket CBS made substantial efforts to engage the community around the site in the formulation of the scheme and also engaged with a number of other stakeholders throughout the preparation of the planning application including local residents, councillors and council officers.
67. This exercise resulted in a number of amendments to the proposal that are outlined in the statement of community involvement and design and access statement submitted with the planning application.
68. A summary of community consultation events carried out by the CBS is as follows:

Month	Activity
January 2017	Resident Consultation Workshop 1
February 2017	Resident Consultation Workshop 2
June 2017	Resident Consultation Workshop 3
July 2017	Pre-application discussion
August 2017	Resident Consultation Workshop 4
September 2017	Pre-application meeting
September 2017	Resident Consultation Workshop 5
September 2017	Follow up pre-application meeting
October 2017	Meeting with Southwark Council
November 2017	Final pre-application meeting
November 2017	Resident Consultation Workshop 6
December 2017	Submission of planning application

Policy implications

69. The development of this site will provide much needed genuinely affordable housing built to the highest of standards in terms of both design and energy efficiency.
70. The proposed scheme will be built in accordance with the London Plan, the London Housing Design Guide, and Planning regulations. The homes will also be built in accordance with Lifetime Homes and will reduce carbon emissions and conserve fuel and energy as set out in building regulations (Part L) Value the Environment.

Community impact statement

71. An equality analysis has been conducted on this proposal and this is attached at Appendix 3. The analysis is currently positive and suggests that the development of this site, on what currently contains a derelict nursery building will have wider benefits for the local community.
72. The new homes created as part of this resident led scheme will enable some households to move from over crowded conditions whilst others will be downsizing allowing the release of a range of different sized units to be relet for others in housing need. Once the residents have been identified CBS will carry out a further equalities impact assessment to assess the implications of the proposed scheme.

73. The development of this site will have wider regenerative benefits for the local community.
74. Wheelchair homes will be provided in line with planning policy.
75. No residents will be displaced as result of this scheme.
76. The Council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. It is expected that the Leathermarket CBS and its contractors and subcontractors pay LLW and that this will result in quality improvements for the Council and provide best value for the Council. It is considered appropriate for the payment of LLW to be required as part of the grant agreement. Anticipated benefits include a more incentivised workforce and improved staff retention. Following award, these quality improvements and any cost implications will be monitored.
77. Under the Public Sector Equality Duty General Duty public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.
78. The protected groups covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.
79. The council's "Approach to Equality", which was agreed by cabinet in December 2011, outlines the council's legal duties under the PSED General Duty and its obligations under the Human Rights Act 1998. It also sets out the council's commitment to embedding equality and human rights within the day-to-day responsibilities of all members, officers and contractors, as a part of day to day business.
80. It is essential that when decisions are made they take into account the public sector equality duty's general duty (PSED General Duty) as set out in section 149 of the Equality Act 2010. Officers will undertake further equality analysis as the service works through implementation of the changes.

Resource implications

81. The grant of the lease will be at a nominal consideration. There will be no capital receipts. Officer time and costs needed to complete the grant of this lease will be met from existing service and budget provision.
82. The total sum payable under the Funding Agreement will be a maximum of £12,163,037 (twelve million, one hundred and sixty three thousand and thirty seven pounds). If a Grant Agreement is the mechanism identified then it is suggested that this will be funded from a combination of commuted S106 monies held by the council (subject to approval from the Council's Planning Committee) and from the council's Right to Buy Receipts. The intention is that the proportions will cover 70% and 30% of the construction delivery costs respectively.

83. The council has approximately 8,000 single garages and parking spaces and so the impact of changing usage of 9 garages is immaterial to the council's asset register.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

84. Cabinet is being asked in this report to note the due diligence exercise conducted by officers in relation to the proposed development for 40 homes at the former Joseph Lancaster Nursery and also that the Leathermarket CBS business plan shows a viable position over 30 years assuming financial support from the Council. The report also authorises the Strategic Director of Housing and Modernisation to finalise terms for a lease taking into account the conditions set out in paragraph 6 of the report. The report also authorises entering into a loan or housing grant agreement up to a maximum amount of £12,163,234.00 on the same basis as the previous agreement entered into for the Kipling Garages site but taking into account the requirements as set out in the "Grant Agreement" section of this report and allowing for any further variations from the Kipling Garages template to be approved by the Strategic Director.
85. Cabinet members are responsible in accordance with paragraph 12, Part 3 of the Council's Constitution for the strategic management of the council's resources and is able to authorise the use from the Housing Revenue Account subject to the requirements as set out in paragraph 13 of the Constitution.
86. The use of any section 106 monies needs to be authorised by the council's planning committee and their decision will be taken having taken into account the precise terms of the individual agreements which have been identified as being appropriate and also the tests which are set out in Regulations 122 (2) a – c, the Community Infrastructure Levy Regulations 2010.
87. The power to provide this housing grant is contained within section 24, Local Government Act 1988. This allows the council to provide financial assistance to any person for the purposes of, or in connection with (among other things) the acquisition, construction, maintenance and management of any property which is intended to be privately let as housing accommodation. This therefore extends to a lease, tenancy, or statutory tenancy where the immediate landlord is someone other than a local authority. However, by section 25, Local Government Act, the consent of the Secretary of State would be required for the provision of this financial assistance.
88. In accordance with the General Consent C (2010) issued by the Secretary of State, the consent from the Secretary of state is conferred for the provision of financial assistance in the circumstances outlined in the preceding paragraph.
89. The report confirms the housing provided under the terms of the agreement will be provided by the CBS. The units will be allocated by the CBS under the terms of their lettings policy as explained at paragraph 49 of the report which may be varied by the CBS in the future as they consider appropriate. Tenants of the new housing will be CBS tenants and therefore hold assured tenancies as explained in paragraph 47 of the report. There are material differences between council tenancies and standard assured tenancies.

90. The report confirms that the grant agreement is supplemental to and co-terminus with the agreement for lease. It is not proposed to make provision for Council nomination rights in the agreement. This is a departure from the council's usual practice to enter into an agreement with the recipient of council grant funding and/or land to make available properties for nomination by the council ('nomination agreement'). Cabinet members must be satisfied that there is justification for this departure from usual practice.
91. Cabinet members, when making a decision on the recommendations in this report are also required to have due regard to the public sector equality duty (PSED) in section 149 of the Equality Act 2010.
92. This duty, which is non delegable and continuing, requires the council to consider all individuals when carrying out its functions. Specifically, to have due regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity and foster good relations between people with protected characteristics and those who do not. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The PSED also applies to marriage and civil partnership, but only in relation to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct.
93. An equality impact assessment has been undertaken and this is annexed to this report. The results of the Assessment are summarised but the impacts appear slight. Cabinet members should carefully consider the equality analysis which is provided with this report.

Strategic Director of Finance and Governance (H&M17/118)

94. The Strategic Director of Finance and Governance notes the proposals to transfer land at nil value and the provision of financial assistance either by way of loan or grant funding to a maximum value of £12,163,234 to the Leathermarket Community Benefit Society Limited (CBS) for the development of 40 affordable homes on the site of the former Joseph Lancaster nursery at Deverell Street SE1.
95. Resourcing for the scheme will come from the council's Housing Investment Programme (HIP), funded either directly via commuted S106 monies and Right to Buy receipts, or through long-term loan funding to the CBS, which counts against the Council's HRA borrowing headroom. These options will be considered as part of the final scheme appraisal.
96. Cabinet will be aware that the HIP is not currently fully resourced over the life of the programme and there is an expectation that external borrowing will be required in the short-term, and potentially as soon as the current year, given the ambitious new build programme and as yet undetermined fire safety commitments arising from the Grenfell tragedy. It is imperative that the programme is actively managed and conflicting commitments prioritised within the prevailing resource constraints that currently exist.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Cabinet Report 16 September 2014 - Kipling Garages, Weston Street, Bermondsey, SE1 – Grant of Long Lease	Housing and Modernisation 160 Tooley Street London SE1 2QH	Stephen Douglass 020 7255 0886
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=4825		
Cabinet Report 19 July 2016 Kipling Garages, Weston Street, Bermondsey, SE1 – Housing Grant Agreement	Housing and Modernisation 160 Tooley Street London SE1 2QH	Stephen Douglass 020 7255 0886
Link: http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=5887		

APPENDICES

No.	Title
Appendix 1	OS plans, indicating the site boundary line – edged blue – circulated separately
Appendix 2	Leathermarket CBS Business Plan 2017-2022 – circulated separately
Appendix 3	Equality Analysis – circulated separately

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing; and Councillor Mark Williams, Regeneration and New Homes	
Lead Officer	Michael Scorer, Strategic Director of Housing and Modernisation	
Report Author	Stephen Douglass, Director of Communities	
Version	Final	
Dated	2 March 2018	
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		2 March 2018

Item No. 20.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Gateway 0 - facilities management contract for the council's operational estate	
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

With our two large facilities management contracts expiring in 2020 we have an opportunity now to consider how we will deliver these services in the future. With the collapse of Carillion and profit warnings from other large firms in the outsourcing sector, we have particularly considered the risks associated with large single provider outsourced contracts, and in accordance with the Fairer Future Procurement Strategy, considered the opportunity and our capacity to bring services in house.

At this stage we are recommending that we bring a number of FM services back in house, such as pest control, reception services, fixed security and cleaning in our main offices. The remaining FM services will be divided into two contracts, one for soft FM services (such as one off security and cleaning of outlying offices and facilities) and one for hard FM services (such as repairs and maintenance). There may well be opportunities to insource more services when these contracts expire.

We will also be using the tender process to encourage the contractors to employ local people and use local SME businesses as sub-contractors. As ever we will require them to pay the London Living Wage and offer apprenticeships. This will be set out in more detail at the Gateway 1 stage.

RECOMMENDATION

1. That Cabinet approves the recommended strategic delivery option to divide the corporate facilities management services into three areas; in-house services, and soft and hard services (which will be subject to a tender process). For further details see paragraphs 37-39.

BACKGROUND INFORMATION

2. The vision statement for the Corporate Facilities Management (CFM) team is, 'CFM aim to provide a reliable, consistent and proactive FM service to ensure our employees and the public have clean, safe and welcoming operational buildings provided by the council. We strive to provide our customers with services that are value for money'.
3. The service provides hard FM (planned preventative maintenance, reactive maintenance and statutory compliance such as fire and water risk assessments) and soft FM (help desk, cleaning, pest control, security services (fixed and ad-

hoc), confidential waste, vending service and inter-site mail) to core operational non-residential buildings within the borough.

4. There are currently two suppliers providing FM services to Southwark Council, Interserve (Facilities Management) Limited (Interserve) and Kier Facilities Services Ltd (Kier).
5. Following a competitive procurement process and subsequent approval of the Gateway 2 on 23 October 2012, Interserve was appointed to provide a Total Facilities Management (TFM) solution (hard and soft FM services) on behalf of Tooley Street, Queens Road and other principal buildings within the estate. The contract was awarded for a period of five years, with an option to extend for a further two years and has a current total estimated value of £45,900,000. The soft FM services were split into 'bundles' which provided the council with the opportunity to retain some of the services in-house (post room, reception and event management services).
6. Interserve's contract went live in February 2013 and following approval of a Gateway 3 on 19 September 2017, was extended and is due to expire in January 2020. Throughout the contract's duration Interserve's services have been extended (within the parameters of the contract) to include up to 54 core operational buildings within the borough, making a total spend of £6,500,000 for the 2016-17 financial year.
7. Following approval of the Gateway 2 on 12 February 2016, Kier was appointed to provide consolidated repairs and maintenance services for the council's operational estate. This contract followed a separate competitive procurement process to rationalise the council's supplier base from 30 suppliers for hard FM services to a single supplier. This increased efficiencies and economies of scale across the estate and formalised the contractual agreements for required services. Kier's contract went live in June 2016, was awarded for a period of four years and is due to expire in June 2020. There is an option to extend the contract for a further two years and has current total estimated value of £7,400,000; however, the council is intending to allow both contracts to co-terminate in 2020.
8. Kier's contract provides technical services support (hard FM) to 53 core operational buildings, along with a compliance risk assessment service to a further 94 buildings. In addition, Kier operate the single 24/7 helpdesk where all job requests are raised and managed from their office based in Basingstoke.
9. The remaining 339 non residential buildings (schools and tenants halls etc.) and 840 commercial buildings, which do not require a fully managed service, can access the Kier agreement on a call-off basis as and when they require services offered as part of the contract.
10. The council's contracts with Interserve and Kier have multiple maintenance strategies and key performance indicators (KPI's). The CFM team have undertaken a review of the current service and are developing a new and refined operating model that will deliver streamlined and efficient FM support to the operational estate in line with the procurement strategy post 2020.

KEY ISSUES FOR CONSIDERATION

Future service requirements and outcomes

11. CFM's future requirements will remain largely the same as they are currently provided where the buildings continue to operate in the same capacity. This means that future contracts for FM services are likely to have an increased annual value due to changes in suppliers operating models.
12. The key objectives for future contracts will be to further centralise the services provided to the core operational buildings, whilst also providing a comprehensive compliance risk assessment programme to the remaining non-residential buildings. The reasons and benefits for this are as follows:
 - a) **Simplified operating model**
Streamlining and improving the operating model, will negate the need to duplicate effort by the CFM contracts team and will provide end users within the council with clarity of service.
 - b) **Ownership and responsibility of compliance is clear**
A centralised service will enable CFM to manage the risk assessment programme for all core and non-core operational buildings effectively.
 - c) **Commercial viability for the market**
The contracts have to be of a sufficient size to be attractive to the market. This will increase economies of scale, avoid duplication of services (by having one help desk as the point of contact) and simplify the delivery model. The anticipated cost of planned and reactive maintenance and the corporate compliance programme is expected to increase the annual value on previous years due to changes in the market place. In addition there will also be an anticipated spend of £5,000,000 per year through a capital investment programme.
 - d) **Value for money through economies of scale**
Combining services should enable a reduction of spend per service through a competitive tender, and the resultant reduced management requirements and centralised budgets will allow CFM review its operating model. More information on the scope of cross division departmental working will be provided in the Gateway 1.
 - e) **In-house services**
Further review will enable the council to identify any services which would benefit from being brought back in-house. This would require closer partnership working between CFM, Southwark Building Services (SBS), property and asset management teams to share best practice and utilise mutually beneficial agreements/contracts where possible.
 - f) **Enables digitisation of contact centre**
Through the provision of improved web enabled technology, the CFM team could benefit from a high-tech digital online reporting system (similar to Hornbill for IT).
 - g) **Improved customer experience**

The service would be simplified for the customer, with very clear service level agreements and CFM having end to end responsibility for core operational buildings, supported by a single contact centre.

Strategic service delivery options and assessment

13. Due to the value of the new FM contract being over the EU Services threshold of £181,302 it is subject to the EU procurement regulations and therefore an OJEU compliant procurement procedure is required to be followed. The council could therefore undertake a competitive procurement process via either an OJEU restricted procurement or through a competitively tendered framework to appoint suppliers to provide the Facilities Management support service to the council's core operational buildings.
14. Detailed below are the main options available to the council when looking to provide CFM services.
15. **Option 1 – Create a FM SIAM (Service Integration and Management) Model**
Create multiple FM contracts split by lots for hard FM services (e.g. reactive maintenance, planned preventative maintenance and compliance), with a bundled soft FM contract supported by an in-house CFM management layer. This would be similar to a SIAM model adopted by the IT sector (see Appendix 1 for diagram).
16. Advantages
 - a) This may create opportunities for local Small Medium Enterprise's (SME's) due to the market share being widened
 - b) Would allow more specialist providers to apply to individual services which could improve overall quality of service
 - c) It would reduce the risk to the council of these services not being delivered in the event of a single supplier not performing.
17. Disadvantages
 - a) This moves away from the CFM strategy to provide a lean, streamlined service. It would create multiple contracts for CFM to manage, which would require additional resources to be employed to manage this model
 - b) Model goes against the strategy CFM have been pursuing over the last five years of consolidating contracts and suppliers to gain better value for the council in a low-margin industry where economies of scale are key
 - c) This model is likely to significantly increase FM cost, due to increased management overhead, current pricing and indexation
 - d) This would cause confusion to end users due to moving from two suppliers to multiple suppliers.
18. **Option 2 – Total Facilities Management Contract**
Procure a single supplier to deliver a five year total facilities management contract, covering both hard (reactive, planned preventative maintenance, capital investment projects and compliance) and soft FM (help-desk, cleaning, security (fixed and ad-hoc), inter site mail, pest control, etc.)
19. Advantages
 - a) Provides a more robust and streamlined service to council employees
 - b) Eliminates duplication and promotes economies of scale within the contract

- c) Supports the work CFM have done over the last five years and strengthens the CFM target operating model by facilitating targeted investment and statutory compliance
- d) Will improve the quality of the service provision and allow CFM to improve its internal operational model, therefore providing a value for money service to the council, allowing greater efficiencies
- e) This option is likely to be more attractive to suppliers due to the combined value of the contract.

20. Disadvantages

- a) Savings may not be delivered early in the contract as the suppliers are likely to front load costs
- b) Only having one supplier could impact on the service delivery if the supplier failed to perform
- c) A mutually beneficial relationship and robust KPIs are required to be established to enable innovation and cost reductions, failure to achieve this could have an adverse effect on the contract
- d) The confidence in the ability of a single FM supplier successfully delivering a Total Facilities Management solution has been significantly reduced, following some of the larger FM providers being unable to fulfil their contractual commitments.

21. **Option 3 – In-source all FM Services (excluding ad-hoc security)**

Bring all FM services in house, and run a separate procurement for security services (ad-hoc) (due to the uncertain nature of the requirements).

22. Following careful analysis and consideration, the following services were identified as viable for in-sourcing these are covered in more detail in option 4:

- | | |
|-----------------------------|--|
| • Building Management | Queens Road |
| • Mail porters | Queens Road |
| • Reception | Queens Road |
| • Cleaning services | Tooley Street and Queens Road |
| • Security services (fixed) | Tooley Street, Queens Road and the Wider |
| | Council Estate |
| • Pest control | All sites |
| • Help desk | To be based at Tooley Street |

23. Advantages

- a) There would be a direct relationship with the team providing the services and therefore greater influence on performance
- b) There would be improved communication and a standardised approach to delivering the contract
- c) Following the successful delivery of in house services within Tooley Street, there is an opportunity to align Queens Road with the same in-house model earlier than 2020.

24. Disadvantages

- a) Low margin commodity service that is not the council's core business. A lot of effort would be required to deliver services to the required standard, and could result in very little return. The cost to deliver could potentially be higher than an outsourced model

- b) The additional risk assessment programme is considered too onerous for the asset management team and with the increase in volume would require additional resource and specialist training
 - c) Although SBS specialise in reactive repairs to a large number of residential properties, these are fundamentally different to the repairs and maintenance regime that is required across the non-housing and commercial estate
 - d) CFM would be required to recruit additional staff to ensure that this model could be delivered successfully. However, the skillset required would be difficult to source and retain in-house
 - e) The internal (and other associated) costs of bringing staff in-house would be significant for a contract of this size. Some of the services (e.g. compliance) would require the council to increase their insurance contribution
 - f) There would be a large increase in full time equivalent (FTE) with 233 Interserve employees and 11 Kier employees likely to be subject to a TUPE transfer to the council.
25. Due to the logistics (and size) of the estate, the cost and associated risks with bringing both the hard and remaining soft services in house is too high to consider at this stage, although there are synergies with the current soft FM Interserve model (reception, building management, mail porters, (fixed) security services) which are further explored in option 4.
26. There are many specialist requirements (such as planned maintenance and statutory compliance) that are required to be undertaken periodically and therefore would not warrant bringing in-house.
27. **Option 4 – Bundled FM Services (Preferred option)**
This option ultimately divides the CFM services into the following three areas (see Appendix 2):
- a) **In-house services:**
 - **Tooley Street and Queens Road** – all soft FM services to be retained or brought in-house (post room, reception, event management, cleaning, (fixed) security services, help-desk, building management, mail porters, and inter-site mail)
 - **Wider council estate** – additional soft FM services to be brought in-house for all other council buildings (pest control and (fixed) security services).
28. The remaining services would be subject to a tender process for a new and revised facilities management contracts offered in two lots:
- b) **Soft Services** – to be procured as ‘Lot 1’ and to bundle the soft services to outlying sites within the estate (cleaning, (ad-hoc) security services, vending services, confidential waste and inter-site mail)
 - c) **Hard Services** – to be procured as ‘Lot 2’ and will consist of mechanical, engineering and plumbing (MEP), building fabric, lifts and equipment falling within the lifting operations lifting equipment regulations 1998 (LOLER) and statutory compliance (fire safety, water hygiene and asbestos etc.).
29. Lot 2 (Hard FM) would be a managed contract solution, and the successful supplier will be encouraged to use local SME’s and suppliers for third party support.

30. Advantages
- a) Bundling soft services under one supplier will provide clarity for both the CFM contracts team and council employees that use these services
 - b) Bringing cleaning and (fixed) security services in house provides greater flexibility at key sites
 - c) Employing a supplier to provide a managed contracts solution for hard services will provide the CFM contracts team and council employees with clarity of service
 - d) Consolidates the work CFM have done over the last five years and strengthens the CFM target operating model by facilitating targeted investment and robust statutory compliance monitoring
 - e) Outsourcing the service will reduce risk as the service delivery responsibility is transferred to the supplier
 - f) There will be greater ability to incentivise suppliers through detailed estate management information.
31. Disadvantages
- a) Reducing contract scope likely to impact on the financial economies available
 - b) Two main suppliers with multiple support suppliers may lead to end user confusion
 - c) There could be loss of control, influence and inflexibility over the FM service delivery
 - d) It may reduce the ability to develop a true partnering approach across the FM services.
32. **Option 5 – Shared Service Delivery**
Work collaboratively with neighbouring councils to enter into a shared service arrangement to procure a TFM contract.
33. Advantages
- a) Promote shared best practice, standardising processes and procedures
 - b) Drive economies of scale due to the value of the contract
34. Disadvantages
- a) This is not considered viable due to the market not being mature enough to successfully deliver a combined TFM contract. Recent experience shows London councils shared service arrangement being overly complex and challenging for all parties
 - b) The services incorporated within a TFM contract are not the typical transactional / back office services that are often included within a shared service contract and therefore would not be a suitable model for the council to adopt
 - c) Currently, there isn't a suitable shared service contract for the council to join
 - d) Undertaking a collaborative procurement with neighbouring councils would increase the timelines significantly and would therefore require the current contracts to be extended.

Market considerations

35. The market has moved away from the 'one size fits all' TFM model over the past year due to suppliers incorrectly bidding for work (submitting really low bids) to guarantee winning business, which has had an adverse effect on service delivery, resulting in suppliers withdrawing their services and in one case, going into liquidation. Many public sector bodies are moving to hybrid or bundled

services (as per option 4) to reduce the risk of this happening and to ensure continued service delivery within their perspective organisation.

36. There are a number of frameworks available for the council to use, one of which is CCS framework for FM. CCS have learnt from recently events within the market place and adapted their new framework (available from September 2018) to include up to 50 suppliers, which is divided between large FM suppliers and SME's. The use of this framework will be explored further in the Gateway 1 report.

Policy Implications

37. The theme of "Valuing the environment" and "Value for money" will be increasingly supported through the provision of the new FM service delivery platform and effective strategic management of FM. Supported policies include "Southwark Cleaner Safer" and the "Sustainable Community Strategy".

Recommended strategic delivery option

38. Based upon the information and details outlined above, the recommended option is option 4, to divide the CFM services into the following three areas (see Appendix 2);
- a) **In-house services:**
- **Tooley Street and Queens Road** – all soft FM services to be retained or brought in-house (post room, reception, event management, cleaning, (fixed) security services, help-desk, building management, mail porters, and inter-site mail)
 - **Wider council estate** – additional soft FM services to be brought in-house for all other council buildings (pest control and (fixed) security services).
39. The remaining services would be subject to a tender process for a new and revised facilities management contracts offered in two lots:
- b) **Soft Services** – to be procured as 'Lot 1' and to bundle the soft services to outlying sites within the estate (cleaning, (ad-hoc) security services, vending services, confidential waste and inter-site mail)
- c) **Hard Services** – to be procured as 'Lot 2' and will consist of mechanical, engineering and plumbing (MEP), building fabric, lifts and equipment falling within the lifting operations lifting equipment regulations 1998 (LOLER) and statutory compliance (fire safety, water hygiene and asbestos etc.).
40. Lot 2 (Hard FM) would be a managed contract solution, and the successful supplier will be encouraged to use local SME's and suppliers for third party support.
41. This option is recommended as it incorporates the council's vision to bring services in-house where possible and cost efficient, along with dividing the services between two suppliers which reduces the risk of interrupted service delivery.

Identified risks for the service and recommended strategic option

42. Risks and included assumptions made in the strategic options assessment

No	Risk	Risk Rating	Description and Mitigation
1	<p>Delays to procurement programme Procurement programme is delayed resulting in a period where the council will be out of contract which may have an impact on service delivery as the supplier may stop providing their services.</p>	Low	<p>The programme will be planned to ensure that appropriate resources are deployed to meet target dates to obtain timely decisions so that the tender is not delayed.</p> <p>Robust tender documents will be developed to reduce the likelihood of subsequent revisions and clarifications that cause delays.</p> <p>The evaluation of tenders will be appropriately resourced and executed, and completed on time.</p>
2	<p>Insufficient resource Not having the appropriate resource to deliver this project could result in long delays or even stop this project. This in turn would leave the council vulnerable to not providing a FM service provision in 2020.</p>	Low	<p>Appropriate resource/s needs to be identified prior to the commencement of this project.</p>
3	<p>Insufficiently robust specification Poor specification results in contracted services not being fit for purpose to meet the council's requirements.</p>	Low	<p>Effective stakeholder engagement to identify needs and the analysis of services and their value to define the scope and specification of services.</p> <p>The project manager will hold workshops with internal stakeholders to ensure that all requirements are identified.</p>
4	<p>Abnormally low bids There would also be a risk of suppliers providing an unsustainable pricing model which could lead to particularly high or low cost models being submitted.</p>	Low	<p>Robust evaluation of the pricing proposals will be conducted to ensure that the successful supplier can deliver services to the desired quality for the submitted cost.</p>
5	<p>Poor response A poor response resulting in few suppliers presenting submissions undermines the procurement and limits the council's choice of suppliers.</p>	Low	<p>Open days for bidders will be held to inform potential suppliers and promote the procurement to the market.</p>
6	<p>Failure of Suppliers Working in low margin areas such as facilities management, results in strain on suppliers when things go</p>	Low	<p>Tender evaluation methodology will provide reassurance of bidders financial security. Reducing risk to the council</p>

No	Risk	Risk Rating	Description and Mitigation
	wrong (financially)		

Key/non-key decisions

43. This is a key decision.

Next Steps

44. Programme board to be assembled and detailed programme plan to be agreed.

45. Internal workshops to be held with stakeholders to ensure that the scope and specifications are fully captured ready for the future procurement.

46. Once requirements fully agreed, Gateway 1 will be drafted for approval of the procurement strategy.

Service delivery project plan (key decisions)

Activity	Complete by:
Enter Gateway 0 decision on the Forward Plan	22/02/2018
DCRB Review Gateway 0	19/02/2018
CCRB Review Gateway 0	22/02/2018
Approval of Gateway 0: Strategic Options Assessment	13/03/2018
Scrutiny Call-in period and notification of implementation of Gateway 0 decision	21/03/2018
Current contract end date (Interserve)	31/01/2020
Current contract end date (Kier)	15/06/2020

Community impact statement

47. This contract will have a direct impact on those local residents who visit council premises which are subject to these contracts, and it would be expected that the appointed supplier complies with all relevant council policies and procedures. This information will be ascertained as part of the tender process (to be covered in greater detail in Gateway 1 and Gateway 2).

Social value considerations

48. 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

49. Economic considerations are to be built into the options appraisal process for the market engagement exercise and will be reported in the Gateway 1 report.

Social considerations

50. Social considerations are to be built into the options appraisal process for the market engagement exercise and will be reported in the Gateway 1 report. However, any supplier appointed would need to:
- a) guarantee the London Living wage for both its own staff and any subcontractors used
 - b) follow all relevant standard provisions on blacklisting
 - c) engage with Southwark Council's apprenticeship model
 - d) follow the standards for financial transactions and payment windows for their entire supply chain
 - e) make every effort to reflect the council's fairer future principle by 'looking after every penny as if it was our own'.

Environmental/sustainability considerations

51. The supplier will be required to provide services that support, and do not compromise, Southwark's green building targets, sustainability policy and Fairtrade status. These will be reported in the Gateway 1 report.

Plans for the monitoring and management of project

52. The council will create a steering board, which will be chaired independently from CFM. Representatives from both Legal and Procurement will be invited to ensure that all relevant council policies and procedures are adhered to.

Resource implications

TUPE/pensions implications

53. 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 supplier of the existing services is likely to amount to a service provision change under the TUPE. Further TUPE considerations will be reported in Gateway 1 and Gateway 2.

Financial implications

54. The financial implications arising from the recommendation to adopt the strategic delivery options for the future provision of corporate facilities management services, as set out in option 4, paragraph 27 and to retain and bring a number of services in-house cannot be determined at this point in time. However the council has the experience and capacity to provide them at the required level of quality and will be seeking to achieve value for money within the prevailing market conditions.

Investment implications

55. There will also be an anticipated spend of £5,000,000 per year through a capital investment programme.

Legal implications

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

Consultation

57. The head of corporate facilities management held an internal 'Heads of Service' workshop on 19 July 2017 to ascertain the level of service and support required from the new CFM contract. This workshop was highly attended and good feedback was received to help shape the CFM division moving into the future. Some of the feedback included wanting a more streamlined service and for CFM to provide greater clarity of service.
58. An external review was conducted on the current CFM service provision. 46 interviews were conducted with senior stakeholders, customer departments (i.e. Children's and Adults' services, Environmental and Social Regeneration etc.), CFM staff and external suppliers. This provided the team with evidence and clear insight into the workings, relationships and processes of CFM and the challenges faced by individuals in the day to day work of CFM. The overall findings recommended changing to a less complex operating model with consolidated budgets.

Other implications or issues

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance

59. The strategic director of finance and governance notes the recommendation in this report for future delivery of facilities management services to the council's operational estate. As described above, there are no specific financial implications at this stage from this decision. These will be identified at future stages in the procurement process.

Head of Procurement

60. This report seeks the approval of the Cabinet for the recommended strategic delivery option proposed in paragraph 37 for the delivery of a facilities management (FM) contract for the council's operational estate and to note the next steps as further detailed in the body of the report.
61. At this stage the estimated annual spend is likely to increase due to suppliers operating models and following a review of the strategic options available the report recommends dividing the delivery of CFM services across three areas: in-house services, soft and hard services. 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

62. This report seeks the approval of the cabinet to the strategic options assessment for the delivery of a facilities management contract for the council's operational estate.

63. Under contract standing orders, a pre-procurement / Gateway 0 is required for any service contract with an estimated contract value of £10,000,000 or more. The contract value of the possible procurement is not yet known but is likely to be well in excess of £10,000,000 and will be confirmed in the Gateway 1 report together with the proposed procurement strategy.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Gateway 2 – Contract Award Approval Consolidated Facilities Management contract	Corporate Facilities Management Hub 4, 2nd Floor 160 Tooley Street London SE1 2QH	Paul Symington 0207 525 0225
Link (copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s32565/Report%20Gateway%202%20Contract%20Award%20Approval%20Consolidated%20Facilities%20Management%20Contract%20for%20160%20Toole.pdf		
Gateway 2 – Consolidated repairs and maintenance services contract for the Councils Operational Estate	Corporate Facilities Management Hub 4, 2nd Floor 160 Tooley Street London SE1 2QH	Paul Symington 0207 525 0225
Link (copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s60205/Report%20Gateway%202%20Contract%20Award%20Approval%20-%20Consolidated%20Repairs%20and%20Maintenance%20Services%20Contract%20Of.pdf0		

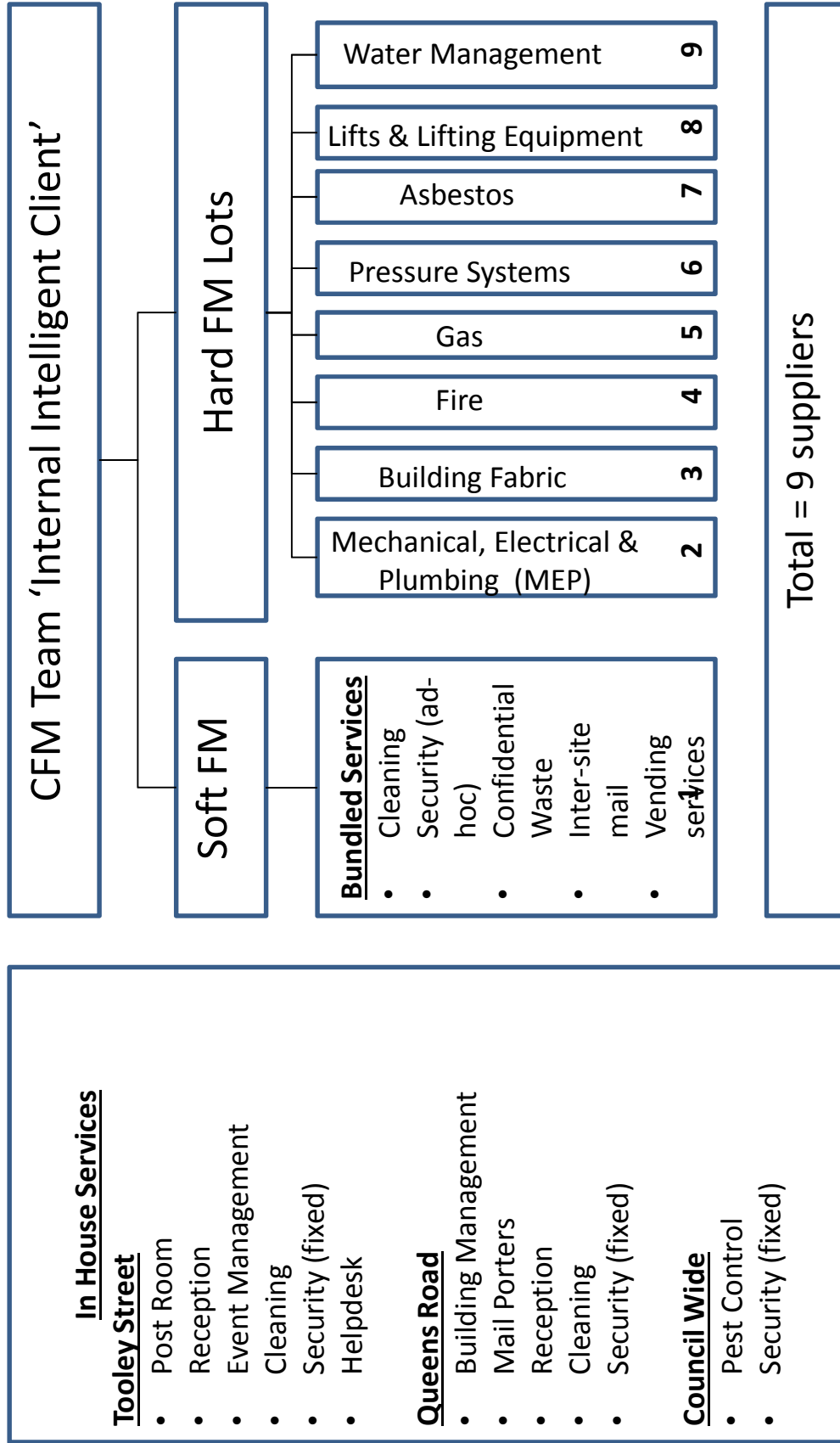
APPENDICES

No	Title
Appendix 1	Option 1 – diagram of an FM SIAM Model
Appendix 2	Option 4 – diagram of the Bundled FM Services (Preferred option)

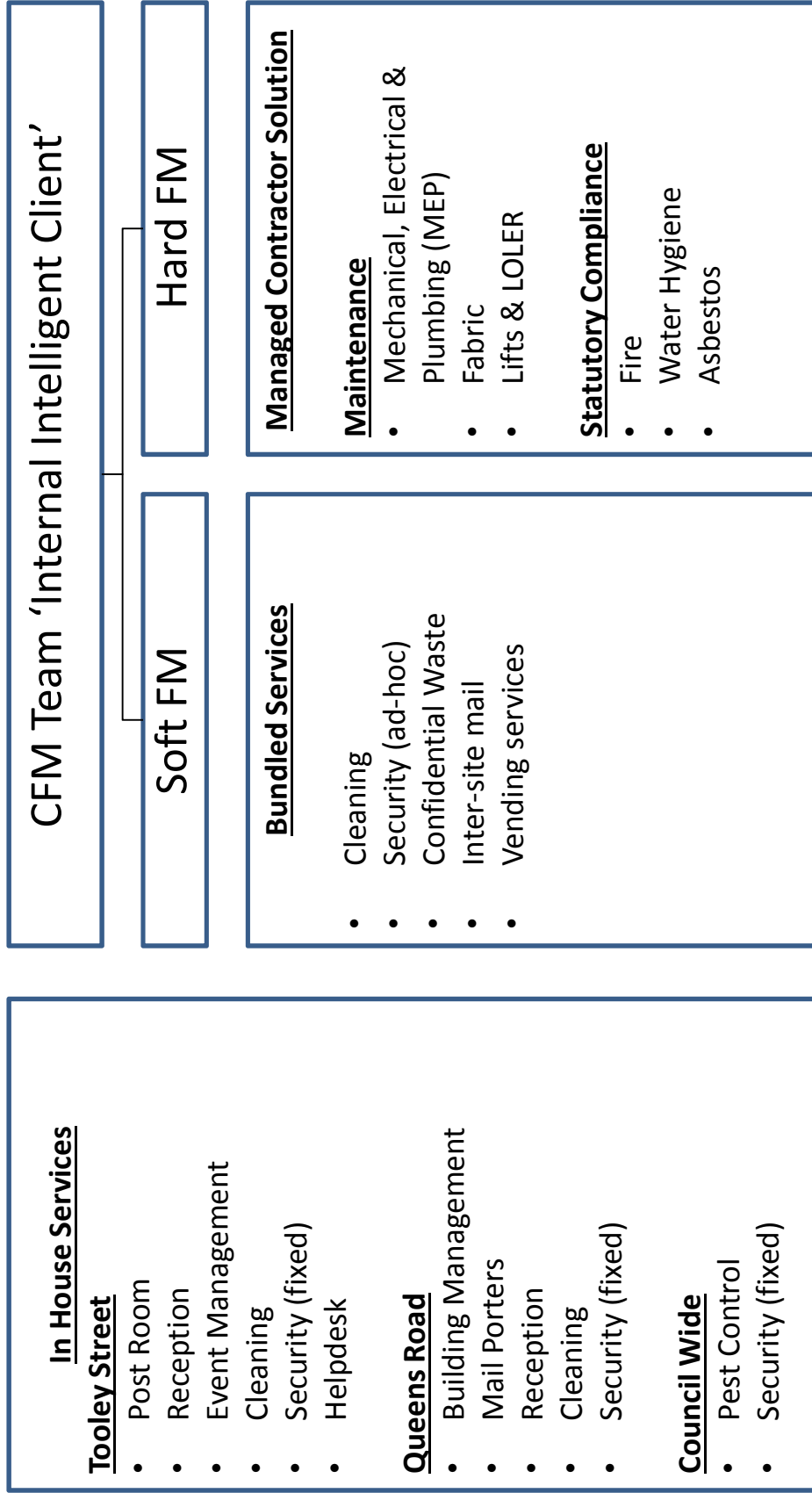
AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Finance, Modernisation and Performance	
Lead Officer	Paul Symington, Head of Corporate Facilities Management	
Report Author	Kelly Sanders, Head of Contracts (Corporate FM)	
Version	Final	
Dated	1 March 2018	
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	1 March 2018	

Option 1 – Create a FM Service Integration and Management (SIAM) Model



Option 4 – Bundled FM Service (Preferred Option)



In House Services

- Tooley Street
- Post Room
 - Reception
 - Event Management
 - Cleaning
 - Security (fixed)
 - Helpdesk

Queens Road

- Building Management
- Mail Porters
- Reception
- Cleaning
- Security (fixed)

Council Wide

- Pest Control
- Security (fixed)

Bundled Services

- Cleaning
- Security (ad-hoc)
- Confidential Waste
- Inter-site mail
- Vending services

Managed Contractor Solution

- Maintenance
- Mechanical, Electrical & Plumbing (MEP)
 - Fabric
 - Lifts & LOLER
- Statutory Compliance
- Fire
 - Water Hygiene
 - Asbestos

CFM Team 'Internal Intelligent Client'

Soft FM

Hard FM

Item No. 21.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Gateway 2 – Contract Award Approval Door Entry and Warden Call Contract	
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 delivery of a responsive door entry and warden call system maintenance service is essential in helping to provide residents with a sense of security and safety. The service provided needs to be one that can respond quickly and efficiently as some of our most vulnerable residents are reliant on the warden call services in the event of an emergency.

This Gateway 2 report proposes to award the contract to Silk and Mackman Services Limited who are a local SME specialising in the manufacturing, installation and maintenance of door entry systems and this proposed award helps contribute towards boosting the local economy and employment market. The proposed contract has been informed by the outcome of market analysis and performance management of the current service provision and it is expected that the contract will deliver step change improvements in the service and will support our ongoing commitments to our residents.

RECOMMENDATIONS

1. That cabinet approves the award of the Door Entry and Warden Call contract to Silk and Mackman Services Limited for at an estimated annual cost of £1,210,000 for a period of four years from 1 June 2018 with the option to extend for a period of up to 2 years making a total estimated contract value of £7,260,000.

BACKGROUND INFORMATION

2. The planned procurement strategy was the subject of a Gateway 1 report approved by cabinet on 21 March 2017. The approved EU restrictive procedure procurement strategy was followed.
3. This contract creates a coherent approach to ensuring the safety of residents and compliance with regulations, reflecting that these customer-facing services are high volume responsive repairs services where resident satisfaction, right first time and response times are paramount. The scope of works will include the following;
 - responsive repairs and maintenance to door entry systems;
 - responsive repairs and testing of warden call systems;
 - builders work in connection with services

- door entry upgrades and replacement for major works projects
4. The total estimated value for the contract stands at £7.26m, broken down as follows:
 - Total cost for the initial four year period £4.84m
 - Total cost for additional two year period £2.42m
 5. The contract contains a building maintenance information adjustment that is due on 1 April each year.

Procurement project plan (Key Decision)

Activity	Completed by/Complete by:
Forward Plan (If Strategic Procurement) Gateway 2	01/01/2018
Briefed relevant cabinet member (over £100k)	20/02/2017
Approval of Gateway 1: Procurement Strategy Report	21/03/2017
Issue Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation)	10/04/2017
Invitation to tender	10/11/2017
Closing date for return of tenders	11/12/2017
Completion of evaluation of tenders	09/01/2018
Issue Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation)	15/01/2018
DCRB Review Gateway 2:	05/02/2018
CCRB Review Gateway 2:	8/02/2018
Notification of forthcoming decision – despatch of Cabinet agenda papers	01/03/2018
Approval of Gateway 2: Contract Award Report	13/03/2018
End of Scrutiny Call-in period and notification of implementation of Gateway 2 decision	21/03/2018
Alcatel Standstill Period (if applicable)	03/04/2018
Contract award	04/04/2018
Add to Contract Register	06/04/2018
TUPE Consultation period (if applicable)	31/05/2018

Activity	Completed by/Complete by:
Contract start	01/06/2018
Publication of award notice in Official Journal of European (OJEU)	20/04/2018
Publication of award notice on Contracts Finder	23/04/2018
Contract completion date	31/05/2022
Contract completion date – if extension(s) exercised	31/05/2024

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

6. These services will ensure that the council has arrangements for warden call and door entry systems are in place and properly maintained across the wards. These services form part of the safety and risk management strategy to safeguard the residents and the council's assets, and to create a safe environment for all premises users and further the council's objectives for safer communities.

Policy implications

7. This contract will provide an essential service to the community. It supports the council's statutory obligations as a landlord to comply with the Building Regulations 2010 and the Housing Act 2004.

Tender process

8. Following the placement of the OJEU advertisement on 24 August 2017, the PQQPAS91 Pre-Qualification Questionnaire (PQQ) documents and the Invitation to Tender (ITT) were uploaded to ProContract and Contracts Finder website for tenderers to view and download.
9. The PQQ contained the following criteria
- Section C1 – General Information (Information only)
 - Section C2 – Financial and Insurance (Pass /Fail)
 - Section C3 - Mandatory and Discretionary Exclusions (Pass /Fail)
 - Section C4 – Health and Safety (Pass /Fail)
 - Section O1 – Equal Opportunities (Information only)
 - Section O2 – Environmental Management and Capability (Pass /Fail)
 - Section O3 – Quality Management and Capability (Information only)
 - Section S1 – Technical and Professional Capability contained 14 questions, 9 of which were technical questions and an additional 5 quality questions to

designed to ensure applicants met the council's requirements and were fully evaluated.

10. A total of 13 companies returned completed PQQ submissions by the required deadline of 1pm on 22 September 2017.
11. The PQQ set out that the top five highest ranked applicants for the contract would be invited to tender but reserved the right to invite the sixth ranked applicant should they obtain a score that was within 2% (10 points) of the fifth ranked applicant's score. The sixth ranked applicant did not achieve a score within 2% of the fifth ranked applicant.
12. The PQQs were evaluated by officers in the asset management team and housing finance.
13. The top five applicants were invited to tender. These are detailed below:
 - AJS Ltd
 - Digi Vision Group Limited
 - Oakray Limited
 - SCCI Alphatrack Ltd
 - Silk And Mackman Services Limited
14. The shortlisted companies were invited to tender on 10 November 2017 with the instruction to return a completed tender by 11 December 2017.
15. Five tenders were returned via ProContract on or by 1pm on 11 December 2017 and were opened on 14 December 2017. These were then checked for compliance.

Tender evaluation

16. The Tender Evaluation Panel (TEP) consisted of council officers from asset management.
17. The commercial envelopes were evaluated by a senior quantity surveyor from the council and that the quality evaluation was evaluated by officers from the council's procurement and electrical services teams.
18. Tenders were evaluated on the basis of M.E.A.T (most economically advantageous tender) using a weighted model of 70:30 price and quality.
19. All tenders were initially checked for completeness and compliance with the ITT documents as set out in the Tender Evaluation Methodology (TEM) before the price evaluation was carried out. The TEM is included in the appendix.
20. A price schedule model was used that contained various annexes covering the different work streams and hourly rates. This tendering approach was intended to preclude tactical tendering of any work streams and reduce the risk of uncontrolled expenditure.
21. Each annexe contained a pre-priced schedule of rates and indicative quantities for each schedule based on historical data and the tenderers were required to put either a +/-% against each annexe, including their hourly rate.
22. Price evaluation was marked out of 70%, composed of 40% for the lowest price and 30% award on the basis of proximity to the mean average price of all tendered prices.

23. As a measured term contract is proposed, the figures and quantities used in the price evaluation were indicative only, to enable an evaluation of the relative prices of the tenders. Final spend will be demand led in accordance with the available budget. Each tendered price was scored against Best (Lowest) Price and Proximity to the Mean Average of all tendered prices. Tender prices submitted and the respective scores are as follows.

Ref	Contractor	Tender Sum (£)*	Best Price % Score 40 Points available	Mean Avg Price % Score 30 Points available	Combined Price Score Total
1	AJS LTD	£1,438,437	19.12%	21.4%	40.57
2	DIGI VISION GROUP LIMITED	£687,532	40.00%	23.75%	63.75
3	OAKRAY LIMITED	£1,028,662	26.74%	30.00%	56.74
4	SCCI ALPHATRACK LTD	£893,704	30.77%	28.22%	58.99
5	SILK AND MACKMAN SERVICES LIMITED	£919,514	29.91%	28.91%	58.82

* Note tender sum figures are for evaluation purposes only.

24. All priced documents submitted were checked for arithmetical errors and qualifications.
25. The quality assessment was based on the information received from tenderers in response to method statements covering mobilisation, service delivery, quality control and compliance and the London Living Wage.
26. Each member of the TEP independently assessed each method statement response in accordance with the scoring guidelines detailed in the Tender Evaluation Methodology. The TEP then checked the scoring for consistency and agreed a consensus score. Final scores were calculated to ascertain the tenderer's overall score.

27. A summary of results from the quality evaluation is shown in the table below.

ITT Quality Score Summary 0~5 Scores	Resources - Method Statement 1			Service Delivery - Method Statement 2 - Door Entry and Warden Call Works			Quality Control and Compliance - Method Statement 3	London Living Wage (LLW) - Method Statement 4	
	Page limit: Four (4) A4 Pages Arial Font size 11 plus a separate structure chart.			Page limit: Twenty (20) A4 Pages Arial Font size 11.			Page limit: Four (4) A4 Pages Arial Font size 11.	Page limit: Two (2) A4 Pages Arial Font size 11.	
Tenderer	A. Resources for Mobilisation	B. Contract Roles and Responsibilities	i. Door Entry repairs	ii. Maintaining old door entry installations	iii. Warden call repairs and PPM Works	iv. Emergency out of hours service	Quality and compliance during and after the Works	A. Administer and Monitor	B. Identification of Productivity Gains
AJS LTD	2	2	2	3	2	0*	3	2	3
DIGI VISION GROUP LTD T/A DIGIGROUP LTD	2	3	3	2	2	2	3	2	3
OAKRAY LIMITED	3	2	2	2	2	3	3	2	2
SCCI ALPHATRACK LTD	3	3	3	2	3	4	3	2	1
SILK AND MACKMAN SERVICES LIMITED	4	3	4	4	4	4	4	4	4
Note	A zero score was given to AJS Ltd for the question MS2iv because their answer was in the pages that exceeded the allowed 20 page limit								

28. Tenderers were required to submit a method statement proposal answering the questions contained within the Quality Submission Schedule attached. This

method statement will be incorporated into the contract as the contractor's planned way of working/operating throughout the contract period.

29. All submissions were scored against the same criteria / sub criteria and sub-weightings as set out in this schedule.
30. The TEM included the requirement that for method statements two (2), three (3) and four (4) a tenderer must score 3 (good) for each of the sub-criterion otherwise it may be rejected. It was decided not to exclude any tenderer on this basis. As is shown above only Silkman and Mackman Services Ltd achieved a score of three and above for every sub-criterion.
31. The 0~5 scores shown above resulted in the weighted scores shown below.

Tenderer	Method Statement 1: Resources Maximum Score of 4	Method Statement 2: Service Delivery Maximum Score of 20	Method Statement 3: Quality Control and Improving Service Delivery Maximum Score of 4	Method Statement 4: London Living Wage (LLW) Maximum Score of 2	Total Maximum Score of 30	Position
SILK AND MACKMAN SERVICES LIMITED	2.8	16.8	3.2	1.6	24.4	1 st
SCCI ALPHATRACK LTD	2.4	12.4	2.4	0.6	17.8	2 nd
DIGI VISION GROUP LTD T/A DIGIGROUP LTD	2	9.4	2.4	1	14.8	3 rd
OAKRAY LIMITED	2	9.4	2.4	0.8	14.6	4 th
AJS LTD	1.6	7.6	2.4	1	12.6	5 th

32. The table below shows the tenderers combined price and quality scores and identifies the successful tenderer.

Tenderer	Combined Price % Score Total	Quality % Score 30 Points available	Total % Score	Position
SILK AND MACKMAN SERVICES LIMITED	58.82%	24.4%	83.22%	1 st
DIGI VISION GROUP LTD T/A DIGIGROUP LTD	63.75%	14.8%	78.55%	2 nd
SCCI ALPHATRACK LTD	58.99%	17.8%	76.80%	3 rd
OAKRAY LIMITED	56.74%	14.6%	71.34%	4 th
AJS LTD	40.57%	12.6%	53.17%	5 th

Plans for the transition from the old to the new contract

33. The council's asset management team will develop an overall plan to manage and monitor this critical phase ensuring transition for the current service delivery to the new contract is successful.
34. The mobilisation plan will include;
- I-World transition with programmed closure of existing SOR's and commencement of new SOR's including briefing call-centre
 - IT user set-ups and systems testing, and i-World training for contractor staff
 - Arranging for current service providers to transfer keys, data, permits and other Southwark assets to the new contractors.
 - TUPE transfers for relevant employees.
 - Distribution of the asbestos register and briefing to new contractors.
 - Contractors internal mobilisation planning including fleet preparation, stock acquisition and staff briefings.

Plans for monitoring and management of the contract

35. The contract will managed by the asset management team.
36. Key performance indicators will be set and challenged to ensure the successful contractors' performance. In particular, targets will be set to ensure all

emergency lighting, periodic testing and lightning protection inspections are completed within the statutory timescales.

37. The table below shows the Key Performance Indicators (KPIs) for the contracts:

NO	Key Performance Indicator	Minimum Target Percentage %	Council's Aspirational Target Objective %
1.	Right first time	90%	95%
2.	Percentage of Priority Code 0 and 1 Orders completed within the stipulated time periods.	95%	98%
3.	Percentage of Priority Code 2, 3 and 4 Orders completed within the stipulated time periods.	95%	98%
4.	Percentage of Orders for which a Recall Notice (Default Notice) has not been issued within the calendar month.	98%	99%
5.	Percentage of overbooking on Orders jointly inspected by Contractor and Contract Administrator	95%	96%

38. The asset management team will undertake audit site inspections to ensure that method statements are adhered to and repair and installation works are compliant and delivered to a high standard.
39. The asset management team will review all applications for payment and monitor and administer defaults and recovery of costs for poor performance.
40. Monthly progress meetings with Silk and Mackman Services Ltd and the asset management team, will be arranged and recorded to review performance and compliance.
41. Silk and Mackman Services Limited will be required to complete and return annual compliance checks to ensure that they comply with London Living Wage payment undertakings, contractual insurance and professional certification. The commercial team shall carry out annual financial checks.
42. The asset management team will submit annual performance review reports to CCRB, and six monthly reports to DCRB.

Identified risks for the new contract

43. The table identifies the specific risks associated with this contract, the likelihood of occurrence and the controls in place to mitigate the risk;

R/N	Risk	Likelihood	Risk Control
R1	Possible risk of challenge on award of this contract	Low	The procurement has been undertaken in accordance with the stated evaluation methodology that complies with the Public Contracts

R/N	Risk	Likelihood	Risk Control
			Regulations 2015.
R2	The contractor ceases trading, or into liquidation / administration	Low	<p>The Approved List of contractors will be used whilst re-procuring the contract should this occur.</p> <p>The financial stability of the organisation will be continuously monitored throughout the contract through the contract management process. The parent company, Cheema Holdings Limited will be required to provide a parent company guarantee and will also be monitored for financial stability.</p> <p>Mint credit checks were carried out as part of tendering process.</p> <p>A retention will be held on all interim payments to mitigate against the risks involved of company failure.</p>
R3	Ineffective mobilisation	Low	<p>The engineering & compliance electrical service team will manage the mobilisation of the contracts with clear objectives defined at the outset.</p> <p>The tender selection included a method statement covering mobilisation for which Silk and Mackman scored well.</p> <p>The contractor is an established i-World User.</p>
R4	The contractor is unable to fulfil the requirements of the contract e.g. poor performance, leading to the need to terminate the contract.	Low	<p>If the contractor fails the Approved List of contractors will be used whilst re-procuring the contract should this occur.</p> <p>The tender selection process reduces the likelihood of poor performance through the use of method statements to evaluate tenderers capacity to deliver.</p>

Community impact statement

44. The contract will have a medium community impact as it contributes to the safety and risk management strategy to safeguard the residents and the council's assets, and to create a safe environment for all premises users and further the council's objectives for safer communities; and that the warden call systems are installed in the council's sheltered housing units and hostels to provide security and care.

Social value considerations

45. 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 social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

46. The full cost to the council and the life span of the contract is set out in the paragraph 1 of this report.
47. Silk and Mackman Services Limited operates an apprenticeship scheme and has confirmed that it will take on two apprentices for the initial contract term. This will be monitored by the asset management team and reported in the annual performance review reports.
48. The council has requested the necessary information from Silk and Mackman Services Limited (using the council's standard documentation in relation to blacklisting) and the company has confirmed that it has not taken part in any blacklisting. The contract conditions also includes an express condition requiring compliance with the Employment Relations Act 1999 (Blacklists) Regulations 2010 and include a provision to allow the contract to be terminated for a breach of these requirements. The commercial team will carry out an annual check to ensure compliance with the Regulations as part of the annual performance review.
49. Silk and Mackman Services Limited confirmed that it is aware of and comply with the council's Equal Opportunity Policy and have provided their own policy documents as part of their PQQ submissions.

Social considerations

50. The council is an officially accredited London Living Wage (LLW) employer and is committed to ensuring that, where appropriate, our contractors and subcontractors pay staff at a minimum rate equivalent to the LLW rate. The Gateway 1 report dated 21 March 2017 confirmed, for the reasons stated in the report, payment of London Living Wage (LLW) was an appropriate and best value requirement for the contracts. Silk and Mackman Services Limited have confirmed that they already exceed the LLW requirements. Following award, any associated quality improvements and cost implications linked to the payment of LLW will be monitored as part of the annual contract review process for each contract.
51. Silk and Mackman Services Limited is expected to demonstrate compliance with the Modern Slavery Act and to monitor the activities of its subcontractors in relation to the act, and has confirmed that they comply with section 54 ("Transparency in supply chains etc") of the Modern Slavery Act 2015 in their PQQ submissions.

52. The contractor is encouraged to register with and seek to secure accreditation through the TfL Fleet Operator Recognition Scheme (FORS). Silk and Mackman Services Limited is not currently registered on FORS.

Environmental/sustainability considerations

53. All disposals will be in accordance with the Waste Electrical and Electronic Equipment Directive (WEEE Directive).
54. The use of low emission vehicles and planning of journeys will be encouraged within the contract.
55. Silk and Mackman Services Limited will use low energy equipment to reduce CO2 emissions.
56. Silk and Mackman Services Limited will be issued with the Asbestos Register, and collaborate with the housing maintenance and compliance asbestos coordinator as required.

Market considerations

57. Silk and Mackman Services Ltd is a specialist Small and Medium-sized Enterprise that manufactures, installs and maintains door entry and warden call systems. It operates in south London from a base in Camberwell. It currently employs over 60 staff including management, call-centre personnel and technicians.

Staffing implications

58. There will be no impact on staff as the existing asset management team are already performing the contract management functions.

Financial implications (FIN1024)

59. The Door Entry and Warden Call contract is from 1 June 2018 for a period of four years at an estimated cost of £1.21m per annum.
60. The current contract budget for the Door Entry and Warden Call contract is £484k and there is a further £726k making £1.21m available for door entry upgrades and replacement for major works projects, which is sufficient to cover the estimated cost. As these contracts are demand driven, the costs will need to be monitored carefully.
61. The responsive repair element of the contract is rechargeable to leaseholders, so will need to remain separately identifiable.
62. Whilst there is no planned savings for 2018-19, this may be subject to savings at a future date.

Second stage appraisal (for construction contracts over £250,000 only)

63. Second stage financial appraisals were obtained from Mint.co.uk for all tenderers on 16 October 2017. The PQQ stated that a Mint score of 40 or above was

required in order to meet the minimum financial requirement. All the contractors met the minimum requirement.

64. Silk and Mackman Services Limited achieved a Mint credit score of 72.

Legal implications

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

Consultation

66. Consultation with residents will be held at the monthly Tenant and Resident Association meetings that address contract performance, planned works and other relevant matters.
67. Tenant Management Organisations will also be consulted throughout the mobilisation period where communal repairs are the responsibility of the council.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (FC17/077)

68. The strategic director of finance and governance notes the recommendation in this report for the award of a Door Entry and Warden Call contract. The contract will incur costs in financial years 2018-19 to 2021-22 and potentially beyond.
69. The costs of the contract are met by the Housing Revenue Account and are service chargeable under the terms of the leases. It is important that costs are carefully monitored to ensure that the relevant budgets are not exceeded.

Head of Procurement

70. This report is seeking Cabinet approval for the award of a door entry and warden call contract for a maximum period of six years.
71. The procurement strategy set out in the previously approved Gateway 1 report has been followed with a full restricted EU competitive process being undertaken.
72. Paragraphs 8 – 32 of the report describe the evaluation process that was carried out and that tenders were evaluated using a weighted model to determine the most economically advantageous tender (MEAT). The report confirms that the evaluation of price included further sub weighting with 40% available for the lowest price and 30% available on the basis of proximity to the mean average . The report confirms that the recommended provider achieved the highest combined score on both quality and price.
73. Paragraphs 33 -34 confirms the transition and mobilisation plan to ensure that the transfer of the existing contract is successful.
74. Paragraphs 35 - 42 describe how the contract will be managed and monitored throughout the term of the contract, that in addition to the key performance targets site inspections will be routinely undertaken to ensure that method statement submitted as part of the tenders are adhered to. The report confirms

that due to the value of this contract and annual performance report will be submitted to the council's corporate contract review board (CCRB).

Director of Law and Democracy

75. This report seeks the approval of cabinet to the award of a door entry and warden call contract to Silk and Mackman Services Ltd as further detailed in paragraph 1.
76. The nature and value of these services are such that they are subject to the tendering requirements of the Public Contract Regulations 2015 (EU regs). This report confirms that, as required by law, tenders were sought from contractors following an EU procurement exercise and that the most economically advantageous tender is recommended for acceptance. A contract award notice will be posted in OJEU within 30 days of the award of the contract.
77. As this contract is subject to the EU regs, there is a requirement to allow a standstill period of a minimum of 10 calendar days between notification of the successful company that they have won the contract and the award of the contract to that company, so as to allow unsuccessful companies the opportunity to challenge (if they decide to) the award of this contract.
78. As the contract award falls within the circumstances noted in contract standing orders (CSO) 6.5.2(a), the decision to approve this award is reserved to the cabinet, after consideration of this report by the corporate contract review board.
79. CSO 2.3 requires that no steps should be taken to award a contract unless the expenditure has been approved. Paragraphs 59-62 confirm the financial implications of this award.

Director of Exchequer

80. The door entry element of this contract is for work that is service chargeable under the terms of the leases. The contract is a qualifying long term agreement under the terms of the Commonhold and Leasehold Reform Act 2002 and consultation was undertaken under schedule 2 of the regulations. Notice of Intention was served in April 2017. Notice of Proposal was served on 22 January 2018 and the period for observations to be made ended on 28 February 2018. Six observations were received from leaseholders, mainly in regard to contract management. All observations have been given due regard and have received a substantive response. There were no observations received which would lead to a delay in letting the contract. Further details of the observations received and responses given are available from Homeownership Services.
81. The costs arising from the contract will usually form part of the annual service charges. Any individual orders made under the contract will be subject to further consultation where individual service charge contributions are in excess of £250.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 -- Procurement Strategy approval: Door Entry and Warden Call Contract	Housing & modernisation, asset management	Gavin Duncumb 020 7525 0685
Link (copy and paste into your browser):		
http://modern.gov.southwark.gov.uk/documents/s67301/Report%20Door%20entry%20and%20warden%20call%20contract.pdf		

APPENDICES

No	Title
Appendix 1	Door Entry and Warden Call Works (Tender Documents) Section 6 - Evaluation Information (incorporating the Evaluation Methodology and Quality Submission Schedule)

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
Lead Officer	Dave Markham, Director Asset Management	
Report Author	Rod Davies, Procurement manager	
Version	Final	
Dated	13 February 2018	
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		1 March 2018



ITT DOCUMENTS

www.southwark.gov.uk

London Borough of Southwark

Door Entry and Warden Call Works

Section 6

Evaluation Information

(incorporating the Evaluation
Methodology and Quality Submission
Schedule)

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EVALUATION METHODOLOGY

INTRODUCTION

1. This document sets out the methodology that will be used to evaluate tenders received in relation to the door entry and warden call contract.
2. The Employer is seeking to appoint one Contractor.
3. Following the evaluation stages described in this methodology, the Employer will evaluate the tender submissions using a weighted model of 70:30 price/quality.
4. The price model will be evaluated in two parts – 40 point for the lowest lump sum price and 30 points for the lump sum price that is closest to the mean average of all compliant lump sum tenders.
5. The award recommendations will be made on the basis of the most economically advantageous tenders (MEAT) evaluated as described in this methodology.

EVALUATION STAGES

6. The evaluation shall comprise of 4 stages:
 - Stage One - Compliance
 - Stage Two - Quality
 - Stage Three - Price
 - Stage Four - Final selection and recommendation

EVALUATION TEAM

7. An evaluation team has been set up to undertake a comprehensive, systematic and consistent evaluation of each tender. This evaluation team will be split into two panels, one for quality and one for price. Both panels will be made up of officers with expertise in their specific areas i.e. the quality evaluation panel will include individuals experienced in door entry and warden call provisions and the price evaluation panel will be made up of individuals with financial expertise.

STAGE ONE - COMPLIANCE

8. Tenders will be checked initially for completeness and compliance with the ITT documents. Whilst the Employer shall be entitled to seek clarification from tenderers in order to determine if a tender is complete and/or compliant, tenderers should note that the Employer reserves the right to reject tenders that are not complete and/or compliant. Tenderers are referred to the 'Checklist of Documents to be returned' in Section 8 of the ITT documents.
9. For tendering purposes, tenderers are required to confirm as part of their tender that, if awarded a contract, they will be able to provide the required levels of insurance cover in the contract as set out in the Contract Particulars. The Employer regards this confirmation as a compliance issue and reserves the right to reject any tender, without further consideration, in the event that they fail to provide such confirmation as part of their tender.
10. Tenderers are required to submit the Parent Company Guarantee Undertaking, if applicable, set out in the ITT documents.
11. Tenders that pass this Stage One will be evaluated as detailed below.

STAGE TWO - QUALITY

12. Tenderers will be required to submit four (4) method statement proposals answering the questions contained within the Quality Submission Schedule attached. These method statements, once approved by the Employer, will be incorporated into the contract as the Contractor's planned way of working/operating throughout the Contract Period.

13. All submissions will be scored against the same criteria/ sub criteria and sub-weightings as set out in this schedule.
14. The weighting for each method statement proposal is set out in the following table:

<u>Criterion</u>	<u>Requirement or sub-criteria in respect of Method Statements</u>	<u>Sub-Criteria Weighting</u>	<u>Criteria Weighting</u>
Resources Method Statement 1	A. Resources for Mobilisation	2	4
	B. Contract Roles and Responsibilities	2	
Service Delivery Method Statement 2	A. Door Entry and Warden Call Works		20
	i. Door Entry repairs	6	
	ii. Maintaining old door entry installations	7	
	iii. Warden call repairs and PPM Works	3	
	iv. Emergency out of hours service	4	
Quality Control and Compliance Method Statement 3	Quality and compliance during and after the Works	4	4
London Living Wage (LLW) Method Statement 4	A. Administer and Monitor	1	2
	B. Identification of Productivity Gains	1	
Total Quality Score			30

QUALITY SCORING SCALE

15. The scoring of a tenderer's method statement will be based on the following scale:

Score	Descriptions
0	Cannot be scored - No information provided or incapable of being taken forward either because the Contractor does not demonstrate an understanding of the Employer's requirements or because the solution is incapable of meeting our requirements.
1	Unsatisfactory - Although the Contractor does demonstrate an understanding of the Employer's requirements there are some major risks or omissions in relation to the proposed solution to deliver the Works and the Employer would not be confident of its requirements being met.
2	Satisfactory A response which is capable of meeting the Employer's requirements but is unlikely to go beyond this.
3	Good A response, which shows that the Contractor demonstrates an understanding of the Employer's requirements, has a credible methodology to deliver the Works and could evolve into additional benefits.
4	Very Good A response, which shows that the Contractor demonstrates an understanding of the Employer's requirements, has a credible methodology to deliver the Works alongside a clear process and plan to deliver additional benefits and deliver value.
5	Excellent A response which shows how the service can comprehensively be taken to the next level in terms of exceeding the Employer's requirements and/or offering significant added value to the Employer's overall strategic requirements and objectives.

16. Each question will be scored and then the sub-weighting applied to give a weighted score for quality. The score will be to the nearest two decimal points.

Examples

Points Awarded	Sub Criteria Score	Calculation	Total Score
1	3	$1/5 \times 3$	0.60
3	3	$3/5 \times 3$	1.80
5	3	$5/5 \times 3$	3.00

17. A tenderer's evaluation score will be based on the tenderer's written submission, but this will be clarified (and its veracity and accuracy verified) by the following methods:

- By responses to clarification questions raised by the Employer
- Clarification meetings/presentations
- Written feedback from referees.

18. Tenderers will not be able to address any omissions in their tender submission during any clarification process.
19. The initial score will be based on the evaluators' review of the tenderer's tender submission and be updated based on further clarification. The final score therefore may differ from the initial scores to reflect the full evaluation process undertaken by the quality evaluation panel. Overall scores will be calculated to ascertain the tenderer's overall percentage score.
20. The quality evaluation panel shall conduct a "consensus scoring process" where moderation of the scores awarded during the exercise will take place. The moderation shall give regard to any variance in the scores between the evaluators. A consensus score will be agreed by the evaluators for each of the evaluation criteria.

QUALITY THRESHOLDS

21. The award criteria are set out at paragraph 13. Each response to the award criteria will be marked out of a possible score of 5. The scoring will be based on the general principles and descriptions shown in the table at paragraph 14.
22. Tenderer's should note that for method statements two (2), three (3) and four (4) a tenderer must score **3 (good)** for each of the sub-criteria otherwise it may be rejected.

STAGE THREE - PRICE

23. A price evaluation model ("the model") has been designed to help the Employer carry out a robust evaluation of price. The model has been prepared using historical data in relation to the service and predicted annual spend levels. The rates, prices and percentage adjustments captured in the Form of Tender (in Section 7 of the ITT documents) will be used to populate the model.
24. The model has been produced in Microsoft Excel 2010.
25. Tenderers should note that all Schedule of Rates are pre priced except Annex 1, which needs to be priced. The tendered percentage adjustments should include for all costs as detailed within the Preliminaries and the Contract Documents. The total of each Annex will be calculated and carried to the summary page.
26. Where appropriate each Annex will be adjusted by the tendered percentage adjustments inserted in the Form of Tender (in Section 7 of the ITT documents) as follows:
27. **Annex 1** - Tenderer's lump sum inserted in the Form of Tender for Comprehensive Lump Sum Price for maintenance of **door entry systems** to each block.
28. **Annex 2** - Pre Priced Schedule of Rates for annual **warden call** Pre Planned Maintenance Works - subject to percentage adjustment A2.
29. **Annex 3** – Pre Priced Schedule of Rates for excluded items to **door entry systems** – subject to percentage adjustment A3 and multiplied by estimated indicative quantities.
30. **Annex 4** - Pre Priced Schedule of Rates for **door entry and warden call** Installations- subject to percentage adjustment A4 and multiplied by estimated indicative quantities.
31. **Annex 5** - Tenderers' Schedule of Hourly Charges to be inserted in the Form of Tender (in Section 7 of the ITT documents) and multiplied by indicative number of

hours.

32. The Employer will review information submitted by tenderers in the Form of Tender (in Section 7 of the ITT documents) to satisfy itself that the prices and percentage adjustments submitted by tenderers are robust and sustainable.
33. The Employer reserves the right to clarify or hold clarification meetings with tenderers concerning any aspects arising from a tenderer's submission including without limitation, the tenderer's response to these sections.
34. The tenderer lump sum price of all the combined Annexes will then be evaluated as follows:

A - Lowest Lump Sum Price Score

The lowest lump sum price submitted will be evaluated as the baseline for establishing the % weighting for the remaining tenderers using the following formula:

The following formula will be used to evaluate the score - $(A/B) \times C$ - where:

A = Lowest Lump Sum Price

B = Next Lowest Lump Sum Price

C = Overall Weighting for Price

Example:

Lowest tender £795K Awarded 40 points

Next lowest tender £850k

$\frac{£750k}{£850k} \times 40\% =$ Awarded 37.41 points

For the avoidance of doubt, where the lowest price is scored this will be divided by itself as A/A rather than A/B so will score the maximum price score.

B - Mean Average Lump Sum Price Score

All compliant tendered lump sum prices will be totaled and divided by the number of compliant tenders to obtain a mean average lump sum price.

The tendered price submission closest to the mean average lump sum price plus or minus will be awarded 30 points.

To achieve this, examples have been included in a table below:

Mean Average Lump Sum Price Evaluation Table Example

	Tenderers' Lump Sum Price	Price Difference	Create a Positive Value	Positive Value	Scoreable Value	Weighted Score	Points
		Mean Average minus Tendered Price Sum equals Price Difference	IF Price Difference equals a negative value, this will be multiplied by -1 to create a positive value	Positive Value	Add Mean Average plus Positive Value equals Scoreable Value	Weighted Score	30 Points
Tender 1	£890,000	-£5,400	-1	£5,400	£900,800	30.00%	
Tender 2	£957,000	£61,600	1	£61,600	£957,000	28.24%	
Tender 3	£850,000	-£45,400	-1	£45,400	£940,800	28.72%	
Tender 4	£795,000	-£100,400	-1	£100,400	£995,800	27.14%	
Tender 5	£985,000	£89,600	1	£89,600	£985,000	27.44%	
Mean Average	£895,400						

C – Overall Price Score

Each Tenderer's lowest lump sum price and mean average lump sum price will be added together to give it an overall price score.

ABNORMALLY LOW TENDERS

35. The Employer will scrutinise very carefully any tender that contains a price which appears very low (having regard, amongst other things, to the prices submitted in the other tender submissions received). The Employer reserves the right to reject any tender submission that is abnormally low.

DISCLAIMER

36. The price will be evaluated by applying the figures in the tenderer's completed pricing evaluation model to the assumed volumes of Works. These assumed volumes are made by the Employer purely for the purpose of evaluating tender submissions and for no other purpose and are not an indication or prediction of the quantities of Works which the Employer will require or which the Contractor will provide under any awarded contract.

37. Save for the purpose of comparing tender submissions, the quantities inserted in the pricing evaluation model by the Employer, shall not bind the Employer in any way and does not constitute any warranty, representation, indication, estimate or prediction of the volumes and quantities of any Works which the Employer may require or the Contractor will provide under any awarded contract.

STAGE FOUR - FINAL SELECTION AND RECOMMENDATION

38. The scores achieved for both quality and price will be added together to give an overall score. The overall scores will then be used to rank the tender submissions.
39. The top scoring tenderer shall be awarded the Contract.

TIE BREAK

40. In the event of a tie break (where two or more top scoring tenderers have the same total weighted score including both quality and price), the Employer shall select from amongst those tenderers the submission of the tender with the highest weighted score for method statement 2. In the event that this still results in a tie break, the Employer shall select from amongst those tenderers the tender submission with the highest weighted score for price.

QUALITY SUBMISSION SCHEDULE

Tenderers are advised to read the Preliminaries and the Technical Specification in Section 4 of the ITT documents prior to answering the quality questions.

A page limit is set out for each method statement. Any information in excess of the page limit will be disregarded and not scored.

Method Statement 1: Resources

The successful Contractor is to ensure the efficient and effective mobilisation of the Contract on the Contract start date. The Contract includes the provision for a mobilisation period of three months and during this period, the successful Contractor shall undertake everything necessary to ensure Works commence.

A. Resources for Mobilisation (Sub-weighting 2)

Tenderers must submit a proposal setting out how mobilisation will be carried out and describe the resources required to be ready for Contract start.

B. Contract Roles and Responsibilities (Sub-weighting 2)

Tenderers must submit a proposal detailing the roles and responsibilities of the key personnel for the Contract.

*Page limit: **Four (4)** A4 Pages Arial Font size 11 **plus** a separate structure chart.*

Method Statement 2: Service Delivery

Door Entry and warden Call Works

Tenderers must submit proposals for detailing their approach for responsive work for each of the services set out below. The proposals should include the resources to be used and how the Works will be delivered:

- I. Door entry repairs (**Sub-weighting 5**)
- II. Maintaining old door entry installations (**Sub-weighting 6**)
- III. Warden call repairs and PPM Works (**Sub-weighting 5**)
- IV. Emergency out of hours service (**Sub-weighting 4**)

*Page limit: **Twenty (20)** A4 Pages Arial Font size 11.*

Method Statement 3: Quality Control and Improving Service Delivery

Tenderers must submit a proposal setting out how they will achieve quality and compliance of the Works.

Quality and compliance during and after the Works (Sub-weighting 4)

Tenderers should set out their quality control and compliance procedures for the Works and detail what reporting information will be provided to the Council.

*Page limit: **Four (4)** A4 Pages Arial Font size 11.*

Method Statement 4: London Living Wage (LLW)

A. Administer and Monitor (Sub-weighting 1)

Tenderers are required to explain how the LLW will be administered, monitored and reported to the Council. The submission should specifically address its application to the tenderers directly employed staff and those of its sub-contractors.

B. Identification of Productivity Gains (Sub-weighting 1)

Tenderers are also required to identify productivity gains and other benefits which they expect to result from the payment of the LLW and proposals setting out how these will be measured and reported to the Council.

*Page limit: **Two (2)** A4 Pages Arial Font size 11.*

Item No. 22.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Gateway 2 – Contract Award Approval Communal Lighting and Electrical Testing Contracts - Contract A: North of the Borough and Contract B: South of the Borough	
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

Communal lighting and electrical testing has an essential role in deterring crime and making residents feel safe and secure in their neighbourhoods. When lights fail it is vital that they are repaired as quickly as possible to avoid inconvenience to residents and to ensure that their safety and security is not compromised. As a landlord the Council has a duty to maintain electrical systems to safeguard residents from the risks associated with electrical supply and fire.

A review has been undertaken of the performance of the Council’s current contractors which has led to a revision of the contract scope to reflect market specialisation which in turn is expected to deliver improvements and to increase resident satisfaction. Since 2017, the Council has invested in the bar-coding of electrical assets which has helped to deliver market efficiencies and enabling the Council to direct resources more effectively and to contribute to improving performance. This in conjunction with continuing investment in LED lighting will help to enhance residents’ wellbeing and satisfaction and will reduce the overall environmental impact through improved asset management.

Due to the scope of the work has been divided into two contracts – It is proposed to award the contract servicing the North of the Borough to BCS (Building and Electrical) Limited and to award contract B servicing the South of the Borough to Spokemead Maintenance Limited. It is expected that both of these new contracts will deliver enhanced services that our residents expect and deserve.

RECOMMENDATIONS

That cabinet:

1. Approves the award of Contract A - Communal Lighting and Electrical Testing to BCS (Electrical and Building) Ltd for the estimated sum of £1.85m per annum for a period of 4 years from 2 July 2018 with the option to extend by a further 2 year period, making a total estimated value of £11.1m.
2. Approves the award of Contract B - Communal Lighting and Electrical Testing to Spokemead Maintenance Limited for the estimated sum of £1.53m per annum

for a period of 4 years from 2 July 2018 with the option to extend by a further 2 year period, making a total estimated value of £9.18m.

3. Notes that BCS (Electrical and Building) Ltd and Spokemead Maintenance Ltd will act as back up contractor to each other on their own tendered rates when required.

BACKGROUND INFORMATION

4. The planned procurement strategy was the subject of a Gateway 1 report approved by the cabinet member for housing on 16 May 2016. The approved EU restrictive procedure procurement strategy was followed.
5. The scope of the work for the two new contracts are:
 - Communal lighting responsive repairs.
 - Repairs, remedial and upgrades to the landlord's electrical supply.
 - Periodic electrical testing of landlord's electrical installation
 - Emergency lighting tests and repairs.
 - Lightning protection tests and repairs.
 - Emergency call out service.
6. The two new contracts are based on a geographical split of the borough (Contract A – north - Walworth, Borough and Bankside, Bermondsey, Rotherhithe and Contract B – south - Camberwell, Peckham, Nunhead and Peckham Rye, Dulwich) each providing all of the services, with an estimated term for each contract of 4 years, with the option to extend each contract by a further 2 year period. The estimated annual value of both contracts stands at £3.38m for (Contract A £1.85m and for Contract B £1.53m). These values include a contingency of £300k for Contract A and £200k for Contract B. The contingency has been included to ensure that asset management team has the capacity to respond to major operational incidents and preclude extended loss of service to residents.
7. The total estimated value for both contracts stand at £20.3m broken down as follows:
 - Total cost for initial four year period = £13.5m
 - Total cost for additional two year period = £6.8m
8. The above contract values are composed of an estimated annual expenditure of £2.9m revenue and a contingency sum of £500k.
9. Currently, the council has one communal lighting and lightning protection contract which serves the whole of the borough and two periodic electrical testing and remedial works (PEITR) contracts A & B.

10. The table below details the contractors and the services that are currently delivered:

Contract	Contractor	Service delivered	Area	Contract End Date
Communal Lighting and Lightning Protection	Spokemead Maintenance Ltd (Spokemead)	<ul style="list-style-type: none"> • Communal lighting repairs and tests • Landlord electrical repairs • Lightning protection 	Borough wide	30 September 2018
PEITR Contract A	BCS (Electrical & Building) Ltd (BCS)	<ul style="list-style-type: none"> • Landlord periodic electrical testing • Remedial works 	North of the borough	31 December 2017
PEITR Contract B	Lockesleys Ltd (Lockesleys)	<ul style="list-style-type: none"> • Landlord periodic electrical testing • Remedial works 	South of the borough	31 December 2017

11. A retrospective Gateway 3 report seeking an extension to the PEITR Contracts A&B will be presented in March 2018 to cover the interim until the new contracts commence.
12. The council will issue a 13 week early termination notice in respect of the communal lighting and lightning protection contract to Spokemead Maintenance Ltd following the approval to award these contracts.

Procurement project plan (Key Decision)

Activity	Completed by/Complete by:
Forward Plan (If Strategic Procurement) Gateway 2	01/01/2018
Briefed relevant cabinet member (over £100k)	04/04/2016
Approval of Gateway 1: Procurement Strategy Report	16/05/2016
Issue Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation)	06/06/2016
Invitation to tender	12/05/2017
Closing date for return of tenders	14/06/2017
Completion of evaluation of tenders (including post-tender clarifications)	20/11/2017
Issue Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation)	22/01/2018
DCRB Review Gateway 2:	05/02/2018
CCRB Review Gateway 2:	08/02/2018
CMT Review Gateway 2:(if applicable)	12/02/2018

Activity	Completed by/Complete by:
Notification of forthcoming decision – despatch of Cabinet agenda papers	01/03/2018
Approval of Gateway 2: Contract Award Report	13/03/2018
End of Scrutiny Call-in period and notification of implementation of Gateway 2 decision	21/03/2018
Alcatel Standstill Period (if applicable)	03/04/2018
Contract award	04/04/2018
Add to Contract Register	06/04/2018
TUPE Consultation period	29/06/2018
Contract start	02/07/2018
Publication of award notice in Official Journal of European (OJEU)	06/04/2018
Publication of award notice on Contracts Finder	06/04/2018
Contract completion date	01/07/2022
Contract completion date – if extension(s) exercised	01/07/2024

13. A number of post-tender clarifications were issued, which meant that it was not possible to adhere to the original timetable.

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

14. These services will ensure that the council has arrangements in place to maintain a safe environment within the communal areas of its housing stock in relation to communal lighting, periodic electrical testing and lightning protection that comply with current legislation and council policy.

Policy implications

15. The provision of a communal lighting, periodic electrical testing and lightning protection services is required in order that the council fulfils its duties and obligations as a landlord and employer. The maintenance of communal lighting is also important in contributing to community safety objectives, reducing the fear of crime and deterring vandalism of property.

Tender process

16. Following the placement of the OJEU advertisement on 8 February 2017, the PAS91 Pre-Qualification Questionnaire (PQQ) documents and the Invitation to Tender (ITT) were uploaded to ProContract and Contracts Finder website for tenderers to view and download.
17. The PQQ contained the following criteria
- Section C1 – General Information (Information only)

- Section C2 – Financial and Insurance (Pass /Fail)
 - Section C3 - Mandatory and Discretionary Exclusions (Pass /Fail)
 - Section C4 – Health and Safety (Pass /Fail)
 - Section O1 – Equal Opportunities (Information only)
 - Section O2 – Environmental Management and Capability (Pass /Fail)
 - Section O3 – Quality Management and Capability (Information only)
 - Section S1 – Technical and Professional Capability contained 14 questions, 9 of which were technical questions and an additional 5 quality questions to designed to ensure applicants met the council's requirements and were fully evaluated.
18. A total of 22 companies returned completed PQQ submissions, as detailed in the tender report in appendix 2, by the required deadline of 1pm on 13 March 2017.
19. The PQQ set out that the top five highest ranked applicants would be invited to tender but reserved the right to invite any applicant should they obtain a score that was within 2% (10 points) of the fifth ranked applicant's score. Three companies were invited to tender for both contracts as they scored within 2% of the fifth ranked score.
20. The PQQs were evaluated by officers in the asset management team and housing finance.
21. The organisations shortlisted for the ITT stage for Contracts A and B were as follows;
- AJS Ltd
 - BCS (Electrical and Building) Ltd
 - Lockesleys Ltd
 - Mitie Property services (UK) Ltd
 - OCO Ltd
 - Smith and Byford Ltd
 - Southwark Council Asset Management Services (AMS)
 - Spokemead Maintenance Limited.
22. The shortlisted companies were invited to tender on 12 May 2017 with the instruction to return a completed tender by 14 June 2017.
23. The shortlisted companies were invited to tender for Contracts A and B and the top two (2) scoring tenderers to be awarded a contract. Contract B to be awarded first to the successful tenderer achieving the lowest price and Contract A to be awarded to the second top scoring tenderer.
24. One of the shortlisted organisations withdrew from the process in a message sent via Pro-Contract on 1 June 2016. No reason was given.
25. Seven tenders for Contracts A & B were returned via ProContract on or by 1pm on 14 June 2017 via e-portal system and were opened on 16 June 2017. These were then checked for compliance.

Tender evaluation

26. The Tender Evaluation Panel (TEP) consisted of the following individuals, with areas of evaluation being conducted separately from each other.

Area Evaluated	By Who (Post)
Price (70%)	Senior Quantity Surveyor
Quality (30%)	Procurement Manager, Procurement Officer and Electrical Technical Officers

27. Tenders were evaluated on the basis of M.E.A.T (most economically advantageous tender) using a weighted model of 70:30 price and quality.
28. All tenders were initially checked for completeness and compliance with the ITT documents as set out in the Tender Evaluation Methodology (see appendices) before the price evaluation was carried out.
29. A price schedule model was used that contained various annexes covering the different work streams and hourly rates. This tendering approach was intended to preclude tactical tendering of any work streams and reduce the risk of uncontrolled expenditure.
30. Each annex contained a pre-priced schedule of rates and indicative quantities for each schedule based on historical data and the tenderers were required to put either a +/-% against each annex, including their hourly rate.
31. Price evaluation was marked out of 70 points. The lowest overall tender price would be awarded 70 points. The following formula was used to evaluate the scores - $(A/B) \times C$ - where:
- A = Lowest Lump Sum Price
 - B = Next Lowest Lump Sum Price
 - C = Overall Weighting for Price.
32. As a measured term contract is proposed, the figures and quantities used in the price evaluation were indicative only, to enable an evaluation of the relative prices of the tenders. Final spend will be demand led in accordance with the available budget. Tender prices submitted are as follows.

Ref	Contractor	Tender Sum (£)*
1	Spokemead Maintenance Ltd	£1,240,965.18
2	BCS (Electrical & Building) Ltd	£1,354,483.33
3	Lockesleys Ltd	£1,404,480.01
4	AJS Ltd	£1,476,735.02
5	AMS	£1,761,996.79
6	Smith and Byford Ltd	£1,885,945.35
7	OCO Ltd	£2,159,063.21

* Note tender sum figures are for evaluation purposes only.

33. All priced documents submitted were checked for arithmetical errors and qualifications.
34. The quality assessment was based on the information received from tenderers in response to method statements covering mobilisation, service delivery, quality control and compliance and the London Living Wage.
35. Each member of the TEP independently assessed each method statement response in accordance with the scoring guidelines detailed in the Tender Evaluation Methodology. The TEP then checked the scoring for consistency and

agreed a consensus score. Final scores were calculated to ascertain the tenderer's overall score.

36. A summary of results from the quality evaluation is shown in the table below.

ITT Quality Score Summary 0~5 Scores	Weighted Score Ranking	Method Statement 1: Resources		Method Statement 2: Service Delivery				Method Statement 3: Quality Control and Compliance		Method Statement 4: London Living Wage	
		A. Resource for Mobilisation)	B. Contract Roles and Responsibilities	I. Communal lighting repairs	II. Landlord electrical repairs	III. Periodic electrical testing and inspection of landlords, emergency lighting and lightning protection	IV. Emergency out of hours service	A. Quality and compliance during the Works	B. Compliance on completion of the Works	A. Administer and Monitor	B. Identification of Productivity Gains
AJS Ltd	7th	3	3	2	2	2	3	3	2	4	4
BCS Ltd	1st	4	4	4	3	4	4	4	4	4	4
Locksleys Ltd	3rd	3	4	4	3	4	4	4	3	4	4
OCO Ltd	6th	3	3	3	3	3	3	4	3	4	4
Smith and Byford Ltd	4th	3	3	3	3	4	4	3	4	4	4
AMS	5th	4	3	3	3	4	3	4	3	4	4
Spokemead	2nd	3	4	3	4	4	4	4	3	4	3

37. Tenderers had to meet or exceed a threshold of 2 for method statements two, three, and four across all the sub-criteria. All tenderers achieved this threshold.

38. The above 0-5 Scores resulted in the weighted scores shown below.

Criterion	Resources Method Statement 1 Maximum Score of 4	Service Delivery Method Statement 2 Maximum Score of 17	Quality Control and Compliance Method Statement 3 Maximum Score of 7	London Living Wage (LLW) Method Statement 4 Maximum Score of 2	Total
BCS (Electrical and Building) Ltd	3.2	12.8	5.6	1.6	23.2
Spokemead Maintenance Limited	2.8	13.6	5	1.4	22.8
LOCKESLEYS LTD	2.8	12.8	5	1.6	22.2
Smith and Byford Ltd	2.4	12	4.8	1.6	20.8
AMS	2.8	11.2	5	1.6	20.6
OCO Ltd	2.4	10.2	5	1.6	19.2
AJS Ltd	2.4	7.6	3.6	1.6	15.2

39. The table below shows the tenderers combined price and quality scores and identifies the first and second tenderers as the successful bidders for contract A and B respectively.

Tender Evaluation.				
SUMMARY OF TENDER SCORES FOR COMMUNAL LIGHTING AND ELECTRICAL TESTING WORKS				
Tenderer	Quality Score 30 %	Price Score 70 %	Total Score	Position
Spokemead Limited	22.80%	70.00%	92.8%	1st
BCS (Electrical and Building) Ltd	23.20%	64.13%	87.33%	2nd
LOCKESLEYS Ltd	22.20%	61.85%	84.05%	3rd
AJS Ltd	15.20%	58.82%	74.02%	4th
AMS	20.60%	49.30%	69.9%	5th
Smith and Byford Ltd	20.80%	46.06%	66.86%	6th
OCO Ltd	19.20%	40.23%	59.43%	7th

40. Following the tender evaluation, further clarifications were requested of all the tenders on 7 November. These were to confirm how orders would be monitored for accuracy, use of sub contractors and to ensure there were no changes in the declarations of interest since the PQQ's was submitted. These were not scored and did not form part of the evaluation.

41. All of the tenderers provided responses by the deadline of 20 November 2017.

Plans for the transition from the old to the new contract

42. The council's asset management team will develop an overall plan to manage and monitor this critical phase ensuring transition for the current service delivery under the three current contracts to the two new contracts are successful. The mobilisation plan will include;
- I-World transition with programmed closure of existing SOR's and commencement of new SOR's including briefing call-centre.
 - IT user set-ups and systems testing, and i-World training for contractor staff
 - Arranging for current service providers to transfer keys, data, permits and other Southwark assets to the new contractors.
 - TUPE transfers for relevant employees.
 - Distribution of the asbestos register and briefing to new contractors.
 - Contractors internal mobilisation planning including fleet preparation, stock acquisition and staff briefings.

Plans for monitoring and management of the contract

43. Contracts A and B will managed by the asset management team.
44. Key performance indicators will be set and challenged to ensure the successful contractors' performance. In particular, targets will be set to ensure all emergency lighting, periodic testing and lightning protection inspections are completed within the statutory timescales.
45. The table below shows the Key Performance Indicators (KPIs) for the contracts:

No	Key Performance Indicator	Minimum Target Percentage %	Council's Aspirational Target Objective %
1.	Right first time	90%	95%
2.	Percentage of Priority Code 0 and 1 Orders completed within the stipulated time periods.	95%	98%
3.	Percentage of Priority Code 2, 3 and 4 Orders completed within the stipulated time periods.	95%	98%
4.	Percentage of Planned Inspection and Testing Program On Time (Priority Code 5).	95%	98%
5	Percentage of Orders for which a Recall Notice (Default Notice) has not been issued within the calendar month.	98%	99%
6	Percentage of overbooking on Orders jointly inspected by Contractor and Contract Administrator	95%	96%

46. The asset management team will undertake audit site inspections to ensure that method statements are adhered to and repair and installation works are compliant and delivered to a high standard.

47. The asset management team will review all applications for payment and monitor and administer defaults and recovery of costs for poor performance.
48. Monthly progress meetings with the contractors and the asset management team, will be arranged and recorded to review performance and compliance.
49. Spokemead Limited and BCS (Electrical and Building) Ltd will be required to complete and return annual compliance checks to ensure that they comply with London Living Wage (LLW) payment undertakings, contractual insurance and professional certification. The commercial team shall carry out annual financial checks.
50. The asset management team will submit annual performance review reports to CCRB, and six monthly reports to DCRB.

Identified risks for the new contract

51. The table below identifies the specific risks associated with these contracts, the likelihood of occurrence and the controls in place to mitigate the risk.

R/N	Risk	Likelihood	Risk Control
R1	Possible risk of challenge on award of these contracts	Low	The procurement has been undertaken in accordance with the stated evaluation methodology that complies with the Public Contracts Regulations 2015.
R2	One or both of the contractors cease trading, or into liquidation / administration	Low	The contracts contain the provision for both contractors to act as back-up for each other. If both cease trading the Approved List of contractors will be used whilst re-procuring the contract(s) should this occur. The financial stability of the organisations will be continuously monitored throughout the contract through the contract management process. Mint credit checks were carried out as part of tendering process. Retention will be held on all interim payments to mitigate against the risks involved of company failure by either contractor. Spokemead Maintenance Ltd's parent company Bilby Plc will provide a Parent Company Guarantee. BCS (Electrical and Building) Ltd does not have a parent company.
R3	Ineffective mobilisation	Low	Both contractors are established i-World Users and are incumbent contractors. The engineering & compliance electrical service team will manage

R/N	Risk	Likelihood	Risk Control
			the mobilisation of the contracts with clear objectives defined at the outset. The tender selection included a method statement covering mobilisation and both tenderers provided robust mobilisation plans.
R4	One or both of the contractors is unable to fulfil the requirements of the contract e.g. poor performance, leading to the need to terminate the contract.	Low	The council will use back up arrangements within the contract. If both fail the Approved List of contractors will be used whilst re-procuring the contract(s) should this occur. The tender selection process reduces the likelihood of poor performance through the use of method statements to evaluate tenderers capacity to deliver.

Community impact statement

52. These contracts will support the council's commitment to providing quality affordable housing.
53. Both contracts will be of a medium impact to tenants, homeowners and other stakeholders as these services will require statutory inspections of landlord's electrical installations.

Social value considerations

54. 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 social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

55. The full cost to the council and the life span of each contract is set out in the paragraphs 1 and 2 of this report.
56. Each of the contractors will provide two week slots for one student per annum for local school work experience for administration work and one apprentice will be required for each contract area for the duration of the initial term of the contract period. The contractor will be required to work with the council to ensure local opportunities.
57. The council has requested the necessary information from BCS (Electrical and Building) Ltd and Spokemead Maintenance Ltd (using the council's standard documentation in relation to blacklisting) and both contractors have confirmed that they have not taken part in any blacklisting. The contract conditions also

includes an express condition requiring compliance with the Employment Relations Act 1999 (Blacklists) Regulations 2010 and include a provision to allow the contract to be terminated for a breach of these requirements. The commercial team will carry out an annual check to ensure compliance with the Regulations as part of the annual performance review.

58. Both companies confirmed that they are aware and comply with the council's Equal Opportunity Policy and have provided their own policy documents as part of their PQQ submissions.

Social considerations

59. Contractors will be required to demonstrate that they operate an Equal Opportunities Policy.
60. The council is an officially accredited London Living Wage (LLW) employer and is committed to ensuring that, where appropriate, our contractors and subcontractors pay staff at a minimum rate equivalent to the LLW rate. The Gateway 1 report dated 16 May 2016 confirmed, for the reasons stated in the report, payment of LLW was an appropriate and best value requirement for the contracts. Both contractors have confirmed that they already exceed the LLW requirements. Following award, any associated quality improvements and cost implications linked to the payment of LLW will be monitored as part of the annual contract review process for each contract.
61. BCS (Electrical and Building) Ltd and Spokemead are expected to demonstrate compliance with the Modern Slavery Act and to monitor the activities of their subcontractors in relation to the act, and both have confirmed that they comply with section 54 ("Transparency in supply chains etc") of the Modern Slavery Act 2015 in their PQQ submissions.
62. Contractors are encouraged to register with and seek to secure accreditation through the TfL Fleet Operator Recognition Scheme (FORS). Spokemead is currently registered on the FORS register as a Bronze Single Operating Centre Accreditation (SOCA). BCS (Electrical and Building) Ltd is not currently registered with FORS.

Environmental/Sustainability considerations

63. All disposals will be in accordance with the Waste Electrical and Electronic Equipment Directive (WEEE Directive).
64. The use of low emission vehicles and planning of journeys will be encouraged within the contracts.
65. LED lighting and smart lighting will be considered where appropriate to reduce energy costs and reduce CO2 emissions.
66. Both contractors have been issued with the Asbestos Register, and collaborate with the housing maintenance and compliance asbestos coordinator as required.

Market considerations

67. Both companies are locally based small and medium sized enterprises (SMEs) with fewer than 50 employees, utilising local supply chains and providing employment for local residents.

Staffing implications

68. There will be no impact on staff as the existing electrical/ lift contract management team are already performing the contract management functions. In recognition of some of the difficulties experienced with ordering and invoicing in this area of work, increased attention will be paid to these matters.

Financial implications

69. These contracts are currently split by estate and emergency lighting and electrical testing, with budgets of £2.3m and £1.2m per annum respectively. There is currently no planned savings against these contracts.
70. The new contracts will provide a saving of £100k per annum and potentially a further saving if the contingency budget is not utilised. This saving will initially be redirected towards the other engineering contracts but may be subject to savings at a later date.

Second stage appraisal

71. Second stage financial appraisals were obtained from Mint.co.uk for all tenderers on 22 January 2018. The PQQ stated that a Mint score of 40 or above was required in order to meet the minimum financial requirement. BCS (Electrical and Building) Ltd achieved a score of 58 and Spokemead Maintenance Limited achieved a score of 87.

Legal implications

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

Consultation

73. Consultation with residents will be held at the monthly Tenant and Resident Association meetings that address contract performance, planned works and other relevant matters.
74. Tenant Management Organisations will also be consulted throughout the mobilisation period where communal repairs are the responsibility of the council.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**Strategic Director of Finance and Governance**

75. The strategic director of finance and governance notes the recommendations in this report for the award of communal lighting and electrical testing contracts. These contracts will incur costs in financial years 2018-19 to 2021-22 and potentially beyond.

76. The costs of the contracts are met by the housing revenue account and are service chargeable under the terms of the leases. It is important that costs are carefully monitored to ensure that the relevant budgets are not exceeded.

Head of Procurement

77. This report is seeking Cabinet approval for the award of two separate lighting and electrical testing contracts. one contract shall cover north of the borough and the other, south of the borough.
78. The procurement strategy set out in the previously approved Gateway 1 report has been followed with a full restricted EU competitive process being undertaken.
79. Paragraphs 16 – 41 of the report describe the evaluation process that was carried out and that tenders were evaluated using a weighted model to determine the most economically advantageous tender (MEAT). The report confirms that the recommended providers scored highest on both quality and price.
80. Paragraphs 42 confirms the transition and mobilisation plan to ensure that the transfer of three contracts to two is successful.
81. Paragraphs 43 - 50 describe how the contract will be managed and monitored throughout the term of the contract, that in addition to the key performance targets site inspections will be routinely undertaken to ensure that method statement submitted as part of the tenders are adhered to. The report confirms that due to the value of these contracts annual performance reports will be submitted to the council's corporate contract review board (CCRB)

Director of Law and Democracy

82. This report seeks the approval of cabinet to the award of two separate communal lighting and electrical testing contracts - Contract A for north of the borough to BCS (Electrical and Building) Ltd and Contract B for south of the borough to Spokemead Maintenance Ltd as further detailed in paragraphs 1 and 2. It is also noted that approval of cabinet is also sought for BCS (Electrical and Building) Ltd and Spokemead Maintenance Ltd to act as back up contractor to each other on their own tendered rates when required.
83. The nature and value of these services are such that they are subject to the tendering requirements of the Public Contract Regulations 2015 (EU regs). This report confirms that, as required by law, tenders were sought from contractors following an EU procurement exercise and that the most economically advantageous tender is recommended for acceptance. A contract award notice will be posted in OJEU within 30 days of the award of both contracts.
84. As these contracts are subject to the EU regs, there is a requirement to allow a standstill period of a minimum of 10 calendar days between notification of the successful companies that they have won the contracts and the award of the contracts to those companies, so as to allow unsuccessful companies the opportunity to challenge (if they decide to) the award of these contracts. It should be noted that there is provision in the current communal lighting contract to terminate early upon 13 weeks notice. It is the council's intention to issue an

early termination notice, when letters of award have been issued, to meet the July start date.

85. As these contract awards fall within the circumstances noted in contract standing orders (CSO) 6.5.2(a), the decision to approve these awards is reserved to the cabinet, after consideration of this report by the corporate contract review board. CSO 2.3 requires that no steps should be taken to award a contract unless the expenditure has been approved. Paragraphs 69-70 confirm the financial implications of these awards.

Director of Exchequer

86. The door entry element of this contract is for work that is service chargeable under the terms of the leases. The contract is a qualifying long term agreement under the terms of the Commonhold and Leasehold Reform Act 2002 and consultation was undertaken under schedule 2 of the regulations. Notice of Intention was served in April 2017. Notice of Proposal was served on 22 January 2018 and the period for observations to be made ended on 28 February 2018. Six observations were received from leaseholders, mainly in regard to contract management. All observations have been given due regard and have received a substantive response. There were no observations received which would lead to a delay in letting the contract. Further details of the observations received and responses given are available from Homeownership Services.
87. The costs arising from the contract will usually form part of the annual service charges. Any individual orders made under the contract will be subject to further consultation where individual service charge contributions are in excess of £250.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1: Procurement strategy – Communal Lighting and Electrical Testing Contracts - Contract A: North of the Borough and Contract B: South of the Borough	Housing & modernisation, asset management 160 Tooley Street London SE1 2QH	Gavin Duncumb. Commercial Manager 020 7525 0685
Link (copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s67301/Report%20Door%20entry%20and%20warden%20call%20contract.pdf		

APPENDICES

No	Title
Appendix 1	London Borough of Southwark Communal Lighting and Electrical Testing (Tender Documents)Section 6 Evaluation Information (incorporating the Evaluation Methodology and Quality Submission Schedule)

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
Lead Officer	Dave Markham, Director Asset Management	
Report Author	Rod Davies, Procurement Manager	
Version	Final	
Dated	13 February 2018	
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	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		1 March 2018



ITT DOCUMENTS

www.southwark.gov.uk

Appendix 1 – Communal lighting and electrical testing

London Borough of Southwark

Communal Lighting and Electrical Testing

Section 6

Evaluation Information

(incorporating the Evaluation
Methodology and Quality Submission
Schedule)

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EVALUATION METHODOLOGY

INTRODUCTION

1. This document sets out the methodology that will be used to evaluate tenders received in relation to the two communal lighting and electrical testing works contracts.
2. The Employer is seeking to appoint separate Contractors for the two contracts (Contracts A and B) who will also act as back up to each other should the requirement arise.
3. Following the evaluation stages described in this methodology, the Employer will evaluate the tender submissions using a weighted model of 70:30 price/quality.
4. The award recommendations will be made on the basis of the most economically advantageous tenders (MEAT) evaluated as described in this methodology.

EVALUATION STAGES

5. The evaluation shall comprise of 4 stages:
 - a. Stage One - Compliance
 - b. Stage Two - Quality
 - c. Stage Three - Price
 - d. Stage Four - Final selection and recommendation

EVALUATION TEAM

6. An evaluation team has been set up to undertake a comprehensive, systematic and consistent evaluation of each tender. This evaluation team will be split into two panels, one for quality and one for price. Both panels will be made up of officers with expertise in their specific areas i.e. the quality evaluation panel will include individuals experienced in communal lighting and electrical testing provisions and the price evaluation panel will be made up of individuals with financial expertise.

STAGE ONE - COMPLIANCE

7. Tenders will be checked initially for completeness and compliance with the ITT documents. Whilst the Employer shall be entitled to seek clarification from tenderers in order to determine if a tender is complete and/or compliant, tenderers should note that the Employer reserves the right to reject tenders that are not complete and/or compliant. Tenderers are referred to 'Checklist of Documents to be returned' in Section 8 of the ITT documents.
8. For tendering purposes, tenderers are required to confirm as part of their tender that if awarded a contract, they will be able to provide the required levels of insurance cover in the contract as set out in the Contract Particulars. The Employer regards this confirmation as a compliance issue and reserves the right to reject any tender, without further consideration, in the event that they fail to provide such confirmation as part of their tender.
9. Tenderers are required to submit the Parent Company Guarantee Undertaking, if applicable, set out in the ITT documents.
10. Tenders that pass this Stage One will be evaluated as detailed below.

STAGE TWO - QUALITY

11. Tenderers will be required to submit four (4) method statement proposals answering the questions contained within the Quality Submission Schedule attached. These method statements, once approved by the Employer, will be incorporated into the contracts (Contract A and B) as the Contractor's planned way of working/operating throughout the Contract Period.
12. All submissions will be scored against the same criteria/ sub criteria and sub-weightings as set out in this schedule.
13. The weighting for each method statement proposal is set out in the following table:

Criterion	Requirement or sub-criteria in respect of Method Statements	Sub-Criteria Weighting	Criteria Weighting
Resources Method Statement 1	A. Resources for Mobilisation	2	4
	B. Contract Roles and Responsibilities	2	
Service Delivery Method Statement 2	A. Communal Lighting and Electrical Testing Works		17
	i. Communal lighting repairs	4	
	ii. Landlord electrical repairs	4	
	iii. Periodic electrical testing and inspection of landlords, emergency lighting and lightning protection	5	
	iv. Emergency out of hours service	4	
Quality Control and Compliance Method Statement 3	A. Quality and compliance during the Works	4	7
	B. Compliance on completion of the Works	3	
London Living Wage (LLW) Method Statement 4	A. Administer and Monitor	1	2
	B. Identification of Productivity Gains	1	
Total Quality Score			30

QUALITY SCORING SCALE

14. The scoring of a tenderer's method statement will be based on the following scale:

Score	Descriptions
0	Cannot be scored - No information provided or incapable of being taken forward either because the Contractor does not demonstrate an understanding of the Employer's requirements or because the solution is incapable of meeting our requirements.
1	Unsatisfactory - Although the Contractor does demonstrate an understanding of the Employer's requirements there are some major risks or omissions in relation to the proposed solution to deliver the Works and the Employer would not be confident of its requirements being met.
2	Satisfactory A response which is capable of meeting the Employer's requirements but is unlikely to go beyond this.
3	Good A response, which shows that the Contractor demonstrates an understanding of the Employer's requirements, has a credible methodology to deliver the Works and could evolve into additional benefits.
4	Very Good A response, which shows that the Contractor demonstrates an understanding of the Employer's requirements, has a credible methodology to deliver the Works alongside a clear process and plan to deliver additional benefits and deliver value.
5	Excellent A response which shows how the service can comprehensively be taken to the next level in terms of exceeding the Employer's requirements and/or offering significant added value to the Employer's overall strategic requirements and objectives.

15. Each question will be scored and then the sub-weighting applied to give a weighted score for quality. The score will be to the nearest two decimal points.

Examples

Points Awarded	Sub Criteria Score	Calculation	Total Score
1	3	$1/5 \times 3$	0.60
3	3	$3/5 \times 3$	1.80
5	3	$5/5 \times 3$	3.00

16. A tenderer's evaluation score will be based on the tenderer's written submission, but this will be clarified (and its veracity and accuracy verified) by the following methods:
- By responses to clarification questions raised by the Employer
 - Clarification meetings/presentations
 - Written feedback from referees.
17. Tenderers will not be able to address any omissions in their tender submission during any clarification process.

18. The initial score will be based on the evaluators' review of the tenderer's tender submission and be updated based on further clarification. The final score therefore may differ from the initial scores to reflect the full evaluation process undertaken by the quality evaluation panel. Overall scores will be calculated to ascertain the tenderer's overall percentage score.
19. The quality evaluation panel shall conduct a "consensus scoring process" where moderation of the scores awarded during the exercise will take place. The moderation shall give regard to any variance in the scores between the evaluators. A consensus score will be agreed by the evaluators for each of the evaluation criteria.

QUALITY THRESHOLDS

20. The award criteria are set out at paragraph 13. Each response to the award criteria will be marked out of a possible score of 5. The scoring will be based on the general principles and descriptions shown in the table at paragraph 14.
21. Tenderer's should note that for method statements two (2), three (3) and four (4) a tenderer must score 2 (satisfactory) for each of the sub-criteria otherwise it may be rejected.

STAGE THREE - PRICE

22. A price evaluation model ("the model") has been designed to help the Employer carry out a robust evaluation of price. The model has been prepared using historical data in relation to the service and predicted annual spend levels. The rates, prices and percentage adjustments captured in the Form of Tender (in Section 7 of the ITT documents) will be used to populate the model.
23. The model has been produced in Microsoft Excel 2003.
24. Tenderers should note that all Schedule of Rates are pre priced according to the Employer's bespoke rates. The tendered percentage adjustments should include for all costs as detailed within the Preliminaries (in Section 4 of the ITT documents) and the rest of the ITT documents. The total of each Annex will be calculated and carried to the summary page.
25. Where appropriate each Annex will be adjusted by the tendered percentage adjustments, inserted in the Form of Tender (in Section 7 of the ITT documents) as follows:
 - (a) Annex 1 - Pre Priced Schedule of Order Descriptions - subject to percentage adjustment A1 and multiplied by indicative quantities derived from historical data.
 - (b) Annex 2 - Pre Priced Schedule of Rates for Electrical Works - subject to percentage adjustment A2 and multiplied by indicative quantities derived from historical data.
 - (c) Annex 3 - Pre Priced Schedule of Rates for Periodic Testing- subject to percentage adjustment A3 and multiplied by indicative quantities derived from historical data.

- (d) Annex 4 - Pre Priced Schedule of Rates for Emergency Lighting - subject to percentage adjustment A4 and multiplied by indicative quantities derived from historical data.
- (e) Annex 5 - Pre Priced Schedule of Rates for Lightning Protection Testing - subject to percentage adjustment A5 and multiplied by indicative quantities derived from historical data.
- (f) Annex 6 - Tenderers' Schedule of Hourly Charges to be inserted in the Form of Tender (in Section 7 of the ITT documents) and multiplied by indicative number of hours.
26. The Employer will review information submitted by tenderers in the Form of Tender (in Section 7 of the ITT documents) to satisfy itself that the prices and percentage adjustments submitted by tenderers are robust and sustainable.
27. As noted, the Employer reserves the right to clarify or hold clarification meetings with tenderers concerning any aspects arising from a tenderer's submission including without limitation, the tenderer's response to these sections.
28. The tenderer with the lowest lump sum price of all the combined Annexes will be awarded 70 points. The lowest cost submitted will be used as the baseline for establishing the % weighting for the remaining tenderers using the following formula:
29. The following formula will be used to evaluate the score - $(A/B) \times C$ - where:
- A = Lowest Lump Sum Price
B = Next Lowest Lump Sum Price
C = Overall Weighting for Price
- Example:
- | | | |
|---|-------------------|----------------------|
| Lowest tender £1.4m | Awarded 70 points | |
| Next lowest tender £1.5m | | |
| $\text{£1.4m} / \text{£1.5m} \times 70\%$ | = | Awarded 65.33 points |
30. For the avoidance of doubt, where the lowest price is scored this will be divided by itself as A/A rather than A/B so will score maximum price score.

ABNORMALLY LOW TENDERS

31. The Employer will scrutinise very carefully any tender that contains a price which appears very low (having regard, amongst other things, to the prices submitted in the other tender submissions received). The Employer reserves the right to reject any tender submission that is abnormally low.

DISCLAIMER

32. The price will be evaluated by applying the figures in the tenderer's completed pricing evaluation model to the assumed volumes of Works. These assumed

volumes are made by the Employer purely for the purpose of evaluating tender submissions and for no other purpose and are not an indication or prediction of the quantities of Works which the Employer will require or which the Contractor will provide under any awarded contract.

33. Save for the purpose of comparing tender submissions, the quantities inserted in the pricing evaluation model by the Employer, shall not bind the Employer in any way and does not constitute any warranty, representation, indication, estimate or prediction of the volumes and quantities of any Works which the Employer may require or the Contractor will provide under any awarded contract.

STAGE FOUR - FINAL SELECTION AND RECOMMENDATION

34. The scores achieved for both quality and price will be added together to give an overall score. The overall scores will then be used to rank the tender submissions.
35. The top two (2) scoring tenderers shall be awarded a contract. Contract B will be awarded first to the successful tenderer achieving the lowest price and Contract A will be awarded to the second top scoring tenderer.

TIE BREAK

36. In the event of a tie break (where two or more top scoring tenderers have the same total weighted score including both quality and price), the Employer shall select from amongst those tenderers the submission of the tender with the highest weighted score for method statement 2. In the event that this still results in a tie break, the Employer shall select from amongst those tenderers the tender submission with the highest weighted score for price.

QUALITY SUBMISSION SCHEDULE

Tenderers are advised to read the Preliminaries and the Technical Specification in Section 4 of the ITT documents prior to answering the quality questions.

A page limit is set out for each method statement. Any information in excess of the page limit will be disregarded and not scored.

Method Statement 1: Resources

The successful Contractor is to ensure the efficient and effective mobilisation of the Contract on the Contract start date. The Contract includes the provision for a mobilisation period of three months and during this period, the successful Contractor shall undertake everything necessary to ensure Works commence.

A. Resources for Mobilisation (Sub-weighting 2)

Tenderers must submit a proposal setting out how mobilisation will be carried out and describe the resources required to be ready for Contract start.

B. Contract Roles and Responsibilities (Sub-weighting 2)

Tenderers must submit a proposal detailing the roles and responsibilities of the key personnel for the Contract.

Page limit: Four (4) A4 Pages Arial Font size 11 plus a structure chart.

Method Statement 2: Service Delivery

Communal Lighting and Electrical Testing Works

Tenderers must submit proposals for detailing their approach for responsive, planned preventative maintenance (PPM) and testing work for each of the services set out below. The proposals should include the resources to be used and how the Works will be delivered:

- I. Communal lighting repairs (**Sub-weighting 4**)
- II. Landlord electrical repairs (**Sub-weighting 4**)
- III. Periodic electrical testing and inspection of landlords, emergency lighting and lightning protection (**Sub-weighting 5**)
- IV. Emergency out of hours service (**Sub-weighting 4**)

Page limit: Seventeen (17) A4 Pages Arial Font size 11.

Method Statement 3: Quality Control and Compliance

Tenderers must submit a proposal setting out how they will achieve quality and compliance of the Works.

A. Quality and compliance during the Works (Sub-weighting 4)

Tenderers should set out their quality control and compliance procedures for the Works and detail what reporting information will be provided to the Council.

B. Compliance on completion of the Works (Sub-weighting 3)

Tenderers should set out their compliance procedures prior to, and during, the handover period.

Page limit: Seven (7) A4 Pages Arial Font size 11.

Method Statement 4: London Living Wage (LLW)

A. Administer and Monitor (Sub-weighting 1)

Tenderers are required to explain how the LLW will be administered, monitored and reported to the Council. The submission should specifically address its application to the tenderers directly employed staff and those of its sub-contractors.

B. Identification of Productivity Gains (Sub-weighting 1)

Tenderers are also required to identify productivity gains and other benefits which they expect to result from the payment of the LLW and proposals setting out how these will be measured and reported to the Council.

Page limit: Two (2) A4 Pages Arial Font size 11.

Item No. 23.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Canada Water Master Development Agreement	
Ward(s) or groups affected:		Rotherhithe and Surrey Quays	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

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

This report sets out how the council will enter into a master development agreement at Canada Water with British Land to enable the delivery of the comprehensive redevelopment of the area. The details of this report and the masterplan agreement are in line with the revised heads of terms agreed by cabinet in September 2017. This agreement will underpin the delivery of around 3,000 new homes, up to 20,000 new jobs, significant improvements to the public realm, a new council leisure centre, and secures the council's future options for benefiting from the proceeds of growth at Canada Water. The agreement with British Land will guarantee a policy compliant level of affordable in the first phase (35% affordable housing split 70% at social rents and 30% at intermediate rent), and that the council will have the first option to purchase the social rented homes and let them as council homes, at council rents, on council tenancies. The report and agreement sets out that affordable housing in future phases will be subject to viability reviews – given the long development timeline of 15 years this will ensure that any future policy changes and availability of grant can be taken into account.

The agreement sees the council increase its land holdings at Canada Water to include 20% of the Mast Leisure Park (which is currently in the freehold of British Land), and will see the council take a 20% ownership over the whole development. The council will have the option as each plot comes forward for development to either invest in that plot to maintain our ownership, sell out our interest, or to retain our land interest and not invest into that plot. This arrangement is detailed in the report, the key consideration is that this approach will give the council the opportunity to benefit from the increase in rents and capital receipts as the development is built out over the next 15 years. This will allow the council to receive income (either as rent or as receipts) to support our capital programme or invest into service provision for our residents. At a time when local government budgets have been heavily reduced by central government this will help us to maintain top quality services for our residents.

The report also endorses the masterplan that British Land have consulted on extensively since 2014 and which has broad local support, this endorsement is as the council in our position as landowner and the determination of the planning application will be subject to the separate statutory planning process. The masterplan includes the proposed location of a new council leisure centre to serve our borough – and in particular residents of Bermondsey and Rotherhithe – to replace the existing Seven Islands Leisure Centre. After careful consideration we support the location proposed by British Land which is a significant improvement on the previous proposed site. It should be noted that the location will sit at ground and basement of the office building on the proposed plot and we have agreed a cost cap with British Land for delivering the new centre which protects the council's position.

This report also updates on the development of a Social Regeneration Charter and the four themes that have emerged from public consultation, this report therefore instructs officers to complete this work and to report back to cabinet ahead of the planning application being determined.

RECOMMENDATIONS

1. That the council agrees to enter into the master development agreement for the site shown at Appendix 1 with British Land on the basis outlined in the report.
2. That the council agrees to take a long lease of all of British Land's freehold interests within the master development agreement area pursuant to s227 of the Town and Country Planning Act 1990 on the basis outlined in the report.
3. Delegates to the director of regeneration authority to conclude by 31 May 2018 the legal documentation for the master development agreement and any other documents arising there from in a way that is consistent with the information in the body of the report.
4. Delegates to the director of regeneration authority to enter into a CPO indemnity agreement.
5. Cabinet endorses the masterplan summarised in Appendix 5 & 6 of the report which will provide the framework for the redevelopment of the area over the next 15 years.
6. Cabinet delegates to the director of regeneration final authority as landowner to agree the submission of the planning application consistent with the masterplan framework summarised in Appendix 5 and 6 of the report.
7. Cabinet confirms that plot A2 is the preferred location for the new Canada Water leisure centre and endorses the framework for taking forward the project as set out in paragraphs 52-58 of the report.
8. Cabinet endorses the four social regeneration themes outlined in paragraph 60.
9. Instructs officers to complete work on the social regeneration charter taking into account work undertaken as part of the Southwark conversation and to report back to cabinet before the planning application is determined.

BACKGROUND INFORMATION

Introduction

10. The regeneration of Canada Water has been a long term objective for the council. In November 2015 following an extensive programme of consultation and discussion with local stakeholders the council adopted the Canada Water Area Action Plan which will guide development in the area in the period up until 2026.
11. The introduction to the CWAAP states that the Rotherhithe peninsula was transformed during the 1980s and 1990s. Over 5,500 new homes were built during this period along with the shopping centre and the Harmsworth Quays

print works. It notes that a second phase of regeneration is now underway focussed on the area around Canada Water itself. The opportunity to regenerate the substantial amounts of surface car parking, the out-of-town style shopping and entertainment facilities to create a new town centre for Rotherhithe and for Southwark is recognised and supported.

12. The CWAAP identifies that the “focus of development within the AAP will be a core area around Canada Water” and that this area is most suitable for more development and change due to its character, public transport accessibility, and opportunity and capacity for growth.
13. The council and BL are proposing to enter into a long term partnership to combine their property interests within this core area to deliver a masterplan which is consistent with the scale and ambition established by the CWAAP. The agreement covers three main sites (but with the ability to be expanded to include other land): the former Print Works (PW); the Surrey Quays Shopping Centre (SQSC); and, the Mast Leisure Centre (MLC), as shown on plan 1 attached. All of the land is owned freehold either by the council or BL and all of the council freehold land (other than some small miscellaneous sections of amenity land and highway) is occupied by BL under a number of long leases.
14. It has been provisionally agreed to extend the agreement site to include the former Rotherhithe Police Station and the Old Dock Office, and these are shown in the plan at appendix 1. It is possible the site may be further extended to include Canada Water Basin, as shown in the plan at appendix 2. The agreement also allows for a management area to be established and subject to the outcome of public consultation the extent of this is shown in the plan at appendix 3.
15. This is intended to be a long term partnership between the public and private sectors. It will deliver not only the physical transformation of the area in the form of a genuinely mixed use town centre but also a programme of social regeneration ,which the partnership will commit to in the form of a social charter, to ensure local communities have the opportunity to benefit from this investment.
16. This partnership has been developing since November 2014 when Cabinet endorsed 10 core priorities which were intended to set the parameters for the negotiations with British Land. At the heart of that decision was an ambition to put in place a commercial structure which would ensure that the council secures long term financial returns from the regeneration process which will help fund the services the council provides to our residents. The acquisition of the land which is envisaged in the changes to the land ownership will therefore facilitate the carrying out of development on that land which will contribute to providing improvements in the economic, environmental and social well being of the area as detailed in the report.
17. The agreement is based on the principle of the council and BL pooling their ownership and sharing the risk and reward of the development. Under the arrangement a masterplan will be created to direct future activity and this distributes development across the whole area in the most logical way irrespective of ownership.
18. The commercial principles which are intended to deliver this core objective were formally established by the Heads of Terms which were endorsed by cabinet in

September 2017. The MDA which is the subject of this report builds on these previous decisions and is consistent with the approach taken in the previously approved Heads of Terms. In particular the MDA is based on the initial landowner shares of BL 80% and council 20% established by that decision. In addition the council also secured the right as landowner to agree the masterplan prior to submission of planning consent and this is addressed in the report.

KEY ISSUES FOR CONSIDERATION

19. Set out below is a summary of the operation of the provisionally agreed master development agreement.

Master development agreement

20. The key document in the deal with BL is the Master Development Agreement for Canada Water (MDA), that will be signed by the council; BL CW Holdings Ltd, the property owning entity; BL CW Developments Ltd, that will deliver the development; and, The British Land Company PLC, that will stand as guarantor on appropriate terms.
21. In total the agreement with BL will have a maximum potential life of 500 years, but the MDA itself will exist only for the first cycle of development; that is, until the masterplan is delivered. It is anticipated this will take around 15 years.
22. The MDA performs a number of functions, some of the key ones being:
- It details the property ownership structure between the council and BL that is to be put in place and that will facilitate development of the site.
 - Governs how individual plots will be developed during the first cycle of development.
 - Sets out the financial arrangement between the council and BL and the options for the council to invest in the scheme and how it gets its return.
 - It commits BL to deliver the council's new leisure centre in the first phase of the masterplan subject to securing vacant possession of a suitable site. And;
 - Sets out the developer's obligations for delivery of affordable housing.
23. The timetable to complete the MDA is that following cabinet agreement the council and BL will have until 31 May 2018 to complete the legal formalities and sign a conditional MDA. To ensure this timetable is met Cabinet are asked to delegate the approval of the full suite of MDA documentation to the director of regeneration. Cabinet are asked to note that the Director of Regeneration will have regard to the assessment as to whether the Council has met its obligation under Section 123 of the Local Government Act 1972 to secure the best consideration that can be reasonably be obtained for the disposal of it's land when making this decision. Following this BL will then have 28 days to submit a planning application for the masterplan.
24. The conditional MDA contains a number of conditions precedent that must be satisfied before the deal comes into full effect. The conditions precedent include

obtaining planning consent and there is a 10 year long stop date for them to be satisfied, failing which the agreement can be terminated.

Ownership structure

25. Un-conditionality of the MDA (when the conditions precedent are met) will trigger a series of property transactions that will create the land interests out of which development will take place. BL will grant the council a 500 year lease of its freehold land. At the same time, the council will create, out of its freehold and the new long lease from BL, an overarching Head Lease of the entire site such that BL's existing leasehold interest will merge with the new Head Lease and no longer subsist.
26. The Head Lease is a key feature of the agreement. It will be between the council and BL CW Holdings Ltd and will run for 500 years. The rent payable under the Head Lease is the mechanism by which the council receives a return for investing in the development (the operation of the rent is dealt with in more detail below).
27. It is the council's aspiration to see emerge at Canada Water a truly mixed use town centre that includes a range of activities: retail; employment space; a range of housing tenures; community facilities; and, public realm. These different uses have different commercial risk for developers / investors and will generate different rates of return.
28. Pooling ownership and creating an overarching ownership structure allows the deal partners to take a balanced view of the different level of profit from each site. In effect, and to some degree, there will be an element of cross subsidy between some uses. The Head Lease also makes it possible to breakup delivery of the masterplan into manageable chunks by allowing the carving out of individual development plots. If it is thought advantageous to the project then these can be delivered by third parties
29. Delivery of the Canada Water masterplan will be a long term undertaking that will require significant financial resources. The commercial reality is that any regeneration on this scale must deal with the need to bring in additional sources of finance. It is also essential that all parties have options to exit the arrangement should they need to and the proposed ownership structure addresses all of these matters.
30. Once a plot is identified for development it will be the subject of a long lease arrangement (either a sublease of the head lease or a separately identified plot within the head lease). The rent and other receipts generated by the long lease will be the commercial return to the plot developers
31. The MDA also gives BL a number of tools to introduce additional finance or for them to exit the arrangement. This can be done by:
 - BL can sell some or all of its stake in BL CW Holdings Ltd (the company that holds the main property interest in the project).
 - BL can create financial products within the ownership structure that will enable them to sell the right to receive the income generated by one of more plots.

- BL can sell up to 30% of the developable area of the site by way of outright sale on a long lease basis (Third Party Sale) – in which case the council will be paid 20% of the sale proceeds and will have no further interest in the land.
 - For all non Third Party Sale plots the council will have the right to participate as an equity partner in the development plots. In these cases BL will have the right to sell its involvement in the development of the plot, but leaving the council's investment rights intact.
32. The council is also protected financially so that, should it so wish, it has a number of ways to exit the project, either in whole or in part:
- The council can sell its freehold interest in the Head Lease and cease direct involvement in the project.
 - The council can sell its right to be involved in individual plots as they come forward for development.
 - The council can sell the right to receive some or all of the rent under the Head Lease for a period of time.
33. For all of these reasons the ownership structure envisaged by the MDA is recommended to cabinet as one that: creates the overarching ownership interest needed to deliver a mixed use scheme and to bring about the better planning of the area; has the flexibility needed to introduce additional funding sources; and, give both parties options to exit the arrangement should they wish.

Implications for rent

34. One of the consequences of the structure outlined above is that it creates a particular dynamic around the collection of rent:
- The council currently collects rent from the Surrey Quays Shopping Centre (5% turn over rent) and the Print Works (around £400k per annum) and when BL enters into the new Head Lease the rent to the council will stop.
 - Simultaneously, under the new Head Lease the council will be able to collect 20% of the rent from Surrey Quays Shopping Centre and the Mast Leisure Centre (and potentially from other sites if the MDA is extended).
 - Going forward, the rent from the Shopping Centre and Mast Leisure will reduce as they are emptied to facilitate redevelopment.
 - As development plots are completed the council will receive its shares of the rent generated by these new buildings.
35. Exactly how this dynamic will play out cannot be known with certainty until the masterplan is confirmed and the sequencing and timing of development is clearer. However, early financial modelling confirms that in the first five years following drawdown of the head lease the rent position for the council should be at least neutral.

Site boundary

36. At Heads of Terms stage cabinet endorsed the position that the agreement with BL should cover three sites: PW, SQSC and MLP, with the ability to extend the site with the agreement of both parties. Cabinet also endorsed the principle of entering into a management agreement that could extend beyond the boundary of the main agreement area. The purpose being to secure investment in areas of public realm – inclusion of public realm being subject to public consultation.
37. Provisional agreement has been reached to extend the contracted area to include the: former Rotherhithe Police Station on Lower Road; the Old Dock Office on Surrey Quays Road; and, subject to the outcome of public consultation and the grant of planning consent, to Canada Basin itself. Agreement to this would bring the areas into the masterplan and the full scope of the development agreement with BL so that they become part of the comprehensive treatment of the new town centre.
38. Inclusion of the former Police Station and the Old Dock Office are not considered to be contentious. and should benefit the comprehensive treatment of the wider area. BL has been consulting local people on the benefit of including the Basin in the development; the process has not yet concluded but initial indications are that there is support for the proposal.
39. It is envisaged that the council may be required to use CPO powers at a future date in order to obtain possession of parts of the site that are occupied and in respect of which vacant possession cannot be achieved by agreement. The use of CPO powers would be the subject of a separate decision of cabinet at the appropriate time. In order to protect the council's position, the council and BL will enter into a CPO indemnity agreement which will govern the relationship between the parties in respect of any CPO and importantly which will indemnify the council against the costs incurred in making a CPO and the costs of compensating any parties whose interests are compulsorily purchased.
40. It is further provisionally agreed that the management area should include the Plaza around Canada Water Library and Redbridge Square (the link route between the town centre and Greenland Dock) as shown on plan 3 attached. This is conditional on the outcome of public consultation and on BL receiving planning consent for their proposals.
41. BL has run a number of consultation events on the treatment of public realm that included the Basin, Plaza and Redbridge Square, with a view to including them in the planning application for the emerging masterplan. A summary of the findings from the most recent consultation events held in February this year are generally positive and are summarised in Appendix 4.
42. Cabinet is asked to endorse the provisional agreement and to instruct the Director of Regeneration to conclude the appropriate formalities to document these points as follows:
 1. To extend the boundary of the agreement with BL so that both the MDA and the Head Lease include the former Police Station on Lower Road and the Old Dock Office on Surrey Quays Road; their inclusion being to allow the better planning of the area.

2. To enter into a CPO indemnity agreement whereby, should the council at some point in the future make a specific decision to use its CPO powers in support of the project, BL will indemnify the cost for doing so. Cabinet is asked to agree that the completion of this document on appropriate terms is delegated to the Director of Regeneration for completion by May 31st.
3. Subject to the outcome of public consultation and the grant of an appropriate planning consent, to include Canada Water Basin in both the MDA and the Head Lease. Inclusion to be on the basis that responsibility for the future repair and maintenance of the dock structure is to pass to BL CW Holdings Ltd along with the council's existing water management responsibility.
4. Subject to the outcome of public consultation and the grant of an appropriate planning consent, to enter into a management agreement with BL to include Canada Water Plaza and Redbridge Square. This to be a 25 year agreement with BL and its successors to the MDA site to ensure the sections of land are managed to an acceptable standard as part of a comprehensive strategy

Masterplan

43. One of the specific provisions of the MDA is that the council as landowner agrees to the scheme masterplan. After confirmation BL has 28 days to submit the masterplan for planning consent.
44. BL agreed as part of the Heads of Terms the Council as landowner would have the right to consider the masterplan prior to submission for planning consent. The current masterplan scheme overview is attached as Appendix 5 of this report. Appendix 6 contains a summary of the proposed approach which will inform the planning applications. In line with the development principles which were approved by cabinet in November 2014 the masterplan will:
 - Deliver 35% affordable housing split 70/30 social rent/shared ownership in the first phase. Affordable housing in subsequent phases will be determined as each reserved matters applications is brought forward in accordance with up to date viability reviews. It is envisaged that review points will also be an opportunity to assess the availability of grant to support the delivery of affordable housing.
 - The council has secured an option to purchase the social rent homes (but not the intermediate homes) and retain them as council housing.
 - The phase 1 application includes on plot A2 [identified in Appendix 7] a new public leisure centre which will be owned by the council via a long lease. The proposed scheme is capable of accommodating the council's high level specification from November 2014. The design has evolved further since then and includes for an 8 lane swimming pool, 4 court sports hall, crèche, 146 station gym, two studios and cycle spinning room.
 - Incorporates a mix of uses that should be capable of supporting up to 20,000 new jobs, and training and business start up opportunities.

- The proposed mix of uses developed across the combined holdings has the capacity to accommodate an education hub providing significant new space for teaching, academic and research facilities.
 - School pupil projections have been assessed. A programme of interventions to provide additional capacity to meet needs arising from the scheme has been identified and this is set out in Appendix 6. The masterplan includes space for a new sixth form.
 - TfL and Southwark have commissioned a multi modal transport study. Emerging findings are summarised in Appendix 6. The planning application will be submitted with an assessment of the impacts on the immediate local highway network and this will be used to identify any further local mitigation measures that the developer may be required to deliver.
45. BL have been engaged in a process of consulting residents and local stakeholders since 2014. This culminated in a final exhibition in February 2018. The details of the consultation programme and a summary of the responses from the recent exhibition are set out in Appendix 6. In summary the approach is generally supported by local residents although there are some concerns about the implications of the scheme for local infrastructure including the impacts that it could have on the capacity of the transport system, schools and health facilities. The programme of work to address these concerns is set out in more detail in Appendix 5.
46. It should be emphasised that this is the start of a programme of development which will be constructed over a long period of time. Therefore the impacts of the scheme will be incremental and will not occur from day one. The council and its partners are committed to working together to ensure the capacity of the transport, health and education facilities are capable of meeting the increased demands that will increase over time. The council and GLA have therefore established a Strategic Forum to oversee the development and coordinate public and private investment in the area.
47. Cabinet is therefore asked to endorse the scheme overview and the summary of the masterplan (Appendix 5 and Appendix 6) which will provide the framework for the redevelopment of the area over the next 15 years. It should be emphasised that this decision is being made by the council in its capacity as landowner with an interest in the long term regeneration of the area. The determination of the planning application will be taken by the council's planning committee following statutory consultation. It will be determined in accordance with all relevant planning policies and material considerations as is the case with all other applications. The scale of the scheme also means that the application will be referable to the mayor for determination.
48. The next step in the process will take the form of a submission of a detailed phase 1 and outline planning applications for the remainder of the Site. The applications will be supported by a large body of technical supporting documents including a design guide, design specification, Environmental Assessment, Affordable Housing Statement. Cabinet is asked to agree that the council's approval as landowner for the formal submission of the planning applications and supporting suite of documents is delegated to the Director of Regeneration. The delegated decision will be undertaken within the parameters summarised in Appendix 6.

Affordable housing

49. The MDA requires BL to provide a policy compliant phase 1 affordable housing. Affordable housing in subsequent phases will be determined as each reserved matters applications is brought forward in accordance with up to date viability reviews. More detail on the proposals are set out in Appendix 6.
50. The council has also secured an option to purchase the social rent units within the scheme. There will be an affordable housing lease which will form part of the MDA which will guarantee that the council can secure these homes for a period of 200 years at a purchase price to be set through the planning viability process. Cabinet are asked to note that the completion of the option by 31st May on appropriate terms will be delegated to the Director of Regeneration.
51. The council will be required to support BL in securing grant to help deliver affordable housing within the scheme. This process has already commenced and it has been agreed that BL can use up to £12m of the £20m secured through the housing zone designation to support delivery in the first phase of the scheme.

Leisure centre

52. Cabinet agreed core priorities for the negotiations with BL in 2014 which included a requirement for a site in its ownership for a new public leisure centre. At the time the specification for the facility was to include a swimming pool, 4 court sports hall, crèche, gym and cycle spinning room. The design has evolved since then and the current base specification is now summarised in Appendix 6.
53. As noted in the section of the report concerning the CW masterplan the proposals BL intend to submit as a detailed phase 1 planning application include a new leisure centre on Plot A2 [Appendix 7]. The MDA establishes a framework for the delivery of this facility at this location. In addition the MDA also establishes exits points at which the council or BL may opt to not proceed with the project on the plot A2 site.
54. The provision of the facility at Plot A2 is conditional upon planning permission being granted, vacant possession being secured, and agreement on a final construction price within the financial parameters which are set out below:
 - The council's financial contribution is to be capped at no more than £35m. By comparison The Castle had a total cost of £20m. Since that facility was completed building costs have increased by over 30%. In addition the high level specification for the Canada Water centre has a footprint which is 15% larger than the Castle. The Canada Water centre would have an 8 lane pool (as opposed to 6 at The Castle). Furthermore Sport England guidance for sports halls has been updated resulting in an increase in the size of this component of the facility. Taking these changes into account would increase the Castle to a cost of £27m at today's prices.
 - At this point in the process there still remain significant cost risks which make it difficult to predict the final construction cost with any degree of certainty. In particular ground condition surveys are needed before construction risk can be assessed and the structural design of the building

confirmed. As noted the scheme is subject to planning and the date for vacant possession of the site has still to be confirmed. As a consequence build costs are likely to fluctuate in the period leading up to the date at which the actual construction price is fixed which is a further risk. In these circumstances it is necessary to set aside a sum for risk and contingency. The £35m budget cap allows for £8m to cover this and professional fees. BL have priced this at a higher level resulting in a total figure of £45.7m.

- As noted above, the project is at an early stage and final costs are inevitably subject to risk. To bring further certainty to the process the developer will undertake a ground survey within 6 months of obtaining vacant possession of the Petrol Filling Station (PFS), or earlier if agreement can be reached with Tesco whilst the PFS is still operational. Once the results of the ground survey are known, the developer will re-issue the cost estimate to build the Leisure Centre on an open book basis. If the revised total of all build and development costs including fees and contingencies are lower than £35m then the Council's cap will be reduced to this amount.
 - Once the costs have been re-stated, if the council no longer wish to proceed, it may withdraw on 4 weeks notice to the developer. At this point the Agreement for Lease (AFL) will be rescinded and the obligation to provide a Leisure Centre in the MDA will fall away.
 - If the restated costs have increased materially (>10%) above the £45.7m figure which BL currently price the project at , then the developer will have a right to rescind the AFL on plot A2 but will be obligated to put forward an alternative site for the Leisure Centre.
 - If the review demonstrates that the price is in excess of the cap of £35m and the council opts to proceed then the amount above the cap will be treated as a shortfall and recovered via the infrastructure account against the individual plots as they are brought forward. Costs will be met on an 80:20 basis or in accordance with the council's plot proposal investment decision at that time.
 - In the event the council opts to proceed a final construction price will be fixed following a competitive tender process using contractors from a pre agreed list.
55. Vacant possession of Plot A2 is dependent on BL and Tesco agreeing commercial terms for the relocation of the petrol filling station. While BL report that they are making good progress towards agreeing a deal there is at this time no guarantee that this will occur. The council therefore has the option to opt out of this site in June 2023 if VP has not been secured by the date.
56. A detailed specification for the construction of the centre will need to be agreed by 31 May 2018. Approval of the specification is to be delegated to the Directors of Regeneration and Leisure Services.
57. An agreement for the lease [AfL] of the leisure centre will also be completed as part of the MDA process. The principal terms are a lease of 125 years at a peppercorn rent. Approval of the completed AfL is to be delegated to the Director of Regeneration to conclude satisfactory terms including a requirement that the lease granted to the council can be freely assignable.

58. The development of the new leisure facility at Plot A2 would enable the council to close Seven Islands and it could opt to sell the site to generate a significant capital receipt which will be used to meet the costs of the new facility.

Social regeneration

59. The implementation of the masterplan provides an opportunity to deliver positive social, economic and health benefits for our residents across the design, construction, estate management and interim phases of the scheme. In pursuit of this objective Cabinet in September 2017 resolved to ask British Land to work with the Council and the local community to develop a social regeneration charter which will set out proposals to ensure the redevelopment plans also contribute to the social regeneration of the local area. The Charter is to be a shared document and set of priorities, to be jointly adopted and owned by the partnership, and involving the local community at each point in its development, delivery and review.
60. Since then, British Land has undertaken baseline research of local social and economic conditions which is intended to inform the development of the charter. This first phase has also involved engagement with the local community. Feedback from BL's most recent exhibitions on the approach to the social regeneration charter is summarised in Appendix 4. The conclusions from this first phase have identified the following four intertwined themes which will inform every stage of the masterplan to maximise social, health and economic benefits. These are;
- **A place to learn and grow** - local schools, organisations and businesses working together to support people to learn and create pathways to employment and opportunities for all.
 - **A place to belong** – liveable accessible local places bring people together, supporting a more connected and resilient community that celebrates its shared heritage and culture.
 - **A place to work** - local businesses old and new, large and small, thrive side by side with empowered residents, accessing opportunities created.
 - **A place to be happy and healthy** – people enjoy and healthier and happier quality of life in a place that connects them to other people , to nature and active learning.
61. Cabinet is asked to endorse the four themes as a framework to inform further development of the charter and the community engagement that is planned in the next phases of the process. BL intend to submit a document outlining the charter as a supporting document as part of their planning application. This will be necessary as some aspects of the charter such as employment and training targets will be required to be delivered through legal obligations set out in the s106 agreement.
62. The full scope of the charter is not defined at this point and therefore there are likely to be aspects of it which will require other delivery mechanisms and partnership arrangements. The governance arrangements also require further development and consultation. There will be a further report to cabinet addressing all these matters and setting out a full social regeneration charter for

approval before the planning application is determined. This report will also consider relevant matters raised during the Southwark Conversation.

Project governance

63. Governance of the project can be considered in two parts. During delivery of the masterplan the partners' relationship will be governed via the MDA. Individual plots will be built out under a separate long lease arrangement and as these plots complete the provisions of the MDA will fall away. From that point forward the council's involvement in that plot will be governed through the head lease and any plot specific subleases created out of it.
64. Following signature of the conditional MDA (the summer of 2018) a steering group will be established to oversee governance of the delivery phase. Under this arrangement BL will be responsible for the day to day management of the project but with a duty to keep the council informed of key matters and to consult the council.
65. To assist with this a project baseline will be created and through the life of the MDA will be the subject of a change management arrangement administered by the steering group. The baseline will compose a suite of documents and other information that together fully describe the project and include: the masterplan; parameters for each development plot; delivery programme; and, financial information.
66. For budgeting and project planning purposes a financial model has been built that anticipates future development activity. The model is currently being audited by technical specialists to ensure it is consistent with the MDA and that it operates as intended.
67. The steering group will meet as necessary, during periods of high activity this might be as frequently as every 6 to 8 weeks. One of its key functions will be to administer the plot proposal process by which the council invests in development plots.
68. Once development of a plot is initiated it will become the subject of a long lease arrangement (either a sublease of the head lease or a separately identified area of land within the head lease). The terms and conditions of the long lease arrangement will govern the council's further involvement in the plot.
69. Cabinet is asked to endorse the provisionally agreed approach to governance.
70. Cabinet is also asked to delegate to the Director of Regeneration authority to agree the final details of the suite of documents and information that will form the project baseline as part of completing the MDA by 31st May. This to be done in such a way that the council has a complete understanding of the project and that arrangements are in place to update and provide accurate, timely information so that the council can make informed decisions on investment options and to understand the budget position generally. In exercising this delegated power officers are to have full regard to the outcome of the audit of the financial model.

Development of plots

71. Under the MDA BL is to be responsible for obtaining planning consent for the

masterplan, which will identify building plots and the parameters for their development. It will also be BL's responsibility to create serviced plots capable of development (build access roads, bring in utilities and the like).

72. Once these plots are created it is anticipated that most of them will be developed out by BL with the council as its development partner. However, the MDA gives BL the option to sell a long lease interest in up to 30% of plots to a third party, who will carry out development (referred to as Third Party Plots).
73. In these cases the plot is sold on a long lease for a premium and the council will receive 20% of the sales receipt. The third party will be required to deliver a scheme that is not to the detriment of the masterplan, but other than that the MDA will not apply to that plot.
74. The delivery of non Third Party Plots is governed by the full provisions of the MDA. In these cases the council's opportunity to invest in plots is covered by the Plot Proposal process that is administered through the steering group.
75. Once a serviced plot has been created, and as the development programme dictates, the council will be given a Plot Proposal for that plot. This includes a full set of information such that the council can make an informed decision on whether or not to invest in that particular plot.
76. The council will have the right to invest in individual plots on a side by side basis with BL up to a maximum level derived from the council's overall ownership share in the total site (agreed in the September 2017 heads of terms report to cabinet to be 20%). The arrangement is very flexible in that at a plot proposal the council can: sell its land interest in the plot at market value and have no further involvement in the development of that plot; agree to retain its land interest in the plot; or, leave its land interest in the plot and invest anything up to 20% of the plot development costs.
77. At completion of the development the plot developer will create occupational leases in the new building. These leases will either generate capital receipts (for example in the case of private housing) or rent (for example in the case of shops or employment space). The council will be entitled to a share of these receipts and rent in line with the level of investment it made in the plot development.
78. Cabinet is asked to endorse this provisionally agreed approach to the development of plots.
79. Cabinet is also asked to delegate to Director of Regeneration authority to conclude the full suite of contract documents that will give effect to this approach to the development of plots. This will include but is not limited to:
 - Plot sublease – the terms and conditions for a leasing arrangement created out of the Head Lease that will allow individual plots to be developed.
 - Form of plot proposal – the information to be supplied by BL to the council to allow the council to make an informed decisions on its investment options for individual plots.
 - Infrastructure provision – agreement on the arrangements for on how infrastructure works will be planned and delivered.

Financial arrangements in the MDA

80. The MDA is a framework arrangement that gives the council a number of routes to invest in the development project. These opportunities will be spread over a period of years and as they arise will be the subject of specific cabinet decisions.
81. The general rule is that to the extent the council invests in a plot it will share in the income generated by development. To the extent it does not fully invest BL will be entitled to charge interest and a priority return on all non match funded contributions. This means that if the council should not fully invest in a plot, the plot will have to bear additional charges (interest and priority return on non match funded elements) and the council will be entitled to a smaller share of any (now reduced) profit.
82. The MDA includes a number of formula and worked examples to show how the investment and income distribution processes work. Operation of these formula is part of the audit of the financial model.
83. The routes for the council to invest are:
- By investing in infrastructure. Infrastructure cost is the term used to describe the cost of creating serviced plots that are capable of development. It includes the cost of creating the masterplan and obtaining planning consent.
 - Through its land value. For the purposes of making investment decisions and distributing profit under the development agreement the council is credited with having a base ownership position of 20% of the entire masterplan area and of each plot as it comes forward for development.
 - Contributing to plot development cost. That is, the cost of actually building out a plot in line with the plot proposal.
84. It is inevitable that infrastructure cost will be incurred before any plot proposals come forward: BL has already had to meet significant cost in preparing the masterplan and there will be more cost in creating serviced plots before any plot development can begin. So as to avoid incurring interest on these historic and other costs the MDA includes a mechanism for the council, should it so wish, to invest in infrastructure costs as they arise. Consideration of these opportunities will be the subject of specific cabinet decisions.
85. One of the issues arising from the treatment of infrastructure costs is how to deal with historic costs. Preparation of the masterplan and other early work has been going on for a number of years and BL has incurred considerable costs. It has been provisionally agreed that historic costs will be treated as development costs on the following basis:
1. The cost must relate to work carried out after 23 February 2015.
 2. Historic costs will become legitimate project costs at the drawdown of the Head Lease.
 3. At drawdown the council will be given the opportunity to fund historic costs

and to the extent the council does not, BL will be entitled to charge interest on non match funded expenditure from the date it was incurred.

86. At heads of terms stage cabinet agreed the position that for the purpose of making investment decisions and distributing profit under the MDA the council is credited with having a base ownership position of 20%. As it is now proposed to extend the boundary of the agreement to include the former Rotherhithe Police Station and the Old Dock Office, a mechanism is needed to adjust the ownership position.
87. In order to ensure the council continues to enjoy the full 20% interest it has been provisionally agreed the council will contribute 20% of the purchase price of the former Rotherhithe Police Station and the Old Dock Office; a sum of £3.1m, payable on drawdown of the Head Lease.
88. Cabinet asked to endorse the provisionally agreed approach to the financial arrangements within the MDA
89. Cabinet is asked to delegate to Director of Regeneration final agreement on the treatment of historic costs and how these are accounted for in the MDA.

Policy implications

90. As referred to elsewhere in this report the council in November 2015 adopted the CWAAP which sets out planning guidance for the redevelopment of the sites referred too in this report for the period up until 2026. The report details a number of property transactions which will come into effect once certain conditions are met. In the event these circumstances occur the agreement will pave the way for the implementation of a masterplan over a 15 year period which has the capacity to deliver the CWAAP vision and objectives for this core area.

Community impact statement

91. The public sector equality duty ["PSED"] , at section 149 of the 2010 Equality Act requires public bodies to have due regard to the need to eliminate unlawful discrimination , harassment and victimisation and to advance equality of opportunity and foster good relations between different people when carrying out their activities.
92. The public sector equality duty ["PSED"] , at section 149 of the 2010 Equality Act requires public bodies to have due regard to the need to eliminate unlawful discrimination , harassment and victimisation and to advance equality of opportunity and foster good relations between different people when carrying out their activities.
93. The council will continue to have regard to the PSED issues raised by this commercial transaction at the point at which individual plot investment decisions are taken. The development proposals will be the subject of separate decisions via the council's planning processes and decisions on these applications will also be required to have regard to the council's PSED duty.
94. It should be noted that the CWAAP adopted in November 2015 which has been referred too in this report was the subject of a separate equalities analysis and this can be viewed via the council's planning portal.

Resource implications

95. The resource implications arising from this decision will be officer time to conclude preparation of the development agreement and funding for external specialists to support the process. All of this activity forms part of existing budgets and gives rise to no new resource implication. Once the MDA becomes unconditional the council will be able to recover it's costs of managing the agreement up to a cap of £250k per annum. The cap will be subject to an agreed indexation each year.

Legal implications

96. The legal implications are dealt with in the body of the report and below in the supplementary advice from the Director of Law and Democracy.

Financial implications

97. The financial implications are dealt with within the body of the report and below in the supplementary advice from the Strategic Director of Finance and Governance..

Consultation

98. There have been extensive internal consultation between officers in regeneration, legal services and finance.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

99. This report recommends that Cabinet approve the entry into a development agreement with British Land on the terms set out in the report. As set out in paragraph 25 of the report, the agreement, once entered into and unconditional, will require the Council to acquire a 500 year lease of BL's land and to grant a new headlease of the whole site, much of which the council owns freehold.
100. It is recommended that the land to be acquired by way of the lease from BL is acquired pursuant to s227 of the Town and Country Planning Act 1990 ("the 1990 Act"). This provides that the Council may acquire by agreement any land which they require for any purpose for which a local authority may be authorised to acquire land under section 226. The purposes for which a local authority may be authorised to acquire land under section 226 (1) include purposes which it is necessary to achieve in the interests of the proper planning of an area in which the land is situated. For the reasons set out in the report the acquisition of this land to form part of the masterplan area will contribute to the proper planning of the area.
101. The grant of the headlease will be a disposal made pursuant to s123 of the Local Government Act 1972 which states that except with the consent of the Secretary of State, a council shall not dispose of land under that section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained. The report delegates authority to the Director of Regeneration to agree the final terms of the agreement. These terms will include the mechanism by which the consideration for the grant of the head lease will be assessed, and a report from external advisers confirming that the

disposal represents best consideration will be obtained at the appropriate time and prior to any disposal being made. That report will confirm that the requirements of s123 have been complied with.

Strategic Director of Finance and Governance

102. The principal financial implications of this proposal are set out within the main body of the report.
103. The implementation of this masterplan through a long term partnership with British Land should allow for regeneration of Canada Water whilst providing the council with an opportunity to potentially benefit from profits associated with this development.
104. At each opportunity for further investment, arising from an individual plot proposal by British Land, an investment appraisal report would be brought to cabinet for decision as part of a detailed financial and commercial assessment undertaken by the council.
105. The initial Canada Water site is proposed to be expanded by inclusion of the former Rotherhithe Police Station and the Old Dock Office, acquired separately by British Land. To ensure that the council retains the 20% ownership across the whole site the council will agree to reimburse British Land for 20% of the acquisition cost for both properties. The acquisition cost of £3.1m will only become due when the MDA becomes unconditional, which is expected to be in the financial year 2020-21.
106. The council has committed to incorporate within the Canada Water area a high specification public leisure facility. The council will make a financial contribution to include the leisure centre within the development. The council's standalone contribution is capped at £35m.
107. The forecast cost for this leisure facility would need to be incorporated into the council's medium term capital strategy, but that the cost could be partially offset by funding from any subsequent sale of the existing Seven Islands site.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Canada Water Area Action Plan	Regeneration Division Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	James Oates 020 7525 5633
Link: http://www.southwark.gov.uk/planning-and-building-control/planning-policy-and-transport-policy/development-plan/area-action-plans?chapter=3		
Cabinet Report Canada Water Regeneration November 2014	Regeneration Division Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	James Oates 020 7525 5633

Link (please copy and paste into your browser): http://modern.gov.southwark.gov.uk/documents/g4864/Public%20reports%20pack%20Tuesday%2018-Nov-2014%2016.00%20Cabinet.pdf?T=10		
Cabinet Report Canada Water Regeneration September 2017	Regeneration Division Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	James Oates 020 7525 5633
Link (please copy and paste into your browser): http://modern.gov.southwark.gov.uk/documents/g5751/Public%20reports%20pack%20Tuesday%2019-Sep-2017%2016.00%20Cabinet.pdf?T=10		

APPENDICES

No.	Title
Appendix 1	Site Plan
Appendix 2	Canada Water Basin
Appendix 3	Estate Management Plan
Appendix 4	Canada Water Masterplan Consultation Update
Appendix 5	Scheme Overview
Appendix 6	Canada Water Masterplan Summary
Appendix 7	Plot A2 –Phase 1

AUDIT TRAIL

Cabinet Member	Mark Williams, Regeneration and New Homes	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	James Oates, Principal Surveyor	
Version	Final	
Dated	1 March 2018	
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	1 March 2018	



KEY



SURREY QUAYS SHOPPING CENTRE.



MAST LEISURE PARK.



PRINT WORKS



LAND SUBJECT TO ACCESS RIGHTS.



ADDITIONAL LAND

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TITLE.

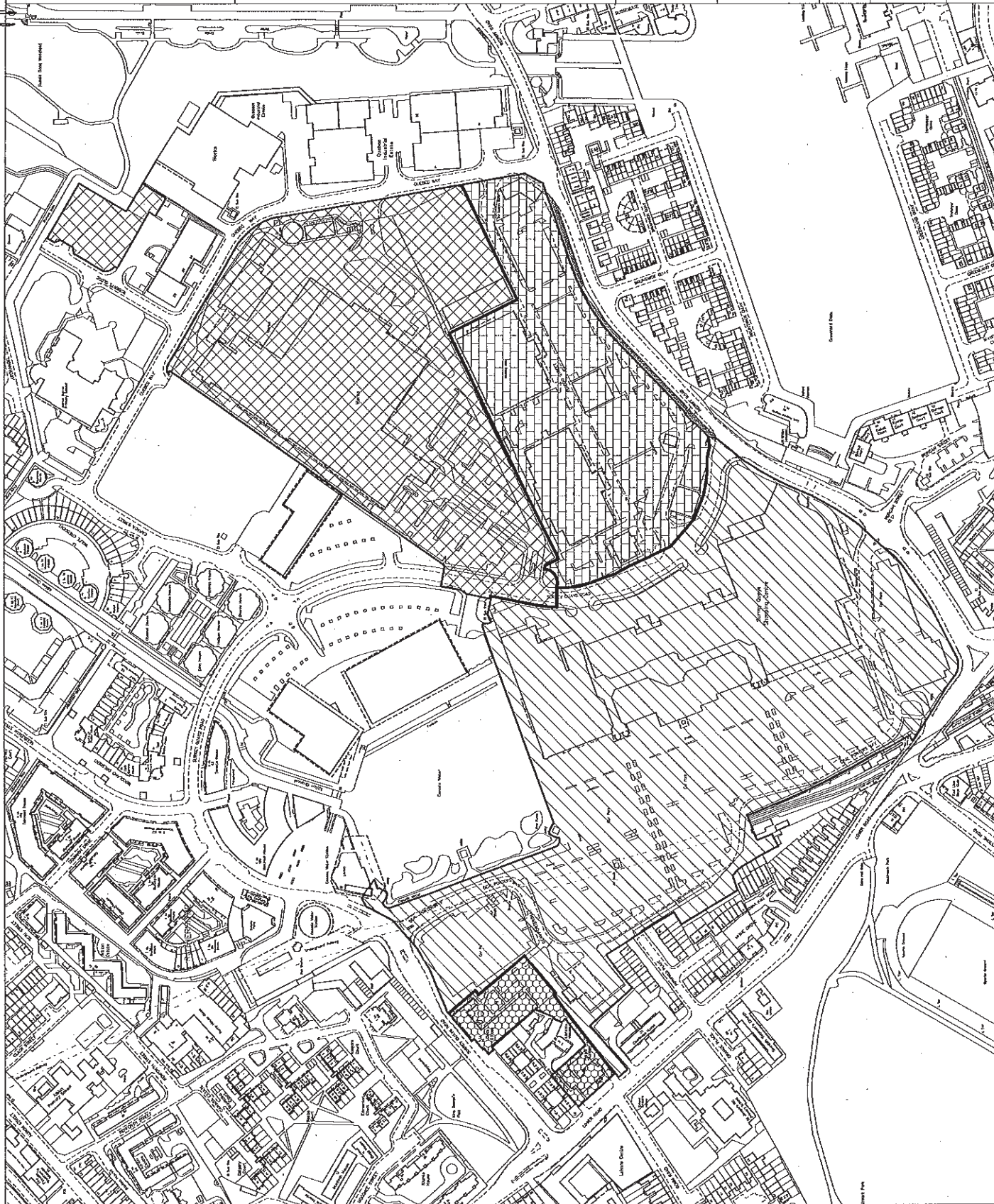
PLAN 1
SITE PLAN

DRAWING No.
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DRAWN BY.
MJMANKTELOW
Property Division

DATE.
21/2/2018

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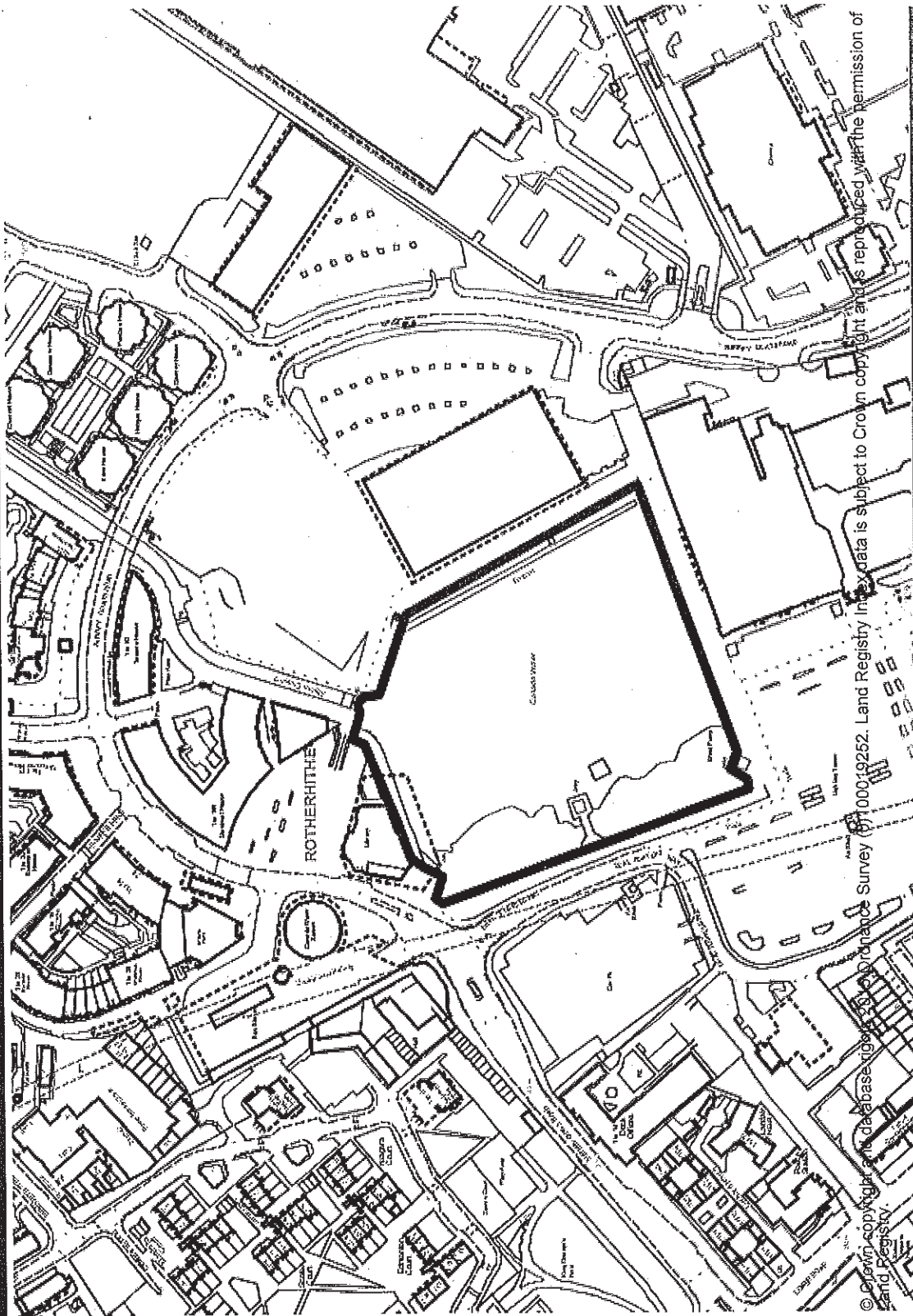
Appendix 1 Site Plan

Appendix 2 Canada Water Basin

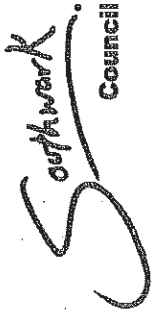
Plan 2 - Canada Water Basin



Annotations For Info Only



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TITLE.

PLAN 3
THE ESTATE MANAGEMENT
AREA.

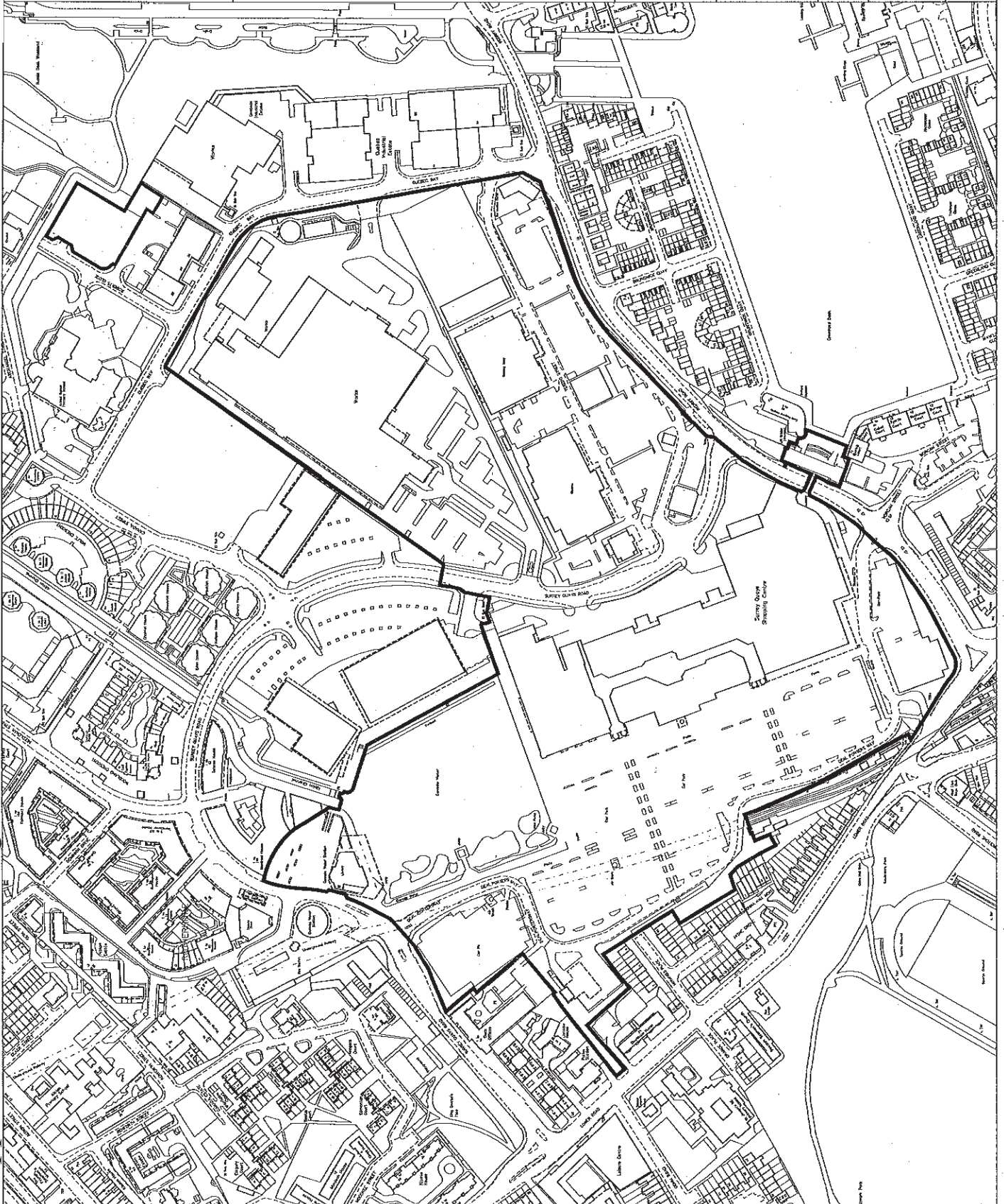
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MIMANKTELOW
Property Division

DATE.
22/2/2018



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Appendix 3 Estate Management Area

APPENDIX 4

Canada Water Masterplan Consultation update

1. Between February 2014 and January 2018, over 10,000 attendees have taken part in Canada Water Masterplan consultation activity with more than 69 community consultation events and numerous other outreach events taking place.
2. This is supplemented by ongoing additional meetings with stakeholder groups including local Tenants and Residents' Associations, Friends of Russia Dock Woodland and Friends of Southwark Park among others, and individual meetings with direct neighbours of plots A1 and A2. The team regularly attend local community meetings, including Bermondsey and Rotherhithe Community Council, Canada Water Consultative Forum and the Rotherhithe Area Housing Forum, where updates on the Masterplan have regularly been provided. In addition, the project team has attended a range of local events including: the Rotherhithe Festival; Bermondsey Carnival; Silverlock Fun Day, Redriff Estate Community Day, and the Scandinavian Christmas Market.
3. British Land also has a dedicated youth engagement programme, which has included holding consultation events specifically for young people, employing a youth engagement intern from the local area, and working with Southwark Young Advisors to reach young people who are less likely to engage in organised consultation.
4. To date, over 12,000 comments have been received on the proposals and 1,300+ individual feedback forms have been submitted. To ensure ongoing dialogue with stakeholders, British Land issued 13 newsletters to over 26,000 residents and businesses over this period. In addition, more than 2,400 stakeholders (who registered an interest in the project) were regularly updated via e-newsletter. Across social media platforms, the Canada Water Masterplan social media sites have over 1,900 followers who are also updated regularly.
5. Those who are interested in the plans and have attended consultation events have been predominantly from the SE16 area, with the majority of other attendees from neighbouring areas (SE8, SE14, SE1 and SE15).

General response to the Masterplan

6. Throughout the four years of consultation, the number of people involved has consistently grown reaching new people at each stage. In January 2018, British Land recorded over 1,550 individual attendees to the exhibitions, and another 500 at related outreach events. Overall, the majority consensus has been positive towards the Masterplan, citing opportunity of an underused area. There has also been appreciation for the long-term approach adopted and the consultation process undertaken.
7. Out of 278 feedback forms, 221 people answered the question on their general response to the Masterplan exhibited in January 2018. This showed 61.5% are supportive of the Masterplan with 22.6% responding that they 'really like' it, with a further 38.9% saying that they 'like' it. 18.1% stated they were 'neutral or didn't

know', 13.1% stated they 'disliked' the proposals and 7.2% stated that they 'really disliked' the proposals.

8. In broad terms, there is support for the Masterplan's coherent approach and long term vision and people generally feel it is responding to feedback. There is also support for the proposed new high street, the park, 'The Cuts', better connectivity across the site and the Masterplan's approach to ecology and the environment. Likewise, the proposed mix of uses is an area of strong support, as is the principle of creating a daytime and evening destination and providing a range of space for businesses. The proposed relocation of Tesco has been received positively and the option of retaining the Printworks press hall for a range of uses has strong support. There is in-principle support for the ambition to create a mixed community by providing a wide range of housing tenures for different ages, incomes and life stages and the overall response to the first detailed plots (A1, A2 and K1) is positive. There is also support for a local lettings policy.
9. Remaining queries centre around heights and mitigating the impacts of the development. Views on building heights are mixed, with some showing explicit support for landmark buildings and others concerned about the increased density and the impact new residents will have on local infrastructure (transport / social). There was an appreciation of British Land's joined-up approach with TfL and Southwark Council on transport and with Southwark Council on health and education facilities. Stakeholders have expressed they would like to know more on these matters as information is available.
10. There is recognition from the community that British Land has listened and responded to feedback throughout the process.

The section below details feedback received following the January 2018 exhibitions to proposals for Plot A2 and the Leisure Centre, Canada Water Dock and the estate management plan

Plot A2 and the Leisure Centre

11. Out of 278 feedback forms received, 177 people answered the question on Plot A2 and the Leisure Centre. Of the 177 respondees to this question, 27% indicated that they strongly supported the proposals for Plot A2 and the future replacement for Seven Islands Leisure Centre, with a further 39% stating that they were supportive. 23% responded "neutral/don't know", with 6% and 5% responding that they strongly don't support or don't support respectively. The responses demonstrated a significant degree of support for the proposals, and in particular, for the design of the proposed buildings, the proposals for the Leisure Centre, the proposed location and the mix of use. Although mostly positive, there were a few concerns on the design of Plot A2 and questions asked about the length and depth of swimming pool provided.

Canada Water Dock

12. In November 2017, British Land held a topic session on the Dock to share research and ideas and gather feedback. They used this as an opportunity to introduce the London Wildlife Trust, and continue to work closely with Southwark's Harbour Master through the planning process. In January 2018, they asked attendees again for their thoughts on the proposals for Canada Water Dock.

13. The proposals for the boardwalk crossing and improved wetland habitat are strongly supported, with over 90% in support of the wetland proposals and over 70% in support of the boardwalk. Out of 278 feedback forms received, 210 people answered this question, meaning the levels of support are high.
14. Suggestions made in favour included having dining/cafés by the water, partnering with Water Wardens and the Harbour Master for the development and making it accessible for mobility vehicles. Concerns were voiced over mosquitos, potential disuse and hazards during wet, cold weather. In general, there is an appreciation of the focus given to the 'green and blue' character of the area, as well as the focus on the sustainability of the Masterplan, all the while noting the need for further information on how this will be achieved.

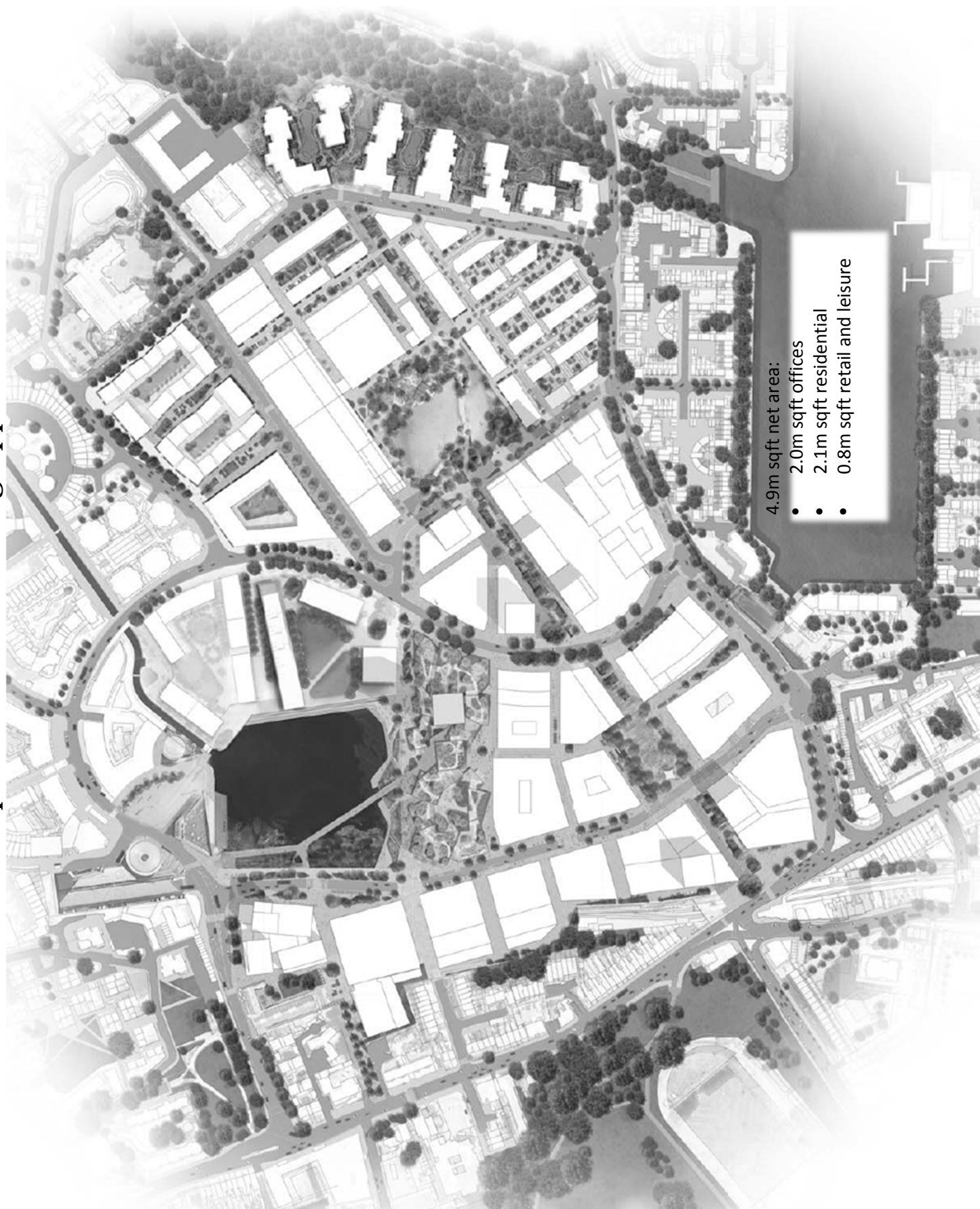
Estate management plan

15. Out of 278 feedback forms received, 214 people answered the question on whether they would be supportive of British Land taking on the management responsibility for Canada Water Plaza, Red Bridge Square and Canada Water Dock, as part of the Master Development Agreement with Southwark Council.
16. There was good support for this approach. Of 214 responses received to this question over 50% were supportive. Of which 48 comments were strongly supportive. 35% were undecided, mainly wanting more clarity on the details of the proposal. Some other comments included suggestions for partnerships with local businesses and queries over Canada Water Dock's ecology. Stakeholders would like to see more information on what this type of management looks like.

Social Regeneration Charter.

17. In January 2018, British Land asked people for their feedback on how the ambitions for the Canada Water Charter reflect local needs and opportunities for the future. They also asked for suggestions of any organisations that could be approached to link with the process. Out of 278 feedback forms received, 74 people answered this question with 93 separate comments. 22 of those who answered the question responded to the question about the Charter whilst others focused on social infrastructure more broadly. Of those who responded to the question on the Charter, over two thirds were supportive. Comments included support for an integrated solution noting that it aligned with the community's aspirations and questions on how this would be implemented. Of the quarter who raised concern with the approach, this centred on wanting to understand how the ambitions would be delivered and needing to be convinced.
18. The vast majority of suggestions for organisations who could be involved are already engaging with British Land on this project. British Land is hosting a Topic Session on 8 March to discuss what the Charter means and listen to resident priorities for the long term. Pop-up events are also being held locally in advance, at a range of locations.

Scheme Overview – Masterplan (Outline Planning Application)



4.9m sqft net area:

- 2.0m sqft offices
- 2.1m sqft residential
- 0.8m sqft retail and leisure

Canada Water Masterplan Summary

Overview

1. In summary the plan envisages the comprehensive regeneration of around 50 acres of land which will take place over a 15 year period. The plan shown on the scheme overview in Appendix 5 is structured around two principal new routes. One takes the form of a new “high street” linking Canada Water and Surrey Quay’s stations. The second is “green route” which will connect Southwark Park through to Russia Dock Woodlands. A new Park is planned at the heart of the site which will connect many of the new routes envisaged in the plan. The new routes will ensure the site is well connected to the surrounding existing neighbourhoods as well as enabling the phased redevelopment of the area by defining individual development plots.
2. BL are proposing to seek planning permission for a maximum total of 737,186 sq. m GEA floor space (excluding parking and plant). A single ‘hybrid’ planning application will comprise both a fully detailed phase 1, and an outline scheme establishing land use and massing parameters for the remaining phases. Further details are provided in the following sections.
3. The masterplan includes a range of land uses including significant new employment space which has the capacity to generate up to 20,000 jobs. The plan also allows for up to 3000 new homes to be developed together with new shops, leisure and public facilities. More detail is provided below. In combination these will deliver the mixed use town centre envisaged by the adopted CWAAP.
4. A plan of this scale which is being delivered in phases over a lengthy period of time requires flexibility to allow the developer to maintain delivery and respond to changes in market circumstances. The outline planning application will allow for a range of uses on each of the development plots, with the overall quantum of each use controlled by floor space caps which are intended to provide this flexibility. Individual reserved matters applications will determine the balance between the uses as each phase comes forward.
5. The proposed massing of the scheme will provide for a more intensive form of development consistent with the designation as an Opportunity Area, helping to establish a major new town centre for Southwark. The masterplan envisages medium rise buildings at its edges where it is necessary to integrate with the massing and height established by existing residential buildings. The plan also includes a number of taller residential buildings clustered in three locations – close to Canada Water Station, at the southeast corner of the Dock, and at the approach to the site from Surrey Quays Station.
6. A significant portion of the site is covered by the strategic view from Greenwich to St Pauls, which limits the permissible height of any new building. This area has been defined in the masterplan as ‘The Cuts’ where a densely spaced network of commercial buildings and narrow routes is envisaged. The overall approach will be

capable of delivering an urban town centre with a series of distinctive character areas including significant tall buildings and a range of urban spaces, as envisaged by the CWAAP.

7. The plan envisages a substantial number of new homes. There is therefore the potential to secure significant numbers of new affordable homes including council homes as the scheme is implemented. BL are contractually required to deliver affordable housing in line with council policy for the first phase of the scheme.
8. As noted this plan is for a substantial amount of development and will be delivered over a 15 year period. It is inevitable that planning policy, availability of grant and market circumstances will change over this development period. In these circumstances it is either practical or realistic to set minimum affordable housing requirements in the contract.
9. The council as landowner has therefore agreed with BL that affordable housing for all subsequent phases will be determined through viability reviews at the point at which individual reserved matters applications are submitted. This will ensure that levels of affordable housing are maximised at the time in light of the availability of grant, policy requirements and market conditions.

Phase 1

10. Phase 1 will be submitted with all matters fully detailed within the application, and will cover plots A1, A2 and K1 [see Appendix 7]. The total quantum of development for this phase is proposed to be capped at 81,136 sq.m [GEA]. The MDA requires BL to develop a minimum of 200 residential units and 20,000 sq.m of commercial space in phase 1. BL's actual proposals are therefore well in excess of the minimum phase 1 development parameters established by the MDA.
11. The individual land uses within this phase are proposed to be capped at the following;
 - Retail A1-5 2,272 [GEA sq.m]
 - B1 office/workspace – 41,976 [GEA sq.m]
 - C3 Residential -29,398 [GEA sq.m]
 - D2 leisure -7490 [GEA sq.m]

(It is noted that the sum of these individual caps would exceed the overall cap of 81,136 sq.m which reflects the flexibility vary the proportion of each of the uses but only within the limits of the total cap)
12. Plot A1 is to comprise around 176 open market homes in the form of a tower [ground +34 storey's] rising to a height 129.5m [A.o.D]. This plot will also accommodate B1 office/workspace and retail [ground plus 5 storeys 30m A.o.D].
13. The affordable housing for this phase is planned to be delivered on plot k1 [Roberts Close]. This site is currently planned to accommodate 84 units. In phase 1 BL are contractually required to provide 35% affordable housing in accordance with Southwark policy with a 70/30 tenure distribution in favour of social rent.

14. Plot A2 is a ground plus 5 storey building with a maximum height of 30m [A.o.D] [see Appendix 7]. This plot would accommodate the proposed council public leisure centre [ground floor and basement] with B1 office/workspace partly on the ground floor and all of the upper floors. This site is considered to be a strong location for the leisure centre. It would allow the facility to be constructed before 7 Islands is closed ensuring continuity of service which has been a council objective from the outset. The entrance to the facility would be on the southern side of the proposed dock office square with convenient public access from Lower Road, Canada Water Station and Surrey Quay's station via the proposed new high street. The current design incorporates the following high level specification;

- 8 lane 25m swimming pool
- 15 x 6.5 learner pool
- Dedicated water confidence area
- 4 court sports hall
- 146 station gym
- 2 dance studio's
- Spin studio's
- Soft play area
- Separate male, female and family wet change facilities
- Separate male female dry change facilities.
- Foyer/social space/cafe.

Outline Application

15. The outline element of the application seeks permission for a maximum total development of up to 656,050 [GEA sq.m]. This quantum of development is proposed to be allocated across 12 development zones. The draft development specification identifies the land uses planned for each of the development zones and sets specific maximum caps for each land use and for each development zone. The primary land use caps are set out below;

A1-A5 Retail	86,000 [GEA sq.m]
B1 office/workspace	282,500 [GEA sq.m]
C3 Residential	338,500 [GEA sq.m]
D1 Community	45,500 [GEA sq.m]
D2 leisure/Cultural	51,500 [GEA sq.m]

Environmental Impact Assessment.

16. The planning applications will include an assessment of the cumulative impacts of the scheme proposals including those on local transport, environmental and social infrastructure. A number of areas of importance to the regeneration of the area are highlighted below;

Transport

17. The planning proposals have potential transport impacts at both strategic and local levels. As a consequence the GLA, TfL and the council has established a Canada Water Opportunity Area Strategic Forum for key stakeholders including BL to consider what improvements may be necessary to mitigate the impacts of the development on the transport network at Canada Water.
18. To improve understanding of the likely scheme impacts TfL and Southwark Council have jointly sponsored a Strategic Transport Study which has assessed the implications of the development for both the Canada Water Jubilee/Overground station [including the interchange between the two] and Surry Quay's overground station. The study has also considered the implications for surface transport including bus capacity in the wider peninsular area. The scale of the impacts on transport will be determined by the proportion of the different potential land uses which BL deliver in the longer term.

Tube/Rail

19. A range of measures are already being delivered or are planned that will have beneficial effects on improving connections and capacity at CW. This includes the opening of the Elizabeth Line in December 2018 which will provide significant additional rail capacity and reduce pressure on the Jubilee Line once in operation. As a consequence TfL are now of the view that strategically there is less urgent need to purchase additional trains for the Jubilee line before the early 2030's when further investment will be required to upgrade the existing fleet.
20. The GLA have submitted an expression of interest for additional funding from the Government's Housing Investment Fund to increase the frequency of trains on the London Overground [former East London route] to 20 trains per hour.

Canada Water Station Capacity and Interchange

21. The masterplan has the capacity to potentially generate up to 20,000 new jobs. TfL have reported that station flows would increase as a consequence. While this scenario would result in a better balance which may help station operations, the number of boarders will still remain significantly higher than alighters.
22. TfL are also of the view that in the morning peak, the interchange for passengers from the Overground (from south London) wanting to change onto the JL will continue to be constrained, contributing to crowding. Further modelling work is being undertaken which will assess whether station improvements options can alleviate this (and to what extent). Alongside this work TfL will also explore operational strategies to help manage the station.

Surrey Quay's Station

23. TfL are also considering the implications of the development for the capacity of Surrey Quay's station. They are in the process of developing strategic options (concepts) that:
- increase the capacity of the existing station in line with forecast demand
 - provide a new station with capacity to support forecast demand (this includes the potential to have entrances north and south of Lower Road).

- All concept designs will provide full step-free access from ticket hall to platforms.

Bus

24. Tube/rail connections from CW to major employment centres are relatively convenient. Enhanced bus services are considered unlikely therefore to play a strategic role transporting significant numbers of residents from the area to central London or other major employment centres. However it is considered that the peninsula will benefit from enhanced local services to increase the frequency of bus movements to the CW transport interchanges. Options to achieve this are being assessed by TfL. The new street pattern which will be delivered through the redevelopment provides an opportunity to introduce new service routes and improve service reliability around the peninsula.

Roads

25. Car trips from the new development are expected to be local. The masterplan principles have the potential to reduce these trips further through local interventions to encourage walking, cycling and bus usage. The planning application for the scheme will include an assessment of local impacts on the highway based on modelling and survey work. This will identify the extent to which local interventions will be necessary to modify junctions, highway conditions and whether parking controls are required to further minimise local trips.

Cycling/walking.

26. The Masterplan includes new pedestrian and cycling routes and facilities with high quality new public realm. The new routes will connect into the wider network and accommodate cycle hire facilities. TfL is consulting on CS4 which would pass along the A200 corridor. Southwark Council is expected to consult in 2018 for the route on Lower Road. Quietway 14, a cycle route between Tower Bridge and Canada Water, has been approved by Southwark Council and is expected to open during 2018.

Parking

27. BL are proposing that town centre parking will be provided in a multi-storey car park at the end of the high street [up to 420 spaces] and in a basement under the new Tesco store [up to 770 spaces]. The actual level of parking will be determined through the planning process in accordance with London Plan and Southwark Plan policies. The council in its capacity as landowner with a long term interest in the successful regeneration of the area recognises that commercially there is a need to provide some parking as part of the masterplan.
28. The council in its landowning role considers that the planning process is the appropriate mechanism to secure a balance between these commercial constraints and established policy objectives which seek to reduce car use in the interests of improving air quality, public health and achieving the best use of available highway capacity.

Education

29. The council has been working with local schools to establish a programme which would ensure there are sufficient places to meet identified demand at primary, secondary and sixth form levels. In summary the programme will include the following;
- I. Albion primary school has been expanded from 1 to 2 forms of entry.
 - II. Cabinet has approved proposals to rebuild Rotherhithe primary school increasing capacity from 2 to 3 forms of entry.
 - III. Cabinet has approved plans to increase the capacity of Redriff primary school from 2 to 3 forms of entry.
 - IV. Alfred Salter primary School was identified in the December 2017 cabinet Place Planning report as having capacity to increase from 2 to 3 forms of entry. Further design work is now being undertaken to take this plan forward in consultation with the school.
 - V. In addition the CoE Peterhills Primary School has been identified as potentially having the capacity to increase from 1 to 2 forms of entry.
 - VI. BL are proposing to construct a new sixth form within the masterplan area. This facility would be provided within the D1 land use community cap. A base figure of 3,500-4,500m has been assumed for this use which is subject to further consultation with the council and other stakeholders. The construction of this facility would enable Bacon's College to expand secondary provision by 2 forms of entry.

Health

30. The local CCG estate strategy identifies Canada Water as a location for a second tier "support hub", alongside Surrey Docks Health Centre. The aim would be for more complex services would be offered from an Old Kent Road community hub.
31. British Land has been working closely with the CCG to ensure the health needs of the existing and future population are fully considered. The CCG has indicated that up to 2,000-2500 sq.m of floor space for a potential health hub could be required to meet the wider strategic needs of the Canada Water area. The community D1 floor space cap is therefore sufficient to meet the identified requirement for a new health centre. Various specific locations within the Masterplan have been tested to ensure suitability to deliver the CCG's requirements. While preferred sites will be identified within the application the CCG require flexibility as to the final preferred location in order to ensure that to ensure that the timing and delivery of the facility can fit the demand for healthcare and the future funding scenarios

Public Space and Dock

32. The masterplan includes a significant new Park of around 1 hectare. The design is not fixed and there will therefore be further opportunity for residents to contribute their ideas to the final design and layout. BL currently envisage that it would have a variety of types of spaces for different users including quiet areas, play space for all ages, planting to support biodiversity, and areas for meeting and relaxing. Potentially the space could include a small pavilion building as a café and public toilets.

33. BL have been working with the London Wildlife Trust to develop a plan for the dock. Their vision for the space is to improve wildlife habitats, increase biodiversity in general, and improve access for residents to this important local amenity. The planning application will include some detail of these proposals but the final form would require reserved matters approval and be subject to further public consultation. BL envisage an area of improved reed beds and wildlife habitats on the western edge of the dock. They are seeking permission for a light weight pedestrian only boardwalk linking the existing Canada Water plaza to the southern edge of the dock. This is intended to provide residents and local schools with greater opportunities to experience nature directly. Areas for existing leisure activities such as fishing would be retained as part of the plan.

Public Consultation

34. The proposals which will form the proposed detailed and outline planning applications have been subject to extensive public consultation over a number of years. Appendix 3 sets out a summary of the consultation undertaken by BL to date. The same appendix also includes a summary of the findings from the most recent consultation events which were undertaken in February of this year.

Plot A2 Phase 1



Item No. 24.	Classification: Open	Date: 13 March 2018	Meeting name: Cabinet
Report title:		Air-rights above 2-68 and 70-136 Chilton Grove Surrey Quays	
Ward:		Surrey Docks	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

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

Our commitment to build 11,000 new council homes by 2043 is both bold and challenging. Achieving this will make an enormous positive difference to the local community. Southwark is predominantly a densely developed inner-city area and to provide these new homes we must make better use of our land. The recommendations in this report will help to de-risk the site in question. This in turn will give assurance to prospective builders and result in a lower tender cost for the proposed new development. Resources are scarce so it is vital we control cost to maximise the number of new homes we can provide.

The land in question is on Chilton Grove and will see new council homes built above the existing blocks, this has followed extensive consultation with local residents. This is an innovative approach to making the most of the council's land holdings to deliver much needed new council homes. The recommended appropriations will enable the construction of these homes to proceed without the risk of an injunction from a nearby landowner. However if a landowner is adversely affected as a result of the recommendations s/he will have the ability to claim compensation for the loss in value to their property as a result.

RECOMMENDATIONS

That Cabinet:

1. confirms that the air-rights above 2 - 68 and 70 - 136 Chilton Grove shown edged on the plan at Appendix A that are currently held for housing purposes are no longer required for that purpose and approve the appropriation of the rights to planning purposes 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 and section 122(1) of the Local Government Act 1972.
2. confirms that following completion of the appropriation at paragraph 1 the air-rights above the buildings edged on the plan at Appendix A will no longer be required for planning purposes and approve the appropriation of the rights to housing purposes in accordance with section 9 of the Housing Act 1985 and section 122(1) of the Local Government Act 1972.

BACKGROUND INFORMATION

3. 2 - 68 and 70 - 136 Chilton Grove comprise a pair of 'L' shaped residential blocks four and six storey flats. They are situated close to the Borough boundary with Lewisham. They are shown edged on the plan at Appendix A. This is predominantly residential area.
4. On 25 February 2015 Council Assembly approved the current Council Plan. This sets out Fairer Future promises one of which is: *quality affordable homes*. Within this commitment is the policy to improve housing standards and build more homes of every kind. This promise was in fact reinforcing previous policy to directly provide additional housing to meet the need for affordable housing within the Borough.
5. In pursuit of this a number of sites throughout the borough have been identified as providing capacity for additional new homes. Once identified, the development of those sites is consulted upon with the local community, a planning application is made and if appropriate planning consent is granted for the proposed new homes. Thereafter, if there are any third party rights that present a risk to the development Cabinet has been asked on a number of occasions to appropriate the site to mitigate such risk. This report is another to enable the de-risking of a development that will provide new additional housing for social rent.
6. On 29 January 2018 planning consent was granted for the regeneration of the two blocks to provide the following:
 - refurbishment of existing 68 dwellings
 - a two storey extension above the blocks to add 44 new dwellings
 - parking provision and landscaping
7. The refurbishment work to the existing dwellings will include replacement windows, improved insulation, new cladding to facades and enclosure of stairwells to provide secure entrance lobbies. The make up of the new housing will be:
 - 10 x one bedroom dwellings
 - 26 x two bedroom dwellings
 - 8 x three bedroom dwellings
8. All the new housing units will be let at Council rent levels.
9. The contract for the regeneration will shortly be procured and it is intended for construction to commence later this year.

FACTORS FOR CONSIDERATION

10. In recognition that the proposed extension will increase the height of the existing blocks by two stories a lighting/sunlight report was part of the planning process obtained from a specialist surveyor and the conclusion in this is:

In daylight terms there are some transgressions from the BRE Guidelines, which could be considered material, the overall retained values should be considered good and commensurate with an urban

location. Furthermore, the ADF (average daylight factor) results demonstrate a high level of compliance for all rooms and any reductions would likely be considered unnoticeable. In relation to sunlight, there is a high level of compliance with the BRE (Building Research Establishment) Guidelines and any deviations from the target values are minor.

11. The report notes there will be a material impact in lighting terms to some neighbouring properties but the Planning report concludes *in the majority of instances, the transgressions would be relatively minor with the daylight and sunlight levels retained commensurate with an urban location. Overall, the proposal would not reduce daylight and sunlight levels to neighbouring properties to significantly harmful and unacceptable levels.* Whilst the adverse impact to lighting of neighbouring properties did not result in refusal of the planning application they are a risk in being able to build the scheme. This is because affected persons may apply to the court for an injunction to stop construction proceeding. This may stop prospective builders from tendering for the contract or cause bids to be substantially inflated to reflect the risk of there being an application for an injunction and the delay and uncertainty that may cause including frustrating the development scheme
12. The determined planning application has taken into account daylighting and sunlighting issues. As part of the planning process around three hundred and fifty occupiers in the locality were directly consulted and eight public responses were received (2.2%). Some respondents expressed concern about the daylight/sunlighting impact of the scheme. Other notified concerns included increased occupant impact, design out of keeping with neighbourhood, desire for retail on the ground floor of blocks, adverse impacts caused by construction works and revised height of building. Some responses also were in support particularly for the refurbishment of the existing dwellings.

Appropriations

13. The appropriation of land refers to the process whereby a council alters the purpose for which it holds land. Where land has been appropriated for planning purposes third party rights enjoyed over the land can be overridden. The beneficiaries of such rights may however claim compensation [equal to the loss in value of their property caused by losing the right] but cannot seek an injunction to delay or terminate the development. This will give the Council the certainty that having commenced construction works a person with the benefit of an unregistered (with the Land Registry) right over land (such as a right to light) cannot apply to the court to have the development stopped. This is a very important tool in enabling development to proceed on urban sites. As mentioned, the beneficiary of any such right is entitled to financial compensation for the loss of the right. The Council could either insure against such compensation claims but this will be costly or accept the risk of an injunction that may be fatal to development or result in perhaps significant unquantifiable costs.
14. The compensation persons affected by the loss of light may be entitled to is based on the value of their properties before the right has been infringed versus the value of the property after infringement has taken place; it therefore follows that there is no right of claim until the right has been adversely affected. If a compensation claim is made and agreement between the parties is not possible it will be determined by the Upper Tribunal (Lands Chamber).

15. Cabinet has resolved to appropriate a number of sites in similar circumstances. There is however a significant difference in this case because 2 – 68 and 70 – 136 Chilton Grove is not a vacant site and residents are and will remain in occupation throughout the work. S19(2) of the Housing Act 1985 provides *where a local housing authority have acquired or appropriated land for the purposes of this Part, they shall not, without the consent of the Secretary of State, appropriate any part of the land consisting of a house (flat or maisonette is a house for this purpose) or part of a house for any other purpose*. The Secretary of State has given some general consents subject to conditions including the houses are vacant (which is not the case here). This potentially creates a difficulty namely that to appropriate the subject blocks to planning purposes can only be done with the explicit consent of the Secretary of State.
16. As the right of light injunction risk only occurs because of the proposed additional two floors to the block where there is currently open air the blocks and the airspace above can be treated separately for Council holding purposes. This is no different to other buildings held for more than one purpose e.g ground floor retail may be held for investment purposes and flats above for housing purposes. Therefore to enable the project to be de-risked the air-rights existing above 2 – 68 and 70 – 136 Chilton Grove are being treated differently to the buildings in situ the status of which is unaffected by the report and its recommendations.
17. In this case it is recommended that the air-rights above the blocks (edged red on the plan) be appropriated from housing purposes to planning purposes and thereafter back to housing purposes as to hold the air-rights for planning purposes will be contrary to the long term use and need for vertical extension.
18. The rationale for the appropriations of the land shown at Appendix A is set out at Appendix B and Cabinet is recommended to approve the appropriations.
19. The appropriation stages is summarised below:

Air-rights currently held for housing

Appropriate from housing to planning



Third party rights infringed by development cannot be enforced by injunction

Appropriate from planning to housing



Construction of new housing can proceed

Rationale for recommendations

- 20.
- a) To mitigate against the construction of new social housing being frustrated or delayed by injunctions
 - b) To de-risk the construction project so as to encourage the maximum number of bidders and achieve a lower construction
 - c) Taking forward Fairer Future promise of *quality affordable homes*

Community impact statement

21. The Council Plan was the subject of extensive community consultation that gave rise to the Fairer Future promise of *quality affordable homes*. The recommendations herein will enable the construction of seventeen new homes to proceed. New homes will improve the quality of life for their residents. Implementation of the recommendations may however have a minor adverse lighting impact on some nearby occupiers and some disturbance whilst construction work takes place.
22. The Equality Act 2010 requires the Council in the exercise of its functions to have due regard to the need to:
- a) eliminate discrimination;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
23. Relevant protected characteristics for the purposes of the Equality Act are :
- Age
 - Civil partnership
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex and sexual orientation.
24. In carrying out appropriation the Cabinet 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.
25. Based on the information available it is not believed that there are any particular groups sharing a protected characteristic that will be adversely impacted by the proposals.

Financial Implications

26. The refurbishment of the existing and construction of the new homes will have a significant cost and an approved budget exists for this. The budget will need to make provision for any compensation claims for diminution in value that may arise as a consequence of the construction of the new homes. The budget will

be reviewed when the procurement process mentioned at paragraph 9 has been completed.

27. Where land (including air-rights) is appropriated from the housing revenue account to the general fund there is a transfer of debt between the accounts. When land is appropriated from general fund to the housing revenue account this debt transfer is reversed.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

28. The report recommends the appropriation of the air rights above the council-owned land at 2-68 and 70-136 Chilton Grove for planning purposes, and thereafter, the appropriation of that part of the land for housing purposes. Cabinet has been asked on a number of previous occasions to appropriate other sites identified for the development of housing by the Council in order to minimise the risks from those with interests in land in the vicinity.
29. A council holds land and property for a variety of statutory purposes in order to perform its functions. A council is authorised by virtue of section 122 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 is no longer required for the purpose for which it is held immediately before the appropriation.
30. The property must already belong to the Council which is the case with Chilton Grove.
31. The property must be no longer required for the purpose for which it is currently held. The report confirms at paragraph 6 of Appendix B that the air rights are no longer required for housing purposes.
32. The purpose for which the council is appropriating the land must be authorised by statute. It is proposed that the land is held for planning purposes. This is a purpose which is authorised by statute. Section 246 of the Town and Country Planning Act 1990 (“TCPA 1990”) defines such purposes as, inter alia, those for which can be acquired under ss226 or 227 of that Act. Section 227 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.
33. 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, re-development or improvement on or in relation to the land.” In the case of either s226 or s227 the acquiring authority must be satisfied that whatever development proposals it has for the land in question these are likely to “contribute to the achievement of any one or more of the following objects – (a) the promotion or improvement of the economic well-being of their area; (b) the promotion or improvement of the social well-being of their area; (c) the promotion or improvement of the environmental well-being of their area.” The Council’s plan to build new homes on the land, of which all are council homes for rent, is capable of falling within all three categories.

34. Section 203 of the Housing and Planning Act 2016 came into force on 13 July 2016. This section contains a power to override easements and other rights, and it replaces s237 TCPA.

S203 says :

“(1) A person may carry out building or maintenance work to which this subsection applies even if it involves

(a) interfering with a relevant right or interest...

(2) Subsection (1) applies to building or maintenance work where –

(a) there is planning consent for the building or maintenance work,

(b) the work is carried out on land that has at any time on or after the day on which this section comes into force

(i) become vested in or acquired by a specified authority or

(ii) been appropriated by a local authority for planning purposes as defined by section 246(1) of the Town and Country Planning Act 1990 [*i.e. for purposes for which an authority can acquire land under ss226 and 227*]

(c) the authority could acquire the land compulsorily for the purposes of the building or maintenance work, and

(d) the building or maintenance work is for purposes related to the purposes for which the land was vested, acquired or appropriated as mentioned in paragraph (b).”

35. Consequently, since the air rights are being appropriated for planning purposes building work may be carried out on land even if this interferes with rights or interests if there is planning consent for the building work; and the work must be for purposes related to the purposes for which the land was appropriated, in this case planning purposes. By s204 those third party rights are converted into an entitlement to compensation to be calculated in accordance with ss7 and 10 of the Compulsory Purchase Act 1965. Paragraph 11 of Appendix B confirms that this appropriation does not take away any rights to compensation.

36. This report confirms that the work being done on the land will be done in accordance with planning permission. Once the land has been appropriated and s203 triggered, that work will be authorised even where it interferes with third party rights.

37. Following the appropriation of the land for planning purposes it is recommended that the land is appropriated for housing purposes, as the land is to be used for the provision of new housing. At that point the land will no longer be required for planning purposes and will be appropriated back for housing purposes.

Strategic Director of Finance and Governance

38. The recommendation is to appropriate air-rights as described in order to facilitate regeneration and the building of new homes at Chilton Grove. This land appropriation is proposed to occur in such a way that it will have a neutral

financial impact. However, a budget for the compensation and new homes proposed will need to be considered as part of the future capital programme budget setting process.

Strategic Director of Housing and Modernisation

39. This report ensures that the proposed new housing above 2 – 68 and 70 – 136 Chilton Grove can progress with the avoidance of legal challenge. The light issues from the scheme have been considered and the scheme meets planning policy approval. Extensive consultation with local residents, together with a commitment to make 50% of the new social rented homes available to local residents in housing need leads the way in which social housing can be developed in inner cities. The scheme is a contribution to the Council's pledge to have a commitment to build 1,500 new homes by 2018.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Assembly report of 25 February 2015 adopting Council Plan	Southwark Council Regeneration Division Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	Patrick McGreal 020 7525 5626
Link (please copy and paste into your browser): http://modern.gov.southwark.gov.uk/documents/s52059/Report%20Council%20Plan%202014-18.pdf		
29 January 2018 planning determination and associated documents	Southwark Council Regeneration Division Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	Patrick McGreal 020 7525 5626
Link: http://planbuild.southwark.gov.uk/documents/?casereference=16/AP/3056&system=DC		

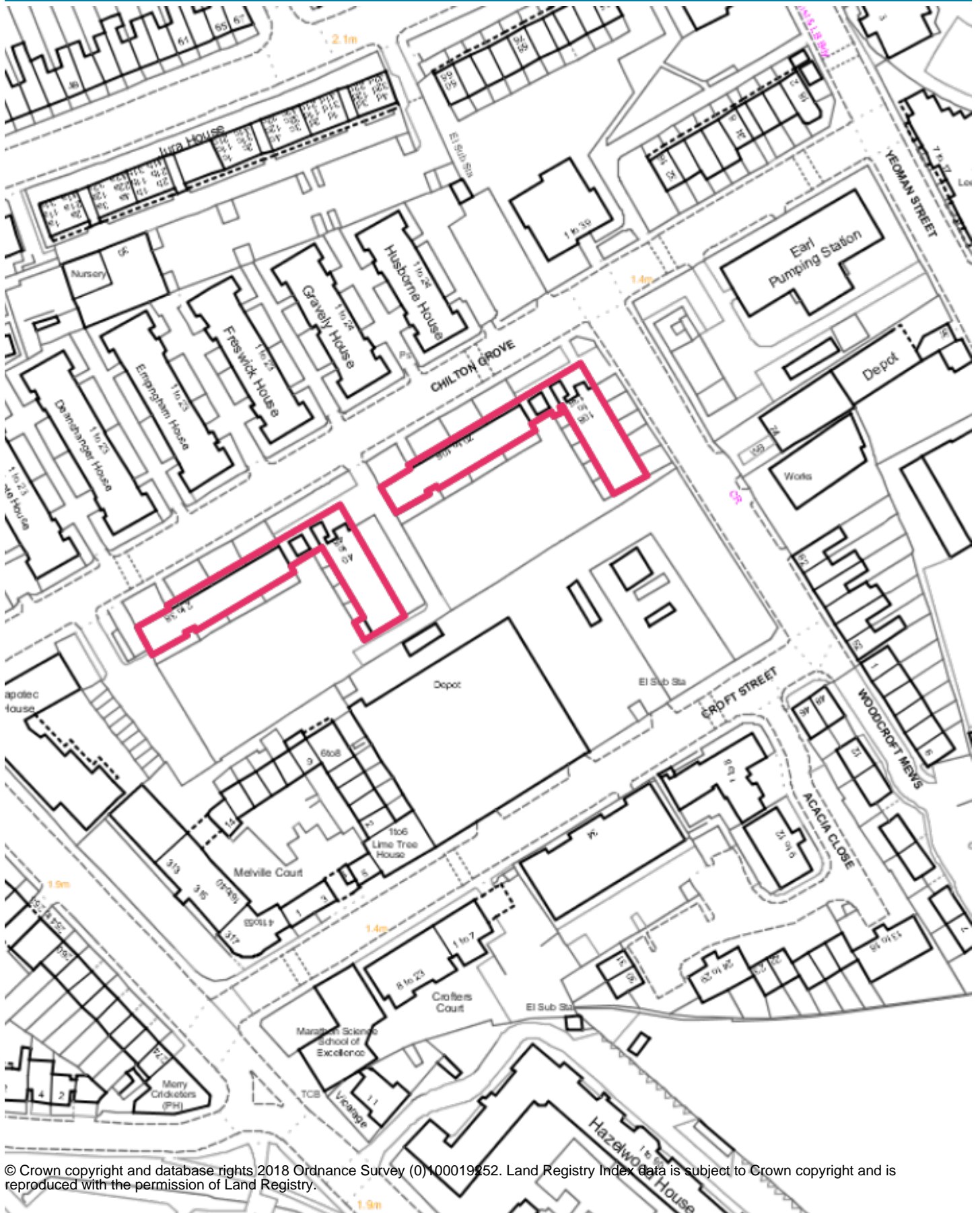
APPENDICES

No.	Title
Appendix A	Plan of 2 – 68 and 70 – 136 Chilton Grove
Appendix B	Rationale for appropriations of the land

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams, Regeneration and New Homes	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Patrick McGreal, Regeneration North	
Version	Final	
Dated	21 February 2018	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Strategic Director of Housing and Modernisation	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	1 March 2018	

Appendix A: 2-68 and 70-136 Chilton Grove Surrey Quays



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AIR-RIGHTS ABOVE 2 – 68 AND 70 – 136 CHILTON GROVE SURREY QUAYS

Appropriation of the air-rights (shown edged on the plan) at Appendix A for purposes set out in s226 of the Town and Country Planning Act 1990 and to purposes set out in section 9 of the Housing Act 1985

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 (air – rights are land for this purpose) 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 development and refurbishment of 2 – 68 and 70 – 136 Chilton Grove. 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 at Chilton Grove namely providing people with quality accommodation that may result in better educational attainment and general well being, and employment opportunities from the construction works. 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 below 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 Chilton Grove new housing development proposals it 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) applies such that the erection, construction or carrying out or maintenance of any building or work on the land (by the council or a person deriving title from the council) is authorised if it is done in accordance with planning permission, notwithstanding that it interferes with certain private rights such as restrictive covenants and easements. The effect of triggering section 203 is that private rights are effectively overridden and converted into a claim for compensation pursuant to s 204. 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; their 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. The right to claim compensation for the depreciation in value caused by the loss of right is enforced against the owner of the land which in this case is the Council.

Rationale for appropriating the subject site to planning purposes

6. The air-rights above 2 – 68 and 70 – 136 Chilton Grove are currently not in a beneficial use. In pursuance of the adopted Council Plan and to address a need for new affordable housing, a two storey vertical extension can be added to 2 – 68 and 70 – 136 Chilton Grove. Planning consent has been secured for the scheme outlined in paragraph 7 of the main report. As there may be an impact on the rights of light to nearby residents 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 not be able to proceed. In any event, the risk of an application for an injunction is such that it will defer prospective builders from bidding to construct the new housing or result in a substantial risk contingency that undermines the viability of construction. In these circumstances it is appropriate to utilise the powers of section 203 to overcome this risk and enable the much needed new homes to be built.
7. As indicated above, the air-rights are now required to be held for planning purposes to facilitate the redevelopment proposals associated with the planning permission for new housing. 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.
8. The air-rights identified at Appendix A are no longer required to be held for housing purposes. As indicated above, they are now required to be held for planning purposes to facilitate the construction of the new housing associated with the planning permission.

Rationale for appropriating the subject site to back to housing purposes

9. Once the air-rights are appropriated for planning purposes they should be appropriated back to housing purposes as the new housing will be held for this purpose and the cleansing effect of s203 means that it can be developed in confidence that the works won't be at risk of an application for an injunction to frustrate the development.
10. Section 9(1)(a) of the Housing Act 1985 provides a local housing authority may provide housing accommodation by erecting houses on land acquired. It is therefore apt that following the s203 appropriation the land is in accordance with section 122(1) of the Local Government Act 1972 appropriated for purposes within section 9 (1) (a) of the Housing Act 1985.
11. The appropriation of the air-rights whilst denying the beneficiaries of any third party rights over the land the ability to frustrate the regeneration of the land will not take away their ability to claim for compensation in respect of any diminution in the value of their land as a result of their rights being overridden.

Item No. 25.	Classification: Open	Date: 13 March 2018	Meeting name: Cabinet
Report title:		Bede Centre Abbeyfield Estate Rotherhithe	
Ward:		Rotherhithe	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

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

Our commitment to build 11,000 new council homes by 2043 is both bold and challenging. Achieving this will make an enormous positive difference to the local community. Southwark is predominantly a densely developed inner-city area and to provide these new homes we must make better use of our land. The recommendations in this report will help to de-risk the site in question. This in turn will give assurance to prospective builders and result in a lower tender cost for the proposed new development. Resources are scarce so it is vital we control cost to maximise the number of new homes we can provide.

The land in question forms part of the Abbeyfield Estate, the proposals to build new homes – including an increase in the number of council homes – recently received resolution to proceed at planning committee. The Gateway 1 report to begin the procurement to deliver these proposals is also being considered by cabinet today. The scheme of which this site forms part will see new council homes built above Damory and Thaxted Houses, new homes built above Maydew House, the Bede Community Centre being moved to a new home underneath Maydew, and the current Bede site being released to build new homes – including council homes. In total the proposals will deliver 199 new council homes – an increase of 60 council homes compared to the number that were in Maydew House. The proposals also include significant landscaping improvements and a new public entrance onto the fantastic Southwark Park from the Abbeyfield Estate next to Maydew House.

The recommended appropriations will enable the construction of these homes to proceed without the risk of an injunction from a nearby landowner. However if a landowner is adversely affected as a result of the recommendations s/he will have the ability to claim compensation for the loss in value to their property as a result.

The report will therefore pave the way for much needed council housing, will improve the public areas of the estate and provide a better connection to Southwark Park.

RECOMMENDATIONS

That Cabinet:

1. confirms that the Bede Centre shown edged on the plan at Appendix A that is currently held for housing purposes is no longer required for those purposes and approves the appropriation of the land to planning purposes 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 and section 122(1) of the Local Government Act 1972.

2. confirms that following completion of the appropriation at paragraph 1 the Bede Centre shown edged on the plan at Appendix A will no longer be required for planning purposes and approves the appropriation of the land to housing purposes in accordance with section 9 of the Housing Act 1985 and section 122(1) of the Local Government Act 1972.

BACKGROUND INFORMATION

3. The Bede Centre is a 1960s two storey building above garages that provides community facilities (a youth club and a project for persons with learning disabilities). It forms part of the Abbeyfield Estate and looks toward Southwark Park. It is shown edged on the plan at Appendix A. Following an options appraisal, Cabinet in March 2012, resolved in consultation with local residents to pursue a regeneration of part of the Abbeyfield Estate. This provides for the vertical extension and refurbishment of Maydew House, Damory House and Thaxted Court together with the relocation of occupants from the subject property. Then the subject property is to be demolished and redeveloped with housing. The consented refurbishment for Maydew House will provide in its base at ground and part of the first floor levels, improved and larger community facilities that will enable not only enable the existing users to relocate there but will provide additional community use opportunities. Maydew House is immediately adjacent to the subject property.
4. On 25 February 2015 Council Assembly approved the current Council Plan. This sets out Fairer Future promises one of which is: *quality affordable homes*. Within this commitment is the policy to improve housing standards and build more homes of every kind. This promise was in fact reinforcing previous policy to directly provide additional housing to meet the need for affordable housing within the Borough.
5. In pursuit of this a number of sites throughout the borough have been identified as providing capacity for additional new homes. Once identified, the development of those sites is consulted upon with the local community, a planning application is made and if appropriate planning consent is granted for the proposed new homes. Thereafter, if there are any third party rights that present a risk to the development Cabinet has been asked on a number of occasions to appropriate the site to mitigate such risk. This report is another to enable the de-risking of a development that will provide new additional housing for social rent.
6. On 7 February 2018 Planning Committee resolved subject to referral to the Mayor of London to grant planning consent for redevelopment of the property to provide:
 - demolition of existing building
 - a six and nine storey residential block that will provide 87 new homes
 - landscaping and parking
 - highway improvements to Abbeyfield Road

7. Fifty-seven of the new homes will be for letting on secure Council tenancies. The other thirty will be for intermediate housing. The make up of the new housing will be:
- 15 x one bedroom dwellings for secure tenancies
 - 23 x two bedroom dwellings for secure tenancies
 - 16 x three bedroom dwellings for secure tenancies
 - 3 x four bedroom dwellings for secure tenancies

 - 15 x one bedroom dwellings for intermediate housing
 - 8 x two bedroom dwellings for intermediate housing
 - 7 x three bedroom dwellings for intermediate housing
8. All the new housing from the redevelopment of the property will be for affordable purposes and the quantum to be let on secure tenancies needs to be considered in the overall Abbeyfield regeneration picture. In particular, it more than makes up for the reduction in provision that will arise as a consequence of the tenure allocation for the Maydew House aspect of the regeneration. The table below demonstrates the overall regeneration picture in relation to secure tenancy dwellings.

<i>Element</i>	<i>Secure tenancy units*</i>	
	<i>Pre-regeneration</i>	<i>Post-regeneration</i>
Maydew House	144	112
Bede Centre	0	57
Thaxted Court	24	38
Damory House	35	49
Total	203	256

* This analysis disregards units that have been sold under the right to buy as they were constructed for social rent and the status of the ones sold will be unaffected in tenure terms by the regeneration

9. The sale of fifty-six units in Maydew House and the allocation of thirty units in the subject block for intermediate housing is necessary both to provide a tenure mix and to financially support the regeneration. This allocation of non secure tenancy dwellings forms part of the business case for the project.
10. The contract for the regeneration will shortly be procured and it is intended for construction to commence later this year.

FACTORS FOR CONSIDERATION

11. As the proposed new block will higher than the existing block by up to six stories a lighting/sunlight report was part of the planning process obtained from a specialist surveyor. This report dealt with the regeneration proposals not only for the subject property but also Damory House, Maydew House and Thaxted Court. Its conclusion is:

Our technical analysis shows that the surrounding properties will experience a very high level of compliance within the daylight criterion. Where breaches of guidance do occur, this technical assessment demonstrates that in the majority of cases, this is due to either low existing values (producing disproportionate

percentage alterations) or the constraints imposed by the existing architectural design of the neighbouring properties.

Given the complexities of the site and the existing built urban context, we feel that the impacts to the surrounding residential are reasonable within the surrounding streetscape.

The sunlight criterion demonstrates a very good rate of compliance for such a dense urban Site. The majority of the apertures relevant for assessment show conformity with the BRE Guidelines. Where transgressions from guidance are noted, these are relatively minor in nature and there are clear mitigating reasons for them.

12. The report notes there will be a minor impact in lighting terms to some neighbouring properties but the Planning report concludes *the reduction in sunlight levels to these rooms with currently low sunlight levels is considered not to significantly affect the amenity of these rooms within neighbouring properties.* Whilst the identified daylighting/sunlighting impact to some neighbouring properties is low if the consented scheme is constructed there will nevertheless be some properties that have a minor reduced level of lighting and this poses a risk to the project. This is because affected persons may apply to the court for an injunction to stop construction proceeding. This may stop prospective builders from tendering for the contract or cause bids to be substantially inflated to reflect the risk of there being an application for an injunction and the delay and uncertainty that may cause, including frustrating the development scheme
13. The Planning Committee's resolution to consent has taken into account daylighting and sunlighting issues. As part of the planning process around three hundred occupiers in the locality were directly consulted and no public responses were received.

Appropriations

14. The appropriation of land refers to the process whereby a council alters the purpose for which it holds land. Where land has been appropriated for planning purposes third party rights enjoyed over the land can be overridden. The beneficiaries of such rights may however claim compensation [equal to the loss in value of their property caused by losing the right] but cannot seek an injunction to delay or terminate the development. This will give the Council the certainty that having commenced construction works a person with the benefit of an unregistered (with the Land Registry) right over land (such as a right to light) cannot apply to the court to have the development stopped. This is a very important tool in enabling development to proceed on urban sites. As mentioned, the beneficiary of any such right is entitled to financial compensation for the loss of the right. The Council could either insure against such compensation claims but this will be costly or accept the risk of an injunction that may be fatal to development or result in perhaps significant unquantifiable costs.
15. The compensation persons affected by the loss of light may be entitled to is based on the value of their properties before the right has been infringed versus the value of the property after infringement has taken place; it therefore follows that there is no right of claim until the right has been adversely affected. If a compensation claim is made and agreement between the parties is not possible it will be determined by the Upper Tribunal (Lands Chamber).

16. In this case it is recommended that the Bede Centre be appropriated from housing purposes to planning purposes and thereafter back to housing purposes as to hold the land for planning purposes will be contrary to its long term use.
17. The rationale for the appropriations of the land shown at Appendix A is set out at Appendix B and Cabinet is recommended to approve the appropriations.
18. The appropriation stages is summarised below:

Property currently held for housing purposes

Appropriate from housing to planning	↓	Third party rights infringed by development cannot be enforced by injunction
Appropriate from planning to housing	↓	Construction of new housing can proceed

Rationale for recommendations

19.
 - a) To bring forward the construction of new housing and the refurbishment of an existing vacant housing block
 - b) To de-risk the construction project so as to encourage the maximum number of bidders and achieve a lower construction
 - c) Taking forward Fairer Future promise of *quality affordable homes*
 - d) Fulfillment of a commitment to local residents.

Community impact statement

20. The Council Plan was the subject of extensive community consultation that gave rise to the Fairer Future promise of *quality affordable homes*. The recommendations herein will enable the construction of seventeen new homes to proceed. New homes will improve the quality of life for their residents. Implementation of the recommendations may however have a minor adverse lighting impact on some nearby occupiers and some disturbance whilst construction work takes place.
21. The Equality Act 2010 requires the Council in the exercise of its functions to have due regard to the need to:
 - a) eliminate discrimination;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
22. Relevant protected characteristics for the purposes of the Equality Act are :

- Age
 - Civil partnership
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex and sexual orientation.
23. In carrying out appropriation the Cabinet 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.
24. The consented scheme for Bede House will result in the displacement of a youth and a disabled facility both of which are protected characteristics under the Equalities Act. However, the consented scheme for Maydew House will see new and larger accommodation provided that will enable those facilities to relocate to and Cabinet will have regard to this.

Financial Implications

25. The refurbishment of the existing and construction of the new homes will have a significant cost and an approved budget exists for this. The budget will need to make provision for any compensation claims for diminution in value that may arise as a consequence of the construction of the new homes. The budget will be reviewed when the procurement process mentioned at paragraph 10 has been completed.
26. Where land is appropriated from the housing revenue account to the general fund there is a transfer of debt between the accounts. When land is appropriated from general fund to the housing revenue account this debt transfer is reversed.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

27. The report recommends the appropriation of the council-owned land at the Bede Centre, Abbeyfield Estate for planning purposes, and thereafter, the appropriation of that land for housing purposes.
28. A council holds land and property for a variety of statutory purposes in order to perform its functions. A council is authorised by virtue of section 122 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 is no longer required for the purpose for which it is held immediately before the appropriation.

29. The land must already belong to the council. Paragraph 3 of the report confirms that the land to be appropriated is in the council's freehold ownership.
30. The land must be no longer required for the purpose for which it is currently held. The report confirms at paragraph 8 of Appendix B that the land is no longer required for housing purposes.
31. The purpose for which the council is appropriating the land must be authorised by statute. It is proposed that the land is held for planning purposes. This is a purpose which is authorised by statute. Section 246 of the Town and Country Planning Act 1990 ("TCPA 1990") defines such purposes as, inter alia, those for which can be acquired under ss226 or 227 of that Act. Section 227 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.
32. 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, re-development or improvement on or in relation to the land." In the case of either s226 or s227 the acquiring authority must be satisfied that whatever development proposals it has for the land in question these are likely to "contribute to the achievement of any one or more of the following objects – (a) the promotion or improvement of the economic well-being of their area; (b) the promotion or improvement of the social well-being of their area; (c) the promotion or improvement of the environmental well-being of their area." The Council's plan to build new homes on the land, of which all are council homes for rent, is capable of falling within all three categories.
33. Section 203 of the Housing and Planning Act 2016 came into force on 13 July 2016. This section contains a power to override easements and other rights, and it replaces s237 TCPA.

S203 says :

"(1) A person may carry out building or maintenance work to which this subsection applies even if it involves

(a) interfering with a relevant right or interest...

(2) Subsection (1) applies to building or maintenance work where –

(a) there is planning consent for the building or maintenance work,

(b) the work is carried out on land that has at any time on or after the day on which this section comes into force

(i) become vested in or acquired by a specified authority or

(ii) been appropriated by a local authority for planning purposes as defined by section 246(1) of the Town and Country Planning Act 1990 [*i.e. for purposes for which an authority can acquire land under ss226 and 227*]

(c) the authority could acquire the land compulsorily for the purposes of the building or maintenance work, and

(d) the building or maintenance work is for purposes related to the purposes for which the land was vested, acquired or appropriated as mentioned in paragraph (b).”

34. Once the land has been appropriated for planning purposes building work may be carried out on land even if this interferes with rights or interests if there is planning consent for the building work; and the work must be for purposes related to the purposes for which the land was appropriated, in this case planning purposes. By s204 those third party rights are converted into an entitlement to compensation to be calculated in accordance with ss7 and 10 of the Compulsory Purchase Act 1965. However, this appropriation does not remove any rights to compensation for the loss of the rights or interests
35. This report confirms that the work being done on the land will be done in accordance with planning permission. Once the land has been appropriated and s203 triggered, that work will be authorised even where it interferes with third party rights.
36. Following the appropriation of the land for planning purposes it is recommended that the land is appropriated for housing purposes, as the land is to be used for the provision of new housing. At that point, the land will no longer be required for planning purposes and will be appropriated for housing purposes.

Strategic Director of Finance and Governance

37. The recommendation is to appropriate the Bede Centre to facilitate its redevelopment and to add new housing. This land appropriation is proposed to occur in such a way that it will have a neutral financial impact. However, a budget for the compensation and new homes proposed will need to be considered as part of the future capital programme budget setting process.

Strategic Director of Housing and Modernisation

38. This report ensures that the proposed redevelopment with new housing to the Bede Centre can progress with the avoidance of legal challenge. The light issues from the scheme are minimal and the scheme meets planning policy approval. Extensive consultation with local residents, together with a commitment to make 50% of the new social rented homes as part of the Abbeyfield Estate regeneration available to local residents in housing need leads the way in which social housing can be developed in inner cities. The scheme is a contribution to the Council’s pledge to have a commitment to build 1,500 new homes by 2018.

BACKGROUND DOCUMENTS

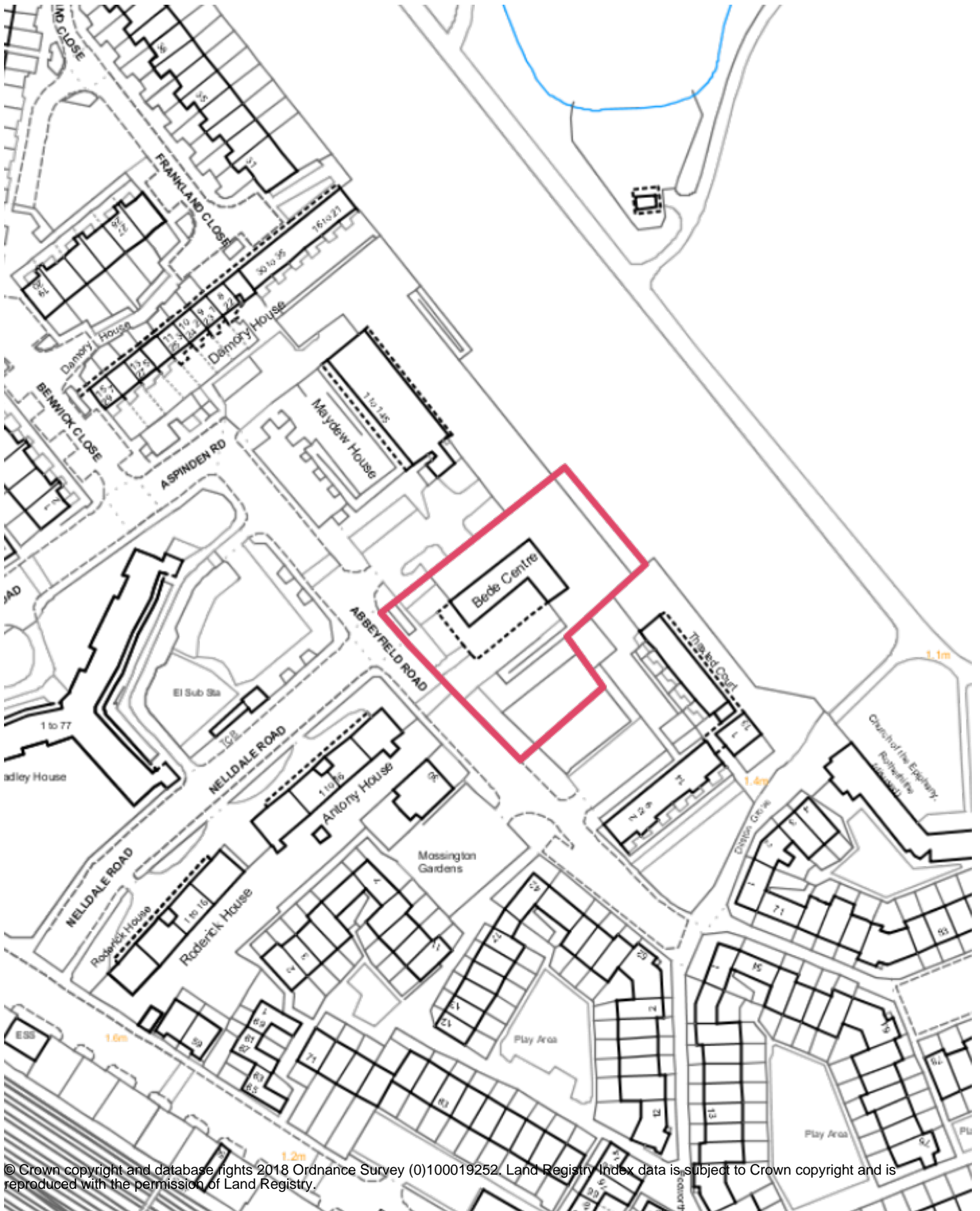
Background Papers	Held At	Contact
Cabinet report: Abbeyfield Estate: Options Appraisal for Maydew House, Thaxted Court and Damory House	Southwark Council Regeneration Division Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	Patrick McGreal 020 7525 5626
Link (please copy and paste into your browser; see item 8): http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=3821&Ver=4		
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7 February 2018 Planning committee report	Southwark Council Regeneration Division Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	Patrick McGreal 020 7525 5626
Link (please copy and paste into your browser, see item 5.2): http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=119&MId=5718&Ver=4		

APPENDICES

No.1	Title
Appendix A	Plan of Maydew House
Appendix B	Rationale for appropriations of the land

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	21 February 2018	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Strategic Director of Housing and Modernisation	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		1 March 2018



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APPENDIX B**THE BEDE CENTRE ROTHERHITE**

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 and to purposes set out in section 9 of the Housing Act 1985

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 redevelopment of the subject Bede Centre. 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 at the Bede Centre namely providing people with quality accommodation that may result in better educational attainment and general well being, and employment opportunities from the construction works. 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 property shown on the plan at Appendix A is no longer required for its current purposes for the reasons set out below and is not needed in the public interest for those purposes. The property can therefore be appropriated from its current use. As the appropriation will facilitate the new housing development proposals at the Bede Centre it 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) applies such that the erection, construction or carrying out or maintenance of any building or work on the land (by the council or a person deriving title from the council) is authorised if it is done in accordance with planning permission, notwithstanding that it interferes with certain private rights such as restrictive covenants and easements. The effect of triggering section 203 is that private rights are effectively overridden and converted into a claim for compensation pursuant to s 204. 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, their 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. The right to claim compensation for the depreciation in value caused by the loss of right is enforced against the owner of the land which in this case is the Council.

Rationale for appropriating the subject site to planning purposes

6. The property is in need of repair and in any event does not maximize the potential of the site on which it stands. In pursuance of the adopted Council Plan and to address a need for new affordable housing, the property has been identified to be redeveloped for this purpose. Planning consent has been secured for the scheme outlined in paragraph 6 of the main report. As there may be a minor impact on the rights of light to nearby residents 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 not be able to proceed. In any event, the risk of an application for an injunction is such that it will defer prospective builders from bidding to construct the new housing or result in a substantial risk contingency that undermines the viability of construction. In these circumstances it is appropriate to utilise the powers of section 203 to overcome this risk and enable the much needed new homes to be built.
7. As indicated above, the property is now required to be held for planning purposes to facilitate the redevelopment proposals associated with the consented planning application. When a property has been appropriated for section 203 purposes it will continue to benefit from its over-riding provisions even when the property is no longer held for planning purposes.
8. The Bede Centre is no longer required to be held for housing purposes. As indicated above, the property is now required to be held for planning purposes to facilitate the redevelopment proposals associated with the consented planning application.

Rationale for appropriating the subject site to back to housing purposes

9. Once the property is appropriated for planning purposes it should be appropriated back to housing purposes as this will be its ultimate usage and the cleansing effect of s203 means that it can be developed in confidence that the works won't be at risk of an application for an injunction to frustrate the proposed scheme.
10. Section 9(1)(a) of the Housing Act 1985 provides a local housing authority may provide housing accommodation by erecting houses on land acquired. It is therefore apt that following the s203 appropriation the land is in accordance with section 122(1) of the Local Government Act 1972 appropriated for purposes within section 9 (1) (a) of the Housing Act 1985.
11. The appropriation of the property whilst denying the beneficiaries of any third party rights over the land the ability to frustrate the regeneration of the property will not take away their ability to claim for compensation in respect of any diminution in the value of their land as a result of their rights being overridden.

Item No. 26.	Classification: Open	Date: 13 March 2018	Decision Taker: Cabinet
Report title:		Air – Rights above Damory House Abbeyfield Estate Rotherhithe	
Ward:		Rotherhithe	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

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

Our commitment to build 11,000 new council homes by 2043 is both bold and challenging. Achieving this will make an enormous positive difference to the local community. Southwark is predominantly a densely developed inner-city area and to provide these new homes we must make better use of our land. The recommendations in this report will help to de-risk the site in question. This in turn will give assurance to prospective builders and result in a lower tender cost for the proposed new development. Resources are scarce so it is vital we control cost to maximise the number of new homes we can provide.

The land in question forms part of the Abbeyfield Estate, the proposals to build new homes – including an increase in the number of council homes – recently received resolution to proceed at planning committee. The Gateway 1 report to begin the procurement to deliver these proposals is also being considered by cabinet today. The scheme of which this site forms part will see new council homes built above Damory and Thaxted Houses, new homes built above Maydew House, the Bede Community Centre being moved to a new home underneath Maydew, and the current Bede site being released to build new homes – including council homes. In total the proposals will deliver 199 new council homes – an increase of 60 council homes compared to the number that were in Maydew House. The proposals also include significant landscaping improvements and a new public entrance onto the fantastic Southwark Park from the Abbeyfield Estate next to Maydew House.

The recommended appropriations will enable the construction of these homes to proceed without the risk of an injunction from a nearby landowner. However if a landowner is adversely affected as a result of the recommendations s/he will have the ability to claim compensation for the loss in value to their property as a result.

The report will therefore pave the way for much needed council housing, will improve the public areas of the estate and provide a better connection to Southwark Park.

RECOMMENDATIONS

That Cabinet:

1. confirms that the air-rights above Damory House Abbeyfield Road shown edged on the plan at Appendix A that are currently held for housing purposes are no longer required for that purpose and approve the appropriation of the rights to

planning purposes 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 and section 122(1) of the Local Government Act 1972.

2. confirms that following completion of the appropriation at paragraph 1 the air-rights above the property edged on the plan at Appendix A will no longer be required for planning purposes and approve the appropriation of the rights to housing purposes in accordance with section 9 of the Housing Act 1985 and section 122(1) of the Local Government Act 1972.

BACKGROUND INFORMATION

3. Damory House is a 1960s built four storey building with garages to the ground floor and dwellings above. It forms part of the Abbeyfield Estate and is situated to the north-west of Maydeu House. It is shown edged on the plan at Appendix A. Following an options appraisal, Cabinet in March 2012, resolved in consultation with local residents to pursue a regeneration of part of the Abbeyfield Estate. This provides for the vertical extension and refurbishment of Maydeu House, Thaxted Court and the subject property together with the demolition and redevelopment with housing of the Bede Centre.
4. On 25 February 2015 Council Assembly approved the current Council Plan. This sets out Fairer Future promises one of which is: *quality affordable homes*. Within this commitment is the policy to improve housing standards and build more homes of every kind. This promise was in fact reinforcing previous policy to directly provide additional housing to meet the need for affordable housing within the Borough.
5. In pursuit of this a number of sites throughout the borough have been identified as providing capacity for additional new homes. Once identified, the development of those sites is consulted upon with the local community, a planning application is made and if appropriate planning consent is granted for the proposed new homes. Thereafter, if there are any third party rights that present a risk to the development Cabinet has been asked on a number of occasions to appropriate the site to mitigate such risk. This report is another to enable the de-risking of a development that will provide new additional housing for social rent.
6. On 7 February 2018 Planning Committee resolved to grant consent for refurbishment and extension of Damory House and Thaxted Court. In relation to Damory House it will provide:
 - ❖ refurbishment of existing residential block
 - ❖ two storey vertical extension to provide fourteen new dwellings
 - ❖ landscaping and public realm improvements
7. All fourteen of the new homes will be for letting on secure Council tenancies. All will be two bedroom dwellings
8. The quantum to be let on secure tenancies at Damory House needs to be considered in the overall Abbeyfield regeneration picture. In particular, it contributes to an overall increase in provision notwithstanding the reduction arising at Maydeu House as a consequence of the tenure allocation aspect of the regeneration. The table below demonstrates the overall regeneration picture in relation to secure tenancy dwellings.

Element	Secure tenancy units*	
	Pre-regeneration	Post-regeneration
Maydew House	144	112
Bede Centre	0	57
Thaxted Court	24	38
Damory House	35	49
Total	203	256

* This analysis disregards units that have been sold under the right to buy as they were constructed for social rent and the status of the ones sold will be unaffected in tenure terms by the regeneration

9. The contract for the regeneration will shortly be procured and it is intended for construction to commence later this year.

FACTORS FOR CONSIDERATION

10. As the proposed extension will be higher than the existing block by up to two stories a lighting/sunlight report was part of the planning process obtained from a specialist surveyor. This report dealt with the regeneration proposals not only for the subject property but also the Bede Centre, Maydew House and Thaxted Court. Its conclusion is:

Our technical analysis shows that the surrounding properties will experience a very high level of compliance within the daylight criterion. Where breaches of guidance do occur, this technical assessment demonstrates that in the majority of cases, this is due to either low existing values (producing disproportionate percentage alterations) or the constraints imposed by the existing architectural design of the neighbouring properties.

Given the complexities of the site and the existing built urban context, we feel that the impacts to the surrounding residential are reasonable within the surrounding streetscape.

The sunlight criterion demonstrates a very good rate of compliance for such a dense urban Site. The majority of the apertures relevant for assessment show conformity with the BRE Guidelines. Where transgressions from guidance are noted, these are relatively minor in nature and there are clear mitigating reasons for them.

11. The report notes there will be a minor impact in lighting terms to some neighbouring properties but the Planning report concludes *the reduction in sunlight levels to these rooms with currently low sunlight levels is considered not to significantly affect the amenity of these rooms within neighbouring properties.* Whilst the identified daylighting/sunlighting impact to some neighbouring properties is low if the consented scheme is constructed there will nevertheless be some properties that have a minor reduced level of lighting and this poses a risk to the project. This is because affected persons may apply to the court for an injunction to stop construction proceeding. This may stop prospective builders from tendering for the contract or cause bids to be substantially inflated to reflect the risk of there being an application for an injunction and the delay and uncertainty that may cause, including frustrating the development scheme.

12. The Planning Committee's resolution to consent has taken into account daylighting and sunlighting issues. As part of the planning process that also included Thaxted Court around three hundred occupiers in the locality were directly consulted. Twelve responses (4%) were received none were in relation to lighting impacts. The following topics of objection were raised: pre-application consultation, strain on infrastructure, intensification of occupation on estate nuisance from construction works.

APPROPRIATIONS

13. The appropriation of land refers to the process whereby a council alters the purpose for which it holds land. Where land has been appropriated for planning purposes third party rights enjoyed over the land can be overridden. The beneficiaries of such rights may however claim compensation [equal to the loss in value of their property caused by losing the right] but cannot seek an injunction to delay or terminate the development. This will give the Council the certainty that having commenced construction works a person with the benefit of an unregistered (with the Land Registry) right over land (such as a right to light) cannot apply to the court to have the development stopped. This is a very important tool in enabling development to proceed on urban sites. As mentioned, the beneficiary of any such right is entitled to financial compensation for the loss of the right. The Council could either insure against such compensation claims but this will be costly or accept the risk of an injunction that may be fatal to development or result in perhaps significant unquantifiable costs.
14. The compensation persons affected by the loss of light may be entitled to is based on the value of their properties before the right has been infringed versus the value of the property after infringement has taken place; it therefore follows that there is no right of claim until the right has been adversely affected. If a compensation claim is made and agreement between the parties is not possible it will be determined by the Upper Tribunal (Lands Chamber).
15. Cabinet has resolved to appropriate a number of sites in similar circumstances. There is however a significant difference in this case because Damory House is not a vacant site and residents are and will remain in occupation throughout the work. S19(2) of the Housing Act 1985 provides *where a local housing authority have acquired or appropriated land for the purposes of this Part, they shall not, without the consent of the Secretary of State, appropriate any part of the land consisting of a house (flat or maisonette is a house for this purpose) or part of a house for any other purpose*. The Secretary of State has given some general consents subject to conditions including the houses are vacant (this will not apply here). This potentially creates a difficulty namely that to appropriate the subject blocks to planning purposes can only be done with the explicit consent of the Secretary of State.
16. As the right of light injunction risk only occurs because of the proposed additional two floors to the block where there is currently open air, the block and the airspace above can be treated separately for Council holding purposes. This is no different to other buildings held for more than one purpose e.g ground floor retail may be held for investment purposes and flats above for housing purposes. Therefore to enable the project to be de-risked the air-rights existing above Damory House are proposed to be treated differently to the building in situ the status of which is unaffected by the report and its recommendations.
17. The appropriation stages is summarised below:

Air - rights currently held for housing purposes

Appropriate from housing to planning



Third party rights infringed by development cannot be enforced by injunction

Appropriate from planning to housing



Construction of new housing can proceed

RATIONALE FOR RECOMMENDATIONS

18. a) To bring forward the construction of new housing and the refurbishment of an existing vacant housing block
- b) To de-risk the construction project so as to encourage the maximum number of bidders and achieve a lower construction
- c) Taking forward Fairer Future promise of *quality affordable homes*
- d) Fulfillment of a commitment to local residents

Community Impact Statement

19. The Council Plan was the subject of extensive community consultation that gave rise to the Fairer Future promise of *quality affordable homes*. The recommendations herein will enable the construction of seventeen new homes to proceed. New homes will improve the quality of life for their residents. Implementation of the recommendations may however have a minor adverse lighting impact on some nearby occupiers and some disturbance whilst construction work takes place.
20. The Equality Act 2010 requires the Council in the exercise of its functions to have due regard to the need to:
- a) eliminate discrimination;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
21. Relevant protected characteristics for the purposes of the Equality Act are :
- Age
 - Civil partnership
 - Disability
 - Gender reassignment

- Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex and sexual orientation.
22. In carrying out appropriation the Cabinet 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. Based on the information available it is not believed that there are any particular groups sharing a protected characteristic that will be adversely impacted by the proposals.

Financial Implications

24. The refurbishment of the existing and construction of the new homes will have a significant cost and an approved budget exists for this. The budget will need to make provision for any compensation claims for diminution in value that may arise as a consequence of the construction of the new homes. The budget will be reviewed when the procurement process mentioned at paragraph 9 has been completed.
25. Where land is appropriated from the housing revenue account to the general fund there is a transfer of debt between the accounts. When land is appropriated from general fund to the housing revenue account this debt transfer is reversed.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law & Democracy

26. The report recommends the appropriation of the air rights above the council-owned land at Damory House, Abbeyfield estate for planning purposes, and thereafter, the appropriation of that property for housing purposes.
27. A council holds land and property for a variety of statutory purposes in order to perform its functions. A council is authorised by virtue of section 122 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 is no longer required for the purpose for which it is held immediately before the appropriation.
28. The land must already belong to the council. Paragraph 3 of the report confirms that the land to be appropriated is part of the Abbeyfield estate and therefore in the council's freehold ownership.
29. The property must be no longer required for the purpose for which it is currently held. The report confirms at paragraph 8 of Appendix B that the air rights are no longer required for housing purposes.
30. The purpose for which the council is appropriating the rights or property must be authorised by statute. It is proposed that the land is held for planning purposes.

This is a purpose which is authorised by statute. Section 246 of the Town and Country Planning Act 1990 (“TCPA 1990”) defines such purposes as, inter alia, those for which can be acquired under ss226 or 227 of that Act. Section 227 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.

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(2) Subsection (1) applies to building or maintenance work where –

(a) there is planning consent for the building or maintenance work,

(b) the work is carried out on land that has at any time on or after the day on which this section comes into force

(i) become vested in or acquired by a specified authority or

(ii) been appropriated by a local authority for planning purposes as defined by section 246(1) of the Town and Country Planning Act 1990 [*i.e. for purposes for which an authority can acquire land under ss226 and 227*]

(c) the authority could acquire the land compulsorily for the purposes of the building or maintenance work, and

(d) the building or maintenance work is for purposes related to the purposes for which the land was vested, acquired or appropriated as mentioned in paragraph (b).”

33. Consequently since the air rights have been appropriated for planning purposes building work may be carried out on land even if this interferes with rights or interests if there is planning consent for the building work; and the work must be for purposes related to the purposes for which the land was appropriated, in this

case planning purposes. By s204 those third party rights are converted into an entitlement to compensation to be calculated in accordance with ss7 and 10 of the Compulsory Purchase Act 1965. Paragraph 11 to appendix B confirms that this appropriation does not remove the rights to compensation.

34. This report confirms that the work being done on the land will be done in accordance with planning permission. Once the land has been appropriated and s203 triggered, that work will be authorised even where it interferes with third party rights.
35. Following the appropriation of the air rights for planning purposes it is recommended that the air rights are appropriated back for housing purposes, as the land is to be used for the provision of new housing. At that point, the land will no longer be required for planning purposes and will be appropriated for housing purposes.

Strategic Director of Finance & Governance

36. The recommendation is to appropriate the air rights above Damory House to facilitate its refurbishment and to add new housing. This appropriation is proposed to occur in such a way that it will have a neutral financial impact. However, a budget for the compensation and new homes proposed will need to be considered as part of the future capital programme budget setting process.

Strategic Director of Housing & Modernisation

37. This report ensures that the proposed refurbishment and additional housing at Damory House can progress with the avoidance of legal challenge. The light issues from the scheme are minimal and the scheme meets planning policy approval. Extensive consultation with local residents, together with a commitment to make 50% of the new social rented homes as part of the Abbeyfield Estate regeneration available to local residents in housing need leads the way in which social housing can be developed in inner cities. The scheme is a contribution to the Council's pledge to have a commitment to build 1,500 new homes by 2018.

BACKGROUND DOCUMENTS

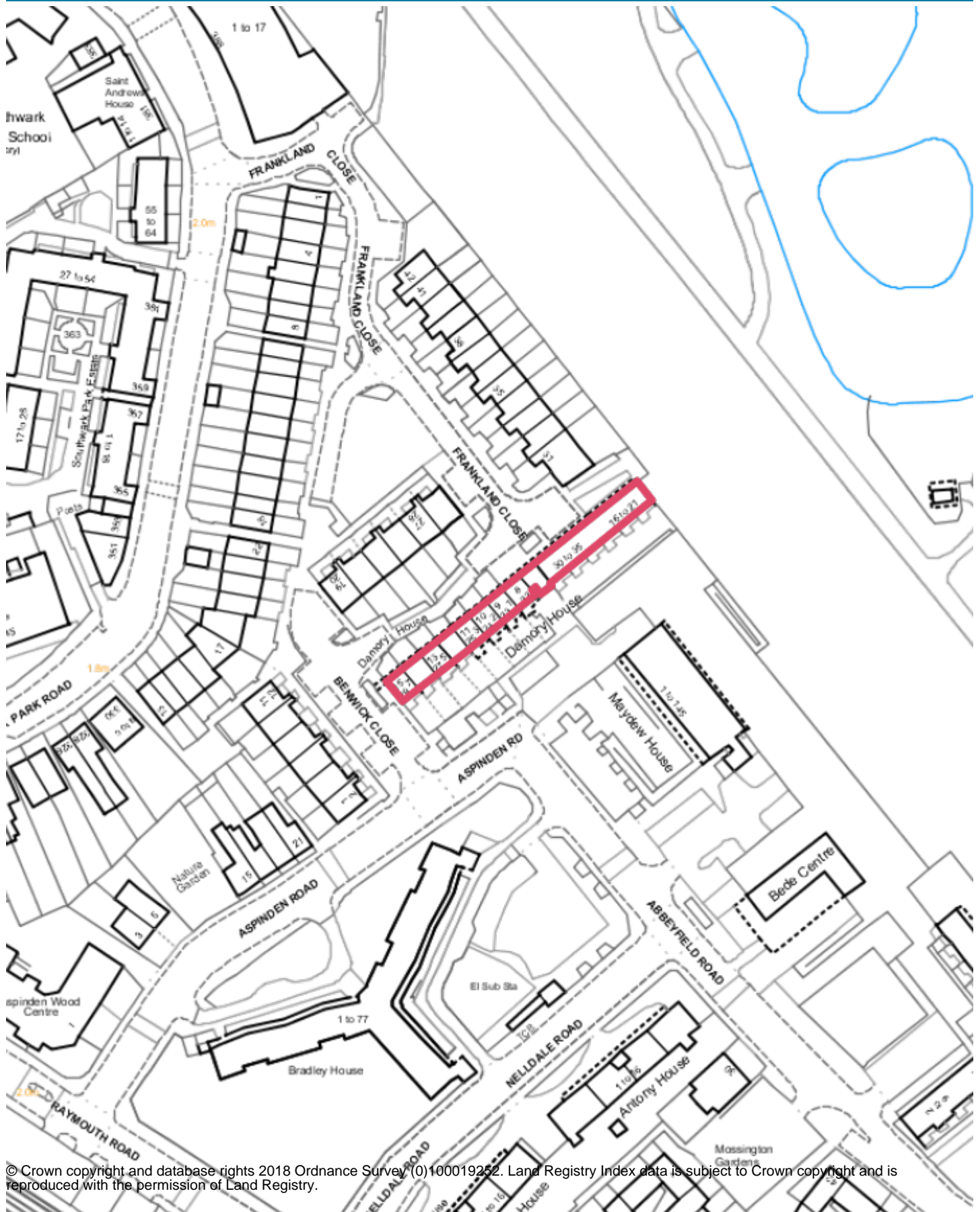
Background Papers	Weblink
Cabinet report: Abbeyfield Estate: Options Appraisal for Maydew House, Thaxted Court and Damory House	Item 8 http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=3821&Ver=4
Cabinet report: Abbeyfield Estate - Regeneration Project Update	Item 9 http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4245&Ver=4
Council Assembly report of 25 February 2015 adopting Council Plan	Item 2.1 http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=132&MId=4788&Ver=4
7 February 2018 Planning committee report	Item 5.3 http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=119&MId=5718&Ver=4

APPENDICES

Appendix	Title
Appendix A	Plan of Damory House
Appendix B	Rationale for appropriations of the land

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams; Cabinet Member for Regeneration and New Homes	
Lead Officer	Eleanor Kelly; Chief Executive	
Report Author	Patrick McGreal; Regeneration - North	
Version	Final	
Dated	9 February 2018	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law & Democracy	Yes	Yes
Strategic Director of Finance & Governance	Yes	Yes
Strategic Director of Housing & Modernisation	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		2 March 2018



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50 m

5-Feb-2018

Scale = 1 : 1250

AIR-RIGHTS DAMORY HOUSE ROTHERHITHE

Appendix B

Appropriation of the air-rights (shown edged on the plan) at Appendix A for purposes set out in s226 of the Town and Country Planning Act 1990 and to purposes set out in section 9 of the Housing Act 1985

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 (air – rights are land for this purpose) 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 development and refurbishment of Damory House. 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 at Damory House namely providing people with quality accommodation that may result in better educational attainment and general well being, and employment opportunities from the construction works. 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 below 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 Damory House new housing development proposals it 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) applies such that the erection, construction or carrying out or maintenance of any building or work on the land (by the council or a person deriving title from the council) is authorised if it is done in accordance with planning permission, notwithstanding that it interferes with certain private rights such as restrictive covenants and easements. The effect of triggering section 203 is that private rights are effectively overridden and converted into a claim for compensation pursuant to s 204. 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; their 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. The right to claim compensation for the depreciation in value caused by the loss of right is enforced against the owner of the land which in this case is the Council.

Rationale for appropriating the subject site to planning purposes

6. The air-rights above Damory House are currently not in a beneficial use. In pursuance of the adopted Council Plan and to address a need for new affordable housing, a two storey vertical extension can be added to Damory House. Planning consent has been secured for the scheme outlined in paragraph 7 of the main report. As there may be an impact on the rights of light to nearby residents 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 not be able to proceed. In any event, the risk of an application for an injunction is such that it will defer prospective builders from bidding to construct the new housing or result in a substantial risk contingency that undermines the viability of construction. In these circumstances it is appropriate to utilise the powers of section 203 to overcome this risk and enable the much needed new homes to be built.
7. As indicated above, the air-rights are now required to be held for planning purposes to facilitate the redevelopment proposals associated with the planning permission for new housing. 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.
8. The air-rights identified at Appendix A are no longer required to be held for housing purposes. As indicated above, they are now required to be held for planning purposes to facilitate the construction of the new housing associated with the planning permission.

Rationale for appropriating the subject site to back to housing purposes

9. Once the air-rights are appropriated for planning purposes they should be appropriated back to housing purposes as the new housing will be held for this purpose and the cleansing effect of s203 means that it can be developed in confidence that the works won't be at risk of an application for an injunction to frustrate the development.
10. Section 9(1)(a) of the Housing Act 1985 provides a local housing authority may provide housing accommodation by erecting houses on land acquired. It is therefore apt that following the s203 appropriation the land is in accordance with section 122(1) of the Local Government Act 1972 appropriated for purposes within section 9 (1) (a) of the Housing Act 1985.
11. The appropriation of the air-rights whilst denying the beneficiaries of any third party rights over the land the ability to frustrate the regeneration of the land will not take away their ability to claim for compensation in respect of any diminution in the value of their land as a result of their rights being overridden.

Item No. 27.	Classification: Open	Date: 13 March 2018	Meeting name: Cabinet
Report title:		Maydew House Rotherhithe	
Ward:		Rotherhithe	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

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

Our commitment to build 11,000 new council homes by 2043 is both bold and challenging. Achieving this will make an enormous positive difference to the local community. Southwark is predominantly a densely developed inner-city area and to provide these new homes we must make better use of our land. The recommendations in this report will help to de-risk the site in question. This in turn will give assurance to prospective builders and result in a lower tender cost for the proposed new development. Resources are scarce so it is vital we control cost to maximise the number of new homes we can provide.

The land in question forms part of the Abbeyfield Estate, the proposals to build new homes – including an increase in the number of council homes – recently received resolution to proceed at planning committee. The Gateway 1 report to begin the procurement to deliver these proposals is also being considered by cabinet today. The scheme of which this site forms part will see new council homes built above Damory and Thaxted Houses, new homes built above Maydew House, the Bede Community Centre being moved to a new home underneath Maydew, and the current Bede site being released to build new homes – including council homes. In total the proposals will deliver 199 new council homes – an increase of 60 council homes compared to the number that were in Maydew House. The proposals also include significant landscaping improvements and a new public entrance onto the fantastic Southwark Park from the Abbeyfield Estate next to Maydew House.

The recommended appropriations will enable the construction of these homes to proceed without the risk of an injunction from a nearby landowner. However if a landowner is adversely affected as a result of the recommendations s/he will have the ability to claim compensation for the loss in value to their property as a result.

The report will therefore pave the way for much needed council housing, will improve the public areas of the estate and provide a better connection to Southwark Park.

RECOMMENDATIONS

That Cabinet:

1. confirms that Maydew House shown edged on the plan at Appendix A that is currently held for housing purposes is no longer required for those purposes and approves the appropriation of the land to planning purposes 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 and section 122(1) of the Local Government Act 1972.

2. confirms that following completion of the appropriation at paragraph 1 Maydew House shown edged on the plan at Appendix A will no longer be required for planning purposes and approves the appropriation of the land to housing purposes in accordance with section 9 of the Housing Act 1985 and section 122(1) of the Local Government Act 1972.

BACKGROUND INFORMATION

3. Maydew House is a 1960s residential tower block of twenty-six stories. It forms part of the Abbeyfield Estate and looks onto Southwark Park. It is a prominent local landmark and is shown edged on the plan at Appendix A. Following an options appraisal, Cabinet in March 2012, resolved in consultation with local residents to pursue a regeneration of part of the Abbeyfield Estate. This provides for the refurbishment and extension of Maydew House and also incorporates the Bede Centre, Damory House and Thaxted Court. The appraisal followed identification of the block as having a high investment need. To facilitate this it has been necessary to vacate the block of residents and as a consequence it is empty and has been since 2015.
4. On 25 February 2015 Council Assembly approved the current Council Plan. This sets out Fairer Future promises one of which is: *quality affordable homes*. Within this commitment is the policy to improve housing standards and build more homes of every kind. This promise was in fact reinforcing previous policy to directly provide additional housing to meet the need for affordable housing within the Borough.
5. In pursuit of this a number of sites throughout the borough have been identified as providing capacity for additional new homes. Once identified, the development of those sites is consulted upon with the local community, a planning application is made and if appropriate planning consent is granted for the proposed new homes. Thereafter, if there are any third party rights that present a risk to the development Cabinet has been asked on a number of occasions to appropriate the site to mitigate such risk. This report is another to enable the de-risking of a development that will provide new additional housing for social rent.
6. On 7 February 2018 Planning Committee resolved subject to referral to the Mayor of London to grant planning consent for development to the block to provide:
 - refurbishment of the existing 144 vacant dwellings
 - a five storey extension above the block to add 24 new dwellings
 - new ground floor entrance
 - improved access/links to Southwark Park
 - new ground floor community facility
7. The refurbishment work to the existing dwellings will include replacement windows, improved insulation, new cladding to facades and larger lifts and refuse chutes. The make up of the new housing will be:

- 12 x one bedroom dwellings
 - 12 x two bedroom dwellings
8. All the new housing units will for market sale as will 32 units in the existing tower. In isolation this is a net reduction of 32 units for Council rent. However, this needs to be set in the context of the wider regeneration that will provide a net addition of 53 units available for social rent

<i>Element</i>	<i>Council rent units*</i>	
	<i>Pre-regeneration</i>	<i>Post-regeneration</i>
Maydew House	144	112
Bede Centre	0	57
Thaxted Court	24	38
Damory House	35	49
Total	203	256

* This analysis disregards units that have been sold under the right to buy as they were constructed for social rent and the status of the ones sold will be unaffected in tenure terms by the regeneration

9. The sale of fifty-six units advised above is necessary both to provide a tenure mix and to financially support the regeneration. The market sales form part of the business case for the project.
10. The contract for the regeneration will shortly be procured and it is intended for construction to commence later this year.

FACTORS FOR CONSIDERATION

11. As the proposed five storey extension will increase the height of the existing block by up to 18.4m a lighting/sunlight report was part of the planning process obtained from a specialist surveyor and the conclusion in this is:

Our technical analysis shows that the surrounding properties will experience a very high level of compliance within the daylight criterion. Where breaches of guidance do occur, this technical assessment demonstrates that in the majority of cases, this is due to either low existing values (producing disproportionate percentage alterations) or the constraints imposed by the existing architectural design of the neighbouring properties.

Given the complexities of the site and the existing built urban context, we feel that the impacts to the surrounding residential are reasonable within the surrounding streetscape.

The sunlight criterion demonstrates a very good rate of compliance for such a dense urban Site. The majority of the apertures relevant for assessment show conformity with the BRE Guidelines. Where transgressions from guidance are noted, these are relatively minor in nature and there are clear mitigating reasons for them.

11. The report notes there will be a minor impact in lighting terms to some neighbouring properties but the Planning report concludes *the reduction in sunlight levels to these rooms with currently low sunlight levels is considered not to significantly affect the amenity of these rooms within neighbouring*

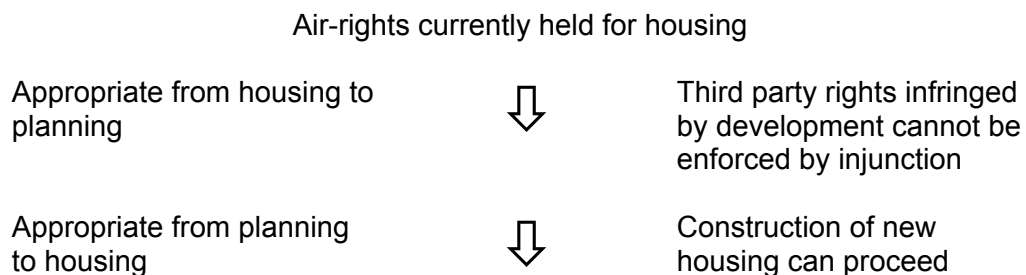
properties. Whilst the identified daylighting/sunlighting impact to some neighbouring properties is low if the consented scheme is constructed there will nevertheless be some properties that have a minor reduced level of lighting and this poses a risk to the project. This is because affected persons may apply to the court for an injunction to stop construction proceeding. This may stop prospective builders from tendering for the contract or cause bids to be substantially inflated to reflect the risk of there being an application for an injunction and the delay and uncertainty that may cause, including frustrating the development scheme

12. The planning committee's resolution to consent has taken into account daylighting and sunlighting issues. As part of the planning process around three hundred occupiers in the locality were directly consulted and five public responses were received (1 $\frac{2}{3}$ %). No respondents expressed concern about the daylight/sunlighting impact of the scheme. Concerns received included impact on Southwark Park and the vista to St Pauls, opening up of estate for vehicles and adverse impact of construction works.

Appropriations

13. The appropriation of land refers to the process whereby a council alters the purpose for which it holds land. Where land has been appropriated for planning purposes third party rights enjoyed over the land can be overridden. The beneficiaries of such rights may however claim compensation [equal to the loss in value of their property caused by losing the right] but cannot seek an injunction to delay or terminate the development. This will give the Council the certainty that having commenced construction works a person with the benefit of an unregistered (with the Land Registry) right over land (such as a right to light) cannot apply to the court to have the development stopped. This is a very important tool in enabling development to proceed on urban sites. As mentioned, the beneficiary of any such right is entitled to financial compensation for the loss of the right. The Council could either insure against such compensation claims but this will be costly or accept the risk of an injunction that may be fatal to development or result in perhaps significant unquantifiable costs.
14. The compensation persons affected by the loss of light may be entitled to is based on the value of their properties before the right has been infringed versus the value of the property after infringement has taken place; it therefore follows that there is no right of claim until the right has been adversely affected. If a compensation claim is made and agreement between the parties is not possible it will be determined by the Upper Tribunal (Lands Chamber).
15. In this case it is recommended that Maydew House be appropriated from housing purposes to planning purposes and thereafter back to housing purposes as to hold the land for planning purposes will be contrary to its long term use.
16. The rationale for the appropriations of the land shown at Appendix A is set out at Appendix B and Cabinet is recommended to approve the appropriations.

17. The appropriation stages is summarised below:



Rationale for recommendations

- 18.
- a) To bring forward the construction of new housing and the refurbishment of an existing vacant housing block
 - b) To de-risk the construction project so as to encourage the maximum number of bidders and achieve a lower construction
 - c) Taking forward Fairer Future promise of *quality affordable homes*
 - d) Fulfillment of a commitment to local residents.

Community impact statement

19. The Council Plan was the subject of extensive community consultation that gave rise to the Fairer Future promise of *quality affordable homes*. The recommendations herein will enable the construction of seventeen new homes to proceed. New homes will improve the quality of life for their residents. Implementation of the recommendations may however have a minor adverse lighting impact on some nearby occupiers and some disturbance whilst construction work takes place.
20. The Equality Act 2010 requires the Council in the exercise of its functions to have due regard to the need to:
- a) eliminate discrimination;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
21. Relevant protected characteristics for the purposes of the Equality Act are :
- Age
 - Civil partnership
 - Disability

- Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex and sexual orientation.
22. In carrying out appropriation the Cabinet 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. Based on the information available it is not believed that there are any particular groups sharing a protected characteristic that will be adversely impacted by the proposals.

Financial Implications

24. The refurbishment of the existing and construction of the new homes will have a significant cost and an approved budget exists for this. The budget will need to make provision for any compensation claims for diminution in value that may arise as a consequence of the construction of the new homes. The budget will be reviewed when the procurement process mentioned at paragraph 10 has been completed.
25. Where land is appropriated from the housing revenue account to the general fund there is a transfer of debt between the accounts. When land is appropriated from general fund to the housing revenue account this debt transfer is reversed.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

26. The report recommends the appropriation of council-owned land for planning purposes, and thereafter, the appropriation of that land for housing purposes.
27. A council holds land and property for a variety of statutory purposes in order to perform its functions. A council is authorised by virtue of section 122 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 is no longer required for the purpose for which it is held immediately before the appropriation.
28. The land must already belong to the council. Paragraph 3 of the report confirms that the land to be appropriated is in the council’s freehold ownership.
29. The land must be no longer required for the purpose for which it is currently held. The report confirms at paragraph 8 of Appendix B that the land is no longer required for housing purposes.

30. The purpose for which the council is appropriating the land must be authorised by statute. It is proposed that the land is held for planning purposes. This is a purpose which is authorised by statute. Section 246 of the Town and Country Planning Act 1990 ("TCPA 1990") defines such purposes as, inter alia, those for which can be acquired under ss226 or 227 of that Act. Section 227 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.
31. 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, re-development or improvement on or in relation to the land." In the case of either s226 or s227 the acquiring authority must be satisfied that whatever development proposals it has for the land in question these are likely to "contribute to the achievement of any one or more of the following objects – (a) the promotion or improvement of the economic well-being of their area; (b) the promotion or improvement of the social well-being of their area; (c) the promotion or improvement of the environmental well-being of their area." The Council's plan to build new homes on the land, of which all are council homes for rent, is capable of falling within all three categories.
32. Section 203 of the Housing and Planning Act 2016 came into force on 13 July 2016. This section contains a power to override easements and other rights, and it replaces s237 TCPA.

S203 says :

"(1) A person may carry out building or maintenance work to which this subsection applies even if it involves

(a) interfering with a relevant right or interest...

(2) Subsection (1) applies to building or maintenance work where –

(a) there is planning consent for the building or maintenance work,

(b) the work is carried out on land that has at any time on or after the day on which this section comes into force

(i) become vested in or acquired by a specified authority or

(ii) been appropriated by a local authority for planning purposes as defined by section 246(1) of the Town and Country Planning Act 1990 [*i.e. for purposes for which an authority can acquire land under ss226 and 227*]

(c) the authority could acquire the land compulsorily for the purposes of the building or maintenance work, and

(d) the building or maintenance work is for purposes related to the purposes for which the land was vested, acquired or appropriated as mentioned in paragraph (b)."

33. Once the land has been appropriated for planning purposes building work may be carried out on land even if this interferes with rights or interests if there is

planning consent for the building work; and the work must be for purposes related to the purposes for which the land was appropriated, in this case planning purposes. By s204 those third party rights are converted into an entitlement to compensation to be calculated in accordance with ss7 and 10 of the Compulsory Purchase Act 1965. However, this appropriation does not remove any rights to compensation for the loss of the rights or interests.

34. This report confirms that the work being done on the land will be done in accordance with planning permission. The report to Planning Committee confirms that the proposal would not reduce daylight and sunlight levels to neighbouring properties to significantly harmful and unacceptable levels. Once the land has been appropriated and s203 triggered, that work will be authorised even where it interferes with third party rights.
35. Following the appropriation of the land for planning purposes it is recommended that the land is appropriated back for housing purposes, as the land is to be used for the provision of new housing. At that point the land will no longer be required for planning purposes and will be appropriated for housing purposes.

Strategic Director of Finance and Governance

36. The recommendation is to appropriate Maydew House to facilitate its refurbishment and to add new housing. This land appropriation is proposed to occur in such a way that it will have a neutral financial impact. However, a budget for the compensation and new homes proposed will need to be considered as part of the future capital programme budget setting process.

Strategic Director of Housing and Modernisation

37. This report ensures that the proposed refurbishment and additional housing to Maydew House can progress with the avoidance of legal challenge. The light issues from the scheme are minimal and the scheme meets planning policy approval. Extensive consultation with local residents, together with a commitment to make 50% of the new social rented homes as part of the Abbeyfield Estate regeneration available to local residents in housing need leads the way in which social housing can be developed in inner cities. The scheme is a contribution to the Council's pledge to have a commitment to build 1,500 new homes by 2018.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet report: Abbeyfield Estate: Options Appraisal for Maydew House, Thaxted Court and Damory House	Southwark Council Regeneration Division Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	Patrick McGreal 020 7525 5626
Link (please copy and paste into your browser; see item 8): http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=3821&Ver=4		
Cabinet report: Abbeyfield Estate - Regeneration Project Update	Southwark Council Regeneration Division Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	Patrick McGreal 020 7525 5626
Link (please copy and paste into your browser, see item 9): http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4245&Ver=4		
Council Assembly report of 25 February 2015 adopting Council Plan	Southwark Council Regeneration Division Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	Patrick McGreal 020 7525 5626
Link (please copy and paste into your browser, see item 2.1): http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=132&MId=4788&Ver=4		
7 February 2018 Planning committee report	Southwark Council Regeneration Division Fifth Floor, Hub 1 160 Tooley Street London SE1 2QH	Patrick McGreal 020 7525 5626
Link (please copy and paste into your browser, see item 5.1): http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=119&MId=5718&Ver=4		

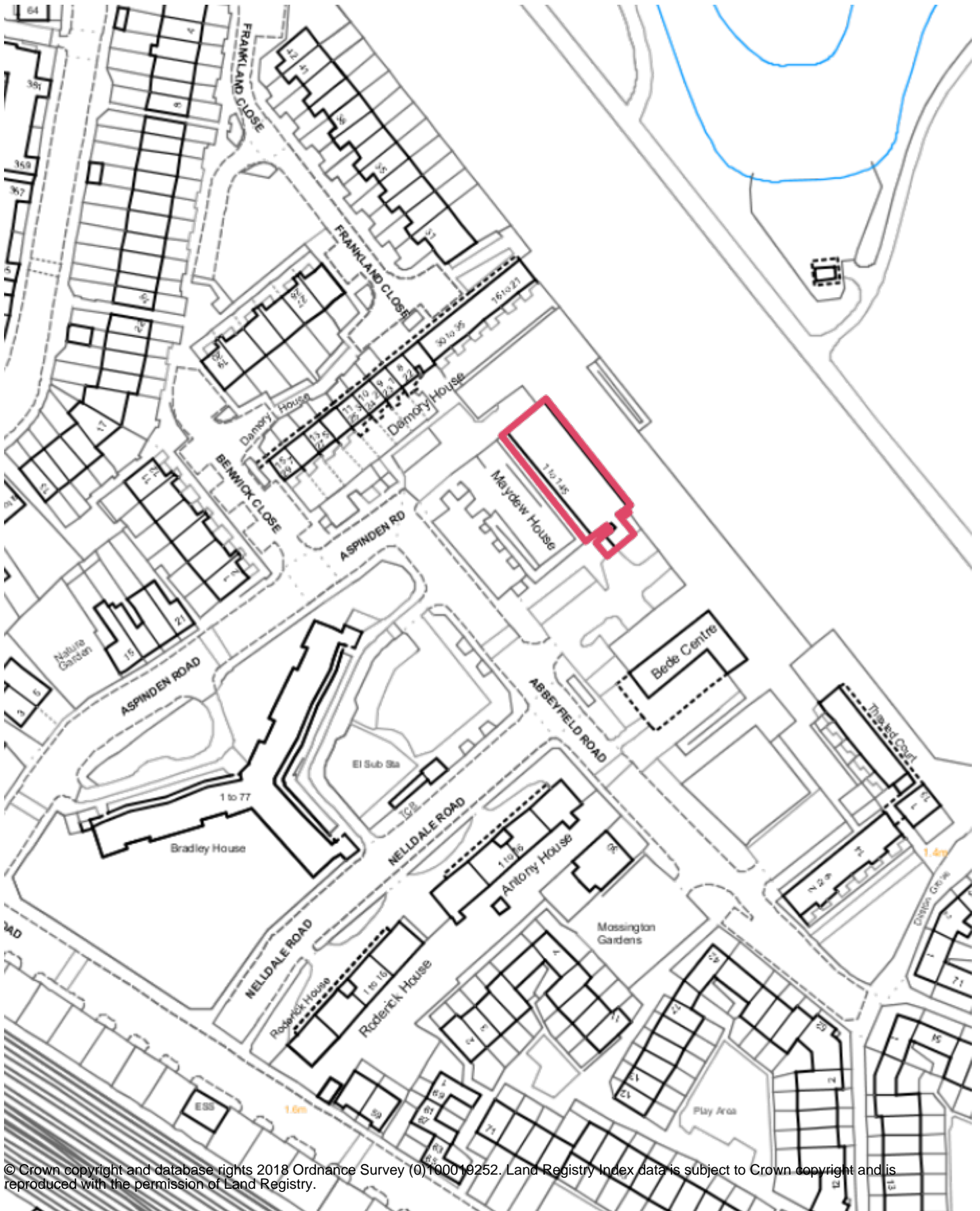
APPENDICES

Appendix	Title
Appendix A	Plan of Maydew House
Appendix B	Rationale for appropriations of the land

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams, Regeneration and New Homes	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Patrick McGreal, Regeneration - North	
Version	Final	
Dated	21 February 2018	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Strategic Director of Housing and Modernisation	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	1 March 2018	

APPENDIX A: Maydew House Abbeyfield Road Rotherhithe



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APPENDIX B**MAYDEW HOUSE ROTHERHITE**

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 and to purposes set out in section 9 of the Housing Act 1985

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 subject Maydew House. 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 refurbishment and provision of new housing at Maydew House namely providing people with quality accommodation that may result in better educational attainment and general well being, and employment opportunities from the construction works. 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 property shown on the plan at Appendix A is no longer required for its current purposes for the reasons set out below and is not needed in the public interest for those purposes. The property can therefore be appropriated from its current use. As the appropriation will facilitate the refurbishment and new housing development proposals at Maydew House it 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) applies such that the erection, construction or carrying out or maintenance of any building or work on the land (by the council or a person deriving title from the council) is authorised if it is done in accordance with planning permission, notwithstanding that it interferes with certain private rights such as restrictive covenants and easements. The effect of triggering section 203 is that private rights are effectively overridden and converted into a claim for compensation pursuant to s 204. 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, their 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. The right to claim compensation for the depreciation in value caused by the loss of right is enforced against the owner of the land which in this case is the Council.

Rationale for appropriating the subject site to planning purposes

6. The property is unused as hoarded and therefore not put to a beneficial use. In pursuance of the adopted Council Plan and to address a need for new affordable housing, the property has been identified to be redeveloped for this purpose. Planning consent has been secured for the scheme outlined in paragraph 6 of the main report. As there may be a minor impact on the rights of light to nearby residents 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 not be able to proceed. In any event, the risk of an application for an injunction is such that it will defer prospective builders from bidding to construct the new housing or result in a substantial risk contingency that undermines the viability of construction. In these circumstances it is appropriate to utilise the powers of section 203 to overcome this risk and enable the much needed new homes to be built.
7. As indicated above, the property is now required to be held for planning purposes to facilitate the redevelopment and refurbishment proposals associated with the consented planning application. When a property has been appropriated for section 203 purposes it will continue to benefit from its over-riding provisions even when the property is no longer held for planning purposes.
8. Maydew House is no longer required to be held for housing purposes. As indicated above, the property is now required to be held for planning purposes to facilitate the redevelopment and refurbishment proposals associated with the consented planning application.

Rationale for appropriating the subject site to back to housing purposes

9. Once the property is appropriated for planning purposes it should be appropriated back to housing purposes as this will be its ultimate usage and the cleansing effect of s203 means that it can be developed in confidence that the works won't be at risk of an application for an injunction to frustrate the proposed scheme.
10. Section 9 (1) (a) of the Housing Act 1985 provides a local housing authority may provide housing accommodation by erecting houses on land acquired. It is therefore apt that following the s203 appropriation the land is in accordance with section 122(1) of the Local Government Act 1972 appropriated for purposes within section 9 (1) (a) of the Housing Act 1985.
11. The appropriation of the property whilst denying the beneficiaries of any third party rights over the land the ability to frustrate the regeneration of the property will not take away their ability to claim for compensation in respect of any diminution in the value of their land as a result of their rights being overridden.

Item No. 28.	Classification: Open	Date: 13 March 2018	Decision Taker: Cabinet
Report title:		Air – Rights above Thaxted Court Abbeyfield Estate Rotherhithe	
Ward:		Rotherhithe	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

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

Our commitment to build 11,000 new council homes by 2043 is both bold and challenging. Achieving this will make an enormous positive difference to the local community. Southwark is predominantly a densely developed inner-city area and to provide these new homes we must make better use of our land. The recommendations in this report will help to de-risk the site in question. This in turn will give assurance to prospective builders and result in a lower tender cost for the proposed new development. Resources are scarce so it is vital we control cost to maximise the number of new homes we can provide.

The land in question forms part of the Abbeyfield Estate, the proposals to build new homes – including an increase in the number of council homes – recently received resolution to proceed at planning committee. The Gateway 1 report to begin the procurement to deliver these proposals is also being considered by cabinet today. The scheme of which this site forms part will see new council homes built above Damory and Thaxted Houses, new homes built above Maydew House, the Bede Community Centre being moved to a new home underneath Maydew, and the current Bede site being released to build new homes – including council homes. In total the proposals will deliver 199 new council homes – an increase of 60 council homes compared to the number that were in Maydew House. The proposals also include significant landscaping improvements and a new public entrance onto the fantastic Southwark Park from the Abbeyfield Estate next to Maydew House.

The recommended appropriations will enable the construction of these homes to proceed without the risk of an injunction from a nearby landowner. However if a landowner is adversely affected as a result of the recommendations s/he will have the ability to claim compensation for the loss in value to their property as a result.

The report will therefore pave the way for much needed council housing, will improve the public areas of the estate and provide a better connection to Southwark Park.

RECOMMENDATIONS

That Cabinet:

1. confirms that the air-rights above Thaxted Court Abbeyfield Road shown edged on the plan at Appendix A that are currently held for housing purposes are no longer required for that purpose and approve the appropriation of the rights to

planning purposes 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 and section 122(1) of the Local Government Act 1972.

2. confirms that following completion of the appropriation at paragraph 1 the air-rights above the property edged on the plan at Appendix A will no longer be required for planning purposes and approve the appropriation of the rights to housing purposes in accordance with section 9 of the Housing Act 1985 and section 122(1) of the Local Government Act 1972.

BACKGROUND INFORMATION

3. Thaxted Court is a 1960s built four storey building with garages to the ground floor and dwellings above. It forms part of the Abbeyfield Estate and is situated to the south-east of the Bede Centre. It is shown edged on the plan at Appendix A. Following an options appraisal, Cabinet in March 2012, resolved in consultation with local residents to pursue a regeneration of part of the Abbeyfield Estate. This provides for the vertical extension and refurbishment of Maydew House, Damory House and the subject property together with the demolition and redevelopment with housing of the Bede Centre.
4. On 25 February 2015 Council Assembly approved the current Council Plan. This sets out Fairer Future promises one of which is: *quality affordable homes*. Within this commitment is the policy to improve housing standards and build more homes of every kind. This promise was in fact reinforcing previous policy to directly provide additional housing to meet the need for affordable housing within the Borough.
5. In pursuit of this a number of sites throughout the borough have been identified as providing capacity for additional new homes. Once identified, the development of those sites is consulted upon with the local community, a planning application is made and if appropriate planning consent is granted for the proposed new homes. Thereafter, if there are any third party rights that present a risk to the development Cabinet has been asked on a number of occasions to appropriate the site to mitigate such risk. This report is another to enable the de-risking of a development that will provide new additional housing for social rent.
6. On 7 February 2018 Planning Committee resolved to grant consent for refurbishment and extension of Damory House and Thaxted Court. In relation to Thaxted Court it will provide:
 - ❖ refurbishment of existing residential block
 - ❖ conversion of garages and undercroft to two dwellings
 - ❖ two storey vertical extension to provide twelve new dwellings
 - ❖ landscaping and public realm improvements
7. All fourteen of the new homes will be for letting on secure Council tenancies. Eleven will be two bedroom dwellings and the other three will have three bedrooms
8. The quantum to be let on secure tenancies at Thaxted Court needs to be considered in the overall Abbeyfield regeneration picture. In particular, it contributes to an overall increase in provision notwithstanding the reduction arising at Maydew House as a consequence of the tenure allocation aspect of

the regeneration. The table below demonstrates the overall picture in relation to secure tenancy dwellings.

<i>Element</i>	<i>Secure tenancy units*</i>	
	<i>Pre-regeneration</i>	<i>Post-regeneration</i>
Maydew House	144	112
Bede Centre	0	57
Thaxted Court	24	38
Damory House	35	49
Total	203	256

* This analysis disregards units that have been sold under the right to buy as they were constructed for social rent and the status of the ones sold will be unaffected in tenure terms by the regeneration

9. The contract for the regeneration will shortly be procured and it is intended for construction to commence later this year.

FACTORS FOR CONSIDERATION

10. As the proposed extension will be higher than the existing block by up to two stories a lighting/sunlight report was part of the planning process obtained from a specialist surveyor. This report dealt with the regeneration proposals not only for the subject property but also the Bede Centre, Damory House and Maydew House. Its conclusion is:

Our technical analysis shows that the surrounding properties will experience a very high level of compliance within the daylight criterion. Where breaches of guidance do occur, this technical assessment demonstrates that in the majority of cases, this is due to either low existing values (producing disproportionate percentage alterations) or the constraints imposed by the existing architectural design of the neighbouring properties.

Given the complexities of the site and the existing built urban context, we feel that the impacts to the surrounding residential are reasonable within the surrounding streetscape.

The sunlight criterion demonstrates a very good rate of compliance for such a dense urban Site. The majority of the apertures relevant for assessment show conformity with the BRE Guidelines. Where transgressions from guidance are noted, these are relatively minor in nature and there are clear mitigating reasons for them.

11. The report notes there will be a minor impact in lighting terms to some neighbouring properties but the Planning report concludes *the reduction in sunlight levels to these rooms with currently low sunlight levels is considered not to significantly affect the amenity of these rooms within neighbouring properties.* Whilst the identified daylighting/sunlighting impact to some neighbouring properties is low if the consented scheme is constructed there will nevertheless be some properties that have a minor reduced level of lighting and this poses a risk to the project. This is because affected persons may apply to the court for an injunction to stop construction proceeding. This may stop prospective builders from tendering for the contract or cause bids to be substantially inflated

to reflect the risk of there being an application for an injunction and the delay and uncertainty that may cause, including frustrating the development scheme

12. The Planning Committee's resolution to grant consent has taken into account daylighting and sunlighting issues. As part of the planning process that also included Damory House around three hundred occupiers in the locality were directly consulted. Twelve responses (4%) were received none were in relation to lighting impacts. The following topics of objection were raised: pre-application consultation, strain on infrastructure, intensification of occupation on estate nuisance from construction works.

APPROPRIATIONS

13. The appropriation of land refers to the process whereby a council alters the purpose for which it holds land. Where land has been appropriated for planning purposes third party rights enjoyed over the land can be overridden. The beneficiaries of such rights may however claim compensation [equal to the loss in value of their property caused by losing the right] but cannot seek an injunction to delay or terminate the development. This will give the Council the certainty that having commenced construction works a person with the benefit of an unregistered (with the Land Registry) right over land (such as a right to light) cannot apply to the court to have the development stopped. This is a very important tool in enabling development to proceed on urban sites. As mentioned, the beneficiary of any such right is entitled to financial compensation for the loss of the right. The Council could either insure against such compensation claims but this will be costly or accept the risk of an injunction that may be fatal to development or result in perhaps significant unquantifiable costs.
14. The compensation persons affected by the loss of light may be entitled to is based on the value of their properties before the right has been infringed versus the value of the property after infringement has taken place; it therefore follows that there is no right of claim until the right has been adversely affected. If a compensation claim is made and agreement between the parties is not possible it will be determined by the Upper Tribunal (Lands Chamber).
15. Cabinet has resolved to appropriate a number of sites in similar circumstances. There is however a significant difference in this case because Thaxted Court is not a vacant site and residents are and will remain in occupation throughout the work. S19(2) of the Housing Act 1985 provides *where a local housing authority have acquired or appropriated land for the purposes of this Part, they shall not, without the consent of the Secretary of State, appropriate any part of the land consisting of a house (flat or maisonette is a house for this purpose) or part of a house for any other purpose.* The Secretary of State has given some general consents subject to conditions including the houses are vacant (this will not apply here). This potentially creates a difficulty namely that to appropriate the subject blocks to planning purposes can only be done with the explicit consent of the Secretary of State.
16. As the right of light injunction risk only occurs because of the proposed additional two floors to the block where there is currently open air, the block and the airspace above can be treated separately for Council holding purposes. This is no different to other buildings held for more than one purpose e.g ground floor retail may be held for investment purposes and flats above for housing purposes. Therefore to enable the project to be de-risked the air-rights existing above

Thaxted Court are proposed to be treated differently to the building in situ the status of which is unaffected by the report and its recommendations.

17. The appropriation stages is summarised below:

Air - rights currently held for housing purposes

Appropriate from housing to planning	↓	Third party rights infringed by development cannot be enforced by injunction
Appropriate from planning to housing	↓	Construction of new housing can proceed

RATIONALE FOR RECOMMENDATIONS

18. a) To bring forward the construction of new housing and the refurbishment of an existing vacant housing block
- b) To de-risk the construction project so as to encourage the maximum number of bidders and achieve a lower construction
- c) Taking forward Fairer Future promise of *quality affordable homes*
- d) Fulfillment of a commitment to local residents

Community impact statement

19. The Council Plan was the subject of extensive community consultation that gave rise to the Fairer Future promise of *quality affordable homes*. The recommendations herein will enable the construction of seventeen new homes to proceed. New homes will improve the quality of life for their residents. Implementation of the recommendations may however have a minor adverse lighting impact on some nearby occupiers and some disturbance whilst construction work takes place.
20. The Equality Act 2010 requires the Council in the exercise of its functions to have due regard to the need to:
- a) eliminate discrimination;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
21. Relevant protected characteristics for the purposes of the Equality Act are :
- Age
 - Civil partnership

- Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex and sexual orientation.
22. In carrying out appropriation the Cabinet 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. Based on the information available it is not believed that there are any particular groups sharing a protected characteristic that will be adversely impacted by the proposals.

Financial Implications

24. The refurbishment of the existing and construction of the new homes will have a significant cost and an approved budget exists for this. The budget will need to make provision for any compensation claims for diminution in value that may arise as a consequence of the construction of the new homes. The budget will be reviewed when the procurement process mentioned at paragraph 9 has been completed.
25. Where land is appropriated from the housing revenue account to the general fund there is a transfer of debt between the accounts. When land is appropriated from general fund to the housing revenue account this debt transfer is reversed.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law & Democracy

26. The report recommends the appropriation of the air rights above the council-owned land at Thaxted Court, Abbeyfield Estate for planning purposes, and thereafter, the appropriation of those rights for housing purposes.
27. A council holds land and property for a variety of statutory purposes in order to perform its functions. A council is authorised by virtue of section 122 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 is no longer required for the purpose for which it is held immediately before the appropriation.
28. The property or rights must already belong to the council. Paragraph 3 of the report confirms that the land is part of the Abbeyfield Estate and therefore in the council's freehold ownership.

29. The rights must be no longer required for the purpose for which they are currently held. The report confirms at paragraph 8 of Appendix B that the rights are no longer required for housing purposes.
30. The purpose for which the council is appropriating the land or rights must be authorised by statute. It is proposed that the rights are held for planning purposes. This is a purpose which is authorised by statute. Section 246 of the Town and Country Planning Act 1990 ("TCPA 1990") defines such purposes as, inter alia, those for which can be acquired under ss226 or 227 of that Act. Section 227 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.
31. 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, re-development or improvement on or in relation to the land." In the case of either s226 or s227 the acquiring authority must be satisfied that whatever development proposals it has for the land in question these are likely to "contribute to the achievement of any one or more of the following objects – (a) the promotion or improvement of the economic well-being of their area; (b) the promotion or improvement of the social well-being of their area; (c) the promotion or improvement of the environmental well-being of their area." The Council's plan to build new homes on the land, of which all are council homes for rent, is capable of falling within all three categories.
32. Section 203 of the Housing and Planning Act 2016 came into force on 13 July 2016. This section contains a power to override easements and other rights, and it replaces s237 TCPA.

S203 says :

"(1) A person may carry out building or maintenance work to which this subsection applies even if it involves

(a) interfering with a relevant right or interest...

(2) Subsection (1) applies to building or maintenance work where –

(a) there is planning consent for the building or maintenance work,

(b) the work is carried out on land that has at any time on or after the day on which this section comes into force

(i) become vested in or acquired by a specified authority or

(ii) been appropriated by a local authority for planning purposes as defined by section 246(1) of the Town and Country Planning Act 1990 [*i.e. for purposes for which an authority can acquire land under ss226 and 227*]

(c) the authority could acquire the land compulsorily for the purposes of the building or maintenance work, and

(d) the building or maintenance work is for purposes related to the purposes for which the land was vested, acquired or appropriated as mentioned in paragraph (b).”

33. Consequently, since the air rights have been appropriated for planning purposes building work may be carried out on land even if this interferes with rights or interests if there is planning consent for the building work; and the work must be for purposes related to the purposes for which the land was appropriated, in this case planning purposes. By s204 those third party rights are converted into an entitlement to compensation to be calculated in accordance with ss7 and 10 of the Compulsory Purchase Act 1965. Paragraph 11 to Appendix B confirm that this appropriation of rights does not take away the rights to compensation.
34. This report confirms that the work being done on the land will be done in accordance with planning permission. Once the rights have been appropriated and s203 triggered, that work will be authorised even where it interferes with third party rights.
35. Following the appropriation of the air rights for planning purposes it is recommended that the air rights are appropriated back for housing purposes, as the land is to be used for the provision of new housing. At that point, the air rights will no longer be required for planning purposes and will be appropriated for housing purposes.

Strategic Director of Finance & Governance

36. The recommendation is to appropriate the air rights above Thaxted Court to facilitate its refurbishment and to add new housing. This appropriation is proposed to occur in such a way that it will have a neutral financial impact. However, a budget for the compensation and new homes proposed will need to be considered as part of the future capital programme budget setting process.

Strategic Director of Housing & Modernisation

37. This report ensures that the proposed refurbishment and additional housing at Thaxted Court can progress with the avoidance of legal challenge. The light issues from the scheme are minimal and the scheme meets planning policy approval. Extensive consultation with local residents, together with a commitment to make 50% of the new social rented homes as part of the Abbeyfield Estate regeneration available to local residents in housing need leads the way in which social housing can be developed in inner cities. The scheme is a contribution to the Council's pledge to have a commitment to build 1,500 new homes by 2018.

BACKGROUND DOCUMENTS

Background Papers	Weblink
Cabinet report: Abbeyfield Estate: Options Appraisal for Maydew House, Thaxted Court and Damory House	Item 8 http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=3821&Ver=4
Cabinet report: Abbeyfield Estate - Regeneration Project Update	Item 9 http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4245&Ver=4
Council Assembly report of 25 February 2015 adopting Council Plan	Item 2.1 http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=132&MId=4788&Ver=4
7 February 2018 Planning committee report	Item 5.3 http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=119&MId=5718&Ver=4

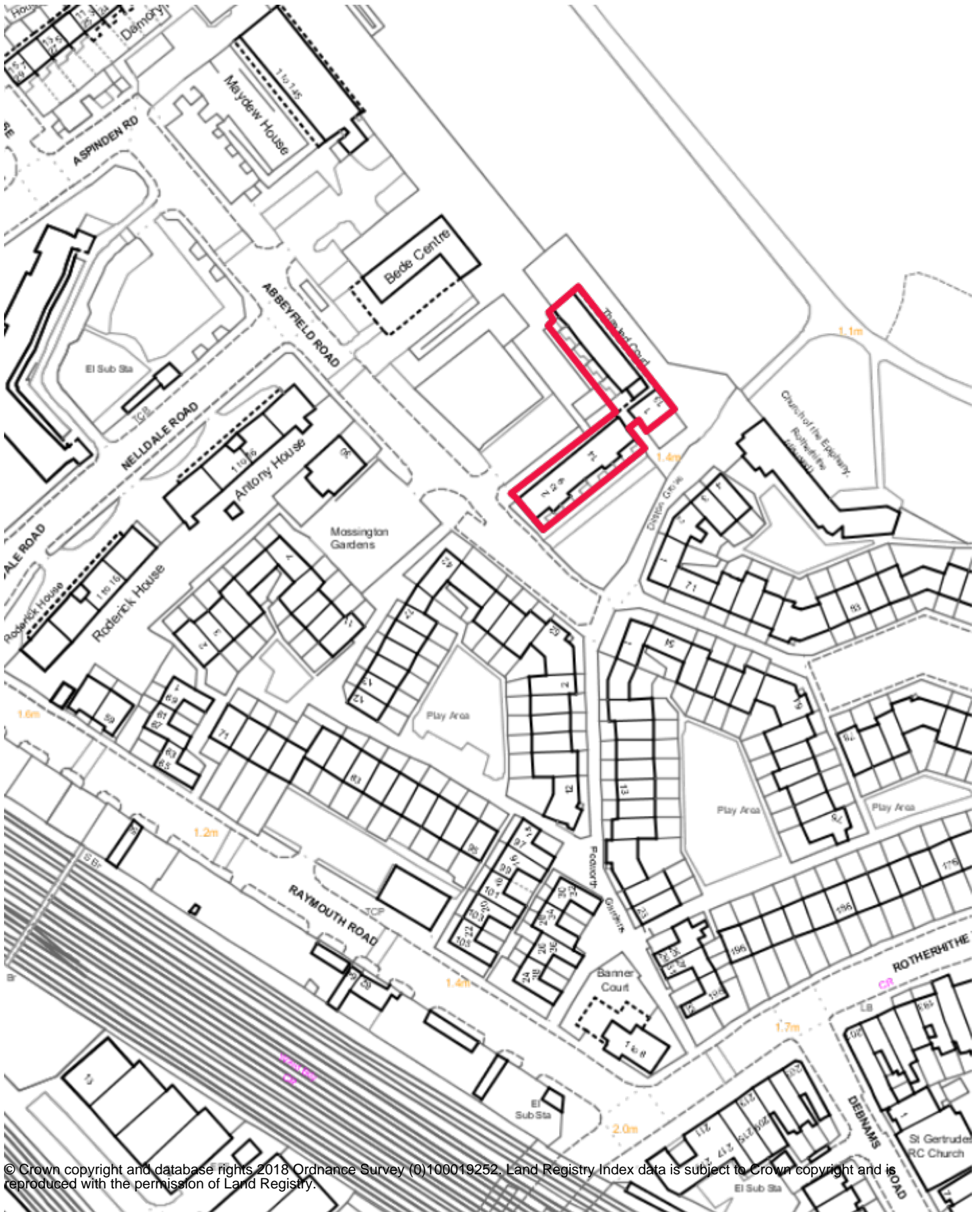
APPENDICES

Appendix	Title
Appendix A	Plan of Thaxted Court
Appendix B	Rationale for appropriations of the land

AUDIT TRAIL

Cabinet Member	Councillor Mark Williams; Cabinet Member for Regeneration and New Homes	
Lead Officer	Eleanor Kelly; Chief Executive	
Report Author	Patrick McGreal; Regeneration - North	
Version	Final	
Dated	21 February 2018	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law & Democracy	Yes	Yes
Strategic Director of Finance & Governance	Yes	Yes
Strategic Director of Housing & Modernisation	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	1 March 2018	

APPENDIX A: Thaxted Court Rotherhithe



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AIR-RIGHTS THAXTED COURT ROTHERHITHE

Appendix B

Appropriation of the air-rights (shown edged on the plan) at Appendix A for purposes set out in s226 of the Town and Country Planning Act 1990 and to purposes set out in section 9 of the Housing Act 1985

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 (air – rights are land for this purpose) 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 development and refurbishment of Thaxted Court. 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 at Thaxted Court namely providing people with quality accommodation that may result in better educational attainment and general well being, and employment opportunities from the construction works. 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 below 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 Thaxted Court new housing development proposals it 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) applies such that the erection, construction or carrying out or maintenance of any building or work on the land (by the council or a person deriving title from the council) is authorised if it is done in accordance with planning permission, notwithstanding that it interferes with certain private rights such as restrictive covenants and easements. The effect of triggering section 203 is that private rights are effectively overridden and converted into a claim for compensation pursuant to s 204. 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; their 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. The right to claim compensation for the depreciation in value caused by the loss of right is enforced against the owner of the land which in this case is the Council.

Rationale for appropriating the subject site to planning purposes

6. The air-rights above Thaxted Court are currently not in a beneficial use. In pursuance of the adopted Council Plan and to address a need for new affordable housing, a two storey vertical extension can be added to Thaxted Court. Planning consent has been secured for the scheme outlined in paragraph 7 of the main report. As there may be an impact on the rights of light to nearby residents 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 not be able to proceed. In any event, the risk of an application for an injunction is such that it will defer prospective builders from bidding to construct the new housing or result in a substantial risk contingency that undermines the viability of construction. In these circumstances it is appropriate to utilise the powers of section 203 to overcome this risk and enable the much needed new homes to be built.
7. As indicated above, the air-rights are now required to be held for planning purposes to facilitate the redevelopment proposals associated with the planning permission for new housing. 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.
8. The air-rights identified at Appendix A are no longer required to be held for housing purposes. As indicated above, they are now required to be held for planning purposes to facilitate the construction of the new housing associated with the planning permission.

Rationale for appropriating the subject site to back to housing purposes

9. Once the air-rights are appropriated for planning purposes they should be appropriated back to housing purposes as the new housing will be held for this purpose and the cleansing effect of s203 means that it can be developed in confidence that the works won't be at risk of an application for an injunction to frustrate the development.
10. Section 9(1)(a) of the Housing Act 1985 provides a local housing authority may provide housing accommodation by erecting houses on land acquired. It is therefore apt that following the s203 appropriation the land is in accordance with section 122(1) of the Local Government Act 1972 appropriated for purposes within section 9 (1) (a) of the Housing Act 1985.
11. The appropriation of the air-rights whilst denying the beneficiaries of any third party rights over the land the ability to frustrate the regeneration of the land will not take away their ability to claim for compensation in respect of any diminution in the value of their land as a result of their rights being overridden.

Item No. 29.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Proposed Acquisition of Freehold Interest in Office Accommodation 132 Queens Road London SE15 2HP	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Fiona Colley, Finance, Modernisation and Performance	

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

I'm delighted to be able to recommend to Cabinet the purchase of 132 Queens Road. Known within the council as Queens Road 1, the council has been renting the office since 2011. At that time the owners were unwilling to sell the premises and so we entered into a rental agreement. Since then the rent has increased by 75% to almost £700,000 per annum. It is clearly financially advantageous, particularly given low borrowing costs, that the council should take the opportunity to acquire the office with an estimated annual saving of approximately £330,000.

This proposal is in line with the recent recommendation of Overview & Scrutiny Committee in January and the budget agreed by Council Assembly in February.

RECOMMENDATIONS

1. That Cabinet shall:
 - 1) Note the circumstances leading to the proposed acquisition of the freehold interest in 132 Queens Road and actions and investment due diligence being undertaken by officers and their advisors;
 - 2) Approve the acquisition of the freehold interest in 132 Queens Road (identified edged black on the plan in Appendix 1) and 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 the Heads of Terms;
 - c. Agree the financing structure to be adopted to fund the acquisition of the assets.

BACKGROUND INFORMATION

2. At its meeting on 23 November 2010 Cabinet approved a Revised Office Accommodation Strategy and delegated approval to the Chief Executive to agree the detailed terms and complete a lease of the subject premises.
3. The council occupies the building as a tenant and is bound to comply with the terms of the lease, including negotiated rent review increases, how the building is used, maintained and dealt with.
4. The freeholder has indicated that they intend to sell the freehold. As a result the opportunity has arisen for the council to acquire this strategic part of its operational office estate.
5. The council's office accommodation requirement and presence in the vicinity of Queens Road is supported by the council's Modernisation Programme and Workplace Strategy endorsed by Cabinet at its meeting on 1 November 2016. The Workplace Strategy includes developing the council's office accommodation across a two centre model by increasing capacity at Queens Road.
6. At its meeting on 12 December 2017 cabinet approved a proposal to construct new office accommodation at 133-137 Queens Road and its procurement is being considered by the Strategic Director of Housing and Modernisation as a chief officer decision in March 2018.
7. Given that there is an established ongoing demand for office accommodation in the centre of the Borough the acquisition will give a number of advantages over the continued leasehold arrangement relating mainly to being able to achieve greater financial and estate management autonomy.
8. It should be noted that there is a small segment of land which falls within the freeholder's registered title but is not included within the lease extent. It is confirmed that the proposed acquisition will include the entirety of the freeholder's title i.e. including the small segment.

KEY ISSUES FOR CONSIDERATION

9. The council has the opportunity to acquire the freehold interest in advance of it being marketed. It is likely that the market will view the freehold investment, with the Council as the tenant, as attractive and bidding is therefore likely to be competitive. Therefore, subject to cabinet approval, the agreed exclusivity period gives the council the best opportunity to acquire on favourable terms.
10. Heads of terms have been agreed including an exclusivity period for the council.
11. External consultants have confirmed that the agreed consideration reflects the value of the freehold to the council and therefore supports the acquisition.
12. Legal and technical due diligence is being undertaken and it is confirmed that no issues have been identified that would prevent the acquisition.

13. It should be noted that this may represent the only opportunity for the council to acquire the freehold since, in the event of being acquired by an investment fund, they tend to hold assets for the long term and do not trade on with any frequency.
14. The financial rationale for an acquisition of the freehold by the council is considered in some depth in the closed version of this report. There will also be a series of asset-related benefits (soft benefits) which will arise directly from the change in tenure from leaseholder to freehold owner:
- 15.

No.	Factor	Leaseholder	Freehold Owner
1.	Business Operations	Restricted. The terms of the lease are geared towards protecting the value of the landlord's investment which may be at variance with the council's aspirations as an occupier. Changes such as modifications to the building need consent, which incur cost, take time to obtain, may result in additional rent, or may simply be refused.	Full flexibility subject only to legislative requirements affecting building owners e.g. planning, building control, health & safety, etc.
2.	Dealings	Onerous. Limited to assignment and limited subletting subject to landlord's approval and ongoing liabilities. For example, the council can assign the whole of the building but would need to find an assignee and would then have to guarantee against assignee default.	The council would have total flexibility to treat with the building and parts of it as it saw fit. Examples: <ul style="list-style-type: none"> • subletting part of the building to commercial concerns at a market rent ; • sale and leaseback should the financial context for holding the building change and there is a compelling business case to restructure holding arrangements. <p>Equally importantly the council would be better able to time any strategic exit from the property in the future should it wish to relocate.</p>
3.	Holding Costs	Significant risk. Exposed to periodic rent reviews. Also, contractually there is	Hedge against risk of rental growth. Would have a vested interest in the

No.	Factor	Leaseholder	Freehold Owner
		no option other than to maintain the building to the highest standard – irrespective of what might be deemed affordable.	value growth arising from the ongoing improvements and investment in the vicinity. As tenant, the affect of this would be reflected in the rent payable at review.
4.	Asset Value	Deteriorating. At the end of the lease the Council will be left with nil asset value, a dilapidations liability and would need to secure a further lease (in the same building or elsewhere, depending on its requirement at the time as an occupier)	There will be corresponding refurbishment costs. However, even at the end of the building's useful life the council would retain a site with a residual value in the site.

Community impact statement

16. 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

17. The proposed acquisition is in accordance with the council's Modernisation Programme and Workplace Strategy endorsed by Cabinet at its meeting on 1 November 2016. The Workplace Strategy includes developing the council's office accommodation across a two centre model by increasing capacity at Queens Road.

Financial Implications

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

Consultation

19. 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

Strategic Director of Law and Democracy

20. This property is already occupied by the Council under the terms of a commercial lease which runs from 20 years from 1 June 2011. The closed report explains the reasoning behind such a purchase and that external

valuation advice has been obtained which confirms that the proposed price represents the market value for the acquisition of the freehold interest.

21. Section 120 (1) of the Local Government Act 1972 (“the 1972 Act”) authorises the Council to acquire any land by agreement for the purposes of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area. By virtue of Section 120 (2) of the 1972 Act the Council may acquire by agreement any land for any purpose for which they are authorised by the 1972 Act or any other Act to acquire land, notwithstanding that the land is not immediately required for the purpose; and until it is required for that purpose, it may be used for the purpose of any of the council’s functions.
22. In view of the urgency to progress with the acquisition in order to avoid the current owner placing the site on the open market, external legal advisers have been appointed to act on behalf of the Council.

Strategic Director of Finance and Governance

23. This acquisition would allow the council surety over the long term operational and strategic usage for the Queens Road site without exposure to market rent reviews, whilst providing immediate and ongoing revenue budget savings for the council.
24. The purchase will be funded by borrowing. The debt financing costs (MRP and interest) will be charged to revenue over the expected useful life of the asset. The additional borrowing associated with this acquisition will not have a detrimental impact upon the availability or cost of borrowing associated with the financing for existing capital projects.
25. The implication of this acquisition on the council revenue budget is set out in more detail in Appendix 4 of the closed report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Lease, title reports, financial assessments valuation and professional advice; audit report and legal due diligence	Property Department 5 th Floor 160 Tooley Street	Peter Barter 020 7525 5327

APPENDICES

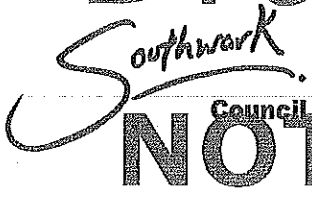
No.	Title
Appendix 1	Plan

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Finance, Modernisation and Performance	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Authors	Peter Barter Principal Surveyor, Corporate Property	
Version	Final	
Dated	1 March 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES		
Officer Title	Comments Sought	Comments included
Strategic 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		1 March 2018

Draft pdf source

TITLE: 132 Queen's Road SE15 2HP.



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DRAWN BY: MMANKTELOW
Property Division

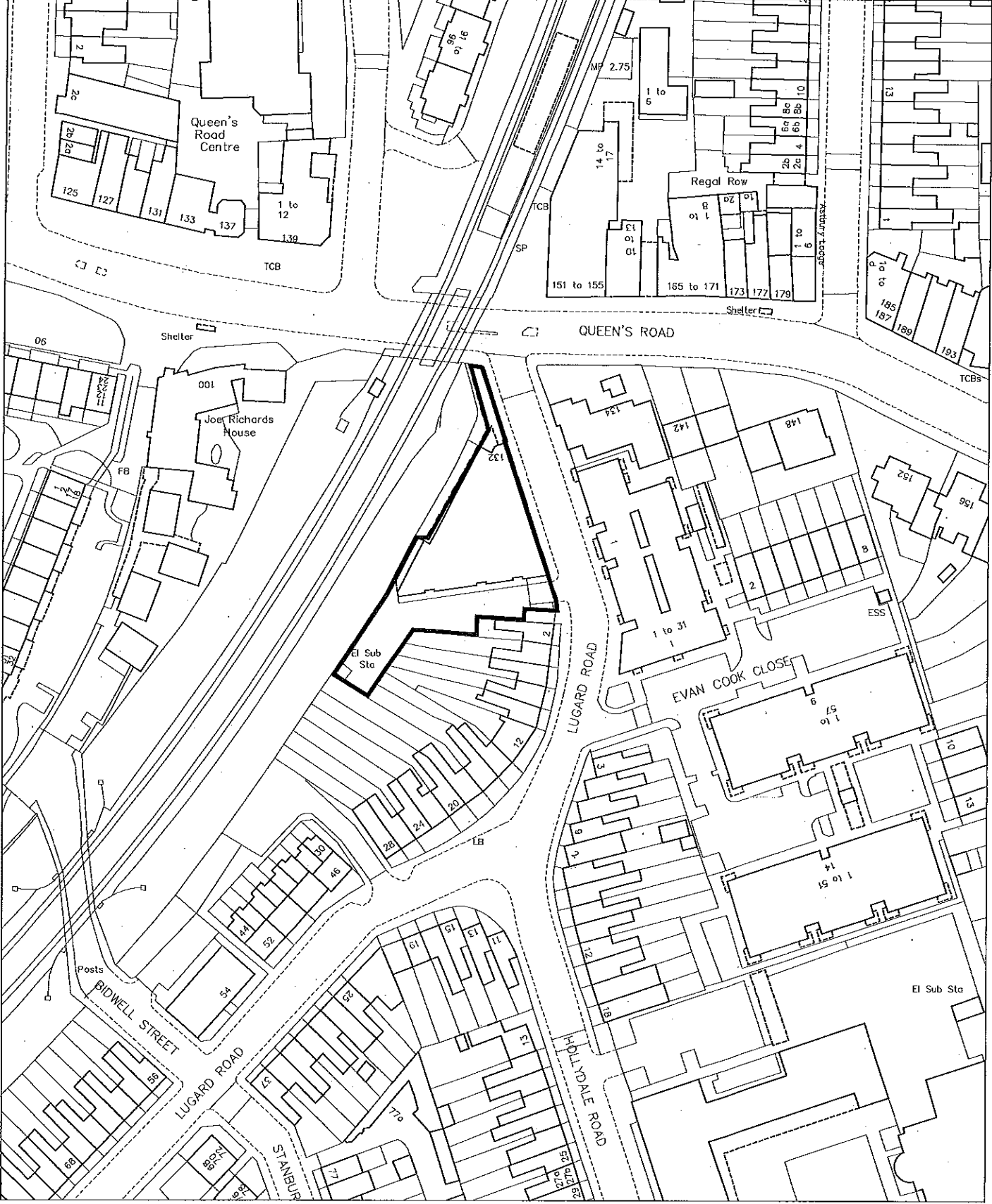
DATE: 14/2/2018

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Item No. 30.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Acquisition of Champion Hill, Edgar Kail Way SE22	
Ward(s) or groups affected:		South Camberwell	
Cabinet Member:		Councillor Mark Williams, Regeneration and New Homes	

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

Southwark Council is doing all we can to tackle the housing crisis head-on, we have worked with private developers and housing associations to build the homes our residents need, and have also begun the largest council home build programme in the country. We will build 11,000 new council homes by 2043 and the first 1,500 will be complete, on site, or in contract by the end of this year. We are building our new council homes on a variety of sites across the borough that are in our ownership, as well as purchasing affordable homes from developers and letting them on secure council tenancies at council rents.

This report sets out the council's intention to acquire the freehold of the Champion Hill stadium site to enable the delivery of new council homes. Any such development proposals will need to be consulted on with local residents in line with our charter of principles for new council homes, and will also need to respect the Council Plan commitment to secure the long term future of Greendale and Dulwich Hamlet Football Club. In addition to delivering much needed new council homes any proposals will also need to meet the proposed policies in the New Southwark Plan (consultation on the final version having recently ended) which states that redevelopment of the site must retain the football ground and ancillary facilities, and must ensure that the football ground continues to function successfully.

Should the council be unsuccessful in acquiring the site from the current owners through negotiation then we will consider use of our statutory powers, including making a Compulsory Purchase Order, to enable the delivery of much needed new council homes on this site and maintaining the uses on the site as set out in the New Southwark Plan. Any new council homes delivered on this site will be designed in accordance with the Southwark Council Home Design Guide and will be subject to our Local Lettings Policy which will enable half of all new council homes delivered to be offered to local families on the council's waiting list.

RECOMMENDATIONS

That cabinet:

1. Approve the acquisition of land at the Champion Hill stadium site, Edgar Kail Way for the purposes as to part of the site of housing delivery and the associated funding requirement as set out in the closed version of this report.
2. Authorise the director of regeneration to negotiate the purchase of the site and

agree detailed heads of terms in line with the principal terms set out in the closed version of this report.

BACKGROUND INFORMATION

3. The Champion Hill stadium site is identified in the plan at Appendix A.
4. The stadium is presently home to Dulwich Hamlet Football Club. The club, which celebrates its 125th year, has been based in the vicinity of their present site since 1912.
5. The present owners acquired the site in 2014. They have previously sought to bring forward redevelopment proposals for the site. These proposals were considered to be unacceptable for a range of reasons including that they failed to deliver appropriate levels of affordable housing and relied upon relocating part of the football stadium from its present location to adjacent Metropolitan Open Land.
6. The football club have informed the council that there is now limited prospect of the club being permitted to utilise the football stadium after the end of this season.

KEY ISSUES FOR CONSIDERATION

7. The proposal set out within this report is for the acquisition of the Champion Hill stadium site part of which is intended to support the council's housing delivery programme.
8. The Champion Hill stadium site comprises the football stadium and associated ancillary facilities plus an area of land at the eastern end of the site primarily comprising car parking and currently utilised as a car wash. This area of land is identified within the Council's emerging New Southwark Plan as having residential development potential and the acquisition of the overall site would enable the council to bring forward a redevelopment scheme on it that would deliver new council homes.
9. Development proposals for the eastern portion of the site would need to be tested through further design development in consultation with the local community in order to bring forward an acceptable form of residential development.
10. The council has no intention of seeking to bring about the redevelopment of the football stadium or pitch for residential purposes and acquisition of the overall site would also safeguard the football ground for continued use by Dulwich Hamlet Football Club. Officers are continuing to work with the football club and its supporters trust to offer support and assistance given their current circumstances.
11. Officers are also seeking further legal advice on the statutory powers at the council's disposal that would assist in meeting the council's vision for the site should the council be unsuccessful in securing control of the site through a purchase by private treaty. Such powers may include compulsory purchase powers and would be the subject of a future report to cabinet as required.

Policy implications

12. The Council Plan 2014-18 identifies the council's promise to build more homes of every kind including 11,000 new council homes by 2043 (Fairer Future Promise 3: Quality affordable homes).
13. The vision for East Dulwich set out within the Council's emerging New Southwark Plan (AV.07) is as "a place for sports and leisure with Dulwich Hamlet Football Club being a focus for many activities and an important visitor attraction with a valuable community function" and a key component of development in East Dulwich is to provide an improved stadium for Dulwich Hamlet FC.
14. The site of the Champion Hill stadium is allocated as a key development opportunity site (NSP38). The site vision states that redevelopment of the site must retain the football ground and ancillary facilities and should provide new homes.
15. The acquisition of the site as proposed within this report would directly facilitate the implementation of the vision for this site in line with these policies.

Community impact statement

16. 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.
17. For the purpose of the PSED the following are 'protected characteristic' considerations:
 - Age
 - Marriage and Civil partnership
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief
 - Sex
 - sexual orientation.
18. The proposed acquisition for the purposes of housing delivery will increase the availability of housing and it is not anticipated that there will be any adverse impact on any group with a protected characteristic

Resource implications

19. The resource implications of the recommendations in this report are set out within the closed report.

Legal implications

20. The legal implications of the recommendations in this report are set out below.

Financial implications

21. The financial implications of the recommendations in this report are set out within the closed report.

Consultation

22. Following its acquisition, the council would seek to bring forward design proposals for the car park site in consultation with the local community. Any detailed proposals would also be subject to statutory consultation in connection with a future planning application.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**Director of Law and Democracy**

23. The report sets out the recent proposals for the site with the current owner applying for a new lease in accordance under the provisions of the Landlord and Tenant Act 1954 and also bringing a planning appeal on the basis of non determination of their application. The owner withdrew both applications prior to the relevant hearing dates. The council is therefore having to consider alternative ways in order to achieve the council's vision for the site.
24. The consideration to be paid together with the Stamp Duty Land Tax arising is set out in the closed report. The price will need to represent good value for the Council and should not exceed the market value
25. In accordance with section 120(1), Local Government Act 1972, the Council has the power to acquire any land where it is for the purposes of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area. Accordingly, Cabinet is able to approve the acquisition of the land and can delegate the details of the precise terms to the Director of Regeneration.
26. The report has considered the Public Sector Equalities Duty and reaches the conclusion that this decision will increase the availability of affordable housing and accordingly it is not considered that there will be any adverse impact on those people who share a protected characteristic.

Strategic Director of Finance and Governance

26. Comments of the Strategic Director of Finance and Governance are set out within the closed report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

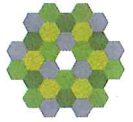
No.	Title
Appendix 1	Plan of Champion Hill Stadium Site, Edgar Kail Way

AUDIT TRAIL

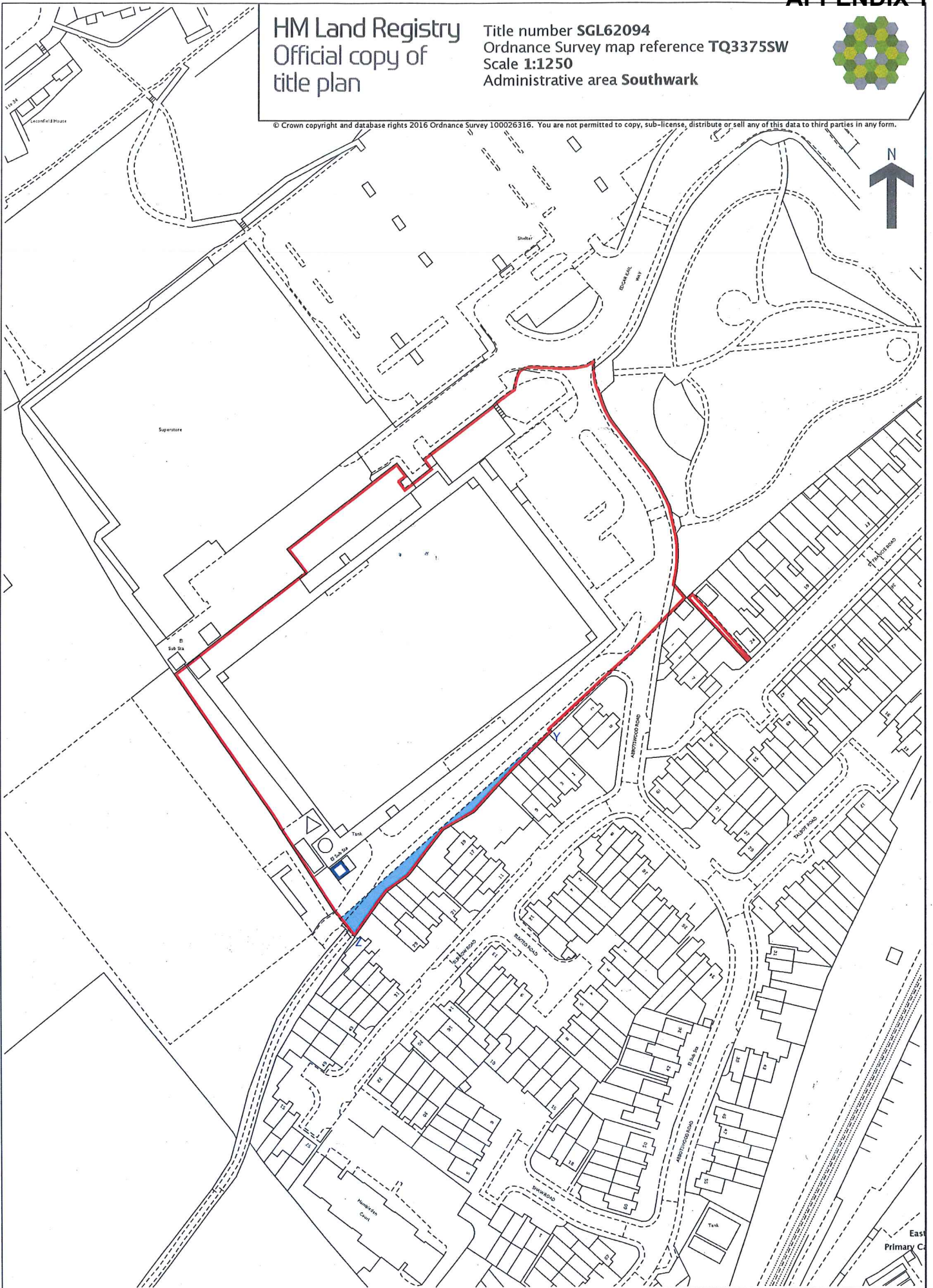
Cabinet Member	Councillor Mark Williams, Regeneration and New Homes	
Lead Officer	Stephen Platts, Director of Regeneration	
Report Author	Matt Derry, Senior Regeneration Manager	
Version	Final	
Dated	5 March 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer 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	5 March 2018	

HM Land Registry
Official copy of
title plan

Title number **SGL62094**
Ordnance Survey map reference **TQ3375SW**
Scale **1:1250**
Administrative area **Southwark**



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