

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

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

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

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

RECOMMENDATIONS

That Cabinet:

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

Appendix A.

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

BACKGROUND INFORMATION

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

KEY ISSUES FOR CONSIDERATION

Programme position at Month 8 2016-17

General Fund

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

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

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

Housing Investment Programme

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

Capital Programme bids

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

Table 1: Summary of new bids by Council Plan theme

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

Resource implications

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

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

Resourcing overall programme

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

Departmental updates

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

GENERAL FUND (APPENDIX A)

CHIEF EXECUTIVES

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

Walworth Road Town Hall

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

Southwark War Memorial

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

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

Aylesbury Plot 18

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

Eagle Wharf, Mountview

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

Peckham Rye Park

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

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

Albion Street

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

Planning Division

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

CHILDREN'S AND ADULTS' SERVICES

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

ENVIRONMENT AND LEISURE

Summary

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

Highways

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

Parks and Leisure

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

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

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

Libraries and heritage

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

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

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

Service Development

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

HOUSING GENERAL FUND AND MODERNISATION

Overview

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

Updates

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

Modernisation

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

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

Housing Renewal

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

HOUSING INVESTMENT PROGRAMME

Overview

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

Investment in existing stock

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

82. Other notable schemes in progress include:

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

Quality Homes Investment Programme (QHIP)

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

Regeneration schemes

East Dulwich Estate

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

Elmington Estate phase 3

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

Wooddene and Acorn Estates Energy Centre

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

Regeneration North

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

New Homes Programme

Direct Delivery

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

Southwark Regeneration in Partnership Programme (SRPP)

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

Purchase of new homes from developers

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

Community impact statement

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

Resource implications

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

Financial implications

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

Consultation

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

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

BACKGROUND DOCUMENTS

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

APPENDICES

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

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Finance, Modernisation and Performance	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Fay Hammond, Departmental Finance Manager, Finance and Governance	
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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director for Finance and Governance	N/A	N/A
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		26 January 2017