

<b>Item No.</b> 11.	<b>Classification:</b> Open	<b>Date:</b> 18 September 2018	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Policy and Resources Strategy: Capital Monitoring Report, including Capital Programme Update 2018-19 (Month 4)	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Victoria Mills, Finance, Performance and Brexit	

## **FOREWORD – COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT**

As ever the council's capital programme continues to deliver major investments and improvements into our borough.

Key capital achievements since the previous report include the completion of the Peckham Rye and Mint Street playgrounds in time for the school summer holidays in addition to play areas at Southwark Park and Leyton Square. On the resources side, the council has been successful in its application to the Greater London Authority for a contribution of 50% of the cost of construction of a temporary traveller's site at Devonshire Grove.

This investment is additional to the major regeneration projects at Aylesbury, Elephant and Castle, Camberwell and other parts of the borough, all aimed to make Southwark a great place to live, work and study and to improve the opportunities and outcomes for all residents.

In order to ensure that the council's capital investment ambitions continue to be deliverable, affordable and to align with local priorities and the council plan, it is necessary to periodically review and refresh the capital programme. In consultation with cabinet, the capital programme will be reviewed during the remainder of 2018, including a bidding round, with proposals to be presented to council assembly for approval in February 2019.

## **RECOMMENDATIONS**

That cabinet:

1. Notes the general fund capital programme for the period 2018-19 to 2027-28 as at Month 4, as detailed in Appendices A and D and the reduction in financing required (i.e. borrowing) from £187.9m to £158.6m.
2. Notes the housing investment programme for the period 2018-19 to 2027-28 as at Month 4, as detailed in Appendix B. Financing of the anticipated spend of £145.1m for 2018-19 has been identified.
3. Approves the virements and variations to the general fund and housing

investment capital programme as detailed in Appendix C.

4. Notes the projected expenditure and resources for 2018-19 and future years for both the general fund and housing investment programmes as detailed in Appendices A, B and D. This position will be updated during the year when more up to date information is available.

## **BACKGROUND INFORMATION**

5. On 24 July 2018, the 2017-18 capital outturn report was presented to the cabinet. This reported the capital outturn position of £231.4m on the general fund programme and £167.5m on the housing investment programme for the financial year 2017-18.
6. At that meeting, cabinet also approved the re-profiling of the expenditure and resources for the financial year 2018-19 and future years in light of the 2017-18 outturn position for both the general fund and housing investment programme and noted that further re-profiling will be required during 2018-19 based on more up to date information becoming available.
7. The scale of the capital programme is immense, with a total forecast spend of nearly £2 billion, it represents 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.
8. 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. This report sets out the re-profiled budget and forecast outturn position for 2018-19 for the General Fund and the Housing Investment Programme (HIP).

## **KEY ISSUES FOR CONSIDERATION**

### **Programme position at Month 4 2018-19**

9. The capital programme is detailed within the report appendices as follows:
  - Appendix A set out the summary of the general fund capital programme 2018-28
  - Appendix B sets the housing investment programme 2018-28
  - Appendix C sets out capital programme budget virements
  - Appendix D provides further information on the general fund capital programme 2018-28.

### **General Fund**

10. Attached at Appendix A is a summary of the general fund capital programme position as at month 4. The total programmed expenditure over the period 2018-19 to 2027-28 is £615.0m. The forecast spend in 2018-19 is £259.9m against a plan of £264.2m.
11. Capital expenditure to the end of Month 4 was £49.3m representing 19% of total forecast spend for the year.
12. Appendix D provides a breakdown of the programme by directorate and project

and the departmental narrative statements (paragraphs 22 to 75) provide further details.

13. Appendix C shows the budget virements and variations for approval by cabinet.
14. This programme position will continue to be monitored and reviewed over the remainder of the financial year and the final outturn position will be reported to cabinet.

### **Housing investment programme**

15. The housing investment programme is forecasting total expenditure of £1,135.7m over the period 2018-19 to 2027-28. The forecast spend in 2018-19 is £145.1m against a plan of £137.1m. Spend to the end of month 4 was £19.7m (14%).
16. A breakdown of the schemes and budgets within the Housing Investment Programme is included in Appendix B. Further narrative is provided at paragraphs 76 to 87. The majority of the expenditure on the Housing Investment Programme relates to the Quality Homes Improvements Programme.

### **Resourcing the capital programme in 2018-19 and onwards**

17. The make up of the capital programme is significantly influenced by the scale of resource availability from grants, s106, community infrastructure levy (CIL) and capital receipts and their timing. Over the life of the programme, all commitments must be met from anticipated resources. In the event of any shortfall in resources to fund the programme in any particular year the council would need to consider the use of prudential borrowing to bridge the gap. The cost of servicing the debt will be a charge to the revenue budget.
18. The month 4 monitor indicates that there is likely to be shortfall in available resources of £158.6m to finance the general fund capital commitments in 2018-19 and £254.0m in total over the ten year programme. There is currently a shortfall of £282.3m to fund the ambitious housing investment programme.
19. Proceeds from capital receipts are continually kept under review especially for sales and development agreements. Financing will require careful monitoring of commitments and a drive to secure the forecast capital receipts and other resources as planned over the rest of the financial year. As part of work to review capital financing, a review of s106 has been undertaken to identify where contributions can appropriately be utilised to support the capital programme, subject to the agreement of the Planning Committee.
20. 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. Beyond 2018-19, there are likely to be future demands for borrowing and these will be assessed as necessary at the time as part of our Treasury Management Strategy. In accordance with the approved strategy, £150m will be borrowed externally in 2018-19 with further external borrowing expected in 2019-20. The timing of any borrowing will be mindful of cash flows and risk/probability of future interest rate increases.

21. The sections below provide commentary on the budget position by departments for 2018-19.

## **GENERAL FUND (APPENDIX A)**

### **CHIEF EXECUTIVE'S DEPARTMENT**

22. The total value of the capital programme for the department over the period 2018-19 to 2027-28 is £285.4m. Project managers have reviewed the progress of the various schemes and budgets have been re-profiled in line with anticipated spend. Total expenditure incurred to end of July 2018 amounted to £29.3m and forecast to spend total expenditure of £135.3m in 2018-19 with the remaining budgets profiled to spend in the following years.

### **Regeneration Division**

23. The regeneration division (comprising of 4 project areas namely Regeneration North, Regeneration South, Regeneration Capital Works & Development and Property Services) has a combined budget of £224.6m with a projected expenditure of £118.0m in 2018-19 and the remaining spend profiled across future years.

#### **Walworth Rd Town Hall**

24. In July 2017 cabinet considered a further report on the regeneration of the building and agreed a revised project mandate, which authorised Officers to seek expressions of interest from the market for Arts and Culture D1 uses, as a means of taking forward the regeneration of the building. An extensive marketing process began with a soft launch in December 2017 following which 18 Expressions of Interest (Eoi) were received outlining a wide range of proposals. Following a review of Eoi's, the internal project Board overseeing the governance of the project has agreed the projects to take forward into the Invitation to Bid phase. Clarification meetings are being held with the selected teams to confirm arrangements for the next phase which is expected to run through until spring next year following which Cabinet will receive a further report on the project. This next phase will also include public consultation. Cabinet also instructed Officers to identify alternative locations in the area for a new Newington Library and these investigations are ongoing.
25. The extent to which an Arts/Culture use of the buildings may require council funding from the allocated budget will be assessed fully in the Invitation to bid phase and the outcome will form part of the next report to cabinet. In the meantime the Former Newington Library continues to be used on a temporary basis by the Art Academy which has provided a number of free exhibitions alongside its education role and local charity Cool Tan arts have also occupied space within the building.

#### **Elephant & Castle Open Spaces**

26. Consultation on Dickens Square Park is continuing with a third consultation event in autumn 2018. Geraldine Mary Harmsworth masterplan phase 2:

playground consultation is scheduled to start in autumn 2018 with construction works currently programmed to start in spring/summer 2019.

#### Canada Water Leisure Centre

27. In March 2018, Cabinet agreed to enter into a Master Development Agreement with British Land (BL) to regenerate the shopping centre, former print works and Mast Leisure sites. Cabinet further agreed that “plot A2” within this large site would be the preferred location for the new Canada Water leisure centre. The high level specification for the project incorporates an 8 lane 25m swimming pool, learner pool, 4 court sports hall, gym, dance studio’s, spin studio’s and changing facilities. BL have subsequently submitted a detailed planning application for phase 1 [which includes Plot A2] and public consultation on this proposal is underway.
28. Cabinet in March 2018 also endorsed a framework for taking forward the project which includes agreement on a council budget cap of £35m meaning the council’s contribution to the scheme from its capital programme will not be greater than this figure. The Capital Programme Refresh for 2018-19 to 2027-28 which was approved in the Cabinet meeting held on 24 July 2018 included a £35m allocation for the project. Governance arrangements to oversee the coordination of the project internally have been put in place and the council team is now engaging with BL to develop a design of the scheme to RIBA stage 3 at which point, the costs for the project will be rebased. This phase of the project is expected to be completed by the end of the current financial year.

#### Central School of Ballet

29. Five years ago, the development of 6 Paris Gardens was completed which has created a culture space specifically designed for the Central School of Ballet charity, who has chosen to relocate to Southwark. The Central School of Ballet has developed a prestigious reputation, and the move will allow them to quadruple the size of their home, with a new theatre which will be used by the school, cultural partners and the community. This new facility will bring benefits for our residents, including access to education, the development of our teachers, well being programmes, community hire of the facilities, and training and employment opportunities. At it’s meeting on 24 July 2018, cabinet agreed to provide a £3m loan to enable the charity to make the project happen now and to place an order for fit-out works so that the school can open its doors in Southwark in 2019. The next step is for officers to agree the final terms of the loan and a set of community engagement targets.

#### Revitalise Peckham Rye

30. Work on the playground has now completed and the playground opened successfully in time for the school summer holidays 2018. There is still some planting to be undertaken, but due to the continued high temperatures, this is being postponed until the conditions will allow the planting to be successful. The defects period has now commenced on the playground and the team are working with the parks and leisure team to ensure all playground equipment continues to be safe for all to use.

#### Top Quality Playground - Mint Street

31. The works are now complete and the adventure playground and building, together with the public playground, are now in operation. The project is now in the defects period, and the team is working closely with the parks and leisure team to ensure any defects are rectified.

#### Mountview

32. The new building in Peckham is nearing completion and students are due to start courses there from end of September. The fitting out of the theatre was dependent upon external fundraising which despite efforts has not yet achieved its target. Following discussion with Mountview, the Council has agreed to re-profile loan repayments over the first two years which enables the theatre contract to be let. The implications of the re-profiling are built into the Capital Monitor.

#### Aylesbury Plot 18

33. The redevelopment of Plot 18 of the Aylesbury Estate will deliver flagship new community facilities including a new council library with stay and play and community trust offices, health centre and GP surgery and an early year's facility.
34. Enabling works are well advanced and include demolition and site clearance and major long lead-in utilities diversions. A tender process is now underway to secure a principal contractor to deliver the scheme. Appointment is anticipated at the end of 2018 with development works anticipated to commence in spring 2019.

#### London Bridge Portfolio

35. The capital allocation is to enable the potential acquisition of income generating assets to replace revenues foregone where assets have been released into home building, regeneration and disposal programmes. In so doing poorer quality assets are being replaced with significantly better ones in investment terms.

#### Strategic Property Purchase

36. The council is seeking to make several strategic land acquisitions in the Old Kent Road opportunity area to help deliver a number of regeneration objectives including the ability to provide a new secondary school at the point it is needed, new council homes, the new Surrey Canal linear park and temporary business space. Terms have been provisionally agreed on two sites and exchange and completion would be subject to cabinet approval in September. An offer has been made on a third site, and if agreed, would be reported to cabinet in the autumn for approval.

#### Planning and Transport Division

37. The planning division (comprising of 2 project areas, namely transport planning and planning projects) has a combined budget of £17.1m with £12.4m projected to spend in 2018-19 and the balance profiled over future years.
38. The transport planning budget of £9.6m 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 £7.5m 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.

Planning Projects

39. A number of projects totalling nearly £1.3m are currently on site or being developed by the Regeneration Teams which promote the council's programme for supporting high streets. The schemes for East Street (the "What Walworth Wants" programme); Walworth Road; Harper Road, Lower Road, Tower Bridge Road and Rye Lane are currently on site or well advanced in the design phase. The first phase of the Peckham Townscape Initiatives now on site and the second phase is currently being developed.
40. TfL Funded works Schemes currently being implemented include bus priority measures, Denmark Hill safety improvements, the Southwark Spine cycle infrastructure alongside studies associated with Old Kent Road /Ilderton Road.
41. The capital programme also includes the remaining s106/CIL contribution of £43.8m (part of the total £63m) agreed by the council towards the strategic transport improvements project in Elephant & Castle.

## **CHILDREN'S AND ADULTS' SERVICES**

42. The total value of the departmental capital programme for the period 2018-19 to 2027-28 is £151.5m.

### **Children's Services**

43. The capital programme budget for 2018-19 to 2027-28 is £128.0m. This consists mainly of the £48.8m schools expansion programme to ensure the availability of school places and the £26.4m Primary Schools Refurbishment programme to ensure that pupils can study in a safe environment to support learning. Other major projects including the extension for London South Bank University (LSBU) £5.0m and Beormund primary school redevelopment totals £11.6m.
44. The primary expansion programme comprises Bessemer Grange, Dulwich Wood, Lyndhurst, Ivydale, Keyworth, Crawford, Phoenix, Bellenden, Grange, Charles Dickens, Robert Browning, The Belham, Albion, Cherry Garden (SEN) and Rotherhithe schools. The new buildings have been handed over and are in use at thirteen out of fifteen schools. The two remaining are Cherry Garden School, which is due to complete in September 2018, and Rotherhithe School, which is currently at the design stage and targeted for completion by August 2020. Ivydale, Grange and Charles Dickens schools were each awarded a 2018 RIBA Regional Award. In addition, Albion School won 'Best Educational Building' at the 2018 Local Authority Building Control (LABC) Building Awards, the largest business to business awards in the building control sector. Southwark Council was also recognised in the Building Design 2018 Architect of the Year Awards where it was awarded "Client of the Year". Further schools are under review for possible expansion, to meet the potential uneven demand for pupil places in future years arising from the regeneration at Old Kent Road and Canada Water. These may be the subject of a future capital bid.

45. Excellent progress is also being made with the secondary expansion programme. Works at St Michael's Catholic College to provide one additional form of entry are substantially complete and will be ready for use in time for the start of the new term in September 2018. Works are also underway on the Dulwich Hospital site to provide the permanent home for The Charter School – East Dulwich, which opened in temporary accommodation in September 2017. Phase 1 of the new buildings, which provide the vast majority of the teaching accommodation, will open in spring 2019. Phase 2, which includes the 6<sup>th</sup> form centre, is scheduled to start on site in April 2020 and complete by September 2121.
46. The Primary Schools Refurbishment programme for 2018-19 is underway, with works to 14 primary schools being undertaken mainly over the summer holiday period in order to minimise disruption to school operations.
47. The council is investing £5m in a partnership with London South Bank University. This has been for the creation of the Passmore Centre as the hub of a new Institute for Professional and Technical Education (IPTE). In return, LSBU will assist in delivering commitments made in the Council Plan relating to education, employment and training.

### **Southwark Schools for the Future (SSF)**

48. The capital programme budget for the period 2018-19 to 2027-28 is £9.6m.
49. The main residual item from the Southwark Schools for the Future (SSF) programme is the provision of new accommodation for SILS3. Planning consent for the new SILS3 was granted in September 2017 and tenders for the works contract are currently being evaluated. A start on site is on target for November 2018 and completion by June 2020.

### **Adult Social Care**

50. The capital programme budget for the period 2018-19 to 2028-29 is £23.4m, the main projects being £7.89m in respect of an essential lifecycle capital maintenance programme for the residential care homes operated by Anchor Trust, £5.16m for the Cator Street 2 Hub and £1.79m for new office accommodation in Castlemead.
51. Preparatory work is under way on the Cator Street 2 site, where the new disability Hub is to be sited. This new facility will be adjacent to the existing Extra Care housing at the Cator Street 1 site and this second phase of the build will incorporate a further 50 Extra Care flats.
52. The main contract has been awarded for the remodelling and refurbishment of Castlemead, 232 Camberwell Road as office accommodation for the service's mental health teams. Work is expected to start in October 2018 and is due to be completed by May 2019.
53. In addition to the £7.89m essential lifecycle capital maintenance programme for the Anchor Trust managed homes, which has been programmed in from 2019-20, some emergency works are being undertaken at the homes in the current year. This is expected to be completed by December 2018 and is forecast to



cost in the region of £1.76m.

## **ENVIRONMENT AND SOCIAL REGENERATION**

- 54. The total value of the departmental capital programme for the period 2018-19 to 2027-28 is £84.6m. The latest projected spend for the year 2018-19 is estimated to be £25.0m. The budget has been re-profiled in line with the projected expenditure for 2018-19 and future years.
- 55. The progress of major schemes is outlined below.

### **Highways**

- 56. The Highway Asset Investment Programme (non-principal and principal roads) continues to deliver improvements to the roads in the borough and this is reflected in our improving statistics in terms of both road pavement condition and also public survey feedback. Spend in the first quarter was ahead of forecast reflecting the momentum gained on non-principal roads in 2017-18 continuing into 2018-19. Devolved highway spending is forecast to commence in quarter 2 and expenditure of nearly £1m is expected by year end. Overall, the budget is forecast to be fully spent by year end.
- 57. Cleaner Greener Safer Programme is forecast to spend £2.1m which is slightly below budget due to resourcing issues in early part of the year.
- 58. The council continues to attract considerable external funding from TfL to develop its cycle infrastructure and as such the Cycle Infrastructure Fund budget has been reprofiled into 2019-20.
- 59. St Saviours Dock footbridge will be complete by the end of the financial year. The Flood Prevention Programme budget is expected to be fully spent with the completion of the Coleman Road project.
- 60. The programme to roll out secure cycle parking will increase in intensity in quarter 3 funded by CGS and devolved highway funding, following the award of a new contract, which will also facilitate further investment in this priority in 2019-20.

### **Parks and Leisure**

- 61. The implementation of the cemetery strategy continues in order to create further burial space and make associated infrastructure improvements. Construction works have been completed on area D1 and have commenced on site at Area B and Area Z and the projects are expected to be completed within approved budgets.
- 62. Southwark Athletics Centre: The contractor has been appointed on a design and build basis with a view to submitting the planning application in September 2018.
- 63. Major Parks: Burgess Park West has commenced on site. Construction has also started on site to deliver the new café building in Southwark Park.
- 64. Top quality play: Southwark Park and Leyton Square play areas have been completed.

65. Dulwich Leisure Centre: after some delays, the air conditioning works are now scheduled. A contractor has been appointed and works are due to commence by the end of August 2018, with completion scheduled for late autumn.
66. All the above projects within the parks and leisure capital programme are expected to be delivered within budget.

## **Culture**

67. Grove Vale Library: Construction of new Grove Vale library is in progress and the library is due to open in November 2018. Hand over of the building from the developers is due to take place in mid August. The fit out will then take place to include heating, lighting, and construction of a meeting room, library office, toilets, library furnishings and IT facilities. Libraries are also scoping a suitable operator to run a coffee provision facility at the new library. The project is on budget and is forecast to be fully spent by year end.
68. Kingswood House: The final phase 3 works are scheduled to take place during Oct – Dec 2018 to include refurbishment of the existing accessible toilets, damp proofing and improvements to the kitchen area. The project has been profiled to be delivered within the allocated budget and is forecast to be fully spent by year end.

## **Housing Renewal**

69. Housing Renewal comprises a range of initiatives that principally support private sector housing and council tenants. The largest component is in relation to adaptations to residents' homes. The budget for the year is £2.3m, of which £1.5m is funded by the Disabled Facility Grant (DFG), received via the Better Care Fund. Following restructuring and consolidation of functions the service is now fully operational and expected to have a fully committed grants programme this year, with spend forecast to be on budget.

## **HOUSING AND MODERNISATION**

70. Overall, the total value of the Housing and Modernisation general fund capital programme up to 2027-28 (10 years) is £83.8m, with spend of £15m forecast for 2018-19.

## **Traveller sites**

71. Reconstruction of the railway embankment at the Ilderton Road site has been completed and agreement reached with Network Rail to share the cost (c. £150k each). These works have necessitated the construction of a temporary site at Devonshire Grove and decanting of residents from the western end of the site and provided the opportunity for reconfiguration and improvement works to address health and safety and compliance issues. Following their return, residents at the eastern end will be decanted and works carried out similarly. Proposed upgrading works to Burnhill and Brideale sites are also included in the programme at a total estimated cost of £3.5m, which forms part of the capital refresh report. The council has also been successful in securing 50% grant funding from the Greater London Authority for the project.

## **Modernisation**

72. In November 2017 the council successfully transitioned from an external managed IT service provider to a shared service with Brent and Lewisham councils. One of the most pressing and critical tasks now is the move to a new data centre as the existing provision is due to be decommissioned in early 2019. Substantial investment in both hardware and software has already taken place and been reported to Cabinet as part of the capital outturn report for 2017-18, and further investment is planned in the current year to complete this process, along with specific projects to renew and upgrade applications at an estimated cost of £6.4m.
73. The facilities management capital programme focuses on two main areas, firstly, health and safety and compliance works to ensure all operational buildings meet regulatory standards and are suitable for both employees and service users. Forecast investment of £0.5m during 2018-19 includes both remedial and planned works. Secondly, life cycle investment, currently forecast at £2.5m, which sits alongside the council's wider workplace strategy with the focus being the rationalisation of the existing estate and disposal of surplus assets to support future investment, modernisation and improvement of those buildings that will continue to support service delivery in the longer term and new provision where appropriate. An integral part of CFM's strategic plan is putting in place a new delivery model for 2020 when the current contractual arrangements co-terminate.

## **Housing Renewal**

74. Housing Renewal comprises a range of initiatives that principally support private sector housing and council tenants. The largest component is in relation to adaptations to residents' homes. The budget for the year is £2.3m, of which £1.5m is funded by the Disabled Facility Grant (DFG), received via the Better Care Fund. Following restructuring and consolidation of functions the service is forecast to have a fully committed grants programme this year, with spend forecast to be on budget.

## **HOUSING INVESTMENT PROGRAMME (HIP)**

75. Overall, the HIP is forecast to spend £145m, comprising £77.7m on existing stock, £49.2m on new council homes including acquisitions and £18.1m on wider regeneration schemes, which also delivers affordable housing.
76. Looking beyond the current year, there are a number of potentially significant financial risks that are not currently in the programme that would put a severe strain on the council's resources and have a detrimental bearing on the existing planned programme. It is critical that the emphasis remains on a resource-led approach rather than expenditure-led and that new or emerging commitments are prioritised within the context of the existing programme resources. Work is ongoing to reconfigure the HIP to ensure it remains sustainable over the foreseeable future.

## **Existing Housing Stock**

### **Warm, Dry, Safe (WDS)**

77. The WDS programme has been running since 2011 and invested over half a billion pounds bringing the housing stock up to the 'Decent Homes Standard'. The programme is now nearing completion with all planned works committed and remaining schemes expected to complete this financial year.  
Fire safety
78. The council has made substantial investment in fire safety since 2009 and in the aftermath of the Grenfell Tower tragedy is undertaking intrusive type 4 fire risk assessments on all 174 high rise blocks and has investigated cladding panels on all blocks that were potentially at risk. LD2 smoke alarms have been installed in all the highest priority blocks and the majority of street properties (including ex-right to buy), and continue to be delivered along with the five-year electrical testing programme.

### **Quality Homes Investment Programme (QHIP)**

79. QHIP is the principal element of the council's asset management strategy and whereas the focus of WDS was generally on the external fabric, QHIP recognises the need for a cyclical approach to maintenance and aims to address wider investment needs including internal works. The 2018-19 programme will be substantially committed by financial year-end and spend is forecast at £56.2m. Preparation of subsequent year's programmes is underway, but given the competing capital commitments it remains subject to review and reprofiling in line with resource availability.

### **Other Major Works**

80. The programme covers those estates identified as high need/high cost requiring extensive repair and refurbishment with spend of £7.6m forecast for 2018-19. The new build scheme at Lakanal and works at Portland are on site and works at Maydew, Tustin, Chilton Grove and Damory and Thaxted are programmed to commence either this financial year or during 2019-20.

### **Ledbury Estate**

81. Following a review of fire safety measures in tower blocks and in response to tenants' concerns a structural issue affecting the upper floors of the four towers on the Ledbury Estate was identified. The council appointed Arup to carry out an urgent investigation which identified the need for remedial strengthening works to the blocks. In the interim, the council has undertaken emergency safety works, including the disconnection of the gas supply as a precautionary measure and is in the process of rehousing residents. Independent consultants have been appointed to undertake an options appraisal of the estate to inform matters going forward.

## **New Council Homes**

82. The Council aims to deliver 2,500 new council homes by 2022, of which 569 have so far been built and 1,931 still required to be delivered. The delivery

programme also includes shared ownership and private sales units. The homes are being delivered through a combination of direct delivery, the Southwark Regeneration in Partnership Programme (SRPP), hidden homes and the acquisition of privately developed new build affordable homes.

### **Regeneration schemes**

83. Regeneration of the Aylesbury is planned in four phases, demolition at the first development site is underway and expected to complete in 2018-19. Forecast expenditure is £4.4m with a further £5.2m on associated construction works of the Approved Premises Facility (APF) which is due to complete next financial year. The project has been subject to unavoidable delays arising from the rejection of the council's original CPO application resulting in a slower acquisition completion rate for phases 1 and 2. Given the continued uncertainty further revisions to the current forecast and the overall acquisition programme are likely.
84. Elmington Estate Phase 3 - site G is demolished and sites C, D & E are under construction with anticipated completion this year (site C) and 2019-20 for sites D and E.
85. Wooddene and Acorn Estates Energy Centre - the energy centre has been demolished and the site handed to Notting Hill for the construction phase with completion due in 2021-22.
86. Regeneration North – the programme is now substantially complete and should conclude by the end of this financial year. There remains one potential acquisition to be settled and agreement of the final account for Crossways Church re-provision.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Director of Law and Democracy**

87. 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.
88. 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
Outturn Capital Monitoring for 2017-18 and Capital Programme Refresh for 2018-19 to 2026-27	Southwark Council Finance and Governance 160 Tooley Street London SE1 2QH	Rob Woollatt, Departmental Finance Manager, Finance and Governance
<b>Link (copy and paste into your browser):</b> <a href="http://moderngov.southwark.gov.uk/documents/s69822/Report%20Outturn%20Capital%20Monitoring%20for%202016-17%20and%20Capital%20Programme%20Refresh%20for%202017-18%20to%202026-27.pdf">http://moderngov.southwark.gov.uk/documents/s69822/Report%20Outturn%20Capital%20Monitoring%20for%202016-17%20and%20Capital%20Programme%20Refresh%20for%202017-18%20to%202026-27.pdf</a>		

## APPENDICES

No.	Title
Appendix A	General fund summary monitoring position at Month 4 2018-19
Appendix B	Housing investment programme summary monitoring position at Month 4 2018-19
Appendix C	Budget virements and variations at Month 4 2018-19
Appendix D	General fund programme detail at Month 4 2018-19

## AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Finance, Performance and Brexit		
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance		
Report Author	Rob Woollatt, Interim Departmental Finance Manager, Finance and Governance		
Version	Final		
Dated	7 September 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	N/a	N/a	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team		7 September 2018	