

## Cabinet

Tuesday 14 December 2010  
4.00 pm  
Town Hall, Peckham Road, London SE5 8UB

### Membership

Councillor Peter John  
Councillor Ian Wingfield  
Councillor Fiona Colley  
Councillor Dora Dixon-Fyle  
Councillor John Friary  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Catherine McDonald  
Councillor Abdul Mohamed  
Councillor Veronica Ward

### Portfolio

Leader of the Council  
Deputy Leader and Housing Management  
Regeneration and Corporate Strategy  
Health and Adult Social Care  
Community Safety  
Environment, Transport and Recycling  
Finance and Resources  
Children's Services  
Equalities and Community Engagement  
Culture, Leisure, Sport and the Olympics

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#### Contact

Paula Thornton on 020 7525 4395 or Everton Roberts 020 7525 7221  
or email: [paula.thornton@southwark.gov.uk](mailto:paula.thornton@southwark.gov.uk); [everton.roberts@southwark.gov.uk](mailto:everton.roberts@southwark.gov.uk)  
Webpage: <http://www.southwark.gov.uk>

Members of the committee are summoned to attend this meeting

#### Councillor Peter John

Leader of the Council  
Date: 6 December 2010



Item No.

Title

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## Cabinet

Tuesday 14 December 2010  
4.00 pm  
Town Hall, Peckham Road, London SE5 8UB

### 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 OTHER 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. DISCLOSURE OF INTERESTS AND DISPENSATIONS**

Members to declare any personal interests and dispensations in respect of any item of business to be considered at this meeting.

#### **4. 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.

<b>Item No.</b>	<b>Title</b>	<b>Page No.</b>
<b>5.</b>	<b>MINUTES</b>	1 - 7
	To approve as a correct record the minutes of the open section of the meeting held on the 23 November 2010.	
<b>6.</b>	<b>DEPUTATION REQUESTS</b>	8 - 9
	To consider any deputation requests.	
<b>7.</b>	<b>SOUTHWARK VIOLENT CRIME STRATEGY</b>	10 - 76
	To adopt the 2010-15 Safer Southwark Partnership (SSP) Violent Crime Strategy and the five priorities and key recommendations of the strategy.	
<b>8.</b>	<b>AYLESBURY PRIVATE FINANCE INITIATIVE HOUSING PROJECT - OUTLINE BUSINESS CASE</b>	77 - 93
	To note the government decision to withdraw funding from the Aylesbury Private Finance Initiative (PFI) Housing Project, along with all other housing PFI pipeline projects and to reaffirm commitment to regenerating the Aylesbury Estate and to delivering the Aylesbury Area Action Plan.	
<b>9.</b>	<b>AMENDING THE REHOUSING POLICY FOR HOMEOWNERS AFFECTED BY THE REGENERATION OF THE AYLESBURY ESTATE</b>	94 - 104
	To agree to amend the set of rehousing options for all resident homeowners with limited capital and/or income affected by the regeneration of the Aylesbury Estate and to apply the current rehousing policies for homeowners on the Heygate Estate	
<b>10.</b>	<b>THE TRANSPORT PLAN AND SUSTAINABLE MODES OF TRAVEL STRATEGY</b>	105 - 142
	To agree the public consultation of the draft transport plan and the sustainable modes of travel strategy and its submission to Transport for London (TfL) by 20 December 2010.	
<b>11.</b>	<b>RESPONSE TO CONSULTATION BY THAMES WATER ON THE PROPOSED THAMES TIDEWAY TUNNEL ROUTES AND SITES</b>	143 - 172
	To agree the response to the consultation by Thames Water on the Thames Tideway the proposed Tunnel routes and sites.	

Item No.	Title	Page No.
12.	<b>REVIEW OF HOUSING INVESTMENT STRATEGY</b>	173 - 202
	To confirm commitment to making every home warm, dry and safe and to note the findings of the housing stock condition survey and the significant investment identified.	
13.	<b>GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL: CONSOLIDATED FACILITIES MANAGEMENT CONTRACT FOR 160 TOOLEY STREET</b>	203 - 224
	To approve the use of the procurement strategy outlined in the report to procure a consolidated facilities management contract for 160 Tooley Street.	
14.	<b>CORPORATE ASSET MANAGEMENT STRATEGY 2010 - PLANNING FOR A SMALLER SUSTAINABLE OPERATIONAL ESTATE</b>	225 - 263
	To approve the refreshed Asset Management Plan ("AMP 2010") as set out in Appendix 1 of the report as a key strategic document alongside the council's other resource policies, and the central strategy for the management of the council's property holdings.	
15.	<b>HOUSING REVENUE ACCOUNT - INDICATIVE RENT-SETTING AND BUDGET REPORT 2011/12</b>	264 - 289
	To note a provisional average rent increase of 7.08% in accordance with the Government's required formula rent guidance, the provisional changes in tenant service services, provisional increase in rents and charges for all non-residential property and a provisional standstill in heating and hot water charges. Additionally to instruct officers to provide a final report on rent-setting and the housing revenue account budget for 2011/12 after due consultation processes have been followed for consideration by cabinet on 25 January 2011.	
16.	<b>QUARTER 2 REVENUE MONITORING REPORT - 2010/11</b>	290 - 304
	To note the general fund outturn forecast for 2010/11 and the forecast net movement in reserves, the housing revenue account's (HRA) forecast outturn for 2010/11 and movement in reserves and the treasury management activity for the second quarter of 2010/11. Additionally, to note and approve the general fund budget adjustments as required.	

**OTHER REPORTS**

The following items are also scheduled to be considered at this meeting:

- 17. POLICY AND RESOURCES STRATEGY 2011/12 - 2013/14: MEDIUM TERM RESOURCES STRATEGY AND LOCAL GOVERNMENT SETTLEMENT**

**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**

- 18. MINUTES**

To approve as a correct record the minutes of the closed section of the meeting held on the 23 November 2010.

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



## Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 23 November 2010 at 4.00 pm at Town Hall, Peckham Road, London SE5 8UB

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**PRESENT:** Councillor Peter John (Chair)  
Councillor Ian Wingfield  
Councillor Fiona Colley  
Councillor Dora Dixon-Fyle  
Councillor John Friary  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Abdul Mohamed  
Councillor Veronica Ward

### 1. APOLOGIES

Apologies for absence were received from Councillor Catherine McDonald and apologies for lateness were received from Councillor Ian Wingfield.

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

There were no late items.

### 3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures of interests or dispensations.

### 4. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

### 5. MINUTES

#### RESOLVED:

That the open minutes of the meetings held on 19 October and 2 November 2010 be approved as correct records and signed by the chair.

## **DEPUTATION REQUEST – DULWICH PARK FRIENDS**

The chair agreed to receive a deputation from the Dulwich Park Friends in respect of the venue for the Mix Festival 2011.

The chair of Dulwich Park Friends Mr Trevor Moore made representations to the cabinet in relation to the appropriateness of holding the Mix Festival 2011 in Dulwich Park. He advised that the Dulwich Park Friends did not think Dulwich park was an appropriate venue for the festival due to the large scale of the proposed event and the potential damage to the ornamental heritage park by large vehicles and volume of people in the controlled area. The deputation informed the cabinet that there had been damage caused by the holding of a large scale event in the past and the park had taken a long time to recover. The deputation advised that £4m of lottery heritage investment and thousands of hours had been put into transforming the park and they did not want to see the restoration put at risk.

## **6. OUTCOME OF THE FINAL CONSULTATION PROCESS ON THE PROPOSED MERGER OF SURREY SQUARE INFANT AND JUNIOR SCHOOLS TO CREATE SURREY SQUARE PRIMARY SCHOOL**

### **RESOLVED:**

That agreement be given to close Surrey Square infant school and to expand the age range of Surrey Square junior school from the current age range of 7 to 11 to age 3 to 11 from 3 January 2011.

## **7. CHANGES IN THE NATIONAL HEALTH SERVICE (NHS) AND IMPLICATIONS FOR SOUTHWARK COUNCIL**

### **RESOLVED:**

#### **Decisions of the Cabinet**

1. That the changes being planned and taking place in the National Health Service (NHS) at national, regional and borough level and the continuing degree of uncertainty surrounding these developments be noted.
2. That the implications for the council's arrangements for partnership working with the health sector in Southwark in both the shorter term transition period prior to the abolition of Southwark Primary Care Trust (PCT) in April 2013 and in the longer term be noted.
3. That the proposal from Southwark GPs to be considered as a GP consortium pathfinder be welcomed and Cabinet agrees to support them in this project.

4. That the council undertake a due diligence exercise with the Primary Care Trust (PCT) to clarify all current joint and shared arrangements between the two organisations through which their accountabilities are currently delivered, in consideration of the changes that are taking place in the health system.
5. That it be noted that a team in the council is leading work on considering all of the implications that are taking place in the health system.

#### **Decisions of the Leader of the Council**

6. That that the cabinet member for health and adult social care oversee a programme of work to implement the legislation that will follow the NHS White Paper and respond to the future government publications anticipated on public health and adult social care.

#### **8. ADOPTION OF REFRESHED SOUTHWARK ECONOMIC DEVELOPMENT STRATEGY 2010-16**

##### **RESOLVED:**

1. That the revised Southwark economic development strategy 2010-2016 (attached as appendix 1 of the report) be approved and adopted.
2. That the revised Southwark economic development strategy 2010-2016 be approved and adopted as the borough's local economic assessment, in response to the local authority economic assessment duty.
3. That the council's role in the associated 2010/11 strategic delivery plans (attached as appendices 2 & 3 of the report) be noted and approved.

#### **9. CAPITAL PROGRAMME 2010-19 QUARTER 2 MONITORING REPORT**

##### **RESOLVED:**

1. That the current monitoring position for the capital programme 2010/11 – 2018/19 for both the general fund and housing investment programme as at 30 September 2010 (appendices A and B of the report) be noted.
2. That the addition of budgets into the programme, matched by additional funding secured (appendix C of the report) be approved.
3. That the reprofiling of spend and resources in the 2010-19 general fund capital programme (appendix D of the report) be noted and approved.
4. That the finance director refresh the 10 year capital programme taking into account issues arising from the spending review 2010, new emerging priorities and strategies and the detailed options appraisals on the remaining bids from the capital refresh in February 2010. This to be considered in the context of resources available.



## 10. REVISED OFFICE ACCOMMODATION STRATEGY

The cabinet considered the closed part of the report prior to agreeing the decisions below.

### RESOLVED:

1. That the principles to be applied when planning for the council's office accommodation needs as set out in appendix 1 of the report be agreed.
2. That the components of the strategy developed by officers in accordance to these principles be approved:
  - Concludes that the retention of Southwark's three town halls as operational buildings as agreed on 21 October 2008 by the then executive is not affordable;
  - That the future use of Southwark Town Hall, Walworth Town Hall and 19 Spa Road (known as Bermondsey Town Hall) and the functions remaining within the town halls are reallocated in accordance with the detail as described from paragraph 47 of the report;
  - That officers bring forward plans to provide for a large shared operational office facility in the centre or south of the borough;
  - That it be confirmed that 17 Spa Road will be surplus to requirements from 30 September 2011;
  - That officers provide alternative means of providing customer services to the current users of the Bermondsey One Stop Shop;
  - That officers develop proposals for the relocation of the pavilion building currently at 17 Spa Road to Camberwell through a full investigation of potential sites, including D'Eynsford Road, integration with wider plans for regeneration in Camberwell, following a complete needs analysis and consultation.
3. That the finance director incorporate all resource implications arising from the agreed programme within the policy and resources strategy for 2011/12-2013/14 and to incorporate capital implications within the revised capital programme for agreement by council assembly. The finance director to identify required funding in consultation with the cabinet member for finance and resources.
4. That officers commence preparation immediately on best terms for the sale of freehold, sale of leases and termination of leases, of property held by the council and released through this strategy.

## 11. ELEPHANT AND CASTLE – PROVISION OF A NEW LEISURE FACILITY

The cabinet considered the closed part of the report prior to agreeing the decisions below.

### RESOLVED:

#### Decisions of the Cabinet

1. That the outcome of the consultation exercise summarised in paragraphs 23 to 30 and attached at Appendix 1 of the report that had been carried out throughout September and October be noted.
2. That the proposed provisional budget for the Elephant and Castle Leisure Centre as detailed in the closed report and the further work which will be undertaken to assess project costs prior to the submission of a bid for capital programme funding be noted.
3. That the project mandate for the redevelopment of the leisure centre site (attached in Appendix 2 of the report) and in particular the following key principles be agreed:
  - That the new leisure facility include the following core provision: a 6 lane 25m swimming pool, a learner pool, a 4 court sports hall, a gym, an exercise studio, a crèche and a cafe.
4. That officers report back the terms on which the adjoining residential plot will be sold at an appropriate time.
5. That officers report back, through the second gateway process, at the appropriate time once all design and technical has been completed to recommend the award of the construction contract.

#### Decisions of the Leader of the Council

6. That approval of the planning application prior to submission be delegated to the cabinet member for regeneration and corporate strategy.
7. That the appointment of the Local Education Partnership (LEP) to construct and deliver the Elephant and Castle Leisure Centre, through the first gateway process, subject to existing protocols for LEP engagement and demonstrating value for money be delegated to the cabinet member for finance and resources.

## 12. MOTIONS REFERRED FROM COUNCIL ASSEMBLY

### Free School Breakfasts

#### RESOLVED:

1. That it be noted that the pilot of the free healthy school meals for all primary aged pupils is being launched in January 2011 and will run in 10 schools until July 2011, with implementation in all primary schools – initially in specific year groups from September 2011.
2. That it be noted that whilst for some families the provision of breakfast at school may be helpful, for other households breakfast is an important family meal at home. We will look into the practicality and relative costs of any option to extend the school day to provide breakfasts. The feasibility of introducing an option of free healthy breakfasts instead of lunches will be looked into as part of the evaluation of the free healthy school meals pilot.

### Labour's record in office so far and the Liberal Democrats' broken election promises

#### RESOLVED:

That the motion be noted.

### Thames Water Sewage Tunnel

#### RESOLVED:

That the motion be noted, and as part of the report to be received by Cabinet on 14 December 2010 officers include a complete timeline of events in respect of this issue.

### The Comprehensive Spending Review

#### RESOLVED:

That the motion be noted.

## 13. NOMINATION TO ADOPTION PANEL AND APPOINTMENTS TO GROUNDWORK BOROUGH STEERING GROUP 2010-11

#### RESOLVED:

1. That the councillor nomination to the Adoption Panel for the remainder of the 2010-11 year in line with paragraph 13 of the report be decided by the leader.
2. That Councillor Toby Eckersley be appointed as the Conservative group representative on the Groundwork Borough Steering Group.

3. That Councillor Barrie Hargrove be confirmed as an additional representative on the Groundwork Borough Steering Group.

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

### **EXCLUSION OF PRESS AND PUBLIC**

It was moved, seconded and

#### **RESOLVED:**

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 category 3 of paragraph 10.4 of the Access to Information Procedure Rules of the Southwark Constitution.

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

#### **14. REVISED OFFICE ACCOMMODATION STRATEGY**

The cabinet considered the closed information relating to the revised accommodation strategy and agreed the recommendations contained in the closed report.

#### **15. ELEPHANT AND CASTLE – PROVISION OF A NEW LEISURE FACILITY**

The cabinet considered the closed information relating to Elephant and Castle, provision of a new leisure facility and agreed the recommendations contained in the closed report.

The meeting ended at 6.35pm

**CHAIR:**

**DATED:**

**DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, THURSDAY 2 DECEMBER 2010.**

**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.**

<b>Item No.</b> 6.	<b>Classification:</b> Open	<b>Date:</b> 14 December 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Deputation Requests	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Communities, Law & Governance	

### **RECOMMENDATION**

1. That the cabinet considers whether to hear a deputation from the Southwark Trades Council in respect of the "Policy and resources strategy 2011/12-2013/14 – medium term resources strategy and local government settlement."

### **BACKGROUND INFORMATION**

2. When considering whether to hear the deputation request, cabinet can decide
  - To receive the deputation at this meeting or a future meeting; or
  - That the deputation not be received; or
  - To refer the deputation to the most appropriate committee/sub-committee.
3. A deputation shall consist of no more than six people, including its spokesperson. Only one member of the deputation shall be allowed to address the meeting for no longer than 5 minutes. After this time members may ask questions of the deputation for up to 5 minutes. At the conclusion of the questions, the deputation will be shown to the public area where they may listen to the remainder of the open section of the meeting.
4. Any relevant resource or community impact issues will be contained in the comments of the strategic director.

### **KEY ISSUES FOR CONSIDERATION**

#### **Southwark Trades Council**

5. A deputation request has been received from Southwark Trades Council. The trades council state the subject matter is "to speak in support of retaining public services and public sector jobs in the face of central government proposals to slash budgets."

**BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Correspondence from the Southwark Trades Council	160 Tooley Street, London SE1 2TZ	Everton Roberts 020 7525 7221 / Paula Thornton 020 7525 4395

**AUDIT TRAIL**

<b>Lead Officer</b>	Ian Millichap, Constitutional Manager	
<b>Report Author</b>	Paula Thornton, Constitutional Officer	
<b>Version</b>	Final	
<b>Dated</b>	3 December 2010	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	No	No
Finance Director	No	No
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>		3 December 2010

<b>Item No.</b> 7.	<b>Classification:</b> Open	<b>Date:</b> 14 December 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Southwark Violent Crime Strategy	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor John Friary, Community Safety	

## **FOREWORD - COUNCILLOR JOHN FRIARY, CABINET MEMBER FOR COMMUNITY SAFETY**

1. Publishing a Violent Crime Strategy is an administration priority, not just because of our on going commitment to tackle the violence that so affects our communities, but because we need to make a shared commitment with our partners to make sure that in these times of reduced government funding that we make a long term commitment to deliver the change in the areas and with the communities that are most impacted by violent behaviour.
2. Violent Crime in Southwark is estimated to cost public sector services £59m. The impact on individuals, families and communities is immeasurable and as this strategy highlights, can have an impact across generations. Timely, partnership interventions are at the core of the recommendations of this strategy but we also recognise the enforcement and our criminal justice processes play a significant role in our communities' attitudes to how we address violent behaviour.
3. The budget pressures that face services over the next few years will have an impact on how we deliver interventions. This strategy has taken this into careful consideration, looking at how we use our limited key services wisely, efficiently and with the maximum impact.
4. This strategy paints a very real picture of the challenges we face, across all of our public, voluntary services and as a society as gives us a framework for making a real difference for everyone who lives works and travels through our borough. An annual report on the progress of the strategy will be presented to the Cabinet.

## **RECOMMENDATIONS**

5. That the Cabinet adopts the 2010-15 Safer Southwark Partnership (SSP) Violent Crime Strategy.
6. That the Cabinet adopts the five priorities and key recommendations of the Violent Crime Strategy as set out below:
  - **Low level violence: Key recommendation**
    - Establish a multi agency programme, including increasing the visible uniformed presence, focused over the summer period, in the north of the borough on Fridays and Saturdays and involving communities and businesses.
  - **Robbery: Key recommendations**
    - Realign partnership resources to concentrate on after school hours and late evenings, the two peak periods for personal robbery.
    - Create "safe routes" for pupils between schools and the Elephant and Castle/neighbouring estates, involving local services and residents.

- **Serious violence - including group and weapon violence: Key recommendations**
  - Develop multi agency approach on a clearly defined area focusing on the estates and connected illegal economy.
  - Ensure early intervention is targeted at those most at risk of committing serious violent crime and that exit programmes enable people to make decisions to move away from serious violence lifestyles.
  - A single multi agency scaled approach to enforcement and support that utilises the range of resources within the borough.
  - Base the scaled approach model on a shared agreement around risk, intervention and intelligence, sharing and targeted at those individuals who are agreed as posing a significant risk.
- **Violence against women and girls - including relationship violence: Key recommendations**
  - Provision for domestic violence and sexual offences is reconfigured in line with recommendations of the SSP and Children's and Families Trust review of domestic abuse services, due to conclude in December 2010.
- **Addressing violent offenders: Key recommendations**
  - To review and improve current arrangements for identifying and supporting young people and adults (Risk Management Panel, Multi Agency Public Protection Arrangements and Priority and Prolific Offenders) to ensure offenders are managed by the most appropriate scheme locally. To include transitional arrangements for those moving from young person to adult services.
  - To agree a shared risk assessment framework to ensure we target our partnership resources at key individuals effectively and to maximise the resources at our disposal.

## BACKGROUND INFORMATION

7. Tackling violent crime has been a priority of the Safer Southwark Partnership for the past decade. Whilst perceptions of safety amongst our residents have improved, as indicated in our residents survey 2008, muggings, knife crime and gangs were highlighted as the issues that concerned them the most.
8. The new administration made a manifesto commitment to establish a Violent Crime Strategy for Southwark, in order to focus reducing resources where they will have the most impact.
9. There is specific statutory legislation which relates to tackling violent crime. This includes:
  - The Crime and Disorder Act 1998, sets out the statutory requirements of the local authority to establish a Youth Offending Service and a range of requirements in relation to managing youth offenders. This legislation was amended under the Police and Justice Act and the introduction of Youth Rehabilitation Orders.
  - The Policing and Crime Act 2009 introduced a number of key changes for Community Safety partnerships, most notably:
    - Partnerships will have a statutory duty to reduce re-offending. For Southwark 21% of offenders are convicted on a violent offence.
    - Responsible authorities will each be required to routinely reduce re-offending through an extension of their Section 17 duties.
    - Specific legislation was introduced in relation to gang injunctions which will come into force in late 2010 and in the spring of 2011.



10. Under the Police and Justice Act 2006, CDRPs are required to produce a strategic assessment and three year rolling action plan setting out the partnership priorities and actions to deliver through priorities, as well as a separate alcohol strategy.
11. There is a variety of further legislation which has been introduced over the past decade relating to alcohol, licensed premises and measures to control areas which are affected by alcohol related disorder. A review of the legislation is currently being undertaken by the Home Office.

### **Governance**

12. The delivery of the recommendations contained in the Violent Crime Strategy will be overseen by the Safer Southwark Partnership Board.
13. The current SSP Violent Crime Strategic Group will take responsibility for the management of the delivery and performance of the strategy and will report to the board on a quarterly basis.
14. The Membership of the SSP violent crime strategic group will be reviewed following the adoption of the strategy.
15. Quarterly performance management reports will be presented to the SSP Board and the Cabinet Member for Community Safety will receive an in depth briefing every six months on the progress of the recommendations.

### **KEY ISSUES FOR CONSIDERATION**

16. Violent crime covers a wide range of offences from verbal harassment to murder. As such the strategy reflects the categories of violence that most impact on the community within Southwark.
17. Violent crime makes up over a quarter of all recorded crime within the borough. This has been consistent over the last two years.
18. Southwark has seen a 9% reduction in recorded incidents of violence against the person over the last 5 years. This amounts to over 1,100 fewer incidents.
19. Southwark has also seen significant reductions in robbery (33%), wounding/assault with injury (14%) and domestic abuse (11%) over the last five years.
20. Despite these achievements Southwark still records high levels of violent crime with particular challenges in domestic violence, robbery, serious youth violence and knife crime.
21. The Safer Southwark Partnership has carried out an extensive analytical review of violent crime and consultation with stakeholders and the community. As a result the SSP Violent Crime Strategy has identified the following priorities:
  - **Low level violence**- accounts for 80% of all recorded violent crime and peaks over the summer period and weekends.
  - **Robbery** - has a particular impact for young people as victims and offenders, with routes between schools and transport hubs a key feature.
  - **Serious group and weapon violence** - although serious violence accounts for less than 2% of all crime in Southwark, gang and weapon crime remain concerns for our

- residents and impacts significantly on the fear of crime.
- **Violence against women and girls including relationship violence** - Southwark records high levels of domestic violence. This along with sexual abuse and relationship violence has a significant impact upon children and families.
  - **Addressing violent offenders** - Southwark records a high number of both adult and young offenders, with violent crime being the highest category of offence type.
22. The violent crime strategy has a chapter for each of the above priorities. Each chapter looks at the victims, offenders, key locations, the impact on the community and current interventions. There are specific recommendations, based on what will achieve the maximum impact with the limited resources available to the Safer Southwark Partnership over the next five years.
23. The Safer Southwark Partnership has carried out extensive consultation on the priorities. This included:
- Web based survey - an online survey where residents can indicate how violent crime is affecting them and the priorities to address violent crime.
  - Questionnaires - made available through the eight community Councils for local people to express their views.
  - Focus groups - we have run a wide range of focus groups on specific priority themes and specifically with those who have been affected by violence, including young people.
  - Meetings with key services, voluntary and community representatives who have been actively involved in delivering programmes to address violent behaviour.
24. The feedback from the consultation has been incorporated into the strategy and will help shape the programmes developed.
25. The strategy will be reviewed annually in line with existing SSP performance management processes. Consultation will remain a regular feature of the strategy.

## Risks to delivery

26. The following table sets out the key risks to delivering the SSP Violent Crime Strategy.

<b>Risk</b>	<b>Issue</b>	<b>Action</b>
Financial and physical resources	A number of the existing violent crime programmes are grant funded and are due to end in March 2011. In addition key partnership agencies both in the public and voluntary sector are subject to financial reductions which will result in loss of staffing.	The recommendations of the strategy are made with a view to reductions in resourcing. The recommendations highlight actions which will focus reduced resources on interventions, in locations and with the cohort of individuals or families which will have maximum impact. The recommendations also aim to be preventative, which will result in savings.
Changing crime patterns	Violent crime patterns could change over the period of the strategy and place increased demands on resources for a wider range of people or locations.	The SSP will continue to monitor crime patterns through the tactical tasking and co-ordination group and the violent crime strategic group. Keeping pace with emerging issues is a focus of the violent crime strategic group who will plan partnership responses.
Economic downturn	A further recession which impacts on our most deprived neighbourhoods may result in a rise in violent crime in the home and on the streets, as well as an increase in the illegal economy.	The regular operational meetings and review of trends through the violent crime strategic group will enable us to assess these changing patterns should they emerge.

## Performance framework

27. Update:- There is a range of existing local authority area performance measures which relate to violent crime. The key performance measure is national indicator N15 "to reduce serious violence". This is one of our LAA indicators and the Safer Southwark Partnership is committed to reducing serious violence by 8% by March 2011 compared to 2008/9. In addition to our other LAA indicators that include measuring offenders under probation supervision.
28. Our approach is to move towards outcome based performance measures including the use of perception indicators relating to violent crime.
29. It is our intention to use the MPS public attitude survey to measure the perception of violent crime across our communities as well as local surveys where we are undertaking specific partnership interventions. The police public attitude survey measures a number of satisfaction indicators that are relevant to the violent crime strategy. Examples include:
- The police & local authority seek peoples views about anti social behaviour and crime issues that matter the most in their area
  - Tackling gun crime and levels of concern about carrying guns and knives

- Tackling drug dealing and drug use
  - To what extent gangs are a problem in local areas
  - Understanding issues affecting the community and listening to their concerns
  - Perceptions of safety during the day and night and whilst travelling in and around the borough
30. By using the police public attitude survey we will also be in a position to benchmark ourselves against our neighbouring boroughs and also the rest of London.
31. The SSP violent crime strategy 2010-15, will set outcome targets focused on public perceptions, which will be published on the Council website early in 2011.

### **Conclusion**

32. The Safer Southwark Partnership Violent Crime Strategy 2010-15 sets out a number of key recommendations which will have the maximum impact to address violent crime.
33. An action plan will be developed with partnership and community input and will be reviewed on a quarterly basis with a report on progress to the SSP Board.
34. The strategy and action plan will have an annual performance report which will be presented to the Cabinet. The violent crime strategic group will have responsibility for updating the plan to enable a response to new and emerging needs.

### **Policy implications**

33. Although violent crime has reduced between 2005/6- 2009/10, Southwark still records high levels of violence compared to other boroughs in the capital. Tackling violent crime therefore remains a priority for the Council and its partners.
34. There is no statutory requirement to provide a specific violent crime strategy, however there is legislation which imposes a duty on named partner agencies to work together to review crime and anti social behaviour in their area and to work together to address Community Safety priorities, such as violent crime. This is set out in Section 6 of the Crime and Disorder Act 1988, as amended by the Police and Justice Act 2006.

### **Community impact statement**

35. All areas of the borough are affected by crime and fear of crime. However analysis of crime types indicates that violent crime is not spread evenly across the borough; the town centres and neighbouring estates are the main hotspots areas. This indicates that a targeted approach is required.
36. Our crime analysis indicates that some types of violent crime disproportionately impacts on young people, both as victims and perpetrators. The focus on young people as one of the key priorities, supported by the youth justice plan, is aimed at addressing this.
37. Analysis of violent crime victims and offenders has been undertaken by the partnership analytical team. This information has been used to identify a number of the interventions and preventative measures set out in the strategy.
38. The approach adopted to tackle and reduce violent crime has been through a combination of enforcement, prevention, and wider community action to engage communities in crime prevention and Community Safety.

39. An equalities impact assessment has been carried out on the Violent Crime Strategy, with an action plan which has been integrated into the rolling plan. The findings of the equalities impact assessment will be published alongside the strategy.

### Resource implications

40. The current annual refresh of the rolling action plan for 2010/11 is resourced. In year reduction in grants were sustained of approximately £220,000 and this impacted on the SSP's ability to deliver against all actions.
41. The current funding streams enabling the SSP to deliver services are as follows (reflecting in year cuts):

<b>Grant Funding 2010/11</b>	
Working neighbourhood fund (WNF)	£1,740,000
Preventing violent extremism (PVE)	£181,830
Youth task force grant	£50,000
Youth crime action plan (YCAP)	£190,000
Safer stronger communities fund (SSCF)	£319,254
Drugs intervention programme (DIP)	£1,559,000
Young people substance misuse grant	£272,018 + £46,196
Council core	£357,073
Council core - alcohol	£118,827
Victims and Witnesses	£20,000
<b>Total</b>	<b>£4,854,198</b>

42. Central government funding makes up almost 90% of the total. The SSP's spend per priority is as follows:

<b>Council grant and core spend by priority 2010/11</b>	
Tackling violence - gangs and weapons	£400,500
Tackling violence - domestic abuse and sexual offences	£392,373
Tackling youth crime	£857,000
Tackling anti social behaviour	£240,000
Reducing reoffending	£382,317
Reducing substance misuse	£437,041 plus £1,559,000
Communities and communications	£430,420
Administration	£155,547
<b>Total</b>	<b>£4,854,198</b>

43. Moving forward into 2010/11 there are varying levels of clarity:
- The Comprehensive Spending Review has set out the broad public service savings over the next four years. The Council, MPS and other services are working together to review those critical programmes and how we realign our resources to maintain them.
  - PVE has been cut as a funding stream from 2010/11 onwards.
  - WNF ends in 2010/11. No replacement funding stream has been announced.
  - Smaller area based grants are planned to be cut.
44. Much of our partnership activity in relation to violence has been mainstreamed. The violent crime strategy recommendations and actions have been fed into our commissioning process and a draft commissioning plan will be agreed by the SSP board in December. In this way we will ensure delivery of the priorities identified in the violent crime strategy. We are working with our service providers to explore options moving forward, including:
- We will ensure that the services we deliver provide value for money, value for Council tax payers and contribute towards delivering the vision of creating a fairer future for all in Southwark.
  - The SSP will explore alternative ways of providing a service prior to proposing any cut or reduction. This will include talking to partner organisations, the voluntary sector, the business community and other local authorities.
  - The SSP will conduct an equalities impact assessment as part of the commissioning plan.

### **Consultation**

45. As part of our approach in setting out priorities the Safer Southwark Partnership has carried out extensive consultation with our communities, those directly affected by violent crime and key voluntary and service agencies who are involved in delivering intervention to address violent behaviour.
46. The consultation included:
- Questionnaire available on the Southwark Council website.
  - Questionnaires made available at all 8 community Council meetings in the autumn.
  - Focus groups with young people, victims, offenders and other interested parties.
  - Specific workshops with services and service providers.
47. The key issues have been incorporated into the recommendations under each priority.

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

#### **Finance Director (NR/ENV/131010)**

48. The costs of implementing this strategy need to be contained within the budget envelope remaining after any budget adjustments are implemented for 2010/11 and beyond. This may require reconfiguring the strategy to fit the resources available to deliver it, and if the resources are deemed less than the minimum level required to effectively deliver the strategy, then a further review will be necessary.

### **Strategic Director of Communities, Law & Governance (DP100615)**

49. The Crime and Disorder Act 1998 established CDRPs in order to facilitate a multi-agency approach to the reduction of crime, substance abuse and anti-social behaviour. The 1998 Act imposed statutory duties on local authorities, police authorities, fire and rescue authorities and Primary Care Trusts, known as “responsible authorities”, to work together to review crime and disorder in their area and implement a strategy to tackle priority problems. Violent Crime is recognised as a priority problem for Southwark.
50. The Police and Justice Act 2006 amended the partnership provisions of the 1998 Act to make CDRPs a more effective resource for tackling crime, anti-social behaviour, other behaviour adversely affecting the environment and substance misuse. The 2006 Act imposed obligations on CDRPs to implement a strategy to achieve these outcomes. The Crime and Disorder (Formulation and Implementation of Strategy) Regulations 2007 make provision as to the formulation and implementation of the strategy.
51. The 2007 Regulations provide that CDRPs shall have a strategy group whose role is to prepare a Strategic Assessment in accordance with Regulations 5 to 7 and a partnership plan in accordance with Regulations 10 & 11.
52. The Strategic Assessment is an analysis of the levels and patterns of crime and disorder and substance misuse in the borough and the priorities the CDRP should adopt to address these issues. The partnership plan sets out a strategy for meeting these priorities and how that strategy should be implemented by the CDRP. Violent crime is identified as priority in both the Strategic Assessment for 2009/10 and the SSP Rolling Plan for 2010/11
53. The 2007 Regulations provide for the strategy group to prepare a Strategic Assessment during each year and a partnership plan to be revised before the start of each year (beginning on 1st April). Subject to these requirements, the strategy group should meet throughout the year as it considers appropriate.
54. The Policing and Crime Act 2009 has amended sections 5, 6 and 17 of the 1998 Act to introduce further changes to CDRPs, namely a new statutory duty to reduce re-offending and the inclusion of the probation services as a responsible authority.
55. The Crime and Disorder (Formulation and Implementation of Strategy) (Amendment) Regulations 2010 amend the provisions of the 2007 Regulations to take into account the requirement for responsible authorities to formulate and implement a strategy to reduce re-offending and reflect the fact that probation services are now a responsible authority. CDRPs are now required to address issues of re-offending in their Strategic Assessment and partnership plan.

**BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
SSP Strategic Assessment summary and key data findings	Community Safety Partnership Service	Jonathon Toy 0202 7525 1479
SSP 2008 -12 Rolling action plan and annual refreshes	Environment and Housing Hub 3, 3 <sup>rd</sup> floor Tooley Street, SE1 2TZ	
Violent Crime Strategy EqIA report		

**APPENDICES**

<b>No.</b>	<b>Title</b>
1	SSP Violent Crime Strategy 2010 – 15

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor John Friary, Community Safety	
<b>Lead Officer</b>	Gill Davies, Strategic Director of Environment and Housing	
<b>Report Author</b>	Jonathon Toy, Head of Community Safety and Enforcement	
<b>Version</b>	Final	
<b>Dated</b>	1 December 2010	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Comments from the Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Strategic Director of Children's Services	Yes	Yes
Strategic Director Regeneration and Neighbourhoods	Yes	Yes
Borough Commander MPS Southwark	Yes	Yes
NOMS Chief Probation Officer Southwark	Yes	Yes
Chief Executive Southwark Primary Care Trust	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	1 December 2010	



## Appendix 1

# Southwark Violent Crime Strategy

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## Foreword

Southwark has long been recognised as a borough where agencies and communities alike have come together to address violent behaviour. We have shared in the pain of parents who have lost their children to gun and knife crime or families torn apart by domestic abuse. There is no subject within the community safety agenda which unites us in the same way as our commitment to address violence on our streets and in our homes.

So why do we need a violent crime strategy for Southwark now? Despite our successes in reducing violent crime, Southwark still records some of the highest levels of domestic abuse, serious youth violence and weapon violence. Our research tells us that violence doesn't just happen. There are clear causes and triggers. If we are going to make a long term difference we need a strategy which is owned by all of our partners and gives a clear direction for the next 5 years.

We know that public services face real challenges in the years ahead. We need to use our resources wisely and collaboratively, where and when they will make the most difference to our communities. The violent crime strategy gives us an insight on how we can achieve this and most importantly, creates a framework which allows our communities and businesses to take a lead role.

The strategy paints a very real picture of the challenges that we face, if we are to address the causes of violent behaviour. We fully recognise that the strategy highlights some cultural and social issues and that some aspects of violent crime, such as robbery and serious violence impacts on some parts of our communities more than others.

The council, police and agencies that make up the Safer Southwark Partnership have made a conscious decision to include this information. We have done so, because we believe that we need to be open and honest with our communities, if we are going to make a real difference over the next five years.

There is an undoubted commitment within the Safer Southwark Partnership to tackle violent crime and the impact that violent behaviour has on feelings of safety amongst our residents and businesses. We also recognise the leadership role that we have in encouraging our communities to take an active role to address violence. We cannot be fully successful in delivering the strategy without the involvement of our communities but we also know that we have to set the standards that give local people the strength to be involved.

Violence doesn't have to be a part of our everyday lives. This strategy sends a clear message of our intent that we will work together so that those people who live work and visit our borough can do so without the fear of violence.

Peter John

Annie Shepperd

C.Supt Wayne Chance

### **Southwark Violent Crime Strategy- Executive Summary**

## Background to Southwark

Southwark records a significantly higher number of violent crimes against a person (VAP) and robbery incidents compared to the London average.

To meet this challenge, the Safer Southwark Partnership has developed a 5 year Violent Crime Strategy which sets out the underlying causes and impacts of violent behaviour and makes recommendations on how we can make best use of our resources, at a time when those resources will significantly reduced.

### The local picture

Southwark has seen a 9% reduction in recorded incidents of violence against the person over the last 5 years. That amounts to over 1,100 less incidents. Despite this, our residents tell us that the top reasons for feeling unsafe are muggings, knife crime and gangs.

The Safer Southwark Partnership has identified the causes of violent crime and worked with those affected to address violent behaviour and attitudes towards violence.

Violent crime makes up nearly 21% of recorded crime in the borough. This has been consistent for two years. Assault with injury also accounts for nearly a third of all recorded VAP in Southwark.

### Our five priority areas to tackle violent crime

#### 1. Low Level Violence

This accounts for over 80% of the total VAP in Southwark.

- Around 73% of racial incidents have been classified as lower level violence.
- Alcohol plays a significant factor when it comes to low level violence.
- Over half of the recorded incidents of low level violence resulted in no injury.
- In a third of cases of lower level violent crimes there is a stated link between the victim and suspect.

#### Key Recommendation

- ✓ Establish a multi agency programme, including increasing the visible uniformed presence, focused over the summer period, in the north of the borough on Fridays and Saturdays, involving communities and businesses.

#### 2. Robbery

There has been a 33% decrease (1,075) in robbery incidents between 2005/6 and 2009/10.

- Robberies take place after school hours and late evenings.
- Incidents peak at the beginning of school terms and around Easter time.
- There are three offenders for every victim of a robbery incident.
- Victims of robbery tend to suffer no or very minor injuries.
- Suspects for robberies tend to be Afro Caribbean males aged 15 to 19.

- Fast food delivery firms, cash in transit vans, bookmakers and small convenience stores have the highest number of commercial robberies.
- School routes and estates near Elephant and Castle are particular locations for offences.
- Typical stolen products are easily disposable items with high retail value.

### **Key Recommendations**

- ✓ Realign partnership resources to concentrate on after school hours and late evenings, the two peak periods for personal robbery.
- ✓ Create “safe routes” for pupils between schools and the Elephant and Castle/neighbouring estates for Southwark young people, involving local services and residents.

### **3. Serious Violence (including group and weapon violence)**

In 2009/10 serious violence accounted for less than 2% of all crime in Southwark. The combined total of the “wounding/grievous bodily harm” and “assault with injury” categories has fallen 14% since 2005/06.

- Illegal drug markets, conflict or retribution over territory and disrespect are combinations which cause gang and weapon violence.
- Trauma in the home and the resulting emotional detachment is a key factor.
- The current criminal justice interventions are not effective on a small number of individuals who cause significant violent crime.
- The location of serious violence changes when alcohol is a factor compared to when it is not.
- Gang and weapon violence happens on estates near town centres.

### **Recommendations**

- ✓ Develop a multi agency approach on a clearly defined area focusing on the estates and connected illegal economy.
- ✓ Ensure early intervention is targeted at those most at risk of committing serious violent crime and that exit programmes enable people to make personal decisions to move away from serious violence lifestyles.
- ✓ Develop a single multi agency scaled approach to enforcement and support that utilises the range of resources within the borough.
- ✓ Base the scaled approach model on a shared agreement around risk, intervention and intelligence, sharing and targeted at those individuals who are agreed as posing a significant risk.

### **4. Violence against women and girls**

There has been an 11% decrease in domestic abuse offences between 2005/06 and 2009/10.

- Domestic abuse has a significant impact on children from the earliest age.
- In a third of domestic and sexual abuse cases the suspect knows the victim.
- Young people are affected by relationship violence as both victims and offenders.
- 15-19 year old males are over represented as suspects for sexual offences.

- Peckham has the highest increase of cases of domestic abuse.
- April, May and November are peak months for sexual offences.

### **Recommendation**

- Provision for domestic violence and sexual offences is reconfigured in line with recommendations of the SSP and Children's Trust review of domestic abuse services, due to conclude in December 2010.

## **5. Addressing Violent Offenders**

The Safer Southwark Partnership will be publishing a Reducing Re-offending Strategy, later this year and the recommendations made in the Violent Crime Strategy will be incorporated into this strategy.

- There were 1,441 offenders from Southwark who commenced supervision with London Probation Service in 2008/9.
- 1117 were on community orders and 324 were released from custody.
- The highest offence type was Violence Against the Person with 290 offences, 20% of the overall total. Drugs offences were the third highest recorded offence type (178) with 12% of the total.
- 62% identified a need for education, training, and/or employment. 58% identified a need for thinking and behavioural support.

### **Recommendations**

- ✓ To review and improve current arrangements for identifying and supporting young people and adults at risk (Risk Management Panel, MAPPA and PPO) to ensure offenders are managed by the most appropriate scheme locally. To include transitioning arrangements for those transferring from young person to adult services.
- ✓ To agree a shared risk assessment framework to ensure we target our partnership resources at key individuals effectively and to maximise the resources at our disposal

### **Conclusion**

What is clear from the strategy is that we need to concentrate resources more effectively on those people and places affected by violent crime. It is vital that we establish a multi agency scaled approach which provides choice to move away from violent behaviour but at the same time ensures that the responsibility for those choices rests with the individual or family. We must change the resources from programmes that aren't working to those that have been successful, inline with evidence based outcomes. It is clear that perceptions and feelings of safety are just as important as actual safety figures. As a result we must keep this at the very core of what decisions we make around tackling violent crime.

## Chapter 1 – DRAFT Southwark Violent Crime Strategy

### Background to Southwark

Alongside the City of London, Southwark is one of the oldest areas of London, with a history stretching back to Roman times. Southwark's population reached 274,000 in 2007 and is believed to be growing by as much as 4,000 per year, with a projected population of over 310,000 by 2016. The population has a young demographic profile and demonstrates rich ethnic and cultural diversity, with around one-third (90,600) of the population from black or ethnic minority communities, set to rise to 38% (118,000), by 2011. Southwark is arguably one of the most diverse areas in the capital.

Southwark is made up of eight very distinctive urban neighbourhoods that extend along the river Thames and down into South East London. The borough also encompasses some of London's top attractions, creative hotspots, scenic villages and acclaimed green spaces.

Southwark is rapidly changing, shaped by a range of regeneration programmes including The Shard in the North, Elephant and Castle, Heygate and Aylesbury Estate programmes Bermondsey Spa, Canada Water, Blackfriars and the former Woodene Estate in Peckham. Southwark is also benefiting from a £4m regeneration programme to Burgess Park which will transform the park to a regional destination.

Southwark has a wide-range of leisure and cultural opportunities and makes a significant economic and employment contribution to the local community. The north of the borough is recognised as one of London's fastest growing tourist quarters and a thriving business location.

Alongside the borough's rich vibrancy, Southwark has its fair share of challenges. The Index of Multiple Deprivation (IMD) 2007 shows Southwark as the 27th most deprived local authority nationally and 60% of the borough's wards are among the 10% most deprived in the country. Consequently, the borough faces many challenges associated with meeting the complex health and social needs of an inner-city population. Unemployment in Southwark (8.9%) is higher than the London average (6.7%) and the percentage of the working population claiming benefits in Southwark is 15.6% compared to 13.9% across London. Gross weekly earning for both men and women in Southwark is lower than the London average.

In terms of violent crime, Southwark records a significantly higher number of violence against the person and robbery incidents compared to the London average.

Whilst there have been improvements, the attainment rates for Southwark pupils at Key Stages 1 and 2, GCSE and A levels are below the national average. Teenage conception rates for Southwark are still one of the highest in England.

To meet our challenges, Southwark has a large number of physical regeneration programmes across the borough, alongside a wide range of initiatives aimed at improving educational standards, reducing crime and improving health, housing, social care and the environment.

## Chapter 2 - Introduction

### The national picture

Tackling violent crime remains one of the key priorities for the Home Office. The government has a three year National Violent Crime Action Plan “Saving lives. Reducing Harm, Protecting the Public. A National Action Plan for tackling violence 2008-11”. The strategy highlights that:

- Nationally the British Crime Survey (BCS) shows the number of violent incidents has fallen by half (49%) since 1995, representing an estimated two million fewer incidents and around three quarters of a million fewer victims.
- The number of people convicted of having a blade or pointed instrument has increased significantly between 1997 and 2007.
- Between 1997 and 2007, more serious offences such as murder or weapon related violence has increased, as recorded by the Police.
- The BCS indicates that nationally 46% of all violence is alcohol related.
- The conviction rate for recorded rape offences is less than 6%, significantly lower than for other serious violence offences.

The national action plan sets out a broad national and local framework for tackling violence. It promotes a risk based approach, assessing the factors that influence violence, broken down into four headings, **individual, relationship, community and societal**. The plan promotes partnership working to establish a range of interventions to identify and address these risk factors.

The above plan is one of several national strategies related to the violent crime agenda. “Working together to cut crime and deliver justice 2008-11” sets out the criminal justice national priority to tackle serious offences and prolific offending, in particular violent gangs, rape offenders and better support for victims of sexual offences.

In June 2007, the Government published ‘Safe. Sensible. Social: The National Alcohol Strategy’ which reviewed progress since the publication of the Alcohol Harm Reduction Strategy for England (2007). The 2007 strategy outlines further national and local actions to achieve long-term reductions in alcohol-related ill health and crime. For the first time the strategy makes it a priority to protect young people from alcohol related harm. It also highlights 18-24 year old binge drinkers and young people, under 18s, who drink alcohol and cause or experience harm to themselves and their communities.

Much of the findings in these national policies reflect the issues that we face in Southwark and are incorporated into our recommendations for Southwark.

### The regional picture

Violent crime in London remains a concern for both communities and services alike.

Chart 1 indicates the police recorded violent crime incidents in 2009/10 compared to 2008/9

Chart 1

Violent crime type	2008/9	2009/10	% variation	Green/Amber/Red
Most serious violence	11658	11099	-5%	Green
Assault with injury	59751	59592	0%	Green
Knife crime	12345	12611	2%	Amber
Gun crime	3026	3455	14%	Red
Personal Robbery	29344	30193	3%	Red
Commercial Robbery	3211	3270	2%	Red
Serious youth violence	6676	6781	2%	Amber
Youth Violence	20521	20282	-1%	Amber
Rape	2157	2857	32%	Red
Other serious sexual offences	4308	4630	7%	Red
Domestic violence	52911	51839	-2%	Green

Source: MET police weekly score card, PD71/0910/0/v1

Whilst London remains one of the safest cities in the world, the increase in weapon enabled crime and the high levels of recorded violence against women are priorities across the communities of our capital.

Serious violence and in particular knife crime and serious youth violence has been at the top of the agenda in London for several years. Despite the fact that homicide in London has been falling since 2003/4, youth homicide has increased from 15 in 2003 to 26 by 2007. In 2008, 28 young people under the age of 19 lost their lives, just under 20% of the total number of homicides. The vast majority of these were to knife crime.

In November 2008, the Mayor for London launched 'Time for Action', which sets out the Mayor's commitment to address the causes of serious youth violence. 'Time for Action' has seven key areas:

- A smarter approach to young people in custody for the first time - Project Daedalus.
- Getting and keeping kids in Education - Project Brodie.
- Mayor's scholars, London Academies and apprentices.
- Building character and responsibility - Project Titan.
- Sport and music for all.
- Establishing and disseminating best practice - Project Oracle.
- Combating the fear of youth.

Led by the Mayor's Office and London Council, The London Serious Youth Violence Board was established in 2008 to provide a strategic focus for London to address serious youth violence, gang and weapon violence.

London has also seen a renewed effort to address violence against women. Whilst domestic violence has long been recognised as a clear priority, the recent rise in the recorded statistics in rape, sexual exploitation and sexual offences in London, has resulted in increased pan London cooperation amongst key agencies to address violence against women and girls.

In March 2010, the Mayor of London launched "The Way Forward, Taking Action to end violence against women and girls 2010-13".



The objectives of the strategy are:

- London taking a global lead to end violence against women and girls.
- Improving access to support.
- Addressing health social and economic consequences of violence.
- Protecting women and girls at risk.
- Getting tougher with perpetrators.

It is also clear, from local attitudinal surveys across London, that the fear of violent crime amongst sectors of our communities is affecting their overall perceptions of safety. Addressing violent crime, through better co-ordination of services and by greater involvement of the community, will remain a clear priority for London and Londoners alike.

### The local picture

The 2008 Southwark residents survey showed improvements in both day and night time feelings of safety, with 92% (compared to 86% in 2006) of residents feeling safe walking outside alone in the daytime and 50% (compared to 46% in 2006) feeling safe walking outside alone after dark. However, the top reasons given for feeling unsafe were muggings, knife crime and gangs.

We are also aware that violent crime disproportionately affects young people, both as victims and offenders. Equally importantly, we are aware of the significance that violence has for young people through their experience at home, in the street, through media or, sadly through their own personal experience and which inevitably impacts on their attitudes towards violent behaviour.

As a result, the Safer Southwark Partnership has focused on identifying the causes of violent crime, working with our community and those affected by violence, to establish key programmes to address violent behaviour as well as attitudes towards violence.

We have seen a steady fall in violent crime over the last five years, with an overall reduction of 9% since 2005/06. This means that there have 1,116 fewer incidents of violent crime in Southwark over the last 5 years. This compares to a 14% reduction across London for the same time period and shown in Chart 2.

**Chart 2 - Southwark violent crime offences: 2005/06 to 2009/10**

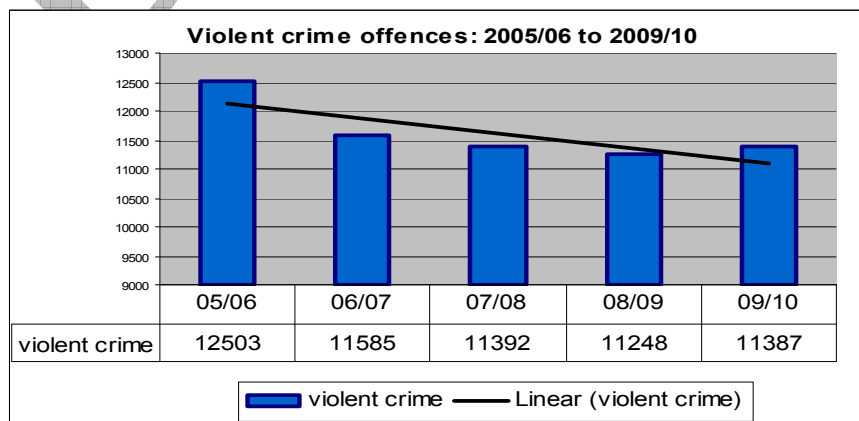
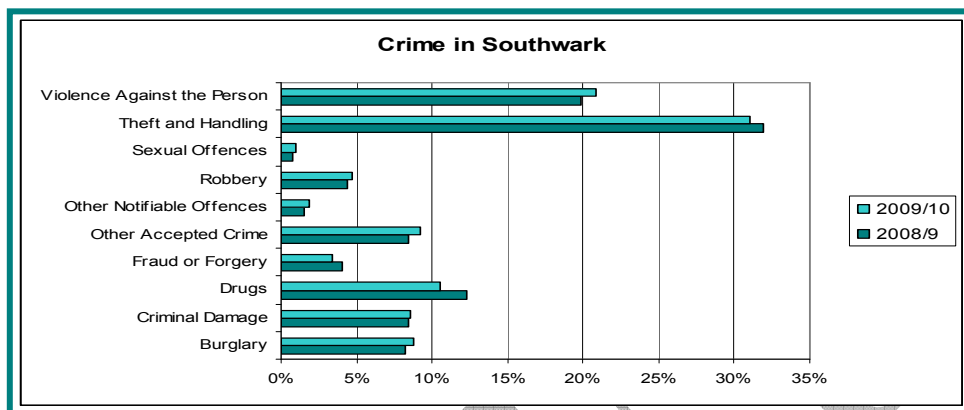


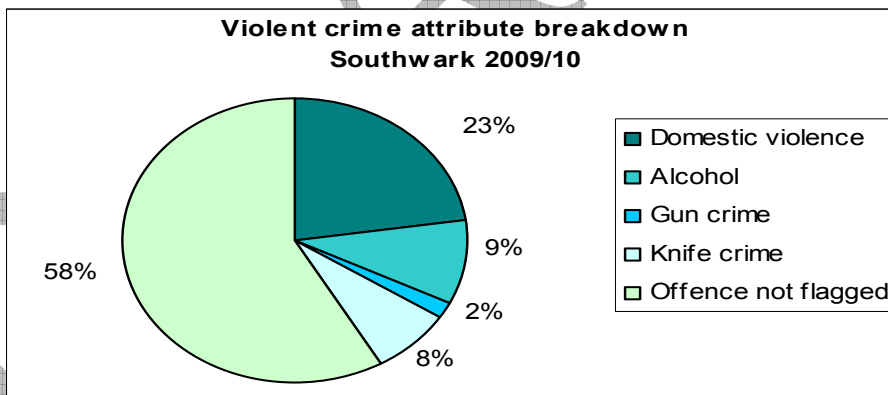
Chart 3 (below) shows that violent crime (which is VAP, robbery & sexual offences combined) accounts for approximately 1 in every 4 offences in Southwark and this proportion has been slightly increasing. Looking back over the past two years we also note that just over 80% (close to 7300 crimes) of our VAPs are either common assault, harassment or assault with injury offences, which are normally considered lower level violent crime.

**Chart 3**



Our analysis illustrated in Chart 4 below tells us that from just over 11,300 violent offences during 2009/10, approximately 23% (close to 2500 offences) is linked to domestic violence, 9% (close to 1000 offences) to alcohol related violence, 8% to knife crime and 2% (226) to gun crimes. These ratios have changed very little over the past 2 years.

**Chart 4**



Note: An offence can have more than 1 flag assigned.

The Home Office produce regular reports that estimate the economic and social costs of crime. These cost estimations are based on things such as police time, insurance costs, health costs and victim support costs, court costs among other things.

Based on these figures we can estimate that in 2009/10 the total cost of violence in Southwark was approximately £59m. The budget pressures that face services over the next few years will have an impact on how we deliver interventions. This strategy has taken this into careful consideration, looking at how we use our limited key services wisely, efficiently and with the maximum impact.

## Chapter 3 - Violent Crime Strategy – Setting our priorities

### Our Vision

The Safer Southwark Partnership (SSP) vision for Southwark is;

***To make Southwark a safer and healthier place to live, work and visit***

Our approach is set out in the SSP Rolling Plan 2008-12 which is reviewed and updated on an annual basis. Partner agencies such as the Council, Police, Fire Service, Primary Care Trust, Metropolitan Police Authority, Probation Service and Transport for London, work closely together, sharing resources and developing programmes to prevent crime, support victims of crime and enforce against those who cause harm to our communities.

The Southwark Violent Crime Strategy is a cornerstone of achieving that vision and its mission statement is:

***“To work in partnership to protect our communities against violence by identifying, at the earliest opportunity, those who are at risk of becoming involved in violent crime, either as victims, witnesses, family members, offenders or the wider community, prevent that risk escalating and take enforcement action against those who pose a risk to themselves, their families or the community through violent behaviour”.***

### Defining Violence

It is important that we are clear on what we mean by violence, particularly if we are to develop interventions to address violent behaviour.

The Safer Southwark Partnership supports and adopts the definition of violence as set out by the World Health Organisation.

***The intentional use of physical force or power, threatened or actual, against oneself, another person, or against a group or community, that either results in or has a high likelihood of resulting in injury, death, psychological harm, maldevelopment or deprivation.***

(WHO Global Consultation on Violence and Health. Violence: a public health priority. Geneva, World Health Organization, 1996 (document WHO/EHA/SPI.POA.2).)

The use of this definition is particularly important in bringing in the health related interpersonal, psychological and community impacts caused by violence. The relevance of this is clearly recognised in both the analysis of violence in Southwark, the underlying causes of violent behaviour, which are set out in this strategy, along with the recommendations for interventions, particularly in addressing most serious violence.

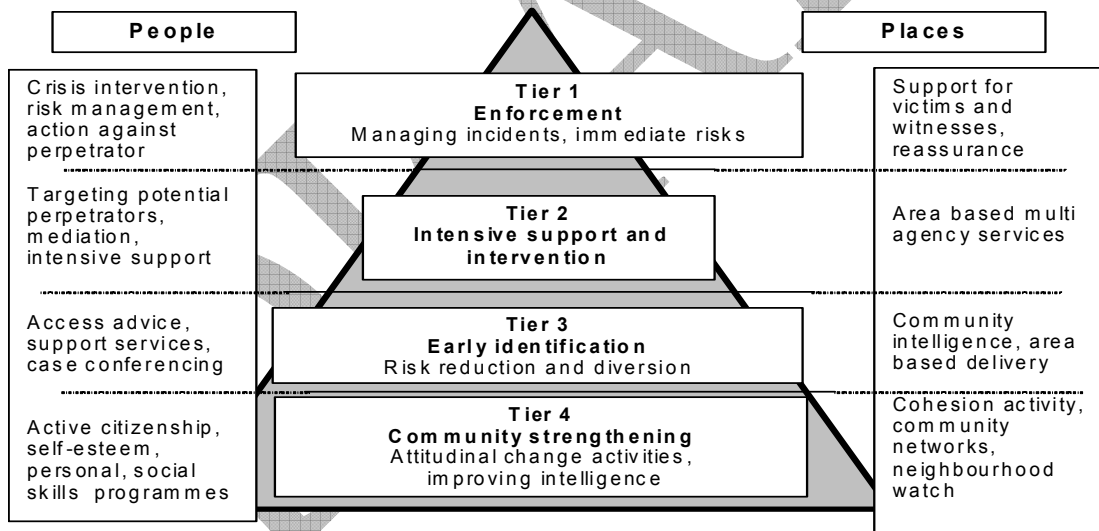
### Developing our Approach to tackle violence

The SSP has developed a whole systems approach to tackle crime and anti-social behaviour. Our experience tells us that investing in one type of intervention alone does not resolve the problem. For example, enforcement can only be effective if it is supported by local communities and other activity is taking place to change behaviour. Our whole systems approach is based on four tiers which consist of:

- ❖ **Prevention** - providing a network of diversionary and engagement programmes that can prevent people becoming involved in crime and anti social behaviour.
- ❖ **Early intervention** - providing educational and partnership support programmes together for those that are known to be on the fringes of crime and anti social behaviour.
- ❖ **Intensive support and intervention** - structured intensive support for those who are or have been involved in crime and anti-social behaviour.
- ❖ **Enforcement** - direct intelligence led enforcement action focusing on those individuals who are committing crime and anti-social behaviour.

### SSP triangle of intervention

The following triangle of intervention sets out the approach to tackling violent crime and the types of interventions that are applied at each level, either for the individuals, families or communities that are affected, or the areas in which violence most occurs.



### Our priorities to tackle violent crime

When setting our priorities for tackling serious violent crime we have taken into consideration a number of local factors:

- ✓ Southwark has a high level of violent crime, the majority of which is low level offences.
- ✓ Young people are disproportionately represented as both victims and offenders in certain types of violent crime. However to focus on young people would not address the fact that violent crime, as a whole, impacts on all communities not just young people. Indeed certain types of violence between adults, such as domestic

violence, can be as detrimental to young people in terms of their long term attitudes to violent behaviour.

- ✓ Serious violent offences involving weapons is a significant concern despite the overall falls nationally over the past 15 years.
- ✓ Southwark has a high number of offenders in custody and on average a higher number of offenders committing violent offences.
- ✓ Southwark has one of the highest numbers of recorded Domestic Violence Offences.
- ✓ Supporting victims will remain a key feature in each of the priority areas.

### **Consulting with our local communities**

As part of our approach in setting out priorities the Safer Southwark Partnership have carried out extensive consultation with our communities, those directly affected by violent crime and key voluntary and service agencies who are involved in delivering intervention to address violent behaviour.

The consultation included:-

- Questionnaire available on the Southwark Council website
- Questionnaires made available at all 8 community council meetings in the Autumn
- Focus groups with young people, victims, offenders other interested parties
- Specific workshops with services and service providers.

The key issues have been incorporated into the recommendations under each priority.

Over 200 people took part in our consultation. It is the intention of the Safer Southwark Partnership to continue consulting with our communities on the agreed recommendations, our progress and how the wider community can play an active role to improve their confidence that violent crime is being tackled in Southwark.

### **Our Priorities**

As a result, the Southwark Violent Crime Strategy covers five key priority areas:

- **Chapter 4 - Low level Violence**
- **Chapter 5 - Robbery**
- **Chapter 6 - Serious group and weapon violence:**
- **Chapter 7 - Violence against women and girls including relationship violence:**
- **Chapter 8 - Addressing violent offenders:**

The above priority areas will cover the following sections:

- **A - Context:** this section will set out the definition and trajectory.
- **B - People:** this section will describe the victim and offenders and identify specific shifts and changes in age ranges, sex, ethnic or cultural groups.
- **C - Places:** this section will look at key locations, how those locations have changed over the last five years. It will also look at how the priority may change, by hours of the day, days of the weeks, months and seasons.
- **D - Communities and communication:** this section will describe how the priority areas impacts on our communities, what they are telling us and the most effective communications to address this.

- **E - Current interventions:** this section will set out the current interventions that we are currently using based on the Southwark Triangle of intervention headings.
- **F - Recommendations:** this section will set out the recommendations for the next 5 years. The recommendations will be on a borough basis but will also include cross border, regional and national recommendations where applicable.

### **How will we measure success?**

There have been a range of performance measures which have been set across the violent crime agenda. Many of these have measured partnership activity or outputs. In other words the number of knife crime or repeat victims of domestic violence, the number of training session delivered and people contacted.

As a Safer Southwark Partnership we want to move away from these measures and look more at the outcomes for our communities, based on the impact for local people, families and victims.

It is our intention to work closely with the Home Office, MPS and GLA to set targets based on the recommendations in this strategy. We aim to have targets that measure the steps that we are taking to ensure that victims, families and local communities feel safer and have increased confidence in local services.

The delivery of the recommendations contained in the Violent Crime Strategy will be overseen by the Safer Southwark Partnership Board.

The current Safer Southwark Partnership Violent Crime Strategic Group will take responsibility for the management of the delivery and performance of the strategy and will report to the board on a quarterly basis.

## Chapter 4 - Low Level Violence

### SUMMARY OF THIS CHAPTER

#### Key facts

- ✓ In approximately 85% of low level violent incidents the victim sustained no or only minor injuries.
- ✓ May, June, July and August are the highest months for low level violence according to both Police and Ambulance data.
- ✓ Alcohol plays a significant factor when it comes to low level violence during weekend periods and in our Town centre areas.
- ✓ Alcohol is not recorded as a key factor in low level violence on estates.
- ✓ Almost 30% of Southwark's lower level violence occurs on estates.

### RECOMMENDATIONS OF THIS CHAPTER

#### Key recommendation

- ✓ Establish a multi agency programme, including increasing the visible uniformed, enforcement, presence, focused over the summer period, in the north of the borough on Fridays and Saturdays, involving communities and businesses.

#### Priority Actions

- ✓ Establish a whole systems approach which challenges the use of aggressive behaviour, involving the media but delivered by all agencies at all ages and owned at a community level.
- ✓ A review of what is recorded as low level hate crime incidents would provide greater strategic direction on the prevention of racial and homophobic crime.
- ✓ Increase data sharing with health services, such as Accident and Emergency, to support a targeted enforcement action in areas affected by alcohol related violence.
- ✓ To ensure that information on hate crime services is available to the public and front line services.

#### 4A - Context

Southwark is a high crime borough when it comes to the volume of violent offences. The majority of these offences involves minor injuries and are described as;

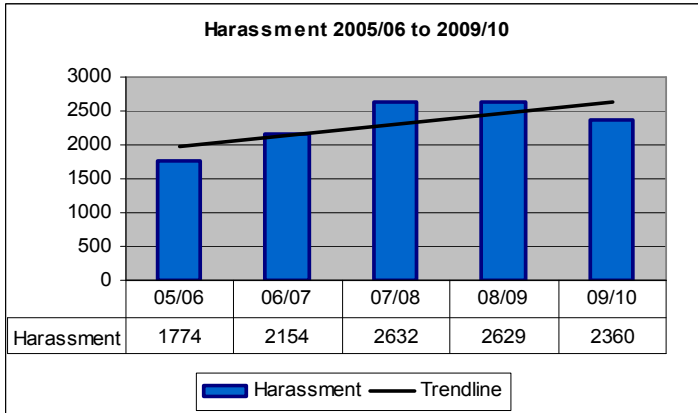
- **Harassment** - behaviour that is deemed to be disturbing, or causing or distress to the victim including threatening behaviour
- **Common assault**
- **Assault with injury**

These three offence types account for over 80% (just over 7300 offences) of the total violence against the person offences committed in Southwark and almost 15% of the boroughs total notifiable offences as recorded in 2009/10.

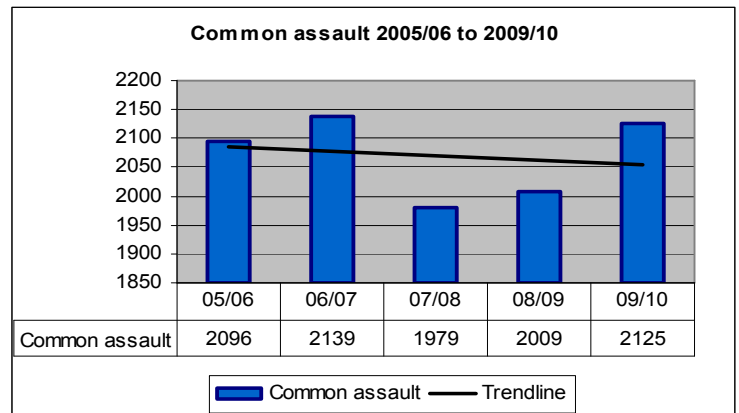
Within lower level violence there has been a 33% increase in harassment since 2005/06; an increase of 586 recorded incidents. This is the largest increase across all categories of violent offences in Southwark and compares to a 4% increase London wide. (Chart 5)

Following significant reductions in 2007/08, common assault has increased back to 2005/06 levels. (Chart 6)

**Chart 5**



**Chart 6**



### Key information:

- 10% (close to 760 crimes) of low level violence offences involve the use of alcohol, by either the suspect or victim.
- There were 50 homophobic incidents in 2009/10 which were classified as lower level violence; this represents 59.4% of all homophobic incidents.
- 73% (almost 300 offences) of racial incidents have been classified as lower level violence with the peak time being 15:00-19:00 on weekdays.
- 10% of homophobic incidents were considered to be alcohol related compared with 21% of racial incidents.
- Of the 225 alcohol related reports, recorded by Ambulance staff, the most common type of assault was 'violent patient' (105), followed by minor assault (60).
- Alcohol related low level violent crime is highest on Friday and Saturday nights between 21:00 and 05:00.
- Ambulance staff also recorded that minor head injuries, minor cuts and bruising account for approximately 40% of injuries where the assault was recorded as non alcohol related.
- 29.7% of Southwark's lower level violence occurs on estates.
- In 2009/10, there were just over 260 crimes where the victim had some form of mental health issue. Approximately 30% related to victims with learning difficulties.
- Almost 50% of offences against those victims with learning difficulties were violence against the person offences, with robbery accounting for 15%.

### 4B - People

Domestic incidents have been removed from this analysis as they are included in a separate chapter of the strategy.

**Victims:** there were 5,568 recorded victims of low level violence in 2009/10. It is important to note that only 7% of victims have reported repeat incidents.



Chart 7 illustrates victims of low level violence vary in age depending on their gender. There are a higher proportion of male victims in the age range of 25-39 and females are over represented in the age category of 15-19.

**Chart 7**

Age Range	Female	Male	Total*
Under 10	38%	63%	200
10 - 14	52%	48%	330
15 - 19	61%	39%	580
20 - 24	48%	52%	700
25 - 29	45%	55%	760
30 - 34	38%	62%	700
35 - 39	37%	63%	690
40 - 44	39%	62%	620
45 - 49	44%	56%	420
50 - 54	38%	62%	240
55 - 59	41%	59%	140
60 - 64	35%	65%	70
65 +	38%	62%	90
<b>Total</b>	<b>44%</b>	<b>56%</b>	<b>5540</b>

\* Data in this table is a snapshot at a given point in time. Totals have been rounded up to the nearest 10

In terms of ethnicity, victims of low level violence, on the whole, follow the profile of the borough with White European and Afro Caribbean being the highest two groups.

### Type of injury

Chart 6 indicates over half of the recorded incidents of low level violence, (2900) resulted in no injury. In other words the incidents were either verbal or the victim thought the suspect was demonstrating alarming behaviour, but there had been no actual assault on the victim.

**Chart 8**

Injury Level	Female	Male	Total
Minor	39%	61%	1800
Moderate	31%	69%	280
No Injury	48%	52%	2900
Serious	12%	88%	30
Threats only	46%	54%	510
<b>Total</b>	<b>44%</b>	<b>54%</b>	<b>5520</b>

### Offenders

There were 6,587 suspects for low level violence offences between April 2009 and March 2010. Of these, 58% were named and 4.4% were repeat offenders. 74% of suspects were male and the highest age range is recorded as 10-24, with a peak age range of 15-24 (31%).

Chart 9 below illustrates Afro Caribbean ethnicity is recorded as the highest category of offenders and is particularly high in the age range of 15-19.

**Chart 9**

Age Range	Afro-Caribbean	Arabian Egyptian	Asian	Dark European	Oriental	White European	Total	% of Grand total
Under 10	0%	0%	0%	0%	0%	0%	10	0%
10 - 14	7%	0%	0%	0%	0%	3%	550	10%
15 - 19	13%	0%	0%	1%	0%	7%	1160	22%
20 - 24	7%	0%	1%	1%	0%	6%	800	15%
25 - 29	6%	0%	0%	1%	0%	4%	620	12%
30 - 34	6%	0%	0%	1%	0%	4%	620	12%
35 - 39	5%	0%	1%	0%	0%	3%	490	9%
40 - 44	4%	0%	0%	1%	0%	3%	450	8%
45 - 49	3%	0%	0%	0%	0%	3%	320	6%
50 - 54	1%	0%	0%	0%	0%	2%	200	4%
55 - 59	0%	0%	0%	0%	0%	1%	70	1%
60 - 64	0%	0%	0%	0%	0%	1%	40	1%
65+	0%	0%	0%	0%	0%	0%	40	1%
<b>Total</b>	<b>53%</b>	<b>1%</b>	<b>3%</b>	<b>5%</b>	<b>1%</b>	<b>36%</b>	<b>5370</b>	

\* Data in this table is a snap shot at a given point in time. Totals have been rounded up to the nearest 10

In relation to hate crime we noted that, 61% of suspects for racial crime are white European, with the second highest group being afro-Caribbean (31.4%). Peak ages are from 10 to 19 years.

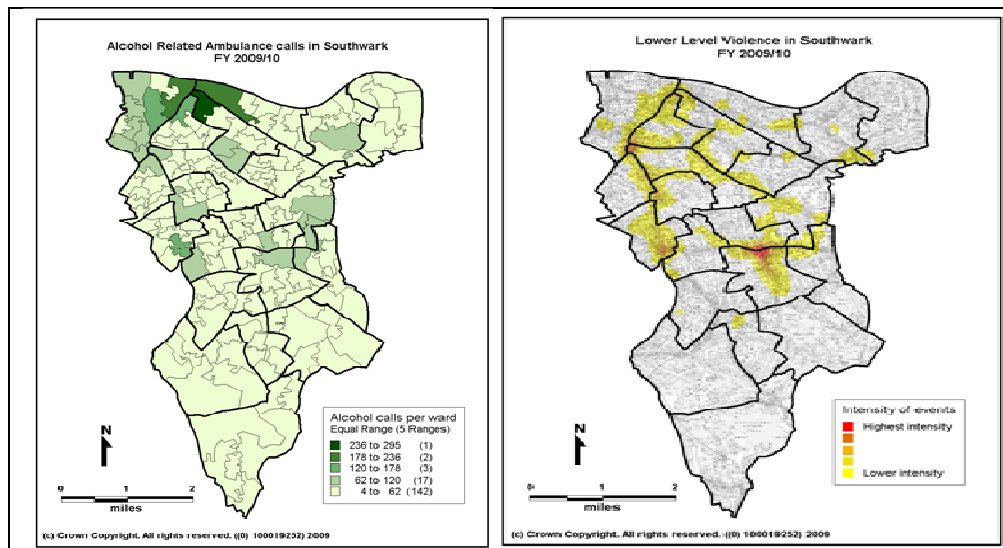
In 2558 (just over 33%) of cases of lower level violent crimes there is a stated link between the victim and suspect. Chart 10 below indicates how the victim knew the suspect.

**Chart 10**

How Known	% Total
Acquaintance of victim	28%
Neighbour	14%
Suspect/Accused known in another way	14%
Friend	8%
Parent of victim	7%
Business	7%
Education	6%
Person living in same premises	3%
Spouse / Partner	3%
Child/Stepchild of victim	2%
Ex Spouse/Partner	2%
Immediate Family	2%
Carer	2%
Extended Family	2%
<b>Total</b>	<b>2558</b>

**4C - Places**

Lower level violence in Southwark is highest around the Peckham, Borough, Elephant and Castle and Camberwell Green town centres, as well as the transport links that operate between them.

**Maps 1 & 2**

When we combine data from the Police and Ambulance Service, we are seeing a difference in the location of low level violence incidents, when alcohol is recorded as a factor, compared to when it is not.

- Data from both the police and ambulance service confirms that low level violence caused by alcohol tends to take place in the north of the borough. Map 1 shows hotspots for ambulance call outs to alcohol related incidents
- Data from the police and ambulance service confirms that incidents of assaults where alcohol is not a factor are highest in Cathedral, Peckham and Livesey wards, illustrated in map 2.

There are opportunities to use our regeneration programmes to increase a mixed use of retail and residential properties with will encourage a diverse economic community.

**4D - Communities and communication**

There has been very little qualitative analysis carried out about how low level violence impacts on our communities. However, it is clear from the volume, that low level violence has become ingrained in the social culture and attitude of many people.

Using low level violence, such as verbal abuse, harassment, threats of assault or intimidation, to deal with a difficult situation, rather than through a non confrontational dialogue, can only result in an escalation of violent behaviour.

There is little doubt, based on our research that there would be merit in establishing a whole systems approach which challenges the use of aggressive behaviour, involving the media but delivered by all agencies at all ages and owned at a community level.

Part of the approach includes ensuring that we make best use of our regeneration programmes as a catalyst to social change by introducing schemes such as Neighbourhood Agreements, Street Leader Schemes and Community Volunteers.

#### 4E – Current interventions

The current approach to low level violence is delivered as part of other programmes or initiatives such as:

- ✓ Youth mediators, lead by Southwark Mediation, and using peer mediators to find conflict resolution between young people either as individuals or groups.
- ✓ Promoting Positive Behaviour Programme: The Personal Health and Social Education (PSHE) Team are working closely with schools to develop positive behaviour programmes, including support through recognised agencies and services to address bullying.
- ✓ Work with licensed premises on alcohol related violence.
- ✓ Peace week, which runs in early September and includes a focus on racial and homophobic crime
- ✓ Stand up for Southwark, lead by the MPS Southwark Borough Commander the programmes develops close partnerships with religious groups to set standards on what is and is not acceptable behaviour for our communities

There is also considerable work undertaken by schools and children's services to address disruptive behaviour, including low level violence, harassment or intimidation. This includes the use of suspension, permanent or temporary exclusion. However, the question would remain that young people may be receiving mixed behavioural messages if they are experiencing discipline at school for what is a normalisation of behaviour on the street or at home.

## CHAPTER 5 – ROBBERY

### SUMMARY OF THIS CHAPTER

#### Key Facts

- ✓ There has been a 33% decrease in robbery between 2005/6 and 2009/10. This means there has been 1,075 fewer incidents.
- ✓ Robberies take place after school hours and late evenings.
- ✓ The peak months for robberies are at the beginning of the school term and around the Easter period.
- ✓ On average there are three offenders for every victim of a robbery incident.
- ✓ Victims of robbery tend to suffer no or very minor injuries.
- ✓ Suspects for robberies tend to be afro Caribbean males aged 15-19.
- ✓ Fast food delivery firms, cash in transit vans, bookmakers and small convenience stores have the highest number of commercial robberies.
- ✓ Routes via housing estates, between schools and our town centres are particular hotspots for robbery offences.

### RECOMMENDATIONS OF THIS CHAPTER

#### Key Recommendations

- ✓ Realign partnership resources to concentrate on after school hours and late evenings, the two peak periods for personal robbery.
- ✓ Create “safe routes” for pupils between schools and the Elephant and Castle/neighbouring estates for Southwark young people, involving local services, British Transport Police, Transport for London and residents.

#### Priority Actions

- ✓ Provide direct advice and support through schools and colleges at the beginning of the school term and around the Easter period.
- ✓ Work with central government and major retailers to establish a national working group focusing on bringing together advancements in the security industry and new technology products to improve security and reduce their resale value.
- ✓ Explore how and where property stolen through robbery is disposed of and develop a partnership approach to focus on stopping these avenues.
- ✓ Provide increased advice and support for small business most affected by commercial robberies.

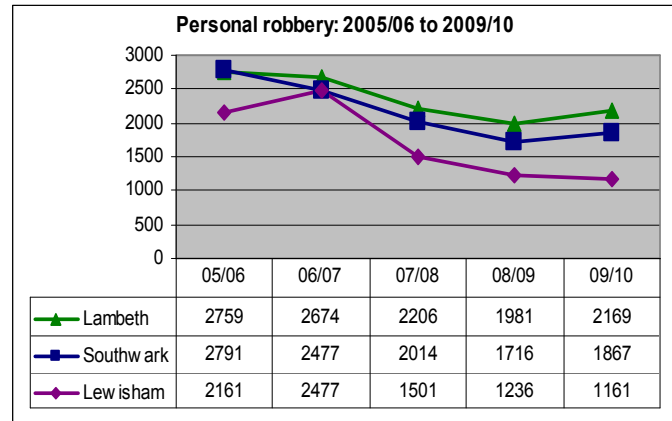
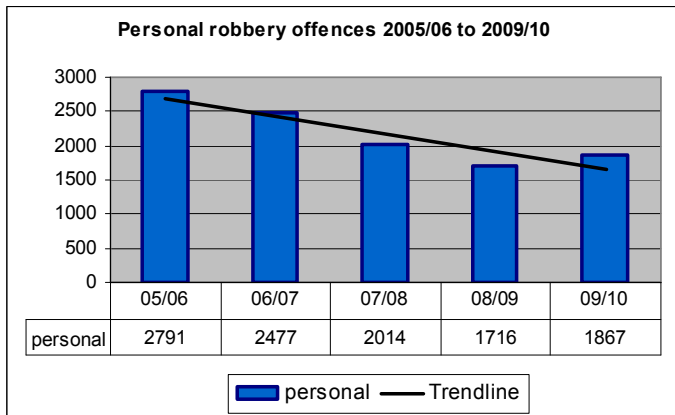
### 5A - Context

Robbery is defined as the theft of property using physical force. Robbery can include the use of a weapon, however for the purposes of this strategy, weapon related violence will be dealt with in more detail in chapter 6.

The police have treated robbery previously known as street crime, as one of their major priorities for the last decade and the increase in focus and additional resources had led to substantial drops in street crime over a 5 year period. In 2008/09, 59 % of robberies in

England and Wales were recorded by just three of the 44 police forces in England and Wales: the Metropolitan Police, Greater Manchester and West Midlands.

### Charts 11 & 12



### The Southwark Picture

- Recorded robbery in Southwark 2009/10 indicates that approximately 90% of robbery offending is concerned with robbery of personal property.
- In total 23.5% of robbery offending involved the use of a knife (59% of all knife offending).
- The period between March and June has the highest level of personal robbery. September has a further peak.
- There are two peak times for personal robbery: 15:00-17:00 and 22:00 –midnight.
- There were less than 5 robberies in FY2009/10 that were flagged by the police as being homophobic. We also noted that there were no robberies in the period that were deemed to be racially aggravated.
- The number of business robberies is at approximately the same level for Southwark in 2009/10 as it was in 2005/6.

One of the interesting factors about personal robbery is the very distinct patterns when it comes to the times when these crimes occur. Personal robbery tends to start increasing from around 15:00 hours, with a peak at around 16:00-17:00. Personal robbery tends to stay relatively high until around 02:00, although it stays high in the early hours of Saturday and Sunday mornings, until 04:00. Our analysis indicates that there is very little difference in the amount of personal robbery that occurs on each weekday.

### 5B - People

#### Victims

- Based on our analysis of personal robbery for 2009/10, males are three times more likely to be a victim of a robbery than a female.
- 40% of personal robbery victims were male aged between 10-24 with 25% of the overall victims aged between 10-19.
- Whilst victims of personal robbery are spread throughout all ethnicities, the primary ethnicity for victims of robbery are White Europeans, aged 10 to 29 which represents 33%.

- In 90% of recorded cases the victim was on their own.
- In the vast majority of cases, the victim sustained no or very minor injuries.
- Less than 1% of the victims were repeat victims.
- In a third of cases the victim was recorded as being vulnerable. The highest category of vulnerability was due to the victim being under the age of 16 at the time of the offence.
- For commercial robberies, cash in transit, pizza deliveries, bookmakers and convenience stores were the top four victims targeted. They represented 56% of all commercial robberies recorded in Southwark in 2009/10.

### Offenders

- 95% of recorded suspects for personal robbery were male and 60% where males between the ages of 15-19.
- In terms of commercial robbery the figure increases to 99% male and the primary age category is between 15-24.
- 80% of suspects are recorded as being of Afro-Caribbean ethnicity.
- The following table illustrates that, for personal robbery, offenders tend to operate in groups. In 2009/10, close to 57% of robberies were committed by groups of between 2 and 4 offenders.
- For robbery offenders over the age of 18, only 11% (25 out of 220) tested positive for drugs on arrest, with cocaine being the most common.
- In approximately 11% of personal robbery offences, the victim stated they knew the offender.

**Chart 13**

Group size	Robbery Offences
Unknown	3%
1	29%
2	28%
3	19%
4	10%
5	5%
6	2%
7	1%
8	1%
9	0%
10	1%
11	0%
12	0%
13	0%
15	0%
16	0%
<b>Total</b>	<b>1534</b>

\* Data in this table is a snap shot at a given point in time. Totals have been rounded up to the nearest 10

As the above analysis highlights, young people are disproportionately affected by robbery as both victims and offenders. Young males are more likely to be affected than females. Those committing robberies tend to do so in groups and target an individual. This information gives us with an opportunity to focus on preventative information and provide safer routes, and safer places in the areas most affected by robbery.

### 5C - Places

- Elephant and Castle has the highest level of robberies in Southwark. 30% of recorded personal robbery takes place on estates, the vast majority of which are around the south of Elephant and Castle.

- Commercial premises targeted in Southwark are often close to the Aylesbury Estate and the East Street area.
- The area to the eastern boundary of the Livesey ward has more commercial robberies than any other area. This area is along the Old Kent Road, Ruby Street and on the border with Lewisham.
- Personal robberies are also prominent in Southwark on routes too and from schools.

The regeneration programmes in Elephant and Castle, Heygate and Aylesbury provide agencies with the opportunities to use crime design schemes to create safe routes from schools to our town centres and transport hubs to help reduce incidents of robbery.

### 5D - Communities and communication

The table below shows the average value of the top eleven most stolen items. It can be seen that some are of extremely high value, namely jewellery, mobile phones, pedal cycles and computer/laptops. The resale value of this property will not be nearly as high as its original value, but is easily disposed of to electrical shops, pawnshops, second hand shops and independent handlers.

**Chart 14**

Type	No.	Ave Value
Mobile Phone	837	£129.65
Currency (British)	581	£150.60
Credit/Cash/Debit card	289	£0.00
Purse/Wallet	260	£24.57
Jewellery	229	£606.82
Handbag/Shoulder Bag	205	£89.96
Travel Documents	148	£50.88
Keys	124	£15.91
Pedal Cycle	112	£255.37
Driving Licence	109	£12.09
Computer/Laptop	101	£471.00

For commercial robberies, currency or easily disposed of items such as alcohol or cigarettes are the most stolen items.

In personal robbery incidents, it is often the case that more than one item is stolen, for example a handbag or hold-all containing numerous items. The value of the items are considerable and the fact that it significantly disrupts the person's life, with no access to money, travel card, mobile phone or loss of household keys, with all of the arrangements that have to be made as result, has a huge impact.

From a business point of view, the impact on staff and customers alike can be devastating on a businesses and long term future.

There is no doubt that whilst technology advances and new, more powerful and higher value portable products are developed, or as we have seen with pedal cycles, security measures are not geared up to life style changes, personal robbery will continue to have an impact on our communities.

There is certainly an opportunity for central government to take a lead on merging the security industry advancements, such a finger print recognition with technological



advancements such as iPads, eReaders and iPhones, to reduce the resale value of new products and reduce the impact of robbery.

### **5E – Current interventions**

There have been numerous interventions and prevention programmes to tackle personal and commercial robbery. These include;

- Prevention advice through communication campaigns about keeping personal property safe.
- Advice to parents and young people on carrying valuable items or money to and from school.
- Increased police and warden presence around schools and transport hubs, after school.
- Working with Transport for London to better co-ordinate uniformed staff, such as Southwark Wardens, Police and revenue officers, on key bus routes at key times of the day.

### **Reducing the resale value of “hot products”**

- Working with mobile phone retailers to register all mobile phones at the point of sale.
- Working with bike retailers to establish a record log of all bike sales including frame number and distinctive codes to the purchaser.
- Supporting retailers with special deals on high quality bicycle locks.
- Use of property marking such as Smartwater to help identify stolen items and potentially the offender.
- Direct work with second hand dealers, cash converters and resale web sites such as eBay and Gumtree to identify and recover stolen products.

### **Supporting victims:**

- Working with pizza delivery firms around taking phone numbers and calling back prior to the driver's departure, carrying small amounts of cash and fixing immobilizers to vehicles.
- Police driving willing victims around the location of the incident to identify suspects.

## CHAPTER 6 - Serious Violence including group and weapon violence

### SUMMARY OF THIS CHAPTER

#### Key Facts

- ✓ The combined total of the crime categories “wounding/Grievous Bodily Harm” and “assault with injury” has fallen 14% since 2005/06 in Southwark.
- ✓ Local and regional research highlights that the illegal economy, retribution and personal conflict, or disrespect are the critical combinations which cause gang and weapon violence.
- ✓ Analysis highlights that there is a difference between victims and suspects of serious violent incidents where alcohol is a factor, compared to where it is not.
- ✓ There is often correlation between chaotic and dysfunctional backgrounds and/or a significant event as a factor in identifying those committing serious violence.
- ✓ Our qualitative research indicates that current interventions are not effective on a small number of individuals who cause significant violent crime.
- ✓ Location is a critical factor for gang and weapon violence, particularly where there is a combination of key estates closely based around town centre areas.
- ✓ Locations of serious violence incidents vary where alcohol is a factor, compared to where it is not a factor.
- ✓ Homicides are being committed by an older age range, (19 plus), who have a history of disruptive behaviour and criminality connected to the illegal economy.

### RECOMMENDATIONS OF THIS CHAPTER

- ✓ Develop multi agency approach on a clearly defined area focusing on the estates and connected illegal economy.
- ✓ Ensure early intervention is targeted at those most at risk of committing serious violent crime and that exit programmes enable people to make personal decisions to move away from serious violence lifestyles
- ✓ Develop a single multi agency scaled approach to enforcement and support that utilises the range of resources within the borough.
- ✓ Base the scaled approach model on a shared agreement around risk, intervention and intelligence, sharing and targeted at those individuals who are agreed as posing a significant risk.

#### Key Actions

- ✓ Establish a multi agency team to tackling alcohol related serious violence

### Introduction

Often referred to as “most serious violence”, this chapter will cover the following issues:

- Serious wounding
- Weapon related violence, particularly knife and gun violence
- Homicides
- Gang or serious group violence

The partner agencies of Southwark have developed a definition which describes the current dynamics that take place between “gangs” and social groups. The definition was developed with direction from voluntary and community groups, including people involved in a gang or group lifestyle.

#### **A 2009 definition of “Gangs”**

**“Organisational Gangs”**- a well structured business organisation with a distinctive brand. Organised gangs have a defined territory which is not geographical but based on highly profitable criminal activity such as drug markets. Organised gangs will have clearly defined positions within its structure and will use a range of recruitment methods, including coaching fostering and head hunting to ensure stability for the business and longevity of the gang. Organisational gangs carry out specific acts of serious violence to protect their business. Members of organisational gangs are influencers often held in high esteem amongst urban street groups.

**“Urban Street Groups”**- a group of three or more individuals who have developed a close association through the area they have grown up in, the school they have attended, family or other community based networks. They have a defined identity and commit a range of anti social behaviour and criminal activity. The street group will have a geographical territory (endz). They are chaotic in nature often carrying out acts of serious violence due to respect or retribution. Street groups may have links to organisational gangs, in terms of providing profits through the drug markets, acting as drug or weapon mules, or even carrying out acts of violence on behalf of organised gang member. The members are imitators of others rather than influencers over others.

(Toy, J, 2009)

#### **6A - Context**

Serious violent offences are relatively low in number. For example in 2009/10 serious violence accounted for less than 2% of all crime in Southwark. However, the impact on the community, families and friends can be devastating. Whilst London still records low levels of serious violence compared to many of the world’s major cities, violent crime impacts on the perceptions of safety both for Londoners and those that visit our city.

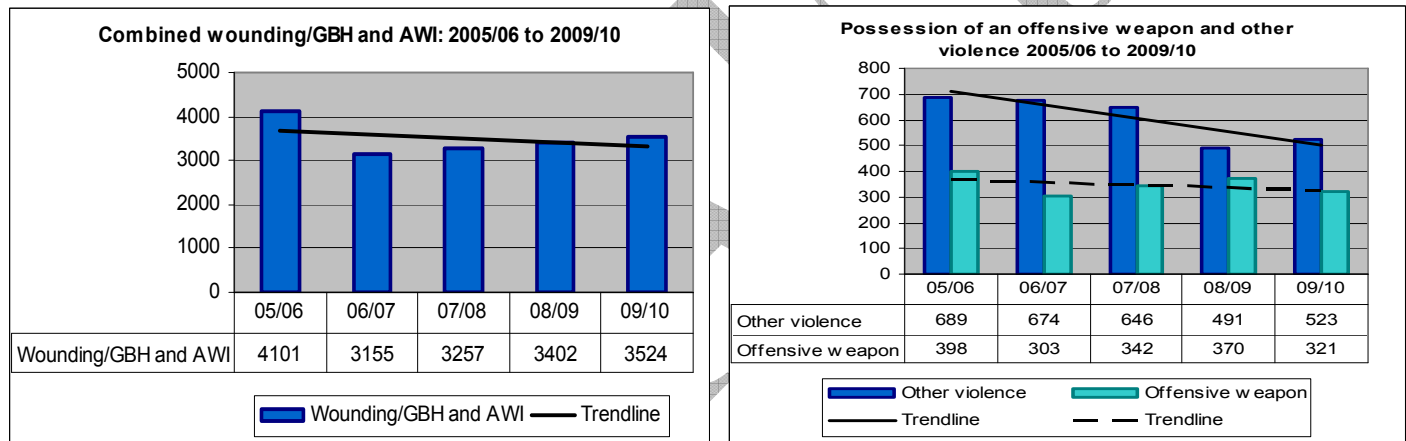
#### **The national picture**

- Nationally, weapons were used in about one in five (21%) of violent crimes as measured by the 2008/09 BCS (this figure has been stable over the past decade).
- There was a fall in the number of homicides involving a knife or other sharp instrument (down from 270 to 252) between 2007/08 and 2008/09 but a rise in the number of attempted murders involving a knife (from 245 to 271 offences).
- Nationally the number of police recorded offences involving firearms fell by 17% between 2007/08 and 2008/09 and has decreased by 26% since peaking in 2005/06.
- There was a large reduction in the number of firearm offences resulting in injury (down by 46% in 2008/09) mostly due to reductions in slight injuries and associated with large reductions in the use of imitation weapons (down 41%). There was a small rise in the use of shotguns and handguns (both up 2%).

## The Southwark Picture

- In Southwark, 34% (185 offences) of most serious violence crimes involved the use/threat of a knife.
- Knife injuries in Southwark have fallen by 26% (180 to 134) in the 12 month period September 2009- September 2010, compared to the previous 12 months, as recorded by the London Ambulance Service. Knife injuries for the age group 8 -19 has fallen by 27% in the same period. (Chart 15 and 16)
- In Southwark in 2009/10 6% (31 offences) of most serious violence crimes involved the use of a gun. (Chart 15)
- In Southwark, recorded incidents of possession of an offensive weapon has decreased by 19%,(77 less incidents) and "possession with an offensive weapon and other violence", has decreased by 29% (243 less incidents), over the last five years from 2005/6 to 2009/10
- Five racial incidents were related to gang offending.
- 5 homophobic incidents in FY2009/10 which were classified as Most Serious Violence.

**Chart 15 and 16**



The above partnership information is telling us that whilst knives and guns are either intimidated or shown in serious violent offences, they are not being used as much to inflict injury. There may be a number of factors for this change; educational messages around knife crime having an impact, tougher sentencing for carrying a knife, the impact of targeted stop and search, weapon sweeps and knife arches. The combination of these measures is clearly positive and needs to be targeted in areas and at the times most affected by weapon violence.

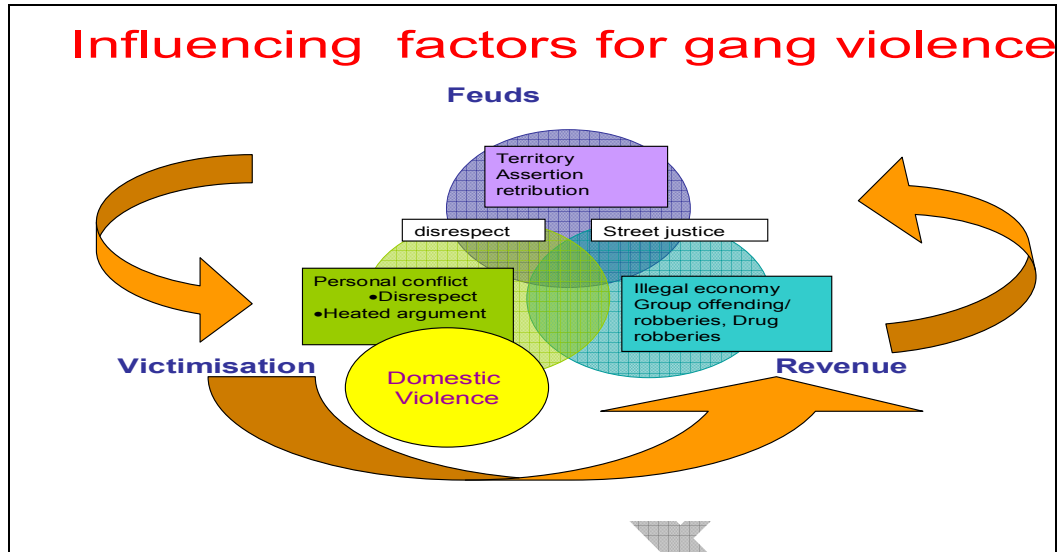
## 6B - People

Whilst alcohol plays a significant role in different forms of violent crime in Southwark, for knife crime and gun enabled crime, alcohol was not a significant feature in the recorded incidents.

However our detailed research over three years in Southwark indicates that serious violence involving gangs and weapons is determined by interconnecting social and personal factors. Our study, which focused on homicides, highlighted that the connection between the **illegal economy**, (usually the illegal drug markets), **conflict or retribution** over territory, (including the drug territory and personal conflict, or **disrespect** are the

critical combinations which cause gang and weapon violence. The interrelationship is set out in diagram 1 below. In addition domestic violence is a prevalent factor for Southwark, which is covered in the following chapter.

**Diagram 1**



### Identifying and addressing risk factors of serious violence including group and weapon violence

Our research has helped to identify a number of key risk factors for serious violence. These risk factors have helped shape services and/or programmes. They are also consistent with the findings of the World Health Organisation in their publication "European report on Preventing violence and knife crime among young people". (World Health Organisation 2010). The evidence highlights the following key risk factors for serious youth violence involving weapons

- Young males are at significantly increased risks of involvement in violence among young people and knife-related violence, particularly those who engage with delinquent peers.
- Children who suffer adverse experiences in childhood are more vulnerable to becoming involved in violence and weapon-carrying in adolescence.
- Exposure to other forms of violence and fear of violence in schools and the community also increases young people's risk of involvement in violence among young people and knife-related violence.
- Income and social inequality and deprivation are strong risks for violence.
- Alcohol and drug use are strongly related to violence and weapon-carrying."

The above findings echo our research. They also support the key risk factors identified in this chapter particularly those highlighted in our case studies and the interventions that we have recommended below.

### 6B – Victims and Offenders

With regard to victims and offenders, there is significant cross over between youth offending and serious violent crime, as illustrated by the figures below.

## Victims

- 30% of knife crime involved a victim who was aged 17 and under. A further 11% involved victims aged 18-19.
- 39% of gang related offending, involved a victim who was aged 17 and under. A further 9% involved victims aged 18-19.
- There were 23 victims of gun crime, 21 of the victims were male and the age range of 15-24 being the most common.
- The peak age range of alcohol related serious violence is 20 – 29, 47% of all victims were within this age range.
- Most victims of alcohol related serious violence are of white European ethnicity, specifically those aged 20 – 29.
- 

The following chart shows the type of injuries sustained as a result of serious violent assaults in 2009/10

**Chart 17**

Injury Level	% Female	% Male	Total*
Fatal	0	100	5
Minor	20	80	150
Moderate	16.5	83.5	270
No Injury	34.5	65.5	30
Serious	6.5	93.5	200
Threats only	50	50	4
<b>Total</b>	<b>100</b>	<b>560</b>	<b>660</b>

\* Data in this table is a snap shot at a given point in time. Totals have been rounded up to the nearest 5

## Offenders

- There were 152 suspects for alcohol related serious violent offences in 2009/10.
- In 72% of alcohol related cases, the suspect was not known to the victim.
- 34% of knife crime involved a suspect who was aged 17 or under. A further 14.5% involved suspects aged 18-19.
- 46.8% of gang related offending involved a suspect who was aged 17 or under. A further 16.5% involved suspects aged 18-19.
- 43.9% of suspects of serious violent offences are Afro-Caribbean aged between 10 and 24.
- 88% of suspects of serious violent offences are male.
- There were 57 suspects for gun crime, twice the number of suspects compared to victims. 47 of the known suspects were male and just under 80% were aged 15-24 and described as Afro-Caribbean ethnicity.

## Case studies

We wanted to look at some of the factors that cause individuals to become serious violent offenders. We have carried out a study of 15 individuals involved in serious violence, connected to groups or gangs. We have researched their backgrounds to see if there are common features, which has led them into a lifestyle of violent behaviour.

The table in **Appendix 1** sets out the background and influencing factors for each of the 15 individuals. In order to ensure anonymity, we have given summary information relating to each of the key factors.

The analysis clearly indicates a number of similarities;

- Individuals are generally known first to services such as schools, social care and mental health providers. This may provide opportunities for future joint working and more targeted early intervention
- The violent behaviour does not just happen; it develops and escalates over a period of time. There are opportunities to review how and when we intervene as partners.
- There is often correlation between chaotic and dysfunctional backgrounds and/or a significant event which triggers violent behaviour. The case studies identified that there were three common features in the family background which stood out. Firstly, there was often a member of the family who had ill health which resulted in a significant part of the emotional support for the family being focused on dealing with the ill health. Secondly, there was a period of family trauma, domestic abuse, family breakdown or serious incident that acted as a trigger point to the behavioural issues. Thirdly, there was a sibling or family member already involved in serious violence or gang violence.
- The study indicates that there are opportunities to improve when we intervene and the type of interventions used. This could be achieved if there was better information sharing, shared agreement on risk and type of intervention needed. Interventions especially for young people should be able to draw on range of resources commissioned by the youth crime management board and the scaled approach, such as mental health support. This builds on the finds of the Wave Report publish in 2005 which highlights that the attunement between a very young child and their parents can have an impact on the propensity to violence in future years.
- The study highlights that even when the individual is arrested and charged of an offence including a serious offence, they are not always brought to justice. It is clear that in the vast majority of cases the offences result in no judicial outcome or an outcome which is of insignificant consequence to the offender. The study also indicates that after a period of offending supportive interventions are having no impact at all on the individual's violent and criminal behaviour. Therefore, greater consideration needs to be given to how interventions provide support as well as a tougher stance on enforcement.
- The main reasons for the no judicial outcome was that they offended in a group which resulted in a level of anonymity for a meaningful prosecution, the victim decided not to proceed or the CPS decided not to take the case forward.
- In the vast majority of cases the individuals have been victims of a violent offence and in 30% of cases a victim on more than one occasion.
- Drugs play a significant part in the escalation of violence. The use of class B drugs or involvement in the illegal drugs market features in every case.

All of the above points are explored further in the chapter and in our recommendations.

## **6C - Places**

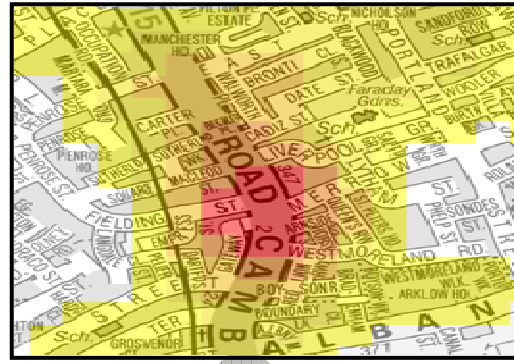
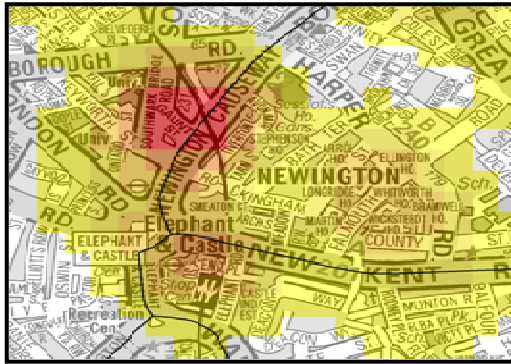
There are some specific changes in the location of serious violence compared to other types of violent crime.

- Almost 18% of all serious violence involving a group or gang occurs in either Peckham or The Lane ward.





Map 4 &amp; 5



## Homicides

As part of our detailed research into serious violence in Southwark we have carried out an analysis of homicides in Southwark in 2008/9 compared to 2009/10.

### Homicides in 2008/9

- There were 14 homicides in 2008/9 in Southwark. Nine of the victims were male, six were female.
- 75% of the accused offenders were male.
- In two of the homicides the victim was under the age of 18. In both cases the weapon used was a knife and the motivational factor was personal conflict or disrespect.
- In 72%, the suspect was already known to the police.
- A gun was used as the weapon in four of the homicides and all four were related to the illegal economy. In once case the victim was an innocent person in a drive by shooting.
- Two of the recorded homicides involved offenders in a group of three or more.

### Homicides in 2009/10

We have looked at the number of homicides in Southwark in 2009/10 and compared the background of the victims to those of the offenders. Chart 19 highlights the dominant factors:-

**Chart 18**

2009 - 2010	No. Homicides	Victims aged 18 +	Known to police	Domestic Violence	Linked to illegal economy/drugs
Number of victims	6	5	4	2	4

2009 - 2010	Suspects identified	Linked to gangs	Suspects known to Police or agencies	Known criminal history	Links with illegal drugs	Previous history gun/ knife related incidents	Suspects aged 19 or over
Number of suspects	8	5	7	8	6	5	8

Our conclusion from our research and the other detailed analysis described in the section above is that we are seeing older persons, who have a history of criminality,

carrying out serious weapon related violence, which is linked to the illegal economy, usually the illegal drugs market, or personal conflict. The use of guns as a weapon is more prevalent in this group than knives. Offenders are known to agencies and have a clear connection with the victim.

## **6D - Communities and communication**

The SSP has worked closely with its communities to help identify the key emerging issues at a local level and develop responsive programmes to address these. The Southwark community gangs forum has been at the vanguard of this approach, bringing together community and voluntary groups, young people and specialists, to not only highlight the issues, but to actively deliver interventions, many of which are set out below.

Our approach in the future will be to build on the success of agencies such as St Giles, Safe Programme (Peckham), Fairbridge, St Giles, Life, From Boyhood to Manhood and Involve who provide vital one to one support services. However, our future approach will be to use the findings of the research to focus on interventions that are most effective. Specifically, connecting these key voluntary organisations so they work more collaboratively and direct these services to areas, individuals and families where the interventions will be most effective.

We also recognise that Southwark cannot do this alone. Southwark has been instrumental in establishing a cross border alliance with Lambeth, Croydon, Lewisham and Greenwich to share intelligence, develop key programmes enhance and expand existing programmes which are effective and provides a network of knowledge for agencies and other local authorities.

Part of our approach over the last three years has been to take a lead role in working with our neighbouring boroughs to share good practice, develop programmes that will achieve additionality to what we are delivering locally and to share intelligence which will help to identify trends and individuals whose influence spans the borough boundaries.

The SSP has also worked with our community and voluntary agencies to deliver community and interagency educational awareness programmes focused on why people get involved in serious violence, how to identify the trends and where to go to get help.. There is a clear opportunity to develop these programmes for other key parts of our communities.

The feedback from our consultation on serious violent crime supports the findings and recommendations set out in this chapter. There is an overwhelming support for a more visible uniformed presence in areas, affected most by serious violence and a consistent multi agency enforcement approach. This has been fully reflected in the recommendations and next steps as outlined in this chapter.

## **6E – Current interventions**

Our interventions for alcohol related serious violence is focused on our approach to the night time economy. These are covered in the Southwark Alcohol Strategy and the associated action plan.

[http://www.southwark.gov.uk/downloads/download/2550/alcohol\\_strategy\\_2010-12](http://www.southwark.gov.uk/downloads/download/2550/alcohol_strategy_2010-12)

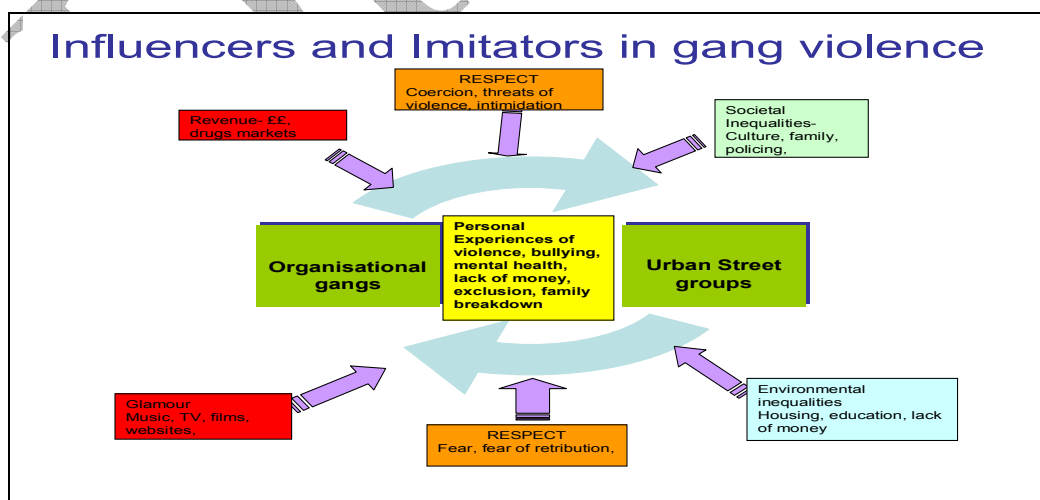
The remainder of this section will focus on the partnership approach in Southwark to address group, gang and weapon violence. The SSP has developed an approach which looks at what the motivators, or drivers, are, in committing violent crime. The practitioners report, 'Die Another Day' published in 2009, sets the influencing factors for involvement and the motivational factors for change, making clear recommendations to regional and central government and setting out a strategic direction for Southwark and London.

In regard to youth crime, joint working between the youth offending service (YOS) and the borough partners is central to effectively supporting young people involved in serious violent crime. Furthermore, strong links are key to ensuring integrated offender management and good intelligence sharing between partners as the young person approaches adulthood. The YOS is currently undergoing a significant restructure to better ensure that resources and processes are targeted to those who pose most risk and ensure a good quality and robust approach is taken to statutory youth offending work including assessment and interventions. Central to these developments, will be the joint work with the SSP to explore how multi agency resources, coupled with enforcement can be better used to deliver a scaled approach for those identified as committing multiple and/or serious offending.

All of our work tells us that in order to address violence we have to focus on the individual and identify the issues that drive them to commit violence as well as the factors that protect, or prevent them from doing so. The SSP will continue to give people involved in violence positive life choices and skills which will enable them to break the cycle of violence. (see diagram 2)

We also recognise that the motivational factors for change alter as those involved get older. Key long term life choice decisions have a far greater influence; whether it is a long term relationship, a child, a stable legitimate income, a safe home, or the death of close friend, group or gang member. The SSP has established specialist services delivered through voluntary agencies such as St Giles Trust and Involve, who will provide the long term intensive support required.

**Diagram 2.**



The SSP has adopted a risk based approach to addressing serious violence. At each level we have established programmes to reduce the risk. Key programmes include;

### **Community involvement**

- Gangs community forum: monthly community and voluntary sector meeting to identify emerging trends and developing programmes to address them.
- Community Road Shows: public awareness raising sessions delivered in locations across the borough, throughout the year.
- Causes and Consequences: awareness raising sessions with the voluntary and community sector on serious violence, recognising signs and where to get help.
- Southwark Community Games: delivering diversionary sport based programmes for young people.
- South City Radio: awareness raising discussion programmes for residents in Southwark, with phone in session on serious violence issues.
- GATES: run by Victim Support, advice and texting services to support parents, family members or friends on concerns about serious violence issues. Approximately 1,400 people have registered on the Gates advice service and over 130 calls were received from the public.
- Multi agency patrols and weapon sweeps: around schools and on estates to prevent violent incidents escalating after the school period.
- Test Purchase programmes: carried out by Southwark Trading Standards through both local retailers and the internet to stop the underage sales of offensive weapons.
- Safe Programme: originally established by Eternal Life Support Centre, SAFE offers a range of educational programmes, personal and mentoring support to young people and provides facilities such as free access to IT equipment and a music studio.

### **Early Identification**

- Wasted Project: anti knife programme delivered by Southwark Youth Offending Service to offenders who have committed knife related crimes.
- Southwark YOS Gangs Disruption Team: providing a range of educational and sessional programmes to both young people and parents who are involved in gang or group violence. The team dealt with over 80 cases in 2009/10.
- CASTLE Project: providing high level home security to the home address of individuals or families who are at risk on serious violence.
- Home Visit programme: delivered through community safety, the Youth Offending Service and Police, these face to face meetings, with a family and individual who is becoming known for group violence. 1:2:1 support is offered through a range of voluntary organisations including St Giles, Safe Programme (Peckham) and Life. We carried out over 40 home visits in the last twelve months and seen an overall reduction in violent behaviour by the cohort.
- Community Advocacy Programme: trained community advocates who work on a one to one basis with individuals who engage through the home visit programme.

### **Intensive Support Programme**

- Intensive advocacy support: delivered by St Giles Trust and Involve to known gang offenders through local agency referral or Probation Service on exiting custody. Since the programme was established, the programme dealt with almost 100 cases, supporting clients into housing, education and employment.
- SERVE: programme to re-house at risk individuals or families due to serious gang or group related violence. The programme works with Housing Associations

to provide short term accommodation and advocacy support through Victim Support to help them move on. In the last 12 months we assessed over 30 cases and helped move 12 clients.

- Gang mediation programme: delivered through the voluntary organisation, Capital Conflict management, the programme provides conflict resolution between gangs to prevent the escalation of violence. The project has taken 6 referrals and 2 successful resolutions have taken place.
- Pathways Programme: a three tiered approach, calling in individual involved in serious violent offending, offering them support if they want it, but being clear that enforcement action will be taken if they continue their involvement. Advocacy support is provided through voluntary organisations, St Giles and Involve. A key component is the community involvement which provides a strong message to stop the violent behaviour.
- From Boyhood to Manhood:- provide educational and mentoring support through schools, for individuals and parents who impacted by serious violence and violent behaviour.

### **Enforcement**

- Operation Hamrow: a multi agency programme to identify and take enforcement action against individuals or groups involved in serious violence.
- YOS risk management panel: identifying youth offenders who are involved in serious violent offending and providing multi agency interventions to reduce risk.
- Legislative powers: wide use of powers such as dispersal zones, injunctions, closure orders, evictions, and confiscation of assets to stop serious violence and the illegal economy that drives serious violent offending.
- ASBO's: use of anti social behaviour orders to curtail the movements and behaviour of individuals involved in group or gang violence.

Central to our approach going forward is to identify which programmes should remain and form the basis of our multi agency single offer to those involved in serious violent crime. This will be based on key principles such as impact and value for money and how provision can meet the needs of our offending community and support that communities, parents and offenders to take responsibility for their outcomes.

### **6F – Southwark- the next steps**

Southwark has been long recognised as one of the leading authorities in its approach to tackling serious violence, in particular group and weapon violence. As part of this strategy we have worked with academics, researchers, practitioners and those involved in serious violence to identify the changing trends that will influence us most over the next 5 years.

As a result there are 5 key recommendations for the next 5 years that have come from of our cumulative knowledge and with the acknowledgment that we will need to use the reduced resources available to us for the maximum impact.

- ✓ **Location matters:** the evidence indicates that serious violence and in particular group and weapon violence has its core in small tightly defined areas. Although those involved in gang and weapon violence will travel many miles, they do so to control their illegal economy territory and carry out retribution. The actual origin of this activity is based on estates within neighbourhoods. As Diagram 2 illustrates

(Toy, 2009), environmental inequalities, such as poor housing, lack of meaningful employment, poor prospect of academic achievement, are reinforced by social inequalities such as cultural discrimination, fragmented family life and perceived police discrimination. Stanko and Hales report highlights : (*"Policing violent places: a strategic approach to reducing the harm of violence in communities"*), that in London "10 per cent of murders and grievous bodily harm (GBH) occurred in only 13 wards (2.1 per cent of wards). Furthermore, one quarter of all serious violence in London occurred in only 49 wards (less than 10 percent) ". The report recommends a "worst first", approach to tackling serious violence. For Southwark, our research leads us to the conclusion that this approach needs to focus to key estates around the Peckham Town Centre area, as highlighted above.

- ✓ **Redefining the local economy:** Part of the challenge facing agencies is that the violence itself is connected to the illegal part of the local economy. Significant elements of the criminal economy, most notably drug dealing and associated criminality are embedded within local communities. As such they are visible to local residents, facilitate entry into criminality for some local young people and provide certain benefits to local residents and businesses, including supplementing legitimate incomes. Whilst we need to concentrate on local estates in local neighbourhoods, we also need to work with local communities, educational and employment agencies to create a strong legitimate economy which can countermand the embedded illegitimate economy.
- ✓ **Points of Intervention:** It is difficult to determine of all the children and young people known to services, which ones will go on to be offenders, or even serious offenders. However, going forward, more targeted early intervention will remain central to our approach. Our limited resources will mean that our approach to early intervention for serious violent crime will be directed at those who have already offended (as set out below – catching the wave of serious violence), and who are assessed as likely to go on to serious offending. Key to this will be good information sharing and a shared agreement between partners regarding risk and interventions needed.
- ✓ **Catching the wave of serious violence:** Our cohort case study indicates that serious violence doesn't just happen, it develops through disruptive behaviour, low level crimes, escalating in robberies, drug possession and supply through to serious violent behaviour and possession of firearms. Our recent evidence as outlined above is showing that a critical time period is at the age of 17-21, when the individual or more often the gang, fragments. As this wave crashes the next wave, younger members, learning the lessons of their predecessors, is already emerging. Providing intensive 1:2:1 support for those individuals in the age range of 17-21 who have consciously made a decision to change their lifestyles needs to be a key component of how we work. This is evidenced by the work of agencies such as St Giles SOS project, SERVE and the successful cases in the Pathways Programme.
- ✓ **An Enforcement continuum:** For those individuals who are involved in serious violence whether they are at the "crest of the wave" enforcement has to be robust. There are three specific issues, based on our research related to enforcement which has changed the dynamics of serious violence.

A common enforcement message: As highlighted in this chapter, the use of enforcement is not consistent. Indeed the research indicates that in many cases an enforcement approach by one agency is countermanded by another. Consistently our research indicates that parents, guardians or family members feel that they don't have the full

information from agencies or, state that they feel they don't have the power to punish at home. To be successful in our recommendation there needs to be a collective agreement on what is and what isn't acceptable and a common enforcement message for any actions which deliberately go beyond the boundaries of acceptability. We need to develop programmes such as Stand up for Southwark in a local context and own by the wider community.

When we enforce: Key to this will be how we use the statutory enforcement powers of the YOT, in conjunction with the range of intelligence, support and resources available across SSP partners. One case study highlighted that a person was involved in over 20 anti social or criminal incidents, between the ages of 11 and 15, escalating in severity. On only two occasions did they get charged with any offence. This is not uncommon when we look at repeat offenders (see Appendix 1). There is a clear opportunity for partnership agencies to work more collaboratively to apply enforcement action as a form of early intervention within the first 12 months, for individuals and groups, as they start emerging.

Criminal justice: there is still a view amongst our communities that criminal justice doesn't take appropriate measures to protect them from those who commit serious violence. This is borne out in our cohort case studies, as highlighted above where a high percentage of charged offences result in no penalty or judicial outcome. Whilst we might want communities to be more forthcoming in providing information on serious crime, they need to be confident that individuals will be brought to justice and that justice will not allow them to remain within the community where they pose a threat.

### **Establishing an Intervention Framework**

Our next steps will be to create an interventions framework for this specific location. A core part of the partnership approach will be to use our regeneration programme for Peckham as a foundation for our intervention framework. This will include using the regeneration of the commercial area as set out in the development plan, establish a mixed use night time economy, attracting families as well as music and entertainment venues. We will ensure that the regeneration programme includes key crime design elements, light and CCTV improvements, both within the town centre but also as part of estate improvement programmes and new housing schemes such as the former Woodene Estate. Improvements to the public transport infrastructure will help to reduce crowded areas and ease congestion in the busy Rye lane and Peckham Road area.

- A range of locally based agencies from the public, voluntary, business and community sector.
- The establishment of a multi agency intelligence system which will form the core of identifying the individuals and families who will most benefit from our targeted interventions.
- An economic alternative to the illegal economy and will look at examples from other areas such as access to employment opportunities at a local level, flexible child care which enables single parents to take on evening employment and supportive apprenticeships schemes aimed at 18-24 year olds.
- Establishing direct access to a range of early intervention activities; sports, drama, music, media and cultural development; that will lock young people into programmes which challenge and progress their ability.
- Providing a visible presence that works within the community based locally to the area at time when the community needs them most.

- Basing specific services locally so that they are within the heart of the community.
- Intensive 1:2:1 support for those individuals and families, in a targeted way through our risk based approach, focused at the key transitions time from when disruptive behaviour starts to develop, into early adulthood.
- The community taking a lead role in both setting the standard of behaviour for their area and the delivery of programmes locally that will provide support for families and directed the resources that are provided locally.

We will establish a violent crime action plan by early 2011 which will set out the intervention framework and its overall delivery.

".policing will be most challenging in areas where illegal economies are heavily entrenched. It is essential ...that the police build community trust and confidence, both through what they should do (listen, consult, solve crimes, bring offenders to justice, use powers carefully and in a specific and targeted manner) and what they shouldn't do (aggressive tactics, racial profiling, wrongful arrests, as these tactics degrade the high level of trust necessary in a context where protection against retaliation is fragile).  
**Stanko and Hales report : "Policing violent places: a strategic approach to reducing the harm of violence in communities MPS 2009**



## CHAPTER 7 - Violence against women and girls

### SUMMARY OF THIS CHAPTER

#### Key Facts

- ✓ Domestic abuse has a significant impact on children and young people.
- ✓ In almost a third of all cases of sexual abuse the suspect is known to the victim.
- ✓ 15-19 year old males are over represented as suspects for sexual offences.
- ✓ Peckham has the highest increase in cases of domestic abuse.
- ✓ April, May and November are the peak months for sexual offences.

### RECOMMENDATIONS OF THIS CHAPTER

#### KEY RECOMMENDATION

- Provision for domestic violence and sexual offences is reconfigured in line with recommendations of the SSP and Children's Trust review of domestic abuse services, due to conclude in December 2010.

#### Key Actions

- To deliver a healthy and respectful relationships campaign as part of the above review.
- To work closely with a range of other partnership bodies, including safeguarding boards, to improve our understanding of Honour based Violence, Female Genital Mutilation, and forced marriage and human trafficking.

This chapter will focus on:

- Domestic abuse (DA)
- Sexual violence, including rape

Whilst the chapter focuses on women and girls who are disproportionately affected, we fully recognise that same sex abuse and abuse against men are important issues in their own right. Our review on domestic abuse services will include these areas.

The Safer Southwark Partnership broadly supports the priorities and recommendations contained in the Mayor of London's strategy "The Way Forward, Taking Action to end violence against women and girls 2010-13". As such this chapter will reflect the priority areas, with a greater emphasis on the key issues that affect women and girls in Southwark. Whilst the definition of domestic abuse includes Female Genital Mutilation, locally this is addressed through the Southwark Safeguarding Children's Board (SSCB).

Tackling domestic abuse is a shared priority for Southwark Council and our partners. The 2010-2013 Children and Young People's Plan (CYPP) identified as a priority 'Fewer children and families experiencing domestic abuse'. Domestic abuse also features as a recommendation with actions in Southwark's last serious case review (SCR). Based on this, and a change in reporting rates locally, domestic abuse service provision was identified as a key area for improvement.

Following discussion at the SSP and Children's and Families Trust a leadership group has been established. This group will provide the vision and strategic direction for redesigning our domestic abuse systems. Key aims include:

- Simplified and joined up care pathways, within a clinical governance framework.
- A shared agreement of risk frameworks and effective threshold managed across risk levels.
- Interventions to tackle perpetrators and developing the role of the multi agency risk assessment conference (MARAC).
- Best use of resources, particularly a standardised approach to independent domestic violence advocates (IDVAs).
- A multi agency commissioning approach, with a clear lead commissioner.
- Community leadership to tackle a perceived acceptability of domestic abuse.

## **7A – Context**

### **Domestic violence**

Domestic violence is not an offence in its own right. For example if a partner or ex-partner has carried out an assault, then the crime is recorded as an assault. A domestic violence flag will be added to the crime report.

### **Domestic Abuse**

#### **The national picture**

- The NHS spends 3% of their total budget on treating the physical health of victims of domestic abuse ([www.womensaid.org.uk](http://www.womensaid.org.uk)).
- London has a higher rate of domestic abuse than the average for England and Wales (Home Office 2004-8 British Crime Survey).
- Nationally, 16% of violent incidents are recorded as domestic abuse.
- 42% of domestic abuse victims are victimised more than once.
- National figures show that 30% of domestic abuse begins or escalates during pregnancy.
- Nationally, 65% of cases of children on a child protection plan are domestic abuse related.

#### **The local picture**

- In Southwark, 40% of Merlin referrals are domestic abuse related; 30% of these trigger initial assessments.
- From December 2009 to February 2010, of 88 clients of one IDVA just over 70% had children and eight were involved with a social worker where the children were subject to a CPP; all children remain on the risk register.
- In the past 12 months, the 167 children were considered as part of the cases referred to MARAC .
- The trajectory for domestic abuse offences is downward; there has been an 11% decrease in recorded offences between 2005/06 and 2009/10.

### **Sexual Offences**

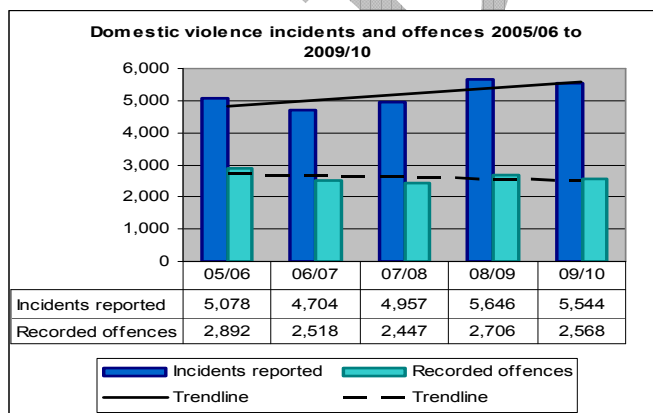
### The national picture

- On average just 10% of rapes are reported to the police. (Povey D, Coleman K, Kaisa P and Roe S January 2009, Homicides, firearms and intimate violence 2007/8).
- The London Ambulance Service is called to approximately 450 rape/sexual assault incidents a year.
- Only 22% of serious sexual violence incidents are brought to justice per year (Iquanta 2009).
- The rape conviction rate was 6.5% for England and Wales. This is the second lowest conviction rate in Europe, after Scotland.

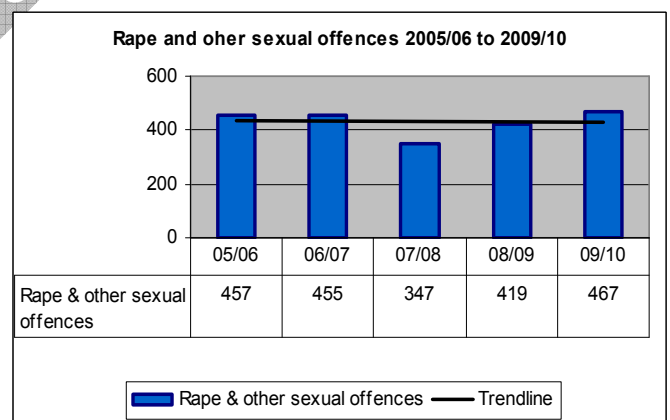
### The local picture

- Rape and other sexual offences have increased over the last two years, following a dip in 2007/08. Consequently in Southwark current levels are 2% higher than 2005/06. This compares to a 3% reduction over the same period London wide. (Charts 19 and 20)
- Southwark is one of London's highest volume boroughs for overall sexual offences
- 12% of the total sexual offences reported to the police in Southwark are committed by and against young people aged from 11 to 16. This is proportionate to the Southwark population figures.
- In 14.2% of rape cases, and 6.8% of sexual assault cases, the victim had some form of mental illness or learning difficulty.
- There was no rape of sexual offences in 2009/10 that were deemed to be racially aggravated.

**Chart 19**



**Chart 20**



### Honour Based Violence

- Regionally, the Metropolitan Police recorded 256 incidents linked to honour based violence in 2008/09, of which 132 were criminal offences. This is a 60% rise compared to the previous twelve months. (BBC news 7<sup>th</sup> December.2009 "honour crime rising police say" news.bbc.co.uk).

## 7B – People

**Victim demographic** (based on information from 2009-10)

### **Domestic abuse:**

- The peak age ranges for victims of domestic abuse is 20-29 years old.
- 43.8% suffer minor injuries and 42.9% suffer no injuries.

### **Sexual Offences:**

- There were 312 recorded rape or sexual assault cases in Southwark in 2009/10.
- 94% of recorded victims of sexual offences in 2009/10 were female, with almost half of these victims aged between 10 -19 years.
- Afro Caribbean and White European were the two highest categories for victims of sexual offences.
- There were 6 recorded repeat victims in 2009/10.
- 72 victims had either drunk alcohol or taken drugs on the day in which they were assaulted (22% of all victims).
- Of the 16 internet related recorded sexual offences, 7 victims were aged 10 -14, which equates to 10% of the recorded sexual offences for this age group.

## **Offenders**

### **Domestic abuse:**

Approximately 10% of domestic abuse offenders are repeat offenders. Domestic abuse offenders almost exclusively offend alone. Where there were multiple suspects, they were almost always family members.

Over 80% of domestic abuse offenders were male. 52.9% of domestic abuse offenders were aged between 20 and 34, with the peak age range being 25 - 29 (just under 20% of the total).

44.8% of domestic abuse incidents involve a couple in an intimate relationship. The next highest category is ex-partners (36.9%), followed by immediate family (15%) and extended family (2.9%).

In terms of victim-offender relationship where the suspect is a partner, 46.2% are classified as a boyfriend and 28.3% as husband.

There are fewer ex partners than current partners shown as suspects. For boyfriend / girlfriend relationships, more suspects recorded as ex boyfriend than current boyfriend. Almost three quarters of ex partners are classified as ex-boyfriend, with ex-girlfriend being the second most common (14.2%).

For domestic abuse committed by family members, males are the prevalent offenders. Offenders are recorded as son (31% of total 'family' offences), brother (25%) or father (11%). There are few numbers of 'extended' family members recorded, but the most common is 'brother in law' (28.3%).

It could be inferred that one of the risk factors for domestic abuse in boyfriend / girlfriend relationships is the end of that relationship. The same cannot be said for married or common law partners, where the opposite appears to be true, potentially due to factors such as the custody of children, or the tenancy or ownership of family homes.

**Sexual offences:**

There were just under 380 offenders in this year and in 73% of cases the suspect was alone. There were 17 rape cases where there were three or more suspects.

In 61.5% of cases the suspect's name was known, either by the victim or as the result of police/partnership investigation. In 30% of cases nothing is known regarding the suspects name. In 34 cases, the victim knew either a first name, surname or tag name of one of their assailants.

99% of suspects are male. 59% of suspects are described as Afro-Caribbean with the highest age range between 15-19, representing 17% of suspects

Chart 23 indicates the nature of any stated relationship, where one has been reported.

**Chart 21**

<b>How Known</b>	<b>% Total Sexual Assault</b>	<b>% Total Rape</b>
Acquaintance	17%	30%
Family	6%	3%
Friend	4%	7%
Medical	2%	0%
Neighbour	1%	3%
Other	2%	2%
Relationship	10%	22%
School	8%	4%
Stranger	48%	28%
Work Relationship	3%	1%
<b>Total</b>	<b>190</b>	<b>120</b>

\* Data in this table is a snap shot at a given point in time. Totals have been rounded up to the nearest 10

**7C PLACES****Domestic Abuse**

- In terms of reported incidents of domestic abuse, the biggest increase was in the Walworth community council area, with a 24.7% increase in incidents 2008/09, compared to the previous year.
- In the first 6 months of 2009/10, Peckham community council area had the biggest increase (32.7%) of reported incidents

**Sexual Assaults**

There are clear variations in the locations for differing types of sexual assault.

**Rape:**

- Newington, South Bermondsey and Grange wards recorded the highest number of rapes in 2009/10.
- Just over a third of recorded rape offences in 2009/10 occurred on estates.
- 66% of recorded rape offences took place in either the victim's or suspect's home.

**Sexual Assault:**

- The recorded incidents of sexual assault are spread across the wards in the borough in 2009/10.
- A quarter of offences in 2009/10 occurred on estates.
- 21% of recorded sexual assaults occurred on the street and 20% occurred in the victim's home.

The peak months for sexual offences are May, June and November. These increases do not follow the trend of other types of violent crime.

### **7D - Communities and communication**

The review of domestic abuse has highlighted the need for community and democratic leadership to tackle the perceived acceptability of domestic abuse. The aims will be to,

- Raise awareness of what domestic abuse is and harmful behaviours
- Increase reporting to council and partnership services
- Reduce repeat incidents of domestic abuse
- Enable communities to deliver their own solutions

### **7E – Current Interventions**

#### **Independent Domestic Violence Advocates (IDVAs)**

IDVAs are specialist case workers whose role involves the professional provision of advice, information and support. Southwark has generic IDVAs as well as specialist IDVAs e.g. for mental health service users, for young victims between 12 and 25 years of age and for lesbian, gay, bi-sexual and transgender victims. Southwark also has an independent sexual violence advocate service for victims of rape and sexual assault. The vast majority of the advocacy work is delivered through the voluntary sector such as Bede, Victim Support, Haven and African Advocacy Foundation.

#### **MARAC**

The MARAC provides a multi-agency response to victims who are at high risk of serious domestic abuse, working with both statutory and voluntary sector agencies to reduce risk and provide appropriate services to victims as a priority.

#### **Housing transfers and the Sanctuary Scheme**

Southwark's Housing department has procedures that allow for quick management transfers for high-risk victims, either within or outside the borough. Southwark has a Sanctuary scheme which enables victims to remain in their own homes safely.

#### **Refuges**

Southwark has 24 bed spaces in refuges, including spaces for victims with disabilities.

#### **Routine Enquiry**

Southwark has pioneered the use of routine enquiry. Routine enquiry is simply asking if someone is a victim of domestic abuse, based on the assessment of risk factors. It was piloted in the Anti-Social Behaviour Unit, where there was a disclosure rate of 42%.

### **7F – Southwark- next steps**

The leadership group made up of lead officers and partners will provide strategic direction to the review of domestic abuse services, enabling an agreed service model to be developed by December 2010. The recommended model will then be commissioned by April 2011.

Southwark has brought together the domestic abuse, sexual offences and other crimes of violence against women and girls within sexual offences and domestic abuse steering group. This group will:

- To deliver a healthy and respectful relationships campaign as part of the above review
- To work closely with a range of other partnership bodies, including safeguarding boards, to improve our understanding of and statutory requirements for Honour based Violence, Female Genital Mutilation, and forced marriage and human trafficking.
- Ensure that the steering group deliver on the priorities as set out in the SSP rolling action plan as well as helping implement outcomes from the domestic abuse review.

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## Chapter 8 - Addressing violent offenders

### SUMMARY OF THIS CHAPTER

#### Key Facts

- ✓ Southwark has the highest number of receptions into London Prisons.
- ✓ 21% of adult offenders and 38% of youth offenders had been arrested for violent offences.

### RECOMMENDATIONS OF THIS CHAPTER

#### KEY RECOMMENDATIONS

- ✓ To review and improve current arrangements for identifying and supporting young people and adults at risk (Risk Management Panel, MAPPA and PPO) to ensure offenders are managed by the most appropriate scheme locally. To include transitioning arrangements for those transferring from young person to adult services.
- ✓ To agree a shared risk assessment framework to ensure we target our partnership resources at key individuals effectively and to maximise the resources at our disposal.

#### KEY ACTIONS

- ✓ Establish and resource an Integrated Offender Management (IOM) system following the publication of the Ministry Of Justice Green Paper and the learning from the whole system review.
- ✓ Review Community Payback provision and how this is delivered locally including increasing the opportunities for communities and Registered Social landlords to nominate areas of focus.
- ✓ Ensure that Southwark female offenders have access to services and are linked into local, regional and national provision.

This chapter will specifically look at how we address serious violent offenders and the risk based approaches that we apply and how we could improve them.

The Safer Southwark Partnership will be publishing a Reducing Re-offending Strategy, later this year, drawing on the findings made in the Violent Crime Strategy and incorporating the key recommendations relation to violent offenders.

#### 8A - Context

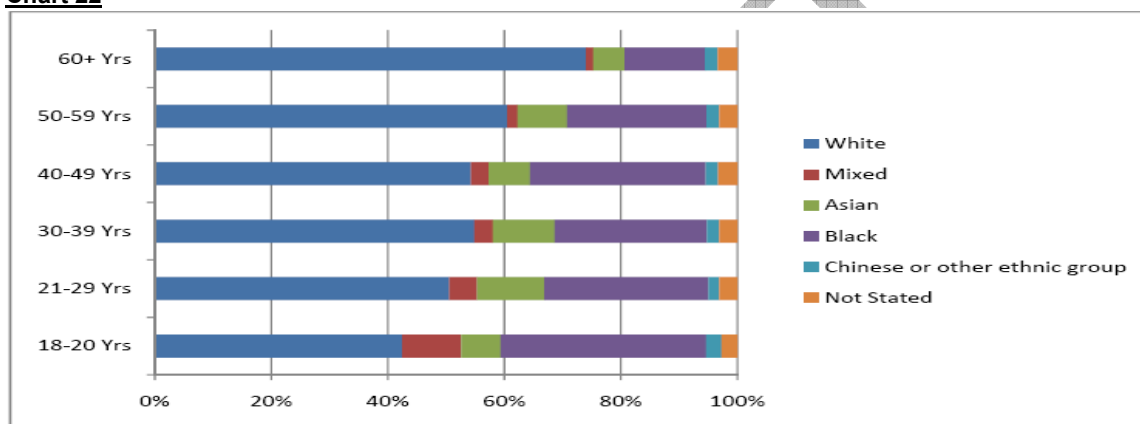
- There were 33,811 prisoners who were screened upon their reception into London Prisons in 2008/9. 81% usually reside in a London Borough.
- 60% of prisoners, who were sentenced, were sentenced to less than 12 months.
- Violence against the person accounted for 21% of the offence type, of offenders who commenced community orders or license supervision with the London Probation Service. Violence against the person was the highest category for offence type. Sexual offence made up 2%.
- Alcohol support was identified as a need in 22% of London Offenders in custody and 31% of offenders in the community.



- 9% of all receptions into custody in 2009 were female, with 76% of those sentenced on reception serving less than 12 months. Prison data relevant to Southwark in 2008/9, indicates 50% of offenders convicted of a serious violent offence had a previous conviction.

The following chart, from the London Borough Profile Report 2009 (NOMS London, Ministry of Justice Sept 2009) illustrates the ethnic profiles of prisoners by age. As it can be seen prisoners who are 50 and older tend to be white, whereas younger prisoners who are in their late teens are more likely to be black or of mixed ethnicity. When we look at this information alongside the ethnic profile for suspects for violent crime in the age range of 15-19, (see previous chapters), we can clearly see that the ethnic profile for offenders in adult offending institutions is likely to change dramatically over the next 10 years.

**Chart 22**



## 8B – People

The following information is focused on Southwark based offenders commencing supervision with the Youth Offending Service and London Probation Service.

### Youth Offending

In 2009/10, there were just under 1400 offenders under youth offending service (YOS) supervision. 38% of this caseload had been arrested for violent offences; of which:

- 81% are male
- 57% are Black or Black British
- 75% are aged between 14 to 16 (inclusive)

### Adult Offending

- There were 1,441 offenders from Southwark who commenced supervision with London Probation Service in 2008/9.
- 1117 were on community orders and 324 were released from custody.
- The highest offence type was Violence Against the Person with 290 offences, 20% of the overall total. Drug offences were the third highest recorded offence type (178) with 12% of the total.
- 62% identified a need for education, training, and/or employment. 58% identified a need for thinking and behavioural support.

- The Prolific and other Priority Offenders (PPO) scheme have capacity to manage and enforce against 40 of the most prolific dwelling burglars, motor vehicle offenders and robbers in Southwark. The aim of the scheme is to 'resettle and rehabilitate' offenders, support access to mainstream services and provide supervision. Swift enforcement action is taken if offenders who have been selected onto the scheme to do not comply with their Order or engage in offending.
- Women on the Probation caseload were more likely to be serving community sentences than men; 87% in comparison to 78%. The most frequent offence type for women was theft and handling (23.3%) and Violence against the person (18.46%).

### **8C – Places**

Information is now available from NOMS that can tell us more about the location of offenders in Southwark. Most recent information indicates that Peckham (230) and Faraday (190) wards had the highest number of resident offenders in 2009/10 (based on prison discharge data). Livesey, Nunhead, Brunswick Park and Camberwell Green were the next highest with 180 in each ward self reporting resident offenders based on prison discharge data.

The information should be used with some caution as it is self reported however it gives a good indication of where any community based interventions should be based. This approach was used to identify a base for the Southwark Diamond Initiative Pilot, currently based in Faraday ward, targeting interventions, support and enforcement activity with resident populations.

### **8D - Communities and communication**

Southwark has worked closely with the Probation Service since 2006 to develop a successful Community Payback scheme which replaced what was known historically as Community Service. Community Payback forms part of a Community Sentence issued by the courts to offenders who commit certain low level crimes. Offenders are then required to undertake between 40 and 300 hours of unpaid work in the community.

The aims of Community Payback are two fold, to punish offenders for their crimes (without the requirement to serve a prison term) and to ensure that offenders 'pay back' something to the community that they have offended against. Offenders who have committed low level violent crimes such as assault or harassment form part of the offender cohort who are required to deliver payback as part of their Community Order.

Since the start of the scheme, over 300 areas have benefitted from work carried out by offenders serving Community Payback including graffiti removal, removal of bulk waste and litter, landscaping and painting projects. We are already working with the Safer Neighbourhood Teams to identify areas that could benefit from work carried out by those serving Community Payback and will look to increase the number of referrals from community groups.

### **8E – Current Interventions**

**Risk management panel**

The panel coordinates the supervision, support and enforcement activity for young people assessed as at high risk of reoffending and high risk of harm to the public. This includes violent offenders.

**MAPPA**

Multi-Agency Public Protection Arrangements (MAPPA) is a mechanism via which sexual and violent offenders, both adults and young people, who pose a high level of harm to the public are managed safely in the community. There three agencies who act as Responsible Authorities, namely Probation, Police and the Prison Service. It is these three agencies who are responsible for ensuring that MAPPA is in place and a comprehensive risk management plan for each offender is in place. Other relevant agencies have a duty to co-operate with MAPPA. They include the Youth Offending Service, Children's Services, Housing, Mental Health. Job Centre Plus etc. The latter agencies have a responsibility to refer the relevant offenders into the MAPPA process and act as the leads in managing the risk the offender presents if appropriate.

**Prolific and other Priority Offenders**

Coordinates the supervision, support and enforcement activity for young people (up to 10) and adults (up to 40) assessed as 'prolific' and committing offences of local priority. These include but are not limited to dwelling burglary, motor vehicle crimes and robbery.

**London Diamond Initiative**

Coordinates the support and enforcement activity for adult offenders who have served less than 12 months in custody and who live in a defined geographical area. Currently 6 wards, however an expansion plan is in motion that will see the pilot expanded to all wards in Southwark.

**Supporting Women Offenders**

As a result of the Corston Report which acknowledges that women offenders have different needs from male offenders, the Probation Service now provides a number of services and interventions specifically designed for female offenders. These include a women only group offending behaviour programme and a supervision programme designed for women and delivered on a 1:1 basis. In addition all female offenders subject to any form of probation supervision are offered a female offender manager.

## APPENDIX 1 SERIOUS VIOLENCE CASE STUDIES

The below case studies looked the economic and social costs of the offences that individuals were both perpetrators and victims of. In order to do this we used Home Office cost of crime estimates that take into consideration things like the value of stolen property, victim services, health services, insurance costs and criminal justice costs to provide an average cost per offence. Using the figures we were able to make conservative estimates and found that the cost of offending of these 15 individuals was close to £570,000 and the cost of being victimised (that includes attempted murder) was close to £4,600,000. So in total the costs were in the region of £5,100,000.

Case study	Age when first came to notice	reason	Suspect history	Judicial outcomes	Family	Victim history	Interventions applied
1	12	Minor offence	Over a three year period:- Possession of drugs Violent disorder Attempted murder Disorderly behaviour (several counts) Residential burglary Actual bodily harm Robbery Possession of an air weapon in a public place	Fine £15 NFA x 7 Not Guilty x 4 3 month referral order Warning Reprimand	Single parent family with siblings One sibling directly linked to gang activity	Attem'd murder	ASBO 3 month referral order
2	14	Possession of an offensive weapon	Possession of an offensive weapon Possession of class B drugs (several counts) Theft of Motor Vehicle (several counts)	Conditional discharge (several counts) Fine £150 Attendance Centre Compensation Order Disqualification order (driving) Community Rehabilitation Order Fine £50	Single parent family, older siblings, one linked to gang activity Individual in temporary accomm'n Parent has health support needs	Harassment Victim of shooting	Custody Mentoring support Drug treatment support. Pathways Probation intervention particularly around Education and employment

				Community Order			
3	12	Harassment/ school exclusion	Following offences over a 3 year period Harassment (several counts) Grievous Bodily Harm Robbery (several counts) Commercial robbery TDA Possession of an offensive weapon S.4 Public Order Possession of cannabis Supply of class A drugs Breach of ASBO several counts	4 convictions including:-  1x £15 fine  2x YOS 12 month supervision order  1x referral order  1x reprimand  NFA'd 5 times  Found not guilty x3	Mother and father, supportive family environment.  Parents have health related support  Family reside in Public sector accomm'n	Victim of assault	Supervision order  Referral order  School exclusion (?)  Parenting Support  ASBO
4	8	Victim of hate crime	Grievous bodily harm (several counts)  Actual Bodily Harm  Robbery (several counts)  Common assault  Witness Intimidation  Possession of an offensive weapon (several counts)  Damage to a motor vehicle	Final warning  12 month supervision order (2 separate occasions)  Not guilty x 5  3 month action plan order  NFA'd x 9  Compensation order (several counts)  School exclusion (several counts)  ASBO	Single parent family with younger siblings  Family reside in Public sector accomm'n	Victim of hate crime	Home Visits  School exclusion  Parenting order  ASBO
5	8	Child welfare concerns	Over a two year period:-  Theft of motor vehicle (several counts)  Grievous bodily harm  Possession of drugs  Possession of an offensive weapon  Robbery  Actual bodily Harm  Threatening behaviour (several counts) Breach of court bail	Warning  Reprimand  NFA'd x 5  ASBO	Supportive mother. History of drug misuse and domestic abuse  Older and younger siblings  Family reside in Public sector accomm'n	Victim of a serious assault  Victim of assault (several counts)  Victim of theft  Victim of robbery	Home Visit  ASBO  Parenting support  Relocation of whole family  School exclusion

			Breach of ASBO (several counts)				
6	13	Suspect of Actual Bodily Harm	Actual bodily harm (several counts) Possession of class B drugs Robbery Common Assault	NFA'd 7 3 month referral order Warning Caution Breach of ASBO	Mother Father and siblings. Supportive family background	Victim of robbery	3 month referral order Excluded from school Parenting Support Home Visit ASBO
7	12	Disruptive behaviour	Rape Sexual offence (several counts) Possession with intent to supply (several counts) Possession of an offensive weapon Public order Offence Grievous Bodily Harm Common Assault (several counts) Threats to cause criminal damage Money laundering Possession of a firearm	9 month community order Supervision order NFA'd x3 Short term custodial sentence x2 Warning	Single parent family 3 siblings One sibling involved in gang related violent offending Severe violent trauma in the family family reside in Public sector accomm'n	Victim of a shooting Attempted shooting Victim of a stabbing (several counts)	9 month community order Supervision order Transfer of accomm'n Pathways
8	12	Internal exclusion at school	Over a three year period:- Common assault Damage to vehicle Disorderly behaviour Failing to surrender Affray Possession with intent to supply Robbery (several counts) Violent disorder Theft from person	NFA;d 6 Not guilty 3 Conditional discharge 4 month referral order Supervision order £40 compensation Guilty and £15 fine	Single parent family with older siblings. None involved in gang activity Mother and father separated when subject was 12 Family reside in Public sector accommodation	Victim of attempted shooting	School Exclusion Fines Conditional discharge Referral order Supervision order Home visits Parenting Support ASBO

			Breach of ASBO (several counts)				
9	12	Shop lifting	ABH several counts  Drug Offences (several counts) Common assault  Possession of an Offensive weapon	NFA'd x 3  2 year custodial sentence  PND x2	Single mother, two siblings.  Victims of harassment and intimidation resulting in temporary child protection intervention for the family	Theft of motor vehicle  Murder victim	imprisonment
10	12	robbery	Over a three year period:-  Robbery (several counts)  Damage to property  Taking a motor vehicle and other driving offences Aggravated vehicle taking and other related offences (several counts)  Breach of ASBO (several counts)	NFA'd x 7 Not guilty x 2 6 month referral order Payment of £20 compensation	Single parent family with older sibling connected to gang activity  Family reside in Public sector accomm'n	N/A	Excluded from school 6 month referral order  Home Visits  Parenting support  ASBO
11	12	Referral to Social Service from NHS	Over a four year period:- Residential burglary  Sexual offence  Possession of an offensive weapon  Robbery (several counts)	5 month referral order  NFA'd x 5  Compensation order  8 month detention and training order	Mother and father separated..  2 siblings	Victim of a stabbing	5 month referral order  8 month detention and training order  Statemented for special educational support  School exclusion
12	11	Threatening behaviour	Over a four year period:- Threatening behaviour  Robbery (several counts)  Handling stolen goods  Grievous Bodily Harm  Witness intimidation  Possession of an offensive weapon	Temporary school exclusion (primary school)  Reprimand  Warning  Not Guilty x 7  NFA'd x 3	Single parent family with young siblings, one sibling involved in group/violent behaviour.	Murder victim	Temporary school exclusion  Home Study Leave  Permanent exclusion  Reprimand

			Possession of drugs (several counts)				
13	7	Family Support – Welfare concerns f  (known to social services from birth)	Over a 5 year period:- Behavioural problems in school Robbery Threatening and abusive behaviour (several counts) Assault x3 Criminal damage Theft from a motor vehicle Breach of order (several counts) Receiving stolen goods (several counts) Possession of class A drugs Conspiracy to rob Grievous bodily harm Public Order Offence	6 month referral order Fine Breach of bail NFA'd x 8 Reparation order x 3 Curfew order Not guilty x 1 6 month supervision order 12 month supervision order Community Punishment order	Mother, stepfather and siblings  Health needs with one of the siblings	Serious physical assault	Health support for a diagnosed disorder  Social service accommodation  Mentoring support  Fixed term exclusion (several counts)  Educational transfer  6 month referral order Fine  Reparation order x 3  Curfew order  6 month supervision order  12 month supervision order Community Punishment order
14	14	School exclusion	Over a 3 year period:- Possession of an offensive weapon Robbery (several counts) Common Assault Possession with Intent to Supply Public order offence Indecent assault False Imprisonment	Final warning Referral order NFA'd x3 Community punishment order Compensation order Rehabilitation Order	Single parent family with siblings.  Family bereavement	None recorded	School exclusion  Transfer of accommodation  Rehabilitation Order



			Witness Intimidation				
15	13	Theft	Over a three year period:- Theft  Common assault  Grievous Bodily Harm  Possession with Intent to Supply  Motor vehicle related offences (several counts)	Final warning  Conditional discharge  Disqualified from driving  Driving licence endorsed  NFAd x 1  Detention and training Order	Single Parent family, sibling  Family bereavement Family reside in Public sector accommodation	N/A	School exclusion  Parenting support

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# Agenda Item 8

<b>Item No.</b> 8.	<b>Classification:</b> Open	<b>Date:</b> 14 December 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Aylesbury PFI Housing Project – Outline Business Case	
<b>Ward(s) or groups affected:</b>		Faraday	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Regeneration and Corporate Strategy	

## **FOREWORD - COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY**

1. This administration, and indeed all political groups on the council, remain committed to regenerating the Aylesbury Estate and delivering the Aylesbury Area Action Plan. The withdrawal of the PFI funding is a major set back, but we will not give up and will continue to work with Creation Trust and all local residents to make our aspirations a reality.
2. The recent government decision to withdraw £181m of funding from the Aylesbury PFI Housing Project is deplorable, unjust and came just days before this cabinet was due to approve the submission of its outline business case (OBC) for this project to the HCA - which the council had invested £1.1m in developing. Given that the OBC is virtually complete and that there is a possibility, albeit a remote one, that the decision could be reversed and that PFI funding could become available, it makes good sense for the council to send its OBC to the HCA for consideration.
3. However, we must also now start considering what the alternative delivery options could be for the affected sites. I hope that our forthcoming meetings with ministers and the HCA will be fruitful and that some alternative public funding will be made available for the regeneration. Officers will review the alternative options and report back in February with a progress report and options paper.
4. In the meantime it is important to provide as much certainty as we can for Aylesbury Estate residents whose homes are within the PFI areas of the estate, particularly for those in Bradenham and Chartridge where rehousing has started and many neighbouring homes on the block are already empty and welded up. At this stage we can confirm that the rehousing on Bradenham and the whole of Chartridge will be completed, with rehousing starting on the second half of Chartridge as soon as possible. Not only will this give certainty to residents, but it is also prudent in order to allow these sites to be regenerated one way or another within the timelines set out in the Aylesbury Area Action Plan

## **RECOMMENDATIONS**

### **Recommendations for the Cabinet**

That the cabinet:

5. Notes the government decision to withdraw funding from the Aylesbury Private Finance Initiative (PFI) Housing Project, along with all other housing PFI pipeline projects

6. Reaffirms its commitment to regenerating the Aylesbury Estate and to delivering the Aylesbury Area Action Plan
7. Requests officers to complete the Outline Business Case (OBC) for the PFI project and submit this to the HCA as a position statement, to be considered in the event of further resources becoming available
8. Requests officers to review possible alternative funding sources to help progress the regeneration of the Aylesbury Estate, together with associated timescales, and report back to cabinet in February 2011
9. Requests council officers to commence rehousing tenants in the remainder of Chartridge (Nos 106 – 149) in due course and in line with the indicative housing plan set out in paragraphs 30 to 35.

### **Recommendation for the Leader of the Council**

That the leader:

10. Delegates responsibility for agreeing the detail of the OBC to the Cabinet Member for Regeneration and Corporate Strategy.

### **BACKGROUND INFORMATION**

11. On 22 November 2010, the HCA issued a press release confirming the curtailment of funding for housing PFI pipeline projects, i.e. those projects where the outline business cases have not yet been approved by the Department for Communities and Local Government (CLG) and HM Treasury's Project Review Group (PRG). A total of 13 projects, including the Aylesbury PFI Housing Project, are affected by this decision. The immediate implication for the council is that its Aylesbury PFI Housing Project has no immediate prospect of receiving funding under the Government's PFI housing programme.
12. This report updates the cabinet on the impact of this decision on the sites affected and recommends a way forward to maintain the council's momentum in taking forward the Aylesbury Area Action Plan. The background leading up to the HCA press release is summarised below.
13. In 2008, the HCA approved the council's submission to be included in the sixth round for Private Finance Initiative (PFI) Housing Projects. The council's Expression of Interest for the Aylesbury PFI Housing Project was based on the council retaining ownership of the new homes and as a result the project falls within the scope of the council's Housing Revenue Account (HRA). The submission was based on a total of 1,094 new homes, as follows:
  - 410 social rented homes
  - 138 intermediate homes
  - 546 homes for sale.
14. The social rented and intermediate homes would be managed by a social landlord on the council's behalf.
15. The council's PFI bid was one of ten successful Round 6 bids, based on a £181m provisional PFI credit allocation. All the successful local authorities were invited to prepare outline business cases for their respective projects, to be considered by the HCA, CLG and PRG. However, unlike the other Round 6 authorities, Southwark

Council was required to prepare and submit an interim outline business case (IOBC) prior to the full OBC.

16. In July 2010, the council's cabinet received a report on the IOBC and agreed several amendments to the Aylesbury PFI Housing Project. These changes reduced the number of leaseholder interests to be acquired (from 170 to 90) and thereby the capital cost of the project to the council, while remaining within the provisional PFI credit allocation.
17. The cabinet also agreed to amend the Aylesbury PFI Housing Project to vary the sites to which the PFI would apply, with a view to reducing the risks associated with the national reduction in social housing grant. The revised scheme comprised a total of 943 new homes, as follows:
  - 360 social rented homes
  - 131 intermediate homes
  - 452 homes for sale.
18. The blocks affected by this change are set out in Table 1 under paragraph 30 below.
19. The cabinet requested officers to submit the Interim Outline Business Case (IOBC) to the HCA for approval and to report back to cabinet on progress, including rehousing and purchasing the property interests of relevant leaseholders.
20. The IOBC was submitted to the HCA toward the end of July 2010. Council and HCA officers then entered into detailed discussions about the IOBC in order for the council to clarify its funding requirements. Council officers found these meetings useful and welcomed the positive observations made by the HCA on the council's IOBC. The amended IOBC was due to be submitted in November 2010 at which point it became apparent that, by the time the final clarifications had been made, the document would effectively become the final OBC.
21. The publication of the HCA press release coincided with the council entering the final stages of completing its OBC, ready for cabinet approval at this meeting. By this time, the council will have committed a total expenditure of approximately £1.1m in preparing its business case for the Aylesbury PFI Housing Project.

#### **KEY ISSUES FOR CONSIDERATION**

22. The key issues for cabinet to consider in this report include:
  - The council's response to the curtailment of PFI funding for the Aylesbury PFI Housing Project
  - The implications for the progress of the council's rehousing and property acquisition plans
  - The OBC which has been prepared and whether this should be submitted to the HCA.
23. Each of the above issues is considered below.

#### **Curtailment of PFI funding**

24. The Aylesbury PFI Housing Project plays an integral part in the delivery of the Aylesbury Area Action Plan, which is an adopted Plan with strong public support following extensive public consultation. The curtailment of PFI funding is therefore a

decision which has major implications, not just for this scheme but for the whole Aylesbury regeneration programme.

25. The council's work on developing the Aylesbury PFI Housing Project has been carried out in good faith, while working closely with the HCA to ensure that the scheme delivers best value to the public purse. The OBC for the Aylesbury PFI Housing Project is close to completion and awaiting approval by the cabinet.
26. The removal of PFI funding support at this late stage in the development of our OBC presents us with significant challenges, including:
  - how to take forward the overall Aylesbury regeneration programme and whether it can be progressed using other funding sources
  - how to manage the expectations of residents on the Aylesbury Estate given their strong support for change over a significant period of time
  - whether to amend the timelines both for rehousing and buying out leasehold and freehold interests on the estate, that were previously based on the Aylesbury PFI Housing Project proceeding.
27. The leader of the council has written in the strongest terms to the Prime Minister and to Eric Pickles, Secretary of State for Communities and Local Government, seeking urgent meetings in order to make representations for this decision to be amended in favour of this council.
28. Council officers will be carrying out a thorough review of the options for progressing the regeneration of the Aylesbury Estate and have already sought an urgent meeting with the HCA. This review will be wide ranging and could include options such as:
  - sub-dividing those sites associated with the PFI into smaller plots and offering them to the market as cleared sites for redevelopment
  - approaching institutional lenders to see if there is any commercial interest in funding the Aylesbury PFI Housing Project directly
  - considering amendments to the site requirements to increase their viability to the market and reduce the dependence on HCA grant
29. Council officers will continue to work closely with partners, including the GLA, HCA and Creation Trust and will aim to report back to the cabinet in February 2011.

### **Rehousing and Leaseholder Interests**

30. A summary of those blocks comprising the Aylesbury PFI Housing Project and the indicative re-housing timetable under PFI is set out below in Table 1.

**Table 1: PFI Blocks, Sites and Re-housing Timeline**

<b>Block</b>	<b>No. of Homes</b>	<b>Site</b>	<b>Referencing Began</b>	<b>Re-housing Starts</b>	<b>Re-housing Finishes</b>
<b>PFI Blocks Unchanged</b>					
Bradenham (42-256)	215	1b	2009	2010	2012
Chartridge (1-105)	105	1b	2009	2010	2012
Arklow House (1-28)	30	1b/1c	2009	2011	2012
Chartridge (106-149)	44	1c	2009	TBA	2012
Chiltern (1-172)	172	1c	2009	2011	2012

<b>Block</b>	<b>No. of Homes</b>	<b>Site</b>	<b>Referencing Began</b>	<b>Re-housing Starts</b>	<b>Re-housing Finishes</b>
Taplow (1-215)	215	9	2011	2012	2014
Northchurch (1-76)	82	9	2011	2012	2014
East Street (184-218)	12	8/9	2011	2012	2014

31. The council's Major Projects Board in January 2009 authorised the purchase of owner occupied properties, subject to a restricted timescale and financial envelope. Some properties across the estate have been acquired under this initiative, which ended in March 2009. The council now only purchases freehold and leasehold interests once a block has been activated for rehousing – currently those blocks on sites 1b, 7 & 10. Purchase applications from homeowners in blocks that have not been activated are advised to wait until the appropriate time. Any homes purchased a year or more in advance of the date at which the relevant blocks need to be vacated are expected to be made available to be relet as temporary accommodation. Table 2 below summarises the leaseholder acquisition plan for the Aylesbury PFI Housing Project.

**Table 2: PFI Blocks, Sites and Leaseholder Acquisition Timeline**

<b>Site, Block and Project Details</b>	<b>Sites</b>	<b>Leaseholder Buyback Start</b>	<b>Leaseholder Buyback Finish</b>
Bradenham (42-256), Chartridge (1-105)	Site 1b	Started	2012
Arklow House (1-28), Chartridge (106-149), Chiltern (1-172)	Site 1c	Started	2012
Taplow (1-215), Northchurch (1-76), East Street (184-218)	Site 8 & 9	2011	2013

32. The curtailment of PFI funding for housing projects and the uncertainty associated with any alternative funding streams is likely to slow down the rate at which the Aylesbury Regeneration Programme is progressed. This raises the issue of whether to proceed with the council's rehousing proposals for those blocks identified above.
33. While sites 7 and 10 (North Wolverton and 300-313 Missenden) are continuing to be progressed outside the PFI, it is proposed that rehousing also continues under the current arrangements for site 1b (Bradenham and Chartridge). For site 1c, it would not be appropriate to commence rehousing until more clarification is achieved on alternative funding arrangements and associated timescales. However, it would not be practical to part demolish Chartridge, which spans sites 1b and 1c, and it would not be fair to blight the remaining properties in Chartridge without giving residents the opportunity of being rehoused. It is therefore proposed that the rehousing process should be commenced for the remainder of Chartridge (Nos 106 to 149). The council has budgeted for the above work to be carried out and has funding allocated to rehouse residents and demolish this block in its capital programme.
34. Table 3 (overleaf) summarises the revised re-housing and leaseholder acquisition plans for the remainder of the Aylesbury Estate for each block, site and phase. These dates are indicative at this stage and the council is working towards securing the funding for these sites. We will be able to update residents further following the review of alternative funding options and associated timescales.

**Table 3: Revised Non-PFI Blocks, Sites & Re-housing Timeline**

<b>Site, Block and Project Details</b>	<b>Tenant Re-Housing/ Leaseholder Buyback Start</b>	<b>Tenant Re-Housing/ Leaseholder Buyback Finish</b>
<p><b>Missenden (300-313), Wolverton (1-59) (Sites 7 &amp; 10 – Phase 1)</b>            Most tenants and leaseholders have moved, and the council is currently in discussion with the remaining tenants and leaseholders about future moves.</p>	<b>Started</b>	<b>2011</b>
<p><b>Wendover, Brockley House, Wolverton, Ravenstone, Albany Road (Sites 4a, 4b &amp; 5 and Site 6 – Phases 2 &amp; 3, Respectively)</b>            The blocks involved on these sites are:            Wendover (1-36, 73-116, 157-200), Wolverton (60-125), Brockley House (1-14), Wendover (37-72, 117-156, 201-240), Wolverton (126-151), Wolverton (152-192), Wendover (241-471), Ravenstone (1-81), Albany Road (140), Foxcote (1-30), Padbury (1-25), Winslow (1-30)</p>	<b>2014</b>	<b>2018</b>
<p><b>(Lees House, Soane House, Missenden, Michael Faraday House, Inville Road, Chadwell House, Darvel House, Caverton, Daqnesfield, Emberton, Gaitsgill House, Gayhurst, Hambelton, Latimer &amp; Albany Road (Sites 2a, 2b, 3a, 3b, 11, 12, 13, 14 – Phase 4)</b>            The blocks involved on these sites are:            Lees House (1-12), Soane House (1-35), Missenden (1-299), Michael Faraday House (1-105) Inville Road (51-67), Chadwell House (1-8), Darvel House (1-8), Calverton (1-31), Danesfield (1-31), Emberton (1-35), Gaitskill House (1-66), Gayhurst (1-162), Hambledon (1-20), Latimer (1-141), Albany Road (198-202)</p>	<b>2019</b>	<b>2024</b>

35. Proceeding with the rehousing proposals for North Wolverton, Missenden, Bradenham and Chartridge will allow the council to act reasonably in order to reduce the probability of any compulsory rehousing, as residents will have more time to use the council's Homesearch facility to find new homes. Irrespective of the redevelopment route, in order to deliver vacant sites to developers the council may need to:

- **Serve Notices of Seeking Possession (NOSPs)** on tenants as the first step in the process to secure a court order for possession against any affected tenants who have not identified and moved to alternative accommodation. A NOSP will be served approximately up to two years before vacant possession (cleared homes and blocks) is required on each site
- **Instigate Compulsory Purchase proceedings (and make a CPO)** to acquire the property interests of any affected leaseholders and others who may not have agreed to the sale of their properties to the council voluntarily. It is proposed that a single CPO will be made for the Aylesbury PFI Housing Project approximately eighteen months before vacant possession in approximately June 2014 is

required on sites 1b & 1c. A report will be brought to cabinet for approval of the making of the CPO in Spring 2012.

### **Submission of Outline Business Case**

36. Despite the curtailment in PFI housing finance, the HCA has asked local authorities with pipeline projects, such as the Aylesbury PFI Housing Project, to be aware that CLG may be able to consider their OBCs in the event of any further resources being made available, either in the latter part of the Spending Review period or post the following Spending Review.
37. The HCA has also indicated that it will work with local authorities to consider future options and that it will give consideration over the course of the CSR 2010 period to possible means and prospects of supporting local authority-led estate regeneration schemes, including through non-PFI mechanisms. However the HCA in its press release made it clear that it does not wish to raise any expectation of alternative funding at this time.
38. The council's OBC for the Aylesbury PFI Housing Project is nearly complete and summarises the council's commercial, policy and strategic case for the regenerating the estate. It also represents the outcome from extensive discussions with the HCA on the council's IOBC. It would therefore be prudent for this document to be submitted to the HCA for consideration because:
  - It would be available to the HCA for use should PFI funds become available
  - It would form a useful basis for discussions between HCA officials and council officers regarding other forms of funding
  - It could, subject to appropriate editing, form the basis of an alternative proposal based on institutional funding.
39. The HCA has indicated, however, that it will be a decision for each local authority to consider and take at its own risk on whether to continue to invest in developing their plans for possible future PFI or non-PFI funding.
40. A summary of the council's OBC for the Aylesbury PFI Housing Project is set out as Appendix 1 to this report. This is based on the original requirement of approximately £181m in PFI credits and an annual council HRA contribution of around £230,000 per annum.

### **Community impact statement**

41. The curtailment of PFI funding for pipe line housing projects could impact adversely on the credibility and achievability of the Aylesbury Regeneration Programme. The level of impact will depend on whether alternative sources of funding can be achieved to enable the programme to move forward. Council officers will work closely with the local community and through Creation Trust in monitoring the situation and exploring future options and opportunities. The impacts on the local community will form a key part of future reports to cabinet on this matter.
42. In the meantime, residents living in Taplow, East Street and Northchurch may require re-housing sooner than indicated in the Aylesbury Area Action Plan, while then rehousing of residents living in Wendover, Wolverton, Brockley, Ravenstone, Albany Road (140), Foxcote, Padbury and Winslow will be delayed compared with what would have occurred had the council been able to progress the original composition of the Aylesbury PFI Housing Project, i.e. comprising phases 2 & 3.



## Resource implications

43. In order to deliver vacant possession on Aylesbury sites, the council is meeting a series of significant up-front costs, which are illustrated in Table 4 below relating to the first two sites in the programme.

**Table 4 – Up front costs to the council of delivering vacant possession on Aylesbury Sites 1b/1c**

Site	1b	1b	1c	1c	1c	Description
Block	Bradenham	Chartridge	Chartridge	Arklow	Chiltern	
Values £m	1.8	1.7	1.9	1.1	1.1	Forecast cost of leasehold acquisitions.
	0.7	0.3	0.3	0.1	0.8	Forecast cost of homelessness and disturbance payments to tenants.
	0.7	0.2	0.3	0.1	0.6	Forecast cost of securing, sanitising units and of any removals and void council tax costs.
	1.0	0.3	0.4	0.1	0.8	Apportioned forecast cost of providing a re-housing team to 2014.
	3.0	1.0	1.1	0.4	2.4	Forecast cost of demolition of existing units.
<b>Total</b>	<b>£7.2m</b>	<b>£3.5m</b>	<b>£3.9m</b>	<b>£1.8m</b>	<b>£5.7m</b>	

44. The above table illustrates the costs the council must meet in order to deliver vacant possession on Aylesbury sites 1b and 1c, the first sites earmarked for development. These costs cover the activities required to render both sites in a state suitable for hand over to a prospective developer demolished to ground level and represent a combination of staffing overheads, costs of statutory obligations to the council, unit related property management costs and reacquisition of unit costs in relation to leaseholders.
45. The costs represent a significant commitment to the council which must be borne for the regeneration to progress successfully and appropriate forecasts and provisions have therefore been made to meet these costs in the Housing Investment Programme and Housing Revenue Account as appropriate. All costs will be subject to ongoing review and revision as the scheme progresses, with additional expertise sought where appropriate (for example in the case of budgeting for demolition) to ensure adequate budget provisions are made, or flexed to allow for partial clearance as re-housing progresses, or full clearance of both.

## Policy implications

46. The key policy framework is set out in the adopted Aylesbury Area Action Plan, published in December 2009.

## Consultation

47. The Aylesbury Area Action Plan was the subject of extensive public consultations that culminated in a public inquiry and its adoption by the council in 2009. Following a cabinet decision in June 2010, officers consulted residents to obtain their views on the proposed changes to the phasing and timing of the Aylesbury Regeneration Programme. The subsequent consultation that took place is set out in the report to cabinet in July 2010. This consultation process comprised:
- Distributing a newsletter to all residents, businesses and other types of enterprise based on the Aylesbury Estate setting out information on the operation of the consultation process. This included inviting residents to contact the council and/or CREATION Trust directly in writing, in person and/or by telephone to have their views and comments recorded.
  - Holding a drop-in session for Aylesbury Estate residents at Thurlow Lodge Community Hall on Wednesday 7 July 2010, between 11:00hrs and 20:00hrs to meet council staff to discuss and note any queries, views and comments residents may have
  - Visiting meetings of the local tenants and residents associations on the Aylesbury Estate
  - Giving residents 23-days to respond to the proposed changes from the date the new bulletin was delivered on Friday 24 June 2010
48. The outcomes from the above resident consultations included:
- Thirteen people attending the drop-in session held on 7 July 2010, at Thurlow Lodge between 11:00 & 20:00hrs. In addition to some general questions about possible rehousing dates, visitors passed on several other comments and questions to council officers at this event, including:
    - Whether the "right to buy scheme" will be applicable to new council owned properties built under the PFI project
    - Information on what assistance residents can expect to receive before, during and after being rehoused
    - Confirmation by three Taplow residents and one Northchurch resident of their approval to their blocks being brought forward
    - What arrangements will be put in place for rehousing arrangements residents with carers.
  - Several leaseholders asked about the overall progress in implementing the Aylesbury Area Action Plan and what support they can expect from the council's assisted rehousing process. A few leaseholders commented that as pensioners nearing 80 years of age they would rather not have to move at all but were not so against moving that they wouldn't engage with the process.
  - No written comments and observations were passed on to Creation Trust.
  - The council recorded three general written enquiries including:
    - An inquiry regarding the timeline and the possibility of moving house
    - A general complaint from leaseholders around the changes and feelings of uncertainty
    - An expression of support for the plans proposed in the newsletter
  - In September 2010 the council also received two enquiries about further news on the proposed changes that were in the council's June Newsletter

49. The council will continue to consult residents on the prospect and nature of any material changes to the Aylesbury Regeneration programme.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Communities, Law & Governance**

50. This report seeks the Cabinet's approval to a number of recommendations regarding the Aylesbury PFI housing project, including that officers complete the OBC and submit this to the HCA as a position statement, in the event that future funding becomes available. Whilst the HCA have announced the curtailment of funding for housing PFI for this project, there is no legal bar preventing the council submitting its OBC in these circumstances. Whilst it is not clear what effect this submission might have, paragraph 38 sets out officer's views on why approval is sought to submit.
51. The report envisages the rehousing of residents occupying the relevant blocks being achieved in accordance with existing policy on rehousing on regeneration schemes. While the council will endeavour to secure possession of the properties by agreement, in the absence of agreement, the council will need to apply the appropriate legal processes; this is acknowledged in paragraph 35 of the report. In the case of leaseholders, in the absence of agreement, the council could only acquire their interests in the property via a compulsory purchase order. While the council may also obtain possession of properties occupied by secure tenants under a compulsory purchase order, in the absence of agreement the council's usual practice is to secure possession under a court order obtained using housing legislation. A court order however will only be granted if the council is able to satisfy the court that one of the grounds set out in Schedule 2 of the Housing Act 1985 is made out. Schedule 2 contains two mandatory 'regeneration' grounds; Ground 10 and Ground 10A. Under both grounds, the council must provide suitable alternative accommodation for the tenant. Ground 10 may be relied on where the council intends, within a reasonable time of obtaining possession, to demolish or reconstruct the building or part of the building or carry out work on the building and can't reasonably do so without obtaining possession. Ground 10A may be relied on where the secretary of state has approved a redevelopment scheme and it is intended to dispose of the properties on the approved scheme within a reasonable time of obtaining possession. The process involved in an application for approval for the purpose of ground 10A means that it is likely to take longer to obtain possession pursuant to this ground than with ground 10 where the approval of the secretary of state is not required. The ability to use Ground 10 will be affected by any delays to the demolition process caused by the decision on the PFI funding. As plans for the Aylesbury sites evolve the ground for possession available to the council will need to be kept under review.
52. Paragraph 10 requires the Leader to delegate approval to the Cabinet Member for Regeneration and Corporate Strategy to agree any amendments to the OBC prior to its submission to the HCA. The Cabinet and Leader are advised that by virtue of Section 14 of the Local Government Act 2000 (as amended) the Leader may delegate this function to a member of the Cabinet.
53. Paragraph 35 refers to the potential requirement to obtain a compulsory purchase order (CPO) in respect of the acquisition of any leasehold properties where these have not been acquired by agreement, and the acquisition of any other interests, in order to deliver vacant possession of the PFI sites in June 2014. There is no CPO currently in place and a separate report will be presented to Cabinet in Spring 2012 seeking approval to the making of a CPO

## Finance Director

54. As noted in the recommendations and paragraph 11, recent communication from the Homes and Communities Agency (HCA) has indicated that funding for all pipeline PFI schemes has been curtailed, effectively bringing the scheme in its current proposed form to a halt at the Outline Business Case stage. Notwithstanding this, the Finance Director supports the submission of the Outline Business Case (OBC) for the Aylesbury PFI, to the Homes and Communities Agency (HCA) in order to complete this stage and on the basis that the finalised document provides a valuable foundation for further work with the HCA or other agencies in order to move the programme forward, albeit potentially in a different form to PFI. Financial, programme and contractual implications of the business case, many of which are of relevance to both a PFI or alternative proposal, have been detailed in full within the OBC and could be utilised as a basis for discussions in the event alternative resources become available.
55. The significant headline up-front costs to the council associated with progressing the regeneration of the named sites have been detailed at paragraph 43 and resources to meet these costs have been identified and forecast in budget plans, including assessment of the re-housing process impact on the HRA. Forecast spend and resource use will be the subject of ongoing budgetary review which, subject to the future availability of resources will allow for further programme changes or slippage: The financial risks to the council of progressing the programme are not disproportionate to those expected in one of its size and significance and furthermore must be borne for successful regeneration to take place, irrespective of the specific mechanism.
56. Appropriate budget provisions have also been made to enable engagement of specialist advisors to support council officers in progressing the regeneration. Advisors providing financial and commercial advice to the council are in place and will be available to support council officers in developing the alternative proposals for the programme which are now required following the HCA's funding announcement, with a view to reporting back to cabinet early in 2011. The presence of these advisors, coupled with in-house resources, go toward mitigating against a total programme failure, with the associated financial, reputational and political consequences that could follow from this, by assisting the council in further building positive relationships with the HCA and other Government bodies in light of the above announcement.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Aylesbury Action Plan	Regeneration and Neighbourhoods Dept.	Julie Seymour 0207 525 0508
Major Projects Board (Executive Committee) Report January 15 2009	Regeneration and Neighbourhoods Dept.	Geri McLeary 0207 525 4904
Cabinet report June 15, 2010: Proposed Amendment to Interim Outline Business Case for Aylesbury Estate PFI	Regeneration and Neighbourhoods Dept.	Geri McLeary 0207 525 4904
Cabinet report July 20, 2010: Aylesbury PFI Housing Project – Submission of the Interim Outline Business Case (IOBC)	Regeneration and Neighbourhoods Dept.	Geri McLeary 0207 525 4904
Outline Business Case (Closed Appendix)	Regeneration and Neighbourhoods Dept	Geri McLeary 0207 525 4904

## APPENDICES

No.	Title
Appendix 1	Executive Summary of the OBC

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Fiona Colley, Regeneration and Corporate Strategy		
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive		
<b>Report Author</b>	Geri McLeary, Aylesbury Regeneration Programme Director		
<b>Version</b>	Final		
<b>Dated</b>	6 December 2010		
<b>Key Decision?</b>	Yes		
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>			
	<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
	Strategic Director of Communities, Law & Governance	Yes	Yes
	Departmental Finance Manager	Yes	Yes
	Head of Housing Management	Yes	Yes
	Head of Procurement	Yes	No
	<b>Cabinet Member</b>	Yes	No
	<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>		6 December 2010

## Appendix 1: OBC Executive Summary

1. The London Borough of Southwark ('the council') is delighted to submit its Interim Outline Business Case ('IOBC') for consideration by the Homes and Communities Agency ('HCA'). In the current financial environment the council has reduced the overall risk associated with the project to improve the prospect of delivering it by taking action to reduce the cost of making available the sites to be redeveloped and maximise market interest from investors, developers, contractors and funders.

### Strategic Context

2. Southwark, with its rapidly growing population (currently 274,000 and projected to rise to 309,600 by 2016), is undergoing significant regeneration, including projects such as Elephant and Castle, Canada Water and Bermondsey Spa. However, despite these advances it remains a deprived part of London and with high levels of social rented housing.
3. The Aylesbury Estate forms part of the council's 54,000 Housing Revenue Account (HRA) housing assets. It was constructed between 1966 and 1977 and is one of the most well-known and deprived housing estates in London. The estate covers an area of about 28.5ha, comprises 2,760 homes and around 7,500 people from largely black and ethnic minority groups (68%) live there. Many of the residents of the Aylesbury Estate experience high levels of deprivation and lower than average income levels. Over 80% of the dwellings are social rented, with lower than average owner occupied homes and most of the housing on the estate is below the Government's Decent Housing Standard and is continuing to deteriorate.
4. Over the past few years the council has examined a range of options for improving the estate, including:
  - a) doing nothing about the housing issues on the estate
  - b) transferring the Aylesbury Estate to a Community Based Housing Association in 2001, which was comprehensively rejected by residents at that time
  - c) refurbishing the estate but the potential cost proved to be prohibitively expensive
  - d) demolishing and redeveloping the estate
5. The fourth option, redevelopment was agreed as the preferred way forward by both residents and the council.
6. The council has developed an Aylesbury Area Action Plan ('AAP') that was adopted in January 2010. The AAP is the statutory plan which forms part of Southwark's Local Development Framework ('LDF') and will be used to determine planning applications for the regeneration of the Aylesbury Estate. The AAP sets out the blueprint for the comprehensive redevelopment of the Aylesbury Estate to provide a new high quality, mixed tenure, sustainable neighbourhood that successfully integrates with the surrounding area, with a housing mix ratio that delivers a 1:1 ratio of social rented housing and intermediate housing<sup>1</sup> to housing for sale. Currently, the AAP anticipates the

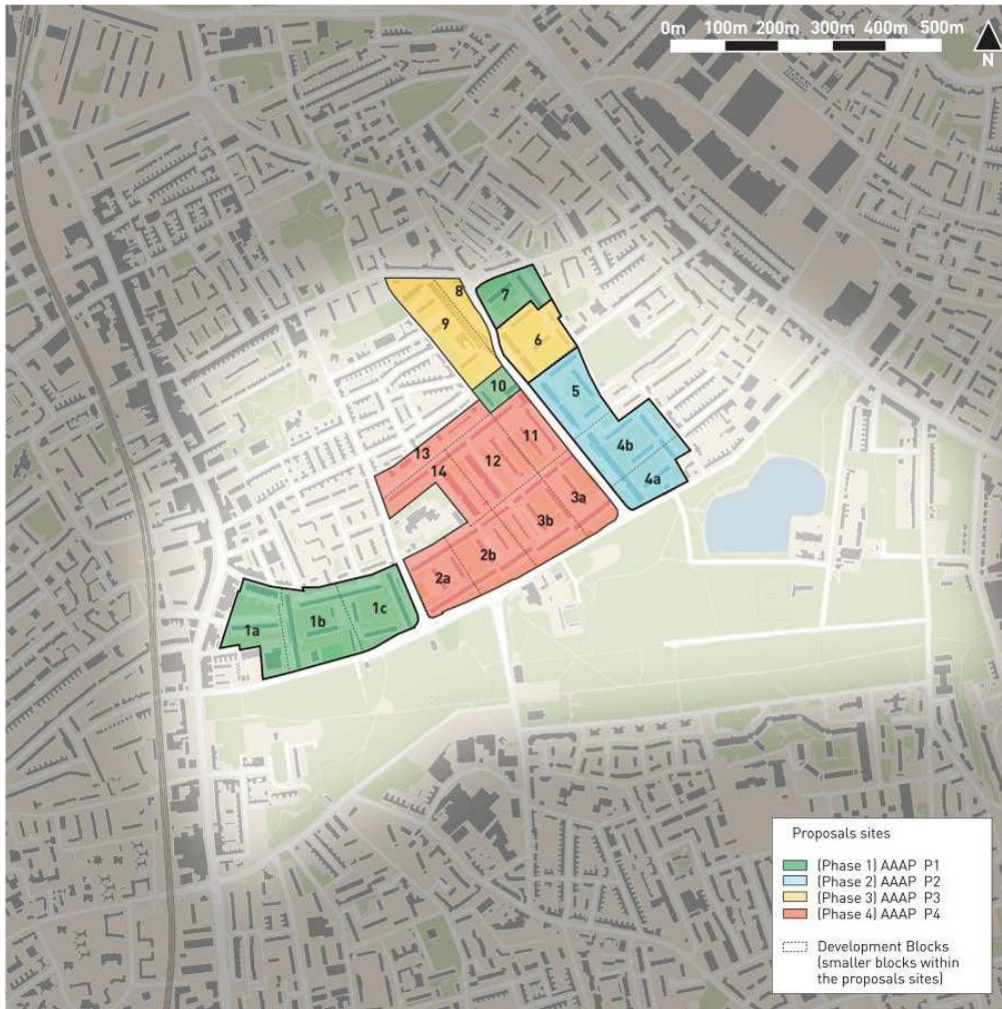
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<sup>1</sup> Intermediate Housing provides a range of different tenures, including New Build Home Buy, Shared Equity, Rent, Social Home Buy and Intermediate Market Rent.

Aylesbury Estate to be regenerated in four phases over the next 20 years. These phases follow on from Phase 1a, which is currently under construction and started before the AAP was approved. Phase 1a will deliver a more balanced and sustainable community.

7. The Aylesbury PFI Housing Project comprises four sites (sites 1b, 1c, 8 and 9), located in Phases 1 and 3 of the AAP (See Figure 1).

**Figure 1: The Area Action Plan Area**



8. The composition of the four phases comprising the AAP is as follows;
  - Phase 1 comprises sites 1b, 1c, 7 & 10
  - Phase 2 comprises sites 4a, 4b, & 5
  - Phase 3 comprises sites 6, 8 & 9
  - Phase 4 comprises sites 2a, 2b, 3a, 3b, 11, 12, 13 & 14
9. The council requires an integrated mixed tenure outcome from the development of the above sites. Hence the sites comprising the Aylesbury PFI Housing Project demand a single planning application that delivers the target 1:1 ratio of social rented housing and intermediate housing to housing for sale. Consequently, an integrated proposal has been put in place to not only deliver the social homes (funded via PFI) but also the delivery of the other types of home, i.e. intermediate housing and homes for sale. Thus, the Aylesbury PFI

Housing Project cannot be assessed in isolation because the success of the AAP and the PFI are inextricably linked. It should be noted, however, that the council expects its choice of supplier to provide the above accommodation to be primarily driven by value for money from a PFI perspective.

### **Scope of the Aylesbury PFI Housing Project**

10. The scope of the 29-year Aylesbury PFI Housing Project has changed since the council submitted the original Expression of Interest for PFI funding in 2008. The council implemented this change to;
  - reduce the overall level of risk associated with the project which arose after it submitted its Expression of Interest, due to the downturn in the UK economy and the deterioration of the local property market that has resulted in the removal of a £20 million cross subsidy from the homes for sale to the homes for social rent in the PFI financial model;
  - improve the deliverability of the project and the overall programme by;
    - reducing the number of leaseholder interests the council must acquire from approximately 170 (costing £24 million) to about 90 at an approximate cost of £12 million
    - restructuring the order in which sites are redeveloped in order to optimise potential land values to the south of the estate and the scope for cross-subsidies from the provision of housing for sale to the homes for rent into the redevelopment of future phases;
    - removing the potential requirement for Social Housing Grant ('SHG') to develop sites 1b and 1c – estimated at around £30.2 million. The availability of SHG funding going forward is uncertain given the Government's current financial priorities but the council will still explore the suitability of this funding for other sites on the Aylesbury Estate;
    - minimising the spend to be funded by the Infrastructure Tariff during the early stages of the Aylesbury Regeneration Programme to ensure that sufficient funds are available when the strategic infrastructure, such as district heating, is required;
    - retaining responsibility for rehousing, demolition and site clearance within the council as well as responsibility for delivering vacant possession, thus providing immediately developable sites to bidders. (While the council will retain this responsibility it will seek to work with the developer to use the same contractor to manage the demolition and the construction of the new dwellings in order to benefit from the reuse of reclaimed building materials);
    - allowing the project to become even more bankable by taking on board the results of the council's soft market testing by reducing the contract term from 30-years to 29-years (4-year build period and minimum 25-year operations period) based on feedback from three banks consulted independently of each other;
  - stay within the HCA's initial PFI credit approval of £181million
11. The Aylesbury Housing PFI Project previously comprised 410 social housing units located wholly in Phases 2 & 3. The council has agreed that it should now comprise a minimum of 360 social housing units located on sites 1b, 1c, 8 and 9 in phases 1 and 3 - which will be managed by a registered provider ('RP'). Aspects of these management arrangements, such as grounds maintenance



and communal cleaning, will be market tested and/or benchmarked periodically to assure the council and the HCA that value for money is delivered throughout the 29-year contract period. In parallel with the Aylesbury PFI Housing Project sites 1b, 1c, 8 and 9 are also expected to deliver:

- 131 intermediate homes, and
  - 452 homes for outright sale
12. When the above homes, physically provided on the same site but de-coupled contractually from the Aylesbury PFI Housing Project, are combined with the 360 PFI housing (council housing) units it gives a minimum total of 943 new dwellings. This approach is based the Aylesbury PFI Housing Project being a Housing Revenue Account ('HRA') PFI project. This decision to structure the Aylesbury PFI Project as a HRA scheme not only:
- supports the council's new administration's objective and policy of building more council housing and is a continuation of the principles on which the council's previous administration based its Expression of Interest for PFI Credits in 2008 to the HCA;
  - it makes the scheme affordable to the council given that it is not in a position to underwrite any additional costs (over and above the funding it has already provided) from the General Fund<sup>2</sup>.
13. Any alteration from this scheme being driven by the council's HRA would require a change to one of the council's fundamental policy objectives, i.e. the provision of more council housing.. In light of stringent savings targets currently required by its General Fund and notwithstanding the magnitude of such a policy shift, the council is not in a position to increase the probability of any detrimental financial impact on this fund or its ability to deliver its savings targets. This is because cost increases attributable to the General Fund but falling outside of the grant formulae must ultimately be defrayed via increases to the council tax burden. Council tax may not be possible given the freeze on council tax requirements issuing from CLG (Department for Communities and Local Government) and the difficulty the council would face in meeting any additional costs were these to arise following a change from a HRA based approach to a Non-HRA based approach.
14. A consequence of the factors outlined above is that the choice of Non-HRA PFI over HRA PFI as the preferred delivery option would place the council in a position that would have serious implications for its consideration of the PFI being an appropriate of progressing the regeneration of the Aylesbury Estate.

### **Council Commitment**

15. The council is committed to the delivery of the AAP and the Aylesbury PFI Housing Project. Both have cross party support within the council and are seen as priority projects. This support is clearly demonstrated through the council's £38million plus commitment in the Aylesbury Estate and the Aylesbury PFI Housing Project sites, which includes:

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<sup>2</sup> The council's General Fund is the finance account where all council services, excluding its housing revenue account (HRA) activities, are funded. The General Fund is very sensitive to any additional commitments. The HRA is a protected and ringfenced account into which Government funds are paid specifically for the purpose of maintaining council housing.

- Purchasing of 90 leasehold interests at an approximate cost of £12 million;
  - Proposals to fund the demolition and site clearance costs at an approximate cost of £11 million for demolition; and
  - Funding of the Section 106 (S106) and Infrastructure tariff for the social housing units of the Aylesbury PFI Housing Project (estimated at approximately £7.2million) because these costs will not be funded by the HCA using PFI credits;
  - Committing to an annual revenue contribution to the project, currently estimated at £170,000 per annum (indexed). This contribution is in addition to the full use of Management and Maintenance Allowance received under the terms of the HRA;
  - Funding a programme budget, estimated at £4.0m<sup>3</sup>, for the procurement of the Aylesbury PFI Housing Project, covering
    - Advisors' costs; and
    - Other procurement costs, printing, advertising, etc
16. The council has established a robust project team and governance board experienced in delivering PFI housing schemes and the Building Schools for the Future programme to drive the delivery of the project. The council has also appointed external advisors, including financial advisors (Grant Thornton) and design advisors (Urban Initiatives Limited). The council is currently in the process of appointing technical and legal advisers.

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<sup>3</sup> Estimated cost of running the procurement stage of the Aylesbury PFI Housing Project

<b>Item No.</b> 9.	<b>Classification:</b> Open	<b>Date:</b> 14 December 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Amending the Rehousing Policy for Home Owners Affected by the Regeneration of the Aylesbury Estate	
<b>Ward(s) or groups affected:</b>		Faraday	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Regeneration & Corporate Strategy and Councillor Ian Wingfield, Deputy Leader and Housing Management	

**FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION & CORPORATE STRATEGY AND COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT**

1. This report formally grants Aylesbury leaseholders and freeholders all the rehousing options which were offered to Heygate homeowners. It ensures that Aylesbury homeowners will be offered a wide range of options including priority access to shared ownership schemes both on the footprint of the estate and across the borough, the option to buy a vacant council property on a shared ownership basis and if necessary the opportunity to become a council or registered social landlords (RSL) tenant. By offering this wide range of options we hope to ensure that the rehousing of Aylesbury homeowners goes as smoothly as possible and that they are also able to enjoy the benefits of the regeneration of the estate.

**RECOMMENDATION**

That the Cabinet:

2. Agrees to amend the set of rehousing options for all resident homeowners with limited capital and/or income affected by the regeneration of the Aylesbury Estate and applies the current rehousing policies for homeowners on the Heygate Estate

**BACKGROUND INFORMATION**

3. The Heygate Estate is currently awaiting redevelopment. Unlike the Aylesbury Estate, Heygate Estate residents were rehoused over a relatively short time period as a result of the council's regeneration proposals being brought forward. While Aylesbury Estate residents will be rehoused over a roughly 15 year period, there are not expected to be any significant opportunities for homeowners to be rehoused in new shared ownership properties in the early phases of this regeneration programme.
4. On 26 September 2006, the council's then Executive agreed a series of options for the rehousing of resident leaseholders affected by the regeneration of the Aylesbury Estate to closely match those previously agreed for the Heygate Estate in February 2005. The options were to be cascaded to Heygate leaseholders (i.e. each option offered in turn)

and were revised on 21 November 2007, to extend the rehousing assistance on offer. At the time it was recognised that the existing policy required improving in order to assist as many leaseholders as possible to retain some form of home ownership by providing them with a greater choice of properties.

5. The main change to the policy for the rehousing of Heygate leaseholders was to allow leaseholders (subject to affordability testing) to purchase vacant council homes suitable for their household on a shared ownership basis at a minimum equity purchase level of 25%. Rather than the council dictating particular properties that leaseholders could purchase, leaseholders could pick a property using the council's choice-based 'Homesearch' lettings system from the council's portfolio of vacant properties.
6. This change had two principal benefits:
  - It made available a wider choice of properties across the borough for leaseholders to purchase outright or on a shared ownership basis.
  - It provided more exit opportunities, via voluntary repurchase, and would be swifter and more cost effective than enforcing a Compulsory Purchase Order (CPO).
7. Leaseholders who were unable to afford the minimum equity purchase and/or the respective ongoing costs of home ownership were immediately recommended for a council or Registered Provider (RP) tenancy with a social landlord. As a result, qualifying leaseholders could also identify potential suitable homes for rent using Homesearch.
8. As stated in paragraph 4, it was intended that the policies governing the rehousing of home owners affected by the regeneration of the Heygate Estate should apply in the same way to those on the Aylesbury Estate. However, because the rehousing process for Aylesbury home owners was due to commence after the process for Heygate leaseholders, the council deemed it prudent to wait until the revised policies on the Heygate Estate were embedded before they are applied on the Aylesbury Estate. The purpose of this delay was to allow any issues arising out of the revised policies to be resolved in advance of their application on the Aylesbury Estate.
9. It should be noted that on 22 November 2010, the HCA issued a press release confirming the curtailment of funding for housing Private Finance Initiative (PFI) pipeline projects, i.e. those projects where the outline business cases have not yet been approved by the CLG and HM Treasury's Project Review Group (PRG). A total of 13 councils/projects, including the Aylesbury PFI Housing Project, are affected by this decision. The immediate implication for the council is that its Aylesbury PFI Housing Project has no immediate prospect of receiving funding under the Government's PFI housing programme. Despite this curtailment of funding to the Aylesbury PFI Housing Project, the Aylesbury Regeneration Programme will continue. In particular, the development of the North Wolverton (site 7) and Amersham (site 10) sites are proceeding and the residents living in the blocks located on these sites are currently be rehoused.

10. Council officers are reviewing the options for progressing the regeneration of the Aylesbury Estate in the light of the curtailment in PFI funding in consultation with Creation Trust and will be reporting back to Cabinet in due course.

### Outcomes

11. The revised rehousing assistance package for Heygate leaseholders commenced operation in January 2008. At the time there were 110 leasehold properties affected by the proposed redevelopment. Forty applications were received, the rehousing route for two applications are not yet to be determined due to relatively recent submission and/or ongoing complications. Sixteen leasehold households have been rehoused with three more actively seeking rehousing on Homesearch (due for completion at the end of 2010). Table 1 (below) provides more detail on the success of the revised Heygate policies.

**Table 1 – Heygate Leaseholder Rehousing Statistics (as at 11 October 2010)**

Recommended rehousing route	Applications	Rehoused as recommended	Arranged own rehousing	On bidding system (live cases)	No assistance can be given
Council/RP tenancy	12	10	2	0	0
Shared ownership of vacant council unit	11	6	2	3	0
Did not qualify	7	N/A	5	N/A	2
Fraud	2	N/A	1	N/A	1
Decided to complete before decision was made	6	N/A	6	N/A	0
Rehousing route not yet determined (live cases)	2	N/A	N/A	N/A	TBC
Total	40	16	16	3	3

12. Sixteen leasehold households have so far decided to arrange their own rehousing at some point during the application. There are a number of reasons why this occurs;
- In some instances applications were made speculatively while the leaseholder is actively seeking open market rehousing routes that are subsequently taken and
  - In other cases, leaseholders simply do not want to take the rehousing route recommended by the council.
13. The challenging application process has assisted leaseholders to be focussed and realistic about their need to move and the limitations of what the council is able to offer.

14. Although there are three Heygate applicants who could not be assisted in this manner and remain on the Estate, the success of the rehousing assistance package for Heygate leaseholders is clear. The outstanding cases have specific complications and form a very low proportion when compared with the 32 leaseholders who have left voluntarily. Without the existence of the shared ownership route, all of the eleven leaseholders recommended for it would have been recommended for council or RP tenancy.

#### KEY ISSUES FOR CONSIDERATION

15. In order to align the rehousing options for home owners affected by the regeneration of the Aylesbury Estate to those available to their Heygate Estate neighbours requires several changes to the current policy. The revised policy would only apply to those home owners affected by the regeneration of the Aylesbury Estate and who:
- Are resident in the property to be repurchased and qualify for rehousing assistance and
  - Have been resident for at least one calendar year before making an application and either purchased the property on the open market before 27 September 2005 or have made an application under the Right to Buy to acquire the property before this date.
16. The council will invoke its statutory rehousing obligations for homeowners who do not meet the above criteria should this be deemed necessary. This process would include registering on the waiting list for rehousing as a council, RP or private sector tenant with priority assessed in accordance with the general lettings policy rather than automatically at the highest priority.
17. The key policy changes and corresponding implications are set out below.
- **Buying a property on the open market** – the policy will remain unaltered.
  - **Buying a shared ownership unit** – this policy requires a minor alteration to allow RP shared ownership purchases across the borough rather than being solely focused on the footprint of the Aylesbury Estate, so that when homes are available they can be prioritised for purchase by home owners affected by the regeneration of the Aylesbury Estate who are qualified to buy them. In normal circumstances, existing home owners are precluded from purchasing affordable homes outside the Aylesbury area. (The zone agent covering Southwark and beyond dictates the general qualification criteria for the purchase of affordable homes in their area of operation and has confirmed that Aylesbury home owners can be prioritised to purchase properties for sale on shared ownership terms in the sub-region).
  - **Buying a retained equity unit** – this remains unaltered. The availability of such tenures on properties to be built on the Aylesbury Estate is not guaranteed and will be subject to negotiation with individual RPs.
  - **Comparative value transaction** – this policy requires the greatest alteration. The council was granted a specific consent from the Secretary of State to be able

to sell its vacant properties on shared ownership terms to leaseholders affected by regeneration on both the Heygate and Aylesbury Estates. Consequently, this policy was amended for Heygate leaseholders to allow them to reserve properties suitable for their housing need for purchase from within the council's portfolio of vacant stock (advertised weekly on Homesearch) on shared ownership terms. All reservations/purchases are made on the basis that purchasers can afford the minimum 25 percent equity stake. Only when it is proved that leaseholders cannot afford the minimum 25 percent equity purchase and the ongoing costs of home ownership (i.e. mortgage, service charges, shared ownership rent) will leaseholders be recommended for a council or RP tenancy. The policy now needs to be amended to include resident home owners affected by the regeneration of the Aylesbury Estate. *(For information, where leaseholders are assessed to be able to afford more than 100, but less than 110 percent of the equity they can purchase the desired property on full ownership terms).*

18. It should be noted that the council and RP tenancy option was amended because Section 50 of the Land Compensation Act 1973 provides there shall not be any reduction in the compensation payable on account of the acquiring authority undertaking to provide replacement residential accommodation. Because the council has now moved to purchasing dwellings on a voluntary basis ahead of Compulsory Purchase Orders on the Heygate Estate it is appropriate to make this change. This means that should a home owner be recommended for this option and take advantage of it, then the full market value as well as appropriate home loss and disturbance payments must be made on repurchase rather than offering a repurchase at sitting tenant value alone.
19. Furthermore, there are nine freeholders affected by the regeneration proposals and the council will need to repurchase their properties. To clarify, it is intended that the change in policy will allow these freeholders to also take advantage of the rehousing options proposed by this report should they qualify and wish to do so.
20. Based on the information collated in Table 2 (below), a maximum of 344 Aylesbury homeowners may qualify for rehousing assistance based on residency information that the council currently holds. However, it is likely that the actual number of qualifying households will be much lower. For example, it is common for homeowners to be non-resident and not have informed the council, there being no obligation to do so.

**Table 2: Resident Aylesbury Homeowner Residency Profile (as at 8 November 2010)**

<b>Site &amp; Block Details</b>	<b>Tenant Re-Housing/ Leaseholder Buyback Start</b>	<b>Tenant Re-Housing/ Leaseholder Buyback Finish</b>	<b>Total Number of Leaseholders</b>	<b>Total Number of Resident Leaseholders*</b>	<b>Rehousing Assistance applied for</b>
<b>Sites 7 and 10</b> Missenden (300-313), Wolverton (1-59) <b>Live rehousing phase</b>	Started	2011	18	16	12

<b>Site &amp; Block Details</b>	Tenant Re-Housing/ Leaseholder Buyback <b>Start</b>	Tenant Re-Housing/ Leaseholder Buyback <b>Finish</b>	Total Number of Leaseholders	Total Number of Resident Leaseholders*	Rehousing Assistance applied for
<b>Site 1b</b> Bradenham (42-256), Chartridge (1-105) <b>Live rehousing phase</b>	Started	2012	27	17	1
<b>Site 1c</b> Arklow House (1-28), Chartridge (106-149), Chiltern (1-172)	2011	2012	24	14	1
<b>Sites 8 and 9</b> Taplow (1-215), Northchurch (1-76), East Street (184-218)	2012	2013	35	34	0
<b>Sites 4a, 4b, 5, 6</b> Wendover (1-36, 73-116, 157-200), Wolverton (60-125), Brockley House (1-14), Wendover (37-72, 117-156, 201-240), Wolverton (126-151), Wolverton (152-192), Wendover (241-471), Ravenstone (1-81), Albany Road (140), Foxcote (1-30), Padbury (1-25), Winslow (1-30)	<b>2014</b>	<b>2018</b>	<b>117</b>	<b>99</b>	<b>0</b>
<b>Sites 2a, 2b, 3a, 3b, 11, 12, 13, 14</b> Lees House (1-12), Soane House (1-35), Missenden (1-299), Michael Faraday House (1-105) Inville Road (51-67), Chadwell House (1-8), Darvel House (1-8), Calverton (1-31), Danesfield (1-31), Emberton (1-35), Gaitskill House (1-66), Gayhurst (1-162), Hambledon (1-20), Latimer (1-141), Albany Road (198-202)	<b>2019</b>	<b>2024</b>	<b>171</b>	<b>164</b>	<b>0</b>
<b>Totals</b>			<b>392</b>	<b>344</b>	<b>14</b>

21. Should all 344 Aylesbury homeowners qualify for and apply for rehousing assistance, based on the outcomes achieved for Heygate leaseholders laid out in Table 1 where 8.18% of leaseholders have purchased a vacant council unit on shared ownership terms (including those currently bidding), this would equate to 28 Aylesbury homeowners being rehoused on this basis. These properties would no longer be available for letting to other housing applicants. In addition, on the basis of 9.09% of Heygate leaseholders reverting to council/RP tenancy, this would equate to a total of 31 households on the Aylesbury being granted a tenancy
22. The council's current and immediate proposals for the regeneration of the Aylesbury Estate include redeveloping sites 7 & 10. While the council is proposing to submit an



outline business case to the HCA for the Aylesbury PFI Housing Project comprising sites 1b, 1c, 7, 8 & 9 despite the curtailment in PFI funding, it would be prudent for the council to proceed with its rehousing plans for these sites. In total, an estimated 15 properties would be needed from the council's general needs social housing stock for these development sites during the next four years of which 7 could be removed permanently:

- seven Aylesbury homeowners are likely to be rehoused on shared ownership terms.
  - eight Aylesbury homeowners are likely to be rehoused as council tenants
23. Despite the potential sale of around seven council properties on a shared ownership basis, if these sales were not allowed then it is highly probable that under existing policy the purchasers would be recommended for council tenancies, resulting in the repurchase money not being returned to the council. It is currently unclear what sizes of property will be required to rehouse these homeowners because this is dependent on their housing need at the time each homeowner is assessed by the council's homeownership officers.
24. Evidently, there will be a negative effect on the availability of vacant council units in the borough for general lettings should this policy be adopted. When considered in the context of the total number of properties which are estimated to become vacant and available for general lettings over the acquisition and rehousing period (see paragraph 41), the impact is considered to be slight. Furthermore, allowing the additional rehousing route of shared ownership purchases of vacant council units will assist the council to repurchase more properties on a voluntary basis. This will help to avoid the necessity of invoking a CPO to secure the vacant possession of any property together with the associated costs, staffing resources and delays in being forced down this route.

### **Community impact statement**

25. There are no particular groups which have been identified as being disadvantaged by the change in policy. The affordability assessment takes into consideration the age of the home owner such that if they are above state retirement age, no mortgage ability is assumed. Therefore, this decision has been judged to have no or a very small impact on local people and communities itself, outside of the wider decision to regenerate the area.

### **Resource implications**

26. There are no immediate staffing resource implications. Existing staff employed within Home Ownership Services, Allocations and Housing Management under existing budgets who have been dealing with the rehousing applications for Heygate leaseholders will deal with the rehousing applications for home owners affected by the regeneration of the Aylesbury Estate.
27. However, there is a possibility that further staffing resources may be requested at a later date depending on the demand from home owners to take advantage of the available council assisted rehousing options. There are plans to initiate other

regeneration schemes across the borough within the next few years which will increase workload and if run concurrently may overburden current staff structures. Officers review staffing resource implications regularly and so are able to identify potential issues before they become problematic. Should this be the case, the Cabinet will be consulted accordingly.

### **Legal implications**

28. There are no legal implications other than the approval of the policy changes recommended in this report.

### **Consultation**

29. Views from the Regeneration Sub-Group of Creation Trust were sought from this group on the proposed policy change on 20 October 2010 who supported the proposed changes.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Property**

30. As a result of these properties having a low market value in comparison to others in the vicinity the assistance scheme plays an important role in enabling home owners with limited wealth to secure replacement accommodation. This in turn helps with negotiations to secure purchases by agreement rather than following the confirmation of a Compulsory Purchase Order. Owners accepted on the scheme will receive the same compensation as those that do not qualify i.e. market value, Home Loss, disturbance and reasonable surveyor and legal fees.

### **Strategic Director of Communities, Law & Governance**

31. Section 2 of the Local Government Act 2000 provides that :
- (1) Every local authority is to have power to do anything which they consider is likely to achieve 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, and
    - (c) The promotion or improvement of the environmental well-being of their area.
  - (2) The power under subsection (1) may be exercised in relation to or for the benefit of
    - (a) The whole or any part of a local authority's area, or
    - (b) All or any persons resident or present in a local authority's area.
32. This provision would give the council the power required to change the homeowner options policy as long as this is being done for the promotion or improvement of the economic, social or environmental well-being of the area.

**Finance Director**

33. The Finance Director notes that this report is proposing to amend the set of re-housing options for all resident home owners with limited capital and/or income who are affected by the regeneration of the Aylesbury Estate, in order to align the options with those which were made available to leaseholders affected by regeneration of the Heygate Estate.
34. The relevant rehousing options available to home owners have been detailed within the body of this report and the Finance Director acknowledges these, with the proposed amendments to policy, as outlined in paragraph 17.
35. It is observed that no immediate increased costs are identified in relation to staffing the proposed home owner re-housing process for the Aylesbury Regeneration Programme. It is proposed that existing staff employed within Home Ownership Services, Allocations and Housing Management who worked on the re-housing process for the Heygate Estate manage and process applications for re-housing arising from home owners affected by the Aylesbury Regeneration Programme, now that the Heygate re-housing process is coming to an end.
36. However, there is potential for further staffing resources to be required at a future date were the demand from home owners applying for re-housing to increase beyond the capacity of the existing staffing resource to manage the workload resulting from this increased demand. In this instance cost pressures would be likely to arise and were resources unavailable for re-deployment from elsewhere within the council, additional staff may need to be employed. The cost increase resulting from employing additional staff would need to be fully scoped and appropriate budgetary capacity identified ahead of employing any additional staff.
37. It is observed in paragraph 18 that where the council repurchases units from homeowners, which it is undertaking to do voluntarily ahead of Compulsory Purchase Orders, the amount payable will be the full market value of the unit plus appropriate home loss and disturbance payments and surveyor/legal fees, rather than sitting tenant value only.
38. Although some voluntary repurchases have already been made, the Aylesbury Estate still contains 392 leasehold units which must be repurchased for the regeneration to progress. The costs of repurchasing 110 units in Phase 1 and part of Phase 3 of the programme on sites identified for the council's PFI proposal have been budgeted within the Housing Investment Programme. Work is now underway to identify funding to defray the cost of repurchasing the 294 units in the remaining Phases.
39. Were funding sources not forthcoming or consumed elsewhere within the Housing Investment Programme this deficiency would represent a significant risk to the progression of the Aylesbury Regeneration Programme, as leaseholder repurchases cannot proceed without it and the council must have funding in place at the point a Compulsory Purchase Order is made.
40. Council officers will therefore plan for inclusion of appropriate costs within the HIP ahead of time, to mitigate against this risk as far as is possible and will where appropriate always seek external financial support from relevant agencies such as the

Homes and Communities Agency (HCA) by maintaining close contact with HCA representatives to further this aim.

### **Housing Options Manager (Regeneration and Neighbourhoods)**

41. The council's lettings policy (as it applies to rehousing tenants / home owners on regeneration schemes) provides for the council to make a suitable offer of alternative accommodation to those home owners who are assessed as not having sufficient resources to purchase another property on the open market in Southwark. As set out above in paragraphs 15 onwards, it is currently estimated that this will apply to some 30 households on the Aylesbury estate.
42. The proposals in this report to bring the provisions for home owners on the Aylesbury in line with those on the Heygate estate will mean that an additional number of properties will be made available to home owners – not to rent on a LBS tenancy but to part or wholly purchase.
43. This will have the effect of removing these properties from the council's stock for letting – but increases the options for homeowners to retain a stake in their home which they cannot afford on the open market in the borough.
44. Over time this initiative will contribute to a reduction in available council homes for letting, but the experience on the Heygate has shown the numbers affected to be limited. On current projections, the proposals for the Aylesbury are likely to mean a reduction in lettings of 1 or 2 properties each year against a total projected annual number of letting of some 2,500 available lettings in the coming years. The proposals in this report are not thought therefore, on the experience so far, to have a significant impact on the council's ability to meet urgent housing priorities from others waiting on the council's Housing List.
45. It is recommended that close monitoring of the demand on the Aylesbury takes place before it is suggested to adopt this approach on further regeneration schemes. If it is found that the majority of properties purchased are estate based flats, the initiative could be deemed to contribute to developing mixed and sustainable communities. If on the other hand most properties purchased by leaseholders are street properties, and possibly purchased in greater numbers than anticipated, then Cabinet may wish to review the effect of this. To sell a significant number of such popular properties from its portfolio could after all have a detrimental effect on the council's ability to rehouse, say, under-occupiers. So far, the limited experience on the Heygate estate indicates that a variety of property types have been bought under this equivalent value initiative. If this too proves to be the case on the Aylesbury, and if numbers do not significantly rise from the current estimates, then it could be deemed that the benefits of being able to make this option available to these leaseholders on low income outweigh the effects of not being able to rehouse such a small number of households from the council's waiting list.

**BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Rehousing of tenants and homeowners for the Aylesbury Estate Regeneration Programme (Executive Report September 26, 2006)	Aylesbury Regeneration Team, 160 Tooley Street, London SE1 2TZ	Geri McLeary 020 7525 4904
Elephant & Castle Leaseholder Policy (Executive Report February 8, 2005)	Home Ownership Team, 160 Tooley Street	Samantha Cheng 020 7525 4338
Projects Update (Major Projects Board Report November 21, 2007)	Aylesbury Regeneration Team, 160 Tooley Street	Geri McLeary 020 7525 4904
Aylesbury Home Owners Rehousing Toolkit (Updated)	Aylesbury Regeneration Team, 160 Tooley Street	Geri McLeary 020 7525 4904

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Fiona Colley, Regeneration and Corporate Strategy Councillor Ian Wingfield, Deputy Leader and Housing Management	
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Authors</b>	Samantha Cheng, Sales & Acquisitions Manager Geri McLeary, Aylesbury Programme Director	
<b>Version</b>	Final	
<b>Dated</b>	2 December 2010	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Property	Yes	Yes
Housing Options Manager	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	2 December 2010	

<b>Item No.</b> 10.	<b>Classification:</b> Open	<b>Date:</b> 14 December 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		The Transport Plan and Sustainable Modes of Travel Strategy	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Barrie Hargrove, Environment, Transport And Recycling	

**FOREWORD – COUNCILLOR BARRIE HARGROVE, ENVIRONMENT, TRANSPORT AND RECYCLING**

1. Changes since 2007, when this authority last submitted a transport plan means that we are required carry out a new consultation so that a new borough Transport Plan can be submitted in 2011 to the Mayor of London. It is very important that we share common objectives with the Mayor’s Transport Strategy document (MTS2) which was published in May this year, setting out new targets and requirements for all London boroughs for next 20 years. Not just because we are very dependent on the Mayor and Transport for London (TfL) for the funding of our traffic, travel and transport schemes but also because there is broadly a shared understanding of what all of us are trying to achieve in transport terms for London and Londoners. But as well as this, the submission of a new Southwark Transport Plan is a great opportunity for both us as an authority and the population we serve, to tell the Mayor, the Greater London Authority and TfL what matters in transport for the people of this borough. I am sure that by the time consultation is completed and the document ready for submission, we’ll have a Transport Plan which articulately makes the case for Southwark, it’s aspirations and it’s solutions, it’s residents, it’s visitors and it’s travelling public, all of whom dependent on a fast, efficient, clean, safe transport system and a quality public realm that is a pleasure to travel in. At the same time, I am also honoured to present the Sustainable Modes of Travel document to Cabinet. This document, which is also a statutory obligation, is the culmination of lots of hard work by officers, resulting in a strategy which works towards making sustainable transport more of a reality for many more of our young people. Safe cycling and walking to schools and colleges is more healthy and better for the environment in which we all live.

**RECOMMENDATIONS**

That the Cabinet

2. Agrees to the public consultation of the draft transport plan and the sustainable modes of travel strategy.
3. Agrees that the draft transport plan incorporating the requirements of Southwark’s local implementation plan be submitted to TfL by December 20 2010.

**BACKGROUND INFORMATION**

4. This report considers two separate documents, the transport plan and

Sustainable Modes of Travel Strategy (SMoT). Each of which is discussed in detail below.

5. In May 2010, the Mayor of London published his revised transport strategy. Section 145 of the Greater London Authority Act 1999 (GLA 1999) requires each council in London to prepare a Local implementation plan (Lip) to detail how the authority will assist in delivering the Mayor's Transport Strategy. Following the revision of the Mayors transport strategy all boroughs are required to revise their Local implementation plan in response to the new strategy. This is a revision of the policy that informs the transport improvement programme (Lip programme), to consider policy rather than projects emerging from policy.
6. This draft transport plan incorporates the requirements of a Lip and replaces the current Lip which was approved by the Mayor of London on 21 February 2007 and adopted by the council's cabinet on 20 March 2007. The transport plan must be submitted to Transport for London by 20 December 2010 for review.
7. TfL provides financial assistance to boroughs, sub-regional partnerships and cross-borough initiatives under section 159 of the GLA Act 1999. All councils within London are able to obtain this funding on an annual basis to deliver schemes identified in the Lip. The transport plan will set and inform the direction for future funding submissions through the transport improvement programme.
8. The plan has been developed in accordance with the TfL guidance released in May 2010. As well as addressing these requirements the transport plan sets the future direction for improving transport in Southwark and includes policies, schemes and initiatives to deliver sustainable, efficient and effective transport services and programmes. Its consultation will ensure that the needs and aspirations of the people in Southwark are met.
9. Section 508a of the Education and Inspection Act 2006 outlines the duty placed on the authority to promote sustainable travel of children and young people to and from core and extended activities in schools and colleges. Southwark's Sustainable Modes of Travel Strategy (SMoT) has been prepared in response to this duty and is a statement of the council's vision for improving accessibility to schools and colleges, and promoting sustainable travel for children and young people. It aims to help parents, carers, schools, children and young people, including those with special educational needs, use sustainable modes of transport safely and easily.

#### **KEY ISSUES FOR CONSIDERATION**

10. The transport plan and SMoT have been prepared in response to the duties and requirements set out in the GLA Act and the Education Act respectively.
11. All councils within London are able to obtain funding on an annual basis to deliver schemes identified in the draft transport plan (as this incorporates the requirements of the Lip). TfL provides financial assistance to boroughs under section 159 of the GLA Act 1999. Therefore it is essential that the borough comply with the requirements in preparing our transport plan. The authority is required to submit a consultation draft of the transport plan to Transport for London for their consideration by 20 December 2010.
12. TfL comments should be received early in the New Year and the documents will be reviewed following this and public consultation. Following this the plans will be

considered by Cabinet for formal adoption.

### **Policy implications**

13. The transport plan has been prepared to meet the Mayor's Transport Strategy objectives and will help the council to achieve the priorities set out in the Southwark 2016: Sustainable community strategy.
14. The SMoT and transport plan are consistent with the council's broader policy framework. The transport plan references and supports the local development frame including the transport assessments that inform the core strategy and the area action plans. The plans also support various national and regional policies including the Mayor's Transport Strategy, as required by TfL.

### **Community impact statement**

15. The transport plan will provide for and encourage greater use of public transport and greater levels of active travel whilst supporting an appropriate level of movement of cars and goods vehicles. The plan has been prepared in recognition of the important role that transport can have in supporting and achieving other government initiatives. The plan includes measures to promote economic prosperity, improve safety and accessibility and promote social inclusion.
16. The SMoT through its actions seeks to improve access to schools and colleges, and promote the use of active and sustainable travel. The plan also seeks to improve safety of travel to school.
17. An equality impact statement, a health impact assessment and a strategic environmental assessment are also being undertaken in developing the borough's transport plan which will be consulted alongside the plan. All policies and proposals within the transport plan have been developed in accordance with both of these documents.
18. The council will undertake ongoing monitoring of the transport plan to ensure there are no adverse implications for the community, or that any identified are proportionate to the overall objective of the programme and are minimised where possible.

### **Resource implications**

19. A small amount of funding has been allocated, through the transport improvement programme 2010/11, to support the development and consultation of the transport plan. Due to this limited budget we have tried to keep consultation costs to a minimum by utilising existing meetings, limiting printing and using electronic means to distribute the document where possible.

### **Consultation**

20. The plan has been informed by discussions with officers from different sections of the council and PCT to ensure alignment of strategies.
21. It is proposed to undertake twelve weeks of consultation running through December through to 8 March. As part of the consultation we plan to do the following:



- Put an item on the Source about the transport plan and SMoT encouraging comments from staff
- Put the consultation document and request for feedback on the council website
- Take the consultation document to all the community councils and the public transport consultative forum
- Attend transport stakeholder meetings
- Hold a half day workshop with key stakeholders (emergency services, etc) to invite more technical comment on the plans
- Send letters to statutory consultees including emergency services, environmental and heritage bodies inviting comment on the plans and attendance at the stakeholder workshop.
- Hold two separate half day workshops encouraging local participation advertised through existing networks

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Communities, Law and Governance**

22. Cabinet is asked to approve for consultation and initial submission to Transport for London a draft Transport Plan, incorporating a Sustainable Modes of Travel strategy. Following consultation it is intended that the plan will replace the Local Implementation Plan adopted on 20 March 2007.
23. This report is being put before Cabinet for a decision under Part 3B of the Constitution. Paragraph 4 of that Part headed "Local Leadership" states that Cabinet is to ensure consultation on the development of the council's policy framework, other key strategic documents and key decisions. Paragraph 4 of that Part headed "Policy" states that Cabinet will be responsible for determining the council's strategy and programme in relation to the policy and budget framework set by the council. The following paragraph 5, states that Cabinet is responsible for determining the authority's strategy and programme in relation to social, environmental and economic needs of the area. It is considered that approval of the draft Transport plan is within those roles and functions.

### **Departmental Finance Manager**

24. Funding for the consultation and printing of the plan will be sourced from an allocation of £15k from the TfL discretionary funding for 2010/11, as agreed by the Cabinet Member for Transport, Environment and Recycling.

### **Strategic Director of Environment and Housing**

25. The Director of Environment and Housing welcomes the recommendations of this report and confirms that the draft transport plan is consistent with adopted and emerging policies and plans relating to the management of the Council's highway network and public realm.

## **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Local implementation plan	Planning and Transport, 5 <sup>th</sup> Floor, Tooley Street	Sally Crew on 020 7525 5564

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix A	Southwark's transport plan (circulated separately and available on the council's website)
Appendix B	Sustainable modes of travel strategy

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Barrie Hargrove, Environment, Transport and Recycling	
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Author</b>	Sally Crew, Group manager policy and programmes	
<b>Version</b>	Final	
<b>Dated</b>	2 December 2010	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law and Governance	Yes	Yes
Departmental Finance Manager	Yes	Yes
Strategic Director of Environment and Housing	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	2 December 2010	



# Sustainable modes of travel strategy

**Consultation draft**

December 2010

[www.southwark.gov.uk](http://www.southwark.gov.uk)

## Appendix B

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## Appendix B

### 1 Introduction

The Sustainable modes of travel strategy is a statement of the council's vision for improving accessibility to schools and colleges and promoting sustainable travel for children and young people. It aims to help children and young people, including those with special educational needs (SEN), parents, carers and schools to use sustainable modes of transport safely and easily.

This draft strategy is the council's response to Section 508 of the Education and Inspection Act 2006, which outlines the duty placed on local authorities to promote sustainable travel to children and young people. It is the council's intention to work closely with key stakeholders to deliver a comprehensive programme of travel planning, education, road safety, training and infrastructure improvements to make the borough a place travel where every child and young person has the opportunity to enjoy the benefits of healthy, active travel.

An action plan is included within the strategy highlighting improvements to be made during the period 2009 to 2019. The action plan includes key measures, responsibilities, outputs and outcomes.

#### The strategy

**Section two** of this document sets out the policy context for the strategy; national, regional and local.

**Section three** assesses travel needs through a review of existing and potential travel patterns in Southwark and considers barriers to realising that potential.

**Section four** provides an audit of existing sustainable transport infrastructure and initiatives in Southwark.

**Section five** sets out objectives for the strategy.

**Section six** sets out an action plan aimed at achieving the stated objectives by improving accessibility and opportunity for children and young people to use sustainable modes of transport.

This strategy will be reviewed three years from its publication and will be subject to continuous development and improvement.

The strategy is also available in large text, audio format, and a variety of languages. If you need a translation in your language, or a large print, tape or Braille version of this document please take it to one of the locations listed below.

One Stop Shop, 122 Peckham Hill Street, SE15 5JR

One Stop Shop, 151 Walworth Road, SE17 1RY

One Stop Shop, 17 Spa Road, SE16 3QN

Town Hall, Peckham Road, SE5 8UB

## Appendix B

### 2 Policy context and priorities

#### 2.1 National influences

##### **Education and Inspections Act**

Section 508A of the Education and Inspections Act 2006 places a duty on local authorities to promote the use of sustainable modes of travel and transport to children and young people. There are four specific elements to this duty

- Assess travel and transport needs of children and young people
- Audit sustainable travel and transport infrastructure
- Develop a strategy that aims to make improvements to sustainable travel and transport infrastructure, addressing the needs of children and young people
- Promote sustainable modes of travel and transport for the journey to schools and other education institutions

##### **Children's Plan**

The Department for Children, Schools and Families published the Children's Plan in 2007. The plan states that: "Sustainable development is a non negotiable for children's wellbeing". Children's trusts and local authorities need to ensure that all those services which effect children's lives promote sustainable environments.

##### **Sustainable Communities Act**

The Sustainable Communities Act 2007 encourages local communities to come forward with ideas and proposals to promote the sustainability of their local area. Sustainability is defined in the act in very broad terms, and can cover anything which could improve the economic, social, or environmental wellbeing of the area, or promote participation in civic or political activity.

##### **Choosing Health**

The Department of Health's white paper Choosing Health 2004 seeks to encourage active, healthy lifestyles. The white paper highlights the safety of children and the encouragement of walking and cycling to school as crucial to forming lifelong healthy habits.

#### 2.2 Regional influences

##### **London Plan**

The Mayor's draft replacement London Plan 2009 sets out an integrated economic, environmental, transport and social framework for the development of the capital over the next 20-25 years. The plan takes an integrated approach to transport provision and development, including improvements to public transport and tackling traffic congestion. Specifically, the plan refers to the need to improve walking and cycling access to schools.

##### **Mayors Transport Strategy**

The Mayor's Transport Strategy 2010 was developed alongside the London Plan. It sets out the Mayor's transport vision and describes how Transport for London (TfL) and its partners, including the London boroughs, will deliver that vision.

## Appendix B

### 2.3 Local influences

#### Local Development Framework

The Local Development Framework (LDF) is a spatial plan that sets unique visions with strategies, policies and delivery plans to develop and protect development areas and to further strengthen them as the successful places that we want them to be. It outlines and explains how planning policies and standards are used to promote road safety, smarter travel initiatives and to encourage modal shift from private to public transport and walking and cycling.

#### Community Strategy

Southwark's Sustainable Communities Strategy, Southwark 2016, places sustainability at the heart of its core objectives to make the borough a better place for people. Among the key indicators of success are a reduction in CO2 emissions year on year, measurable improvement in air quality across the borough by 2016 and a reduction in projected traffic.

#### Children and Young People's Plan

The Children and Young People's Plan 2007 states that the council and its partners are committed to making the borough a place where every child and young person has high expectations and the best opportunities. Partners will work together with children, young people and their families, so that they can grow in good health, feel safe and secure, and realise their full potential<sup>1</sup>.

#### Home to school transport policy

The council's Home to school transport policy sets out the criteria in which the council may provide transport for children with special educational needs, disabilities, or mobility difficulties<sup>2</sup>.

#### Southwark's Transport Plan

The council's Transport Plan sets objectives to reflect local transport needs in the borough and reflects our Community Strategy and the Mayor of London's Transport Strategy.

#### Local Area Agreement

Southwark's Local Area Agreement (LAA) prioritises sustainable travel to school. This agreement is comprised of a set of priority targets agreed by central government, the local authority, the local strategic partnership and other local partners that aim to use central funding to join up public services more effectively and allow for greater flexibility to deliver services based on local needs. Southwark has chosen N198: Children travelling to school – mode of travel, as a key indicator with a target to reduce the reliance on car use year on year.

Priority	Indicator	Baseline (2006/07)	LAA Improvement Target (198)		
			08/09	09/10	10/11
Cleaner, Greener Environment	Children travelling to school - mode of travel usually used (% of Car use)	22%	18%	17%	16%

It is expected that the indirect impacts of this strategy will also support LAA targets around reception and year six obesity and per capita CO<sub>2</sub> emissions.

<sup>1</sup> Southwark Council, The Children and Young People's Plan Review 2007

<sup>2</sup> Southwark Council and Southwark Primary Care Trust, Home to School Transport Policy 2007/08, 2007

## Appendix B

### 3 Travel needs, patterns and barriers

#### 3.1 Travel context

Southwark is an inner London borough that has undergone significant social, cultural and environmental change in recent years. Southwark is one of the most vibrant, exciting and culturally diverse areas of London, although there are still significant inequalities between the most and least deprived parts of the borough.

The 2007 population in Southwark was over 260,000 people with 22% consisting of children and young people (0 to 19 years of age)<sup>3</sup> and is set to increase to 312,300 by 2016, and 348,700 by 2026<sup>4</sup>.

The School Census 2007 identified the following academic institutes in Southwark

**Figure 1, Academic institutes in Southwark**

Settings		Schools	Pupils
Nursery		5	553
Primary (including the Globe joint academy)		71	22,117
Secondary	Schools	7	5,690
	Academies	9	5,562
Pupil Referral Units	Southwark Inclusive Learning Services	3	109
	Summerhouse	1	30
Hospital Schools		2	123
Special Schools		9	448
Colleges		6	2,820

Source: [www.edubase.gov.uk](http://www.edubase.gov.uk). Accessed 02 September 2010

The borough has a range of diverse economic and social communities and this diversity is reflected by the different patterns of travel to the schools in these communities. At the extremes there are more independent schools in the affluent areas drawing children from wide catchments and attracting high levels of travel to school by car. Schools in the more deprived communities generally attract children from the surrounding streets and estates and therefore have local catchments and high levels of walking to school<sup>5</sup>.

In Southwark walking and cycling are a natural priority because many people do not have access to a car; 51.9% of households compared to 26.8% nationally<sup>6</sup>. Furthermore, the National child measurement programme 2007/2008 identified that 27.3% of children in reception year at a Southwark school were classified as obese or overweight. In year 6 this figure had risen to 42%. Encouraging increased physical activity such as walking and cycling is therefore particularly relevant.

<sup>3</sup> Office of National Statistics 2008

<sup>4</sup> Greater London Authority, PLP Low, 2007

<sup>5</sup> *ibid*

<sup>6</sup> Southwark Council, Southwark road safety plan, 2006



## Appendix B

### 3.2 School related travel

This assessment of the travel and transport needs of children and young people is principally based on information obtained through approved school travel plans, but also refers to other sources such as the school census and related data.

All schools are required to survey the travel habits of pupils. This assists the council in fulfilling its duty to make an assessment of the travel and transport needs of children and young people as described in the Government's guidance<sup>7</sup>. In Southwark this is undertaken using two different methods

- Annual whole school 'hands up' survey (evaluated by Southwark's school travel advisor)
- Annual school census (evaluated by the children's services management information and analysis team)

#### Current travel patterns

The primary source for monitoring travel trends is the 'hands up' survey which is used to monitor the council's Local area agreement indicator N198: Children travelling to school – mode of transport. Of the 111 schools in the borough 89 have completed a modal survey within the last five years. The table below shows the results of these surveys.

**Figure 2, School modal split: NI 198 statistics**

Year	Mode (%)					
	Car	Car Share	Public Transport	Walking	Cycling	Other
2005/06	21	3	22	50	3	1
2006/07	17	2	20	60	1	0
2007/08	18	3	26	49	3	2
2008/09	17	3	29	45	3	3
2009/10	15	3	28	47	3	4

These figures show that the split between car and public transport use is changing. Car use has decreased by several percent while car sharing and cycling have remained unchanged. Walking has decreased slightly, apart from peak in 2006/07. The anomalous spike in walking, 2006/07, corresponds with a decrease in all other modes and is likely to be due to the sample survey size. Only 2.86% of those surveyed currently cycle to/from school. This mirrors the borough wide position for all ages of around 3%.

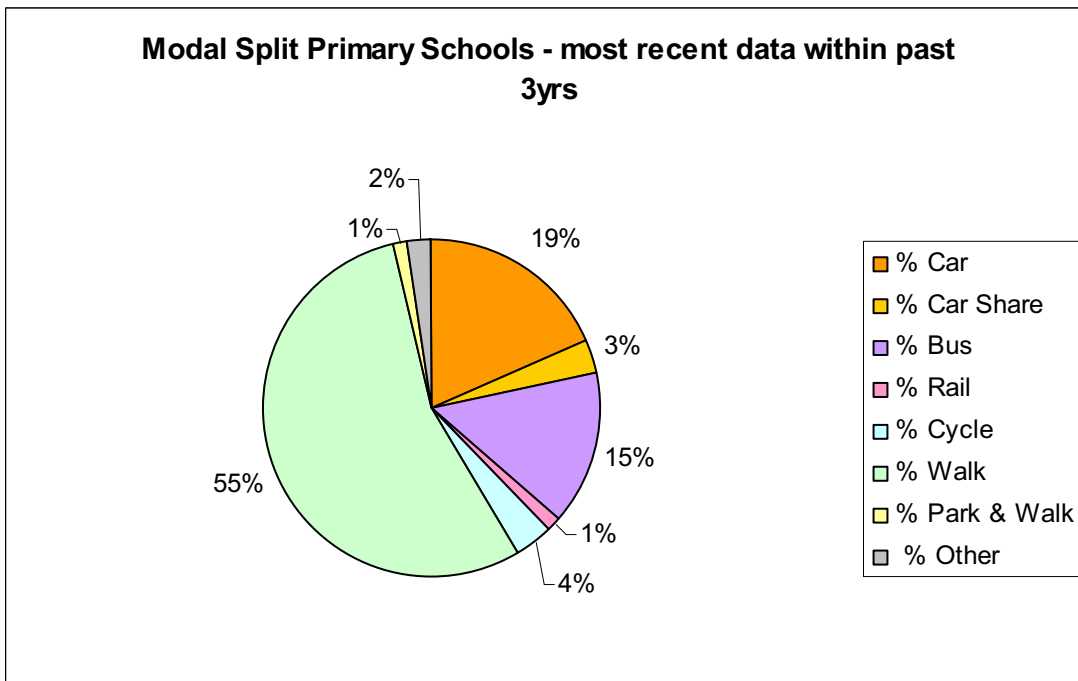
#### Primary and secondary schools

Further analysis shows that levels of walking for primary schools are quite different from secondary. The graphics below exclude survey data that is more than three years old.

<sup>7</sup> Department for Education and Skills, Home to School Travel and Transport Guidance, 2007

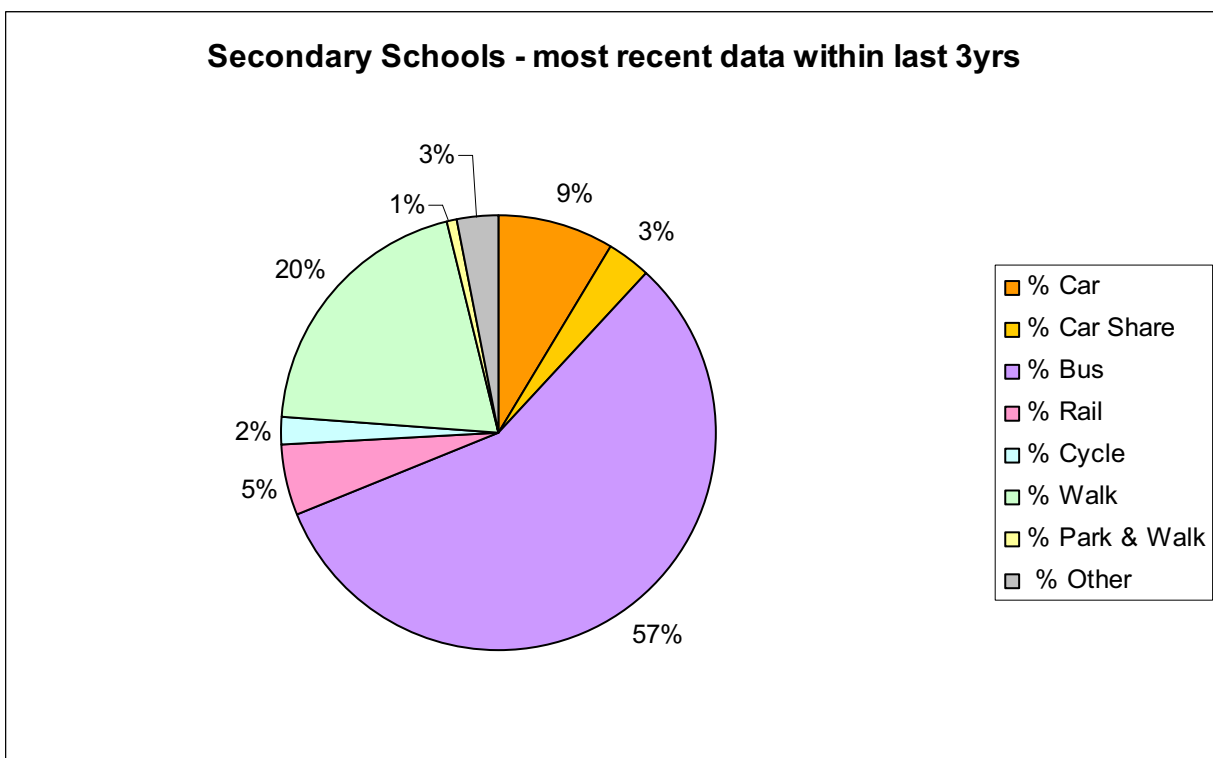
## Appendix B

Figure 3, Modal split – primary schools



This more recent data shows a slight variation from the N198 data (which uses the most recent data from all schools, some of which is older than three years), but generally underlines the dominance of walking as a mode for travel to primary school.

Figure 4, Modal split – secondary schools

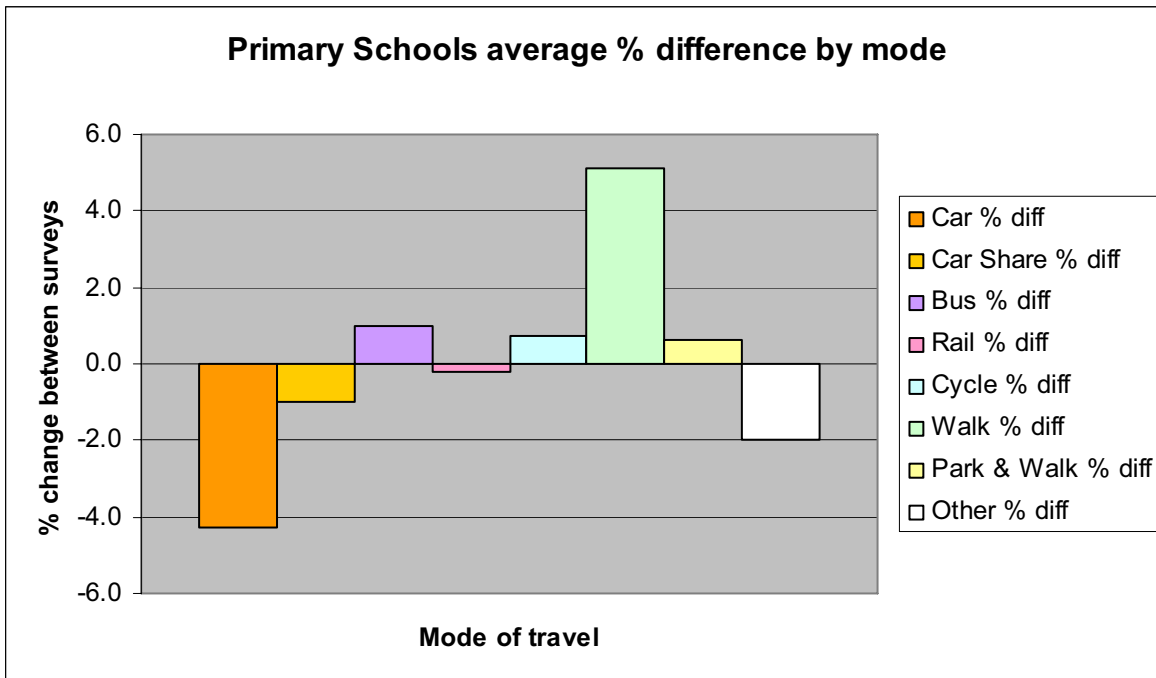


## Appendix B

For secondary schools, bus is the dominant mode, most likely denoting the larger distances that students travel to school and the availability of concessionary fares. Car mode share is significantly lower than for primary, perhaps because more parents are willing to allow their children to travel independently. Levels of cycling are lower in secondary than primary, again perhaps denoting longer distances and more unaccompanied travel.

The graphics above provide a 'snapshot' of current travel patterns. It is also possible to measure change over time and to infer the impact of travel plans on travel behaviour by comparing data from schools that have conducted two or more travel surveys.

**Figure 5, mode shift in primary schools**



The graphic above shows how mode share has changed across primary schools where multiple surveys have been carried out. It can be seen that car use has declined by a small, but significant amount and that walking has increased by an approximately corresponding amount. Levels of cycling and bus mode share have only increased marginally. There is currently insufficient data to perform the same analysis for secondary schools.

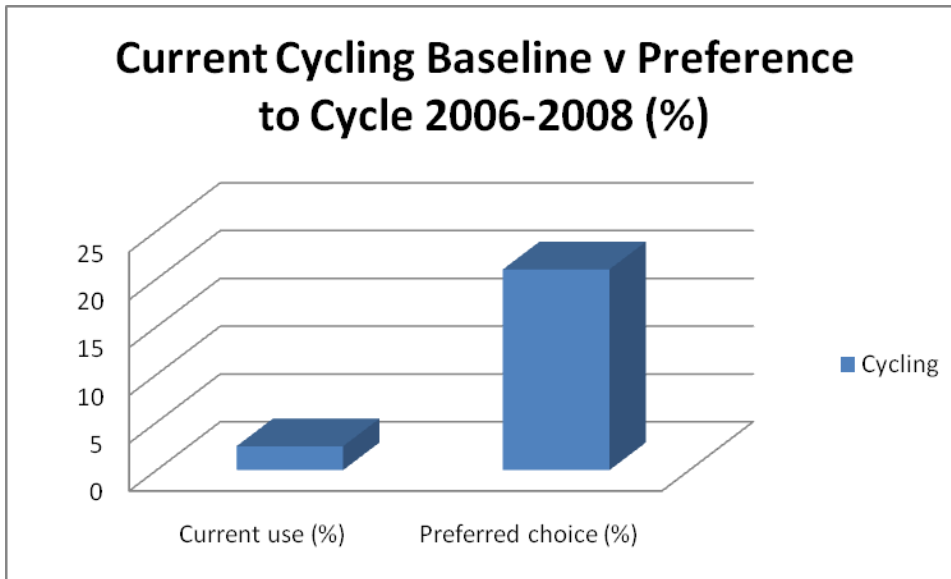
### Travel preferences

The 'hands up' survey also records pupils preferred mode of travel. This data suggests continuing barriers to using sustainable modes of travel and indicates gaps in sustainable transport provision.

A comparison of current and preferred modes of travel provides a clear indication of an unfulfilled desire to cycle to school.

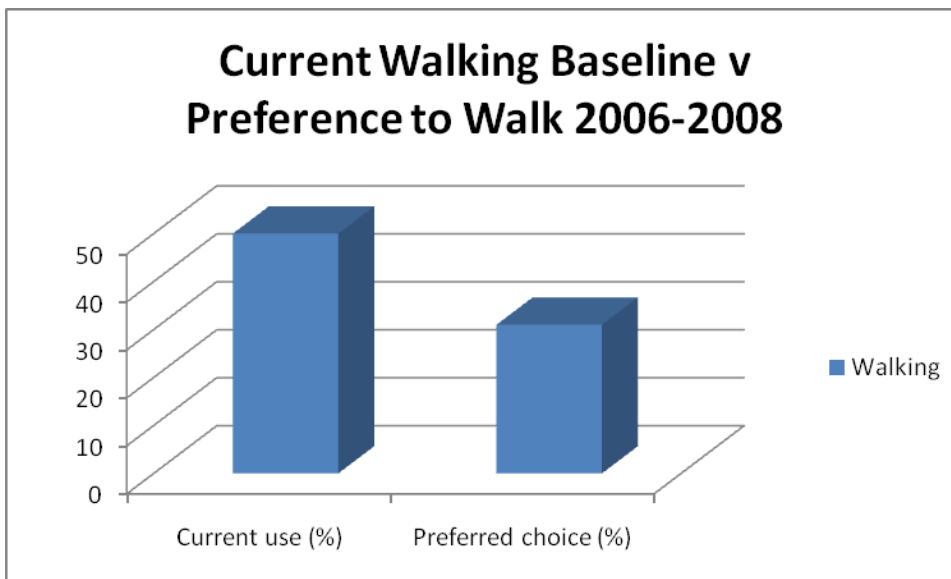
## Appendix B

Figure 6, travel preferences - cycling



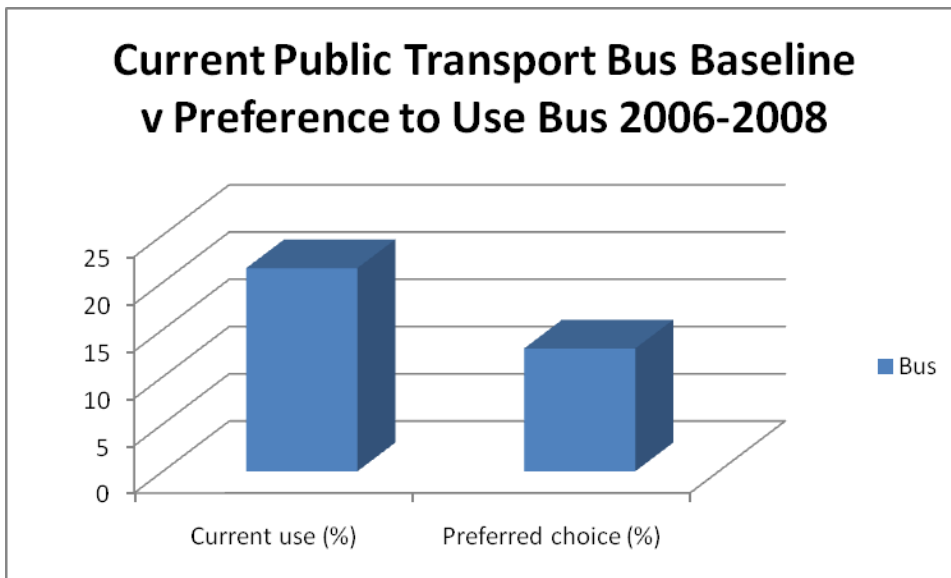
Whilst the preference to cycle is dramatically higher than the existing travel patterns, the preference to walk or use buses is significantly lower.

Figure 7, travel preferences - walking



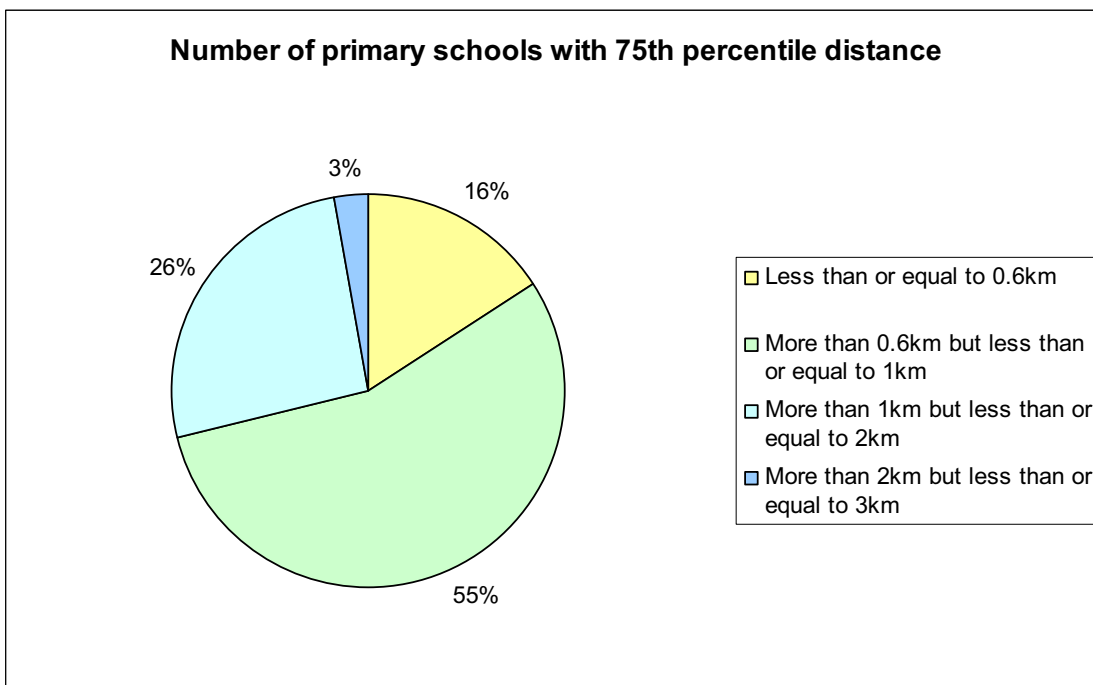
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Figure 8, travel preferences - bus

**Distance travelled to school**

As has already been inferred from the travel plan data, there is likely to be a correlation between mode of travel and distance travelled. From data provided by each school it is possible to work out the distribution of distances for both primary and secondary schools. The graphic below uses the 75<sup>th</sup> percentile distance (the maximum distance that three quarters of students travel) to show how schools are grouped according to distance travelled.

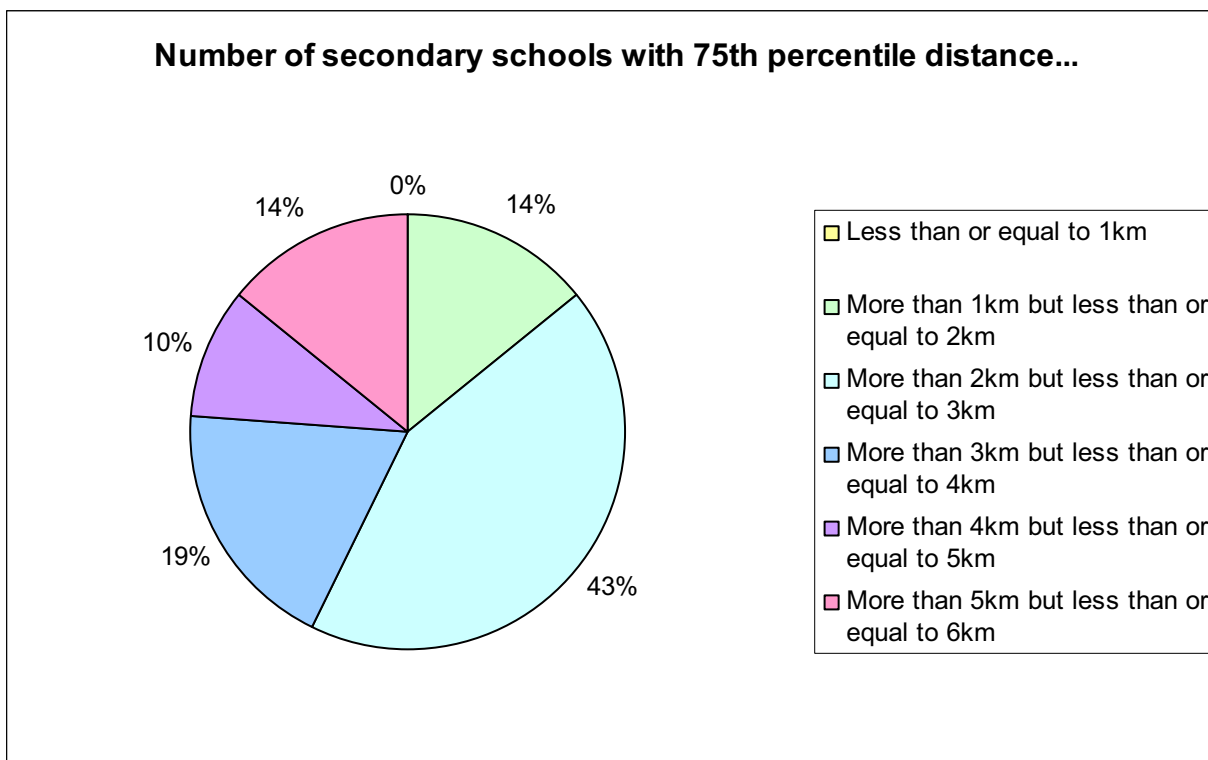
Figure 9, Distance travelled to school - primary



The results of the analysis shown above demonstrate that the majority of primary school students live in close proximity to the school they attend.

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Figure 10, Distance travelled to school - secondary



The same dataset presented above for secondary schools confirms that these students travel further to school. There are no schools where the significant majority live in very close proximity and the largest share is that of schools that may be outside comfortable walking distance for the majority of students.

### Children with special educational needs

There are 1,600 children with statements of special educational need in Southwark. Of these, 396 qualified for assisted travel to school in 2008/9. Where possible, Southwark promotes independent travel on sustainable transport modes for children and young people travelling to special schools. Overwhelmingly, the most popular choice of travel at the seven special schools is the dedicated school bus. Data from the school census shows that dedicated school bus use increased by 5% between 2007 and 2008.

As well as those using dedicated bus services, 17.6% of children and young people travelling to a special school travelled by public service bus. That means that over 70% of children travelling to the seven special schools and two hospital schools in Southwark are travelling by bus.

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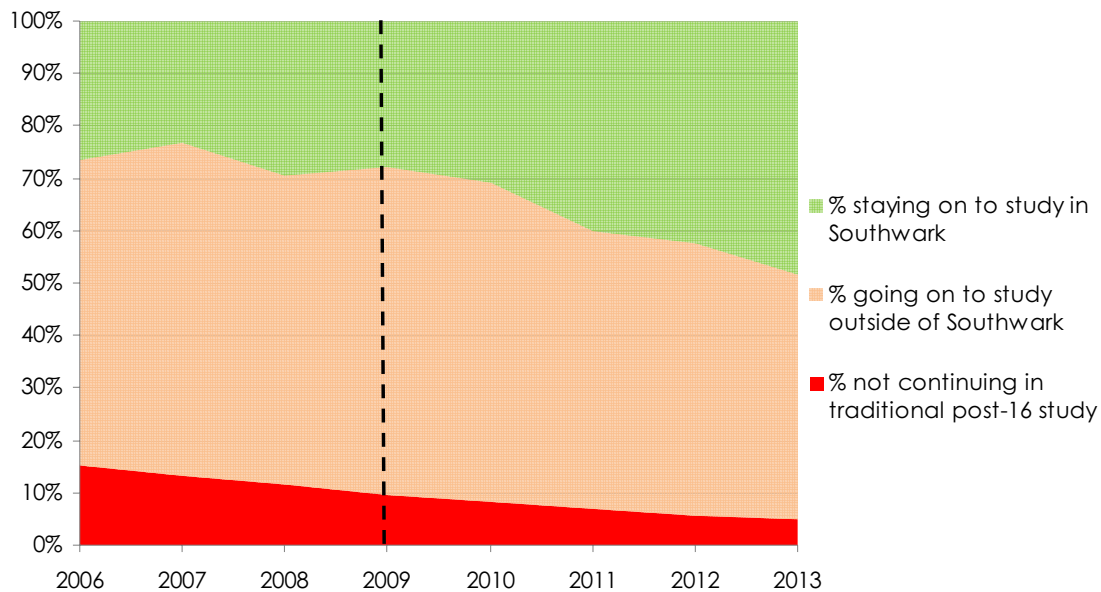
### 3.3 Post 16 education

The focus for the council to date has been to assess the needs of children and young people in schools only. As a rule, the council expects that children aged 16 to 19 attending courses at a further education or 6<sup>th</sup> form college will be able to travel independently using free public transport<sup>8</sup>.

The table and graph below demonstrate that increasingly we expect a greater percentage (and number) of young people to remain in Southwark for post 16 study. As the number of post 16 placements increase in the borough we will need to monitor the impact on travel arrangements closely.

**Figure 11, Year 11 leavers split by destination**

	Actuals			Projections				
	2006	2007	2008	2009	2010	2011	2012	2013
% not continuing in traditional post 16 study	15	13	12	10	8	7	6	5
% going on to study outside of Southwark	58	64	59	62	61	53	52	47
% staying on to study in Southwark	27	23	29	28	31	40	42	48
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

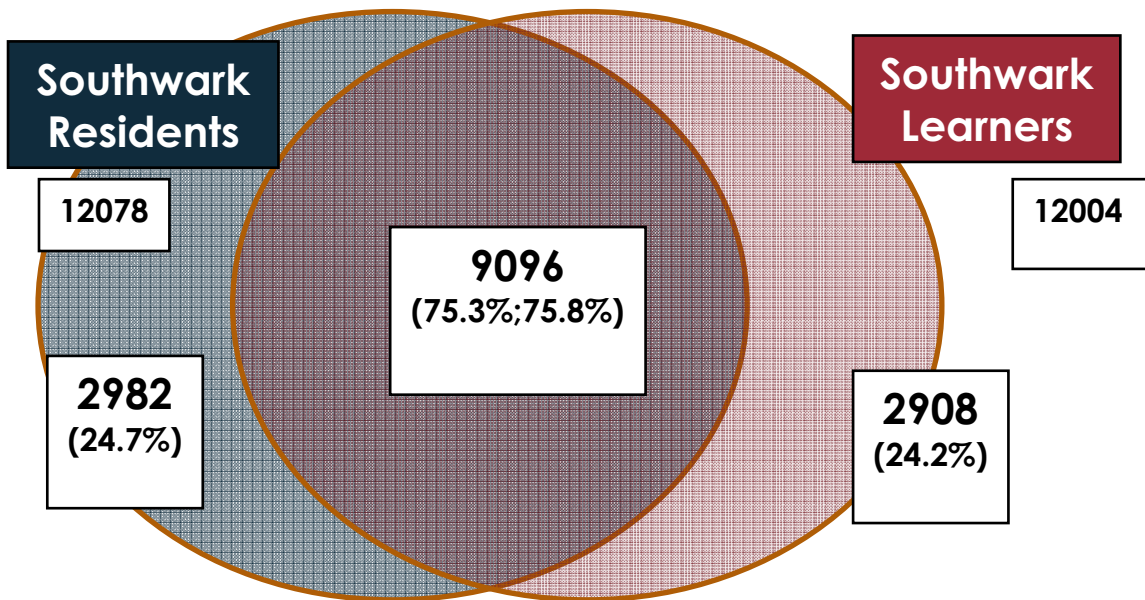


<sup>8</sup> Southwark Council and Southwark Primary Care Trust, Home to School Transport Policy 2007/08, 2007

## Appendix B

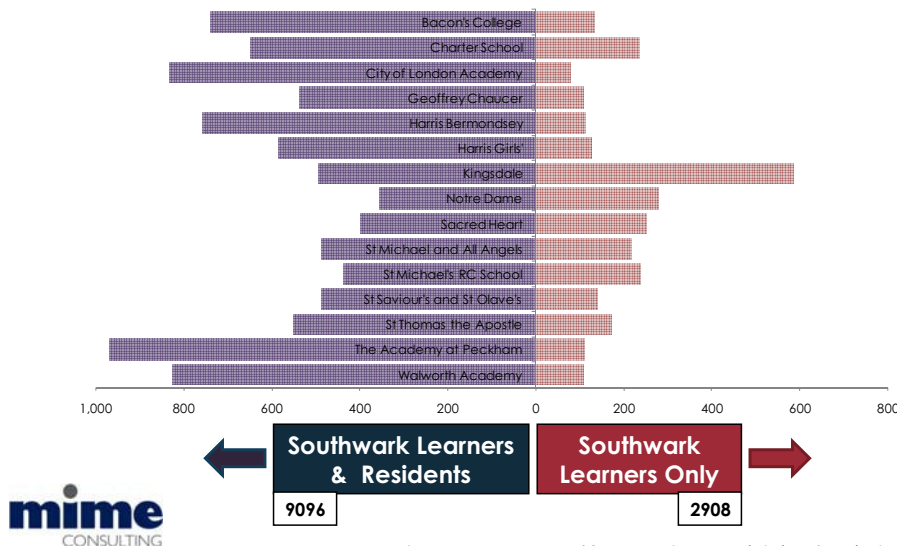
There are also a substantial number of young people travelling to education settings in Southwark from outside the borough<sup>9</sup>. The chart below shows there is wide variation in the percentage of pupils in post 16 education travelling into the borough within each educational setting.

Figure 12, incoming students



### SOUTHWARK RESIDENTS & LEARNERS 11-16 SOUTHWARK LEARNERS – DRILLDOWN

School of Southwark learners split by LA of residence



Data source: NPD Jan 08, Year 7 to 11, maintained mainstream London only

The council recognises the contribution that further and higher education travel planning work could have in increasing the use of sustainable modes of transport. More needs to be done to assess the needs of those pupils travelling to and from further and higher education institutions.

<sup>9</sup> Data source: NPD Jan 08, Year 7 to 11, maintained mainstream London only



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Finally, under the Southwark guarantee engagement programme the council has created 471 funded off site training opportunities, meaning a large number of young people travel to alternative sites for education on at least one day a week during the school year. In meeting the sustainable travel duty, the council is committed to monitoring how the programme changes travel patterns for pupils at key stage 4.

### 3.4 Extended services

The extended services agenda sets out a core offer of services which all schools are expected to provide by 2010, made up of the following five elements

- Childcare (in primary and special schools)
- A varied menu of activities including study support, sport and music clubs
- Swift and easy access to targeted and specialist services
- Parenting support including family learning
- Community access to facilities including adult and family learning, ICT and sports facilities

Schools are not expected to provide these services alone, or necessarily to deliver them on site. Instead, they may work in partnership with other schools and agencies, including voluntary and community organisations, signposting existing services where appropriate.

As a result of this agenda, additional trips to and between schools and community facilities may be expected. Travel should be a factor in the planning of services ensuring that the safety of pupils is considered and that sustainable travel options are promoted wherever possible.

### 3.5 Barriers to using sustainable modes

Promoting and encouraging the use of sustainable travel modes amongst children and young people requires a multi disciplinary approach from both internal and external teams. No project, however, can be developed or implemented without an awareness of the barriers to using sustainable modes of travel. These barriers have been identified based on information supplied by schools, parents, children and young people.

The safety of children on the road requires special attention. Encouraging more children to walk or cycle is important for their personal and social development, but the car is often the primary mode of transport used. This is often as a response to perceived road dangers and concerns about personal security. The number of children killed or seriously injured (KSI) on Southwark's roads has dramatically decreased over recent years; in 2008 there had been a 76% decrease in child KSIs from the 1994/98 baseline average<sup>10</sup>. Nonetheless, safety is likely to remain a concern for many parents.

There is a clear desire from children and young people in Southwark to be able to cycle to school (21% would prefer to travel by bicycle); however travel patterns for the previous three years show very low mode shares (2% in 2006, 2% in 2007 and 3% in 2008). This could be for a number of reasons.

While the perceived risks of cycling are generally greater than the actual dangers, the absolute number of cyclists killed or seriously injured in Southwark had increased by 18% in 2008 over a baseline set ten years earlier<sup>11</sup>. Although the accident rate for cyclists has fallen over this period

<sup>10</sup> Southwark Council, Southwark road safety plan review, 2009

<sup>11</sup> Southwark Council, Southwark road safety plan review, 2009

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due to a significant increase in the number of cyclists in the borough, road safety for cyclists continues to be a priority in order to counter negative perceptions and real risks experienced by this group. Ways to address this issue include the widespread provision of national standard cyclist training and the delivery of improved conditions for cycling on our roads.

Storage for bicycles also needs to be available for children and young people at schools to encourage their use further. Adequate storage facilities at leisure centres will also help to encourage greater use of sustainable modes of travel between schools and activities held at leisure centres during the school day.

The number of children and young people identifying walking as their preferred mode of travel is significantly lower than those who currently walk to school. The baseline for existing travel shows that 50% walk to school whilst only 31% would prefer to use this mode.

Walking levels may be high due to the proportion of households who do not have access to a car (51%). The difference between those who do walk and those who identify it as their preferred mode may be due to the perceived and real dangers of walking. Young people are over represented as victims and suspects of violent crime in Southwark<sup>12</sup>. More needs to be done to assist parents, schools, carers, children and young people to minimise the risk of injury through travel or crime by providing safe areas for pedestrians that are well lit, are surveyed by CCTV and have effective crossing facilities.

Although children and young people are provided with free or significantly discounted public transport use, bus use accounts for only 21.5% of journeys to school. Even less (13%) identify bus use as their preferred mode of travel. This may be the result of transport aspirations whereby young people aspire to own a car rather than travel by public transport. The good bus links within the borough, along with free travel make buses easy to use yet 19% of those responding in the 'hands up' survey stated that they would prefer to use the car, six percentage points higher than those preferring to use the bus.

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<sup>12</sup> Safer Southwark Partnership, 2007/08 Strategic Assessment: Summary of Key Findings

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### 4 Sustainable travel infrastructure and initiatives

This section sets out what the council and its partners are doing to provide for and promote sustainable modes of transport, particularly for children and young people. This covers both infrastructure and an inventory of initiatives currently being employed to overcome barriers to sustainable travel.

#### 4.1 Roles and responsibilities

Parents, carers and guardians should note that it is their responsibility to ensure that children attend school and that this includes making appropriate travel arrangements to achieve this. The council makes every effort to fulfil its duties to provide safer routes to school, but it is the parents', carers' or guardians' duty to determine suitable modes of transport and a safe route for children when travelling to and from school. The council is committed to actively include parents in any promotions or initiatives to promote sustainable travel to school.

#### 4.2 School building programme

Promoting sustainable travel is an important step towards achieving the Government's aspiration for all new school buildings to be zero carbon by 2016.

Southwark's regeneration programme (Aylesbury Estate, Elephant and Castle, Canada Water, Bermondsey Spa and Bermondsey Square) is one of the largest of its kind in Europe and this, along with planned housing projects, will create around 20,000 new housing units, stimulating demand for school places<sup>13</sup>. The programme will involve significant changes for primary schools and secondary schools.

Southwark Council has produced guidance on the redesign of 11 secondary schools as part of the Government's national initiative Building Schools for the Future (BSF). The BSF initiative aims to develop: "Good facilities where young people can learn and grow"<sup>14</sup>. The guidance reinforces the need for every new development to prepare a travel plan at the planning application stage that considers pupil and staff travel.

The guidance includes increasing provision for sustainable modes of travel, for example requesting that all of the BSF developments include cycle storage for at least 10% of pupils and staff, located to enable safe and easy access.

#### 4.3 Travel demand management and sustainable transport capacity

In order to facilitate sustainable travel the council is pursuing overall traffic reduction through a number of initiatives aimed at encouraging people to use active modes of travel and discourage unnecessary car use. These include

- Local travel planning groups
- Controlled parking zones (CPZs)
- More accessible public transport
- Better cycle routes
- The improvement of key walking routes

<sup>13</sup> [http://www.southwark.gov.uk/YourServices/educationandlearning/ssf/SSF\\_staff\\_govs.html](http://www.southwark.gov.uk/YourServices/educationandlearning/ssf/SSF_staff_govs.html), 18<sup>th</sup> November 2008

<sup>14</sup> <http://www.publications.parliament.uk/pa/d200607/dhansrd/text/71010-wms0001.htm>, 18<sup>th</sup> November 2008

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- Car free developments

### 4.4 Public transport

While the council does not have control over the operation of public transport in the borough, Southwark works closely with regional bodies and transport operators in order to maximise the benefits provided by public transport services in the area. This section looks at developments, incentives and initiatives available to children and young people.

#### Concessionary travel

Children under five can travel free at any time on bus, tube, tram, DLR, and London Overground services as long as they are accompanied by an adult who has a valid ticket. Children aged five to ten years can travel free at any time. Children aged 11 to 15 years can get an 11 to 15 Oyster photocard to travel free on buses and trams and at child rate on tube, DLR and London Overground services. All 16 to 17 year olds can travel at child rate on bus, tube, tram, DLR and London Overground services with a 16+ Oyster photocard. Those 16 to 18 year olds who live in a London borough and are still in qualifying full time education can also apply to get free travel on buses and trams.

#### Buses

Southwark is well served by buses and a large proportion of children and young people already use them to travel to and from school or college. This is aided by the high percentage (90%) able to walk to their nearest bus stop within 6 minutes<sup>15</sup>.

To be eligible for free bus travel, pupils must hold the appropriate Oyster photocard for their age. Children and young people may have their Oyster photocard removed if they do not follow TfL's Code of Behaviour, meaning they will no longer be eligible for free bus travel. The Code of Behaviour ensures everyone travels safely and with respect for their fellow passengers and the staff. Passengers must act sensibly and lawfully. Swearing or using offensive language is not permitted, nor is drinking alcohol or smoking. Bullying or threatening behaviour is also prohibited<sup>16</sup>.

For more information on free bus travel for pupils in London, or the Code of Behaviour, visit TfL's website: [www.tfl.gov.uk/tickets/faresandtickets/1063.aspx](http://www.tfl.gov.uk/tickets/faresandtickets/1063.aspx).

#### Overland rail

Southwark is well served by overland rail and services operate at 11 stations within the borough.

Rail travel is free for children up to the age of 11 although an Oyster photocard may be required<sup>17</sup>. For 11 to 15 year olds, rail travel can cost as little as £1 for the whole day when using an Oyster photocard<sup>18</sup>. 16 to 19 year olds can travel by rail for half of the adult rate. Half adult rate season tickets can also be purchased<sup>19</sup>.

For more information on rail travel for pupils and students in Southwark, visit TfL's website: [www.tfl.gov.uk/tickets/faresandtickets/1063.aspx](http://www.tfl.gov.uk/tickets/faresandtickets/1063.aspx).

#### Tube

<sup>15</sup> ONS/DfT National Travel Strategy 2007, Interview Data

<sup>16</sup> Transport for London, Travel discounts for children, teenagers and students, September 2008

<sup>17</sup> ibid

<sup>18</sup> ibid

<sup>19</sup> ibid

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Borough, Kennington and Elephant and Castle have all recently benefited from major investment to tube lines and stations serving Southwark.

The extended and refurbished East London Line opened as part of the London Overground on 23 May 2010. The line runs from Dalston Junction in the north to New Cross, Crystal Palace and West Croydon in the south. By February 2011 TfL will also be undertaking works to extend the line up to Highbury & Islington.

Phase 2 will extend the line west from Surrey Quays to Clapham Junction completing a link to the West London Line at Clapham Junction, which will allow passengers to travel around London by train without having to enter central London. This will result in a significant journey time savings and new travel opportunities.

### 4.5 Infrastructure measures to encourage active travel

The council is committed to encouraging travel that benefits the physical wellbeing of participants and has implemented a variety of initiatives in this area.

#### Walking

The council has invested significant funds to make the walking environment safer for pedestrians. Recent projects have included the transformation of dark and threatening passages, particularly under railway bridges and viaducts, into well lit and aesthetically pleasing areas to walk using innovative lighting and artwork<sup>20</sup>.

The needs of pedestrians and other vulnerable road users are considered paramount in the development of all traffic management schemes. The Pedestrian environment review system (Pers) is used to assess the quality of the walking environment prior and subsequent to the implementation of improvement schemes. Signalised junctions without pedestrian phases are under review by the council and routes to schools and stations are a particular focus where walking is concerned. The council has also implemented local accessibility improvements such as the provision of dropped kerbs and tactile paving.

There are three London strategic walking routes that pass through Southwark

- The Jubilee Walkway
- The Thames Path National Trail
- The Green Chain

Maps of these routes can be downloaded from [www.walklondon.org.uk](http://www.walklondon.org.uk)

#### Cycling

Southwark hosts sections of the National Cycle Network (NCN). Most NCN routes are off road or on quiet streets and therefore are highly suitable to family cycling. The council is also developing a 'greenways' network of walking and cycling links which should be attractive to those who prefer an alternative to busier roads.

In addition, the council continues to work to ensure that routes for cyclists are well maintained and of good quality.

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<sup>20</sup> Transport for London, Smart Moves, Issue 5, February 2008

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The council actively supports the Mayor of London's cycle hire and cycle superhighways initiatives. The northern part of the borough hosts several cycle hire docking stations and cycle superhighway route seven is already operational with further routes in the pipeline. Complementary measures for these schemes include permeability improvements to allow two way cycling on one way streets and substantial additional investment in cycle parking.

To reduce levels of risk on our roads and improve safety the council aims to become a 20mph borough. This means that the default speed limit across the whole of Southwark will be 20mph and any roads not covered by this will be the exception to the rule<sup>21</sup>. Reduced motor vehicle speeds are likely to make both walking and cycling more attractive options, particularly for children and young people.

### **Safer routes to school**

The safer routes to school programme was designed to encourage children, young people and parents to use sustainable modes of travel by making focussed improvements to key routes to and from schools.

Southwark has carried out a child road safety audit to measure the safety of children in the road environment and to help prepare actions plans that include education and promotion as well as physical works. A review of road safety around schools has been carried out and this programme has been developed alongside school travel plans. Over the last five years, four to eight schools per year have benefited from the implementation of infrastructure improvements identified in their travel plans.

## **4.6 Promoting safe and sustainable travel**

'Smarter travel' measures, which promote the uptake of sustainable travel through the provision of information, education and training, are an effective way of increasing the uptake of these modes. These initiatives present the best opportunity to create actual change in people's travel behaviour. With this in mind, the council will continue to deliver a coordinated package of training and publicity measures.

### **School travel plans**

School travel plans (STPs) are completed on a three yearly cycle, with updates every twelve months. A high percentage of the borough's schools have a completed STP, a key element of which is a survey of travel habits.

The monitoring of the Local Area Agreement indicator NI198 through surveys conducted as part of the STP provides information to help the council monitor and manage road traffic associated with the school run with a view to reducing the proportion of children travelling by car and increasing the proportion walking, cycling or using public transport.

STPs are the primary impetus for this and set out various initiatives to encourage walking and cycling such as Walk Once a Week and Bike Week. Appropriate training, cycle storage facilities and other measures complement these campaigns. Local ownership of travel plans is key to their success and the council has helped to establish junior road safety officers in schools and directly engages with teachers and parents/carers to achieve this.

The WOW campaign (Walk Once a Week) is heavily promoted by the council. The scheme encourages parents, children and teachers to try walking at least once a week and aims to raise the number of children and young people walking to and from school. Schools pledge to become a

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<sup>21</sup> Southwark Council, Southwark road safety plan review, 2009

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WOW school and agree to promote walking as the preferred travel choice. A similar scheme to WOW is also promoted, encouraging teachers, parents and children to walk every Wednesday. Schools are also encouraged to participate in National Walk to School Week and International Walk to School Month. During these events schools and parents are provided with a variety of materials such as wall charts and badges to incentivise and track their progress.

### Training

Road safety training in schools is given a high priority and pedestrian and cyclist training is available to all schools in Southwark. This type of training sets the foundation for safe and responsible behaviour in later life and is most successfully delivered through the education system. The council seeks to develop a wide range of coordinated programmes together with schools, parents, the wider community and other agencies.

Pedestrian training is offered to every school, and provided by road safety team. In 2009 officers visited forty six schools and trained 3,314 children, an increase on previous years.

Calendar year	2007	2008	2009
Pedestrian training figures	3,139	3,152	3,314

In order to try and encourage school children to cycle to and from school, Southwark offer free cycle training in schools to all primary school children (focused on year five and six pupils). The following training has been delivered to school children

Financial year	Children trained
2007/08	568
2008/09	540
2009/10	650

Cyclist training is also offered to all adults including parents and families wishing to improve their skills.

Cyclist training delivered in Southwark conforms to the national standard guidelines and Bikeability materials are used to reward participants. Training is targeted at children in school years five and six in an effort to encourage cycling to secondary school when they make the transition. Key safety messages are reinforced throughout training and safety equipment provided.

Up until now, school cycle training has not been monitored in such a way as to record how successful the outcomes are. It is difficult to tell whether those who are trained are actually more likely to cycle to school. Since 2007, the council has increased funding for and the amount of training delivered, but cycling, as a percentage of overall modal split, has remained static. Follow up monitoring is required to assess the impact of cycle training on children's propensity to cycle to school and the likelihood of their parents allowing them to do so.

Independent travel training is also available and has been particularly encouraged in the borough's 7 special schools. Courses are specifically designed around individual needs and can be delivered on a one to one basis.

### Road safety education

Southwark also has an extensive school and college road safety education programme. Activities are designed to provide practical advice about safe use of the road. Specific schemes include:

#### *Schools*

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- Junior Road Safety Officers (JRSO)
- Children's Traffic Club
- Pre driver education
- Junior street leaders and junior wardens
- Theatre in Education

Theatre in education teaches road safety through drama. During the academic year September 2009 to July 2010, 70 pupils across the borough in years one, two and three, attended these performances.

### *Post 16 establishments and providers*

Pre driver education and tailored courses to meet all aspects of road safety.

A toolkit has been developed to provide a selection of Key Stage 1 and Key Stage 2 resources that will facilitate the delivery of road safety themes and messages through the national curriculum. Many road safety resources are already available via the DfT's website<sup>22</sup>; however the Southwark toolkit offers resources specific to the borough.

Road safety education activities are, where possible, focussed around the specific needs of the borough. London boroughs have been encouraged by TfL to bid for funding for schemes that address equality and diversity issues. Road casualty data in Southwark suggests that there are a disproportionate number of young, black, teenage casualties. Following a successful bid for funding the council has worked with a range of stakeholders and partners to design and deliver an innovative road safety resource (a DVD) relating to the type of journeys undertaken by the target audience.

The council actively promotes national government campaigns as well as regional initiatives. Specific campaigns include

- Bike Safe
- Heavy goods vehicle/cyclist campaign
- Drugs awareness
- Don't drink and drive
- Child car seat safety
- Speed awareness

Southwark will continue to address the challenges it faces in creating a safe and convenient environment for sustainable modes of transport in a focussed and innovative way.

### **4.7 Complementary initiatives**

**Eco schools** is an international award programme that guides schools on their sustainable journey, providing a framework to help embed these principles into the heart of school life.

<sup>22</sup> <http://www.dft.gov.uk/transportforyou/informationforparentsteacher6173>, 18<sup>th</sup> November



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Southwark has the highest number and percentage of eco schools of any London borough with 93 registered eco schools, 57 bronze level, 11 silver and 1 green flag school. The eco schools programme is focused around nine key environmental topics. One of these topics is transport and many of the outcomes of eco schools are complementary to the objectives of this strategy.

**Junior streetleaders** involves young people completing environmental audits of their local area. They report problems directly to the council and carry out the survey again in a few weeks to see what action has been taken. Issues reported may relate to road safety, e.g. potholes, uneven surfaces, damaged road signs, etc. All participants receive a briefing on road safety and expected behaviour during the audits as part of risk assessment.

**Environmental business support** works closely with businesses to audit their environmental impact across the borough.

An **independent travel training** programme has been developed in partnership between the council and parents involved with the Parenting Partnership for children with learning difficulties and/or disabilities (LDD) in the borough. All young people aged 16+ with LDD who currently receive home to school transport are assessed to determine whether they have the potential to become independent travellers and, if so, will learn a series of competencies towards this aim. Parents were involved in designing the training programme to ensure their needs and those of their children were supported.

86% of Southwark's schools have **Healthy School** Status, as at 31st July 2009 and all schools in the borough are now participating in the programme. This is based on a whole school approach to physical and emotional wellbeing focussing on four core themes<sup>23</sup>

- Personal, social and health education
- Healthy eating
- Physical activity
- Emotional health and wellbeing

**Southwark PCT** is the local National Health Service (NHS) organisation responsible for all local primary and community care services. In addition, it is responsible for improving the health of local people and tackling health inequalities as well as commissioning hospital services. The sustainable modes of travel strategy can assist the PCT in improving the health of the borough by encouraging active travel and by making walking and cycling safer. Active travel can improve the overall health of the population by tackling disease related to inactivity and obesity, such as heart disease and type 2 diabetes. At the same time, the PCT can work with the council to raise awareness of the health costs of the dangers on our roads and it is already working with us to promote the health benefits of walking and cycling.

The Department of Health's cross government strategy Healthy Weight, Healthy Lives identifies transport as a key element in creating a healthy society. The council has successfully piloted a new programme of support through the MEND project that has resulted in improvements in obesity rates of those participating.

The council's children's services department has adopted a coordinated community approach (Safer Southwark Partnership) to increasing safety for children and young people. Safety for children and young people whilst travelling to and from school has also been championed through the Southwark Safeguarding Children Board (SSCB).

<sup>23</sup> <http://www.healthyschools.gov.uk/About.aspx>, 18<sup>th</sup> November 2008

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### 5 Objectives

Based on the findings of the previous sections a number of key objectives have been identified in order to further enable sustainable travel for children and young people in Southwark. These objectives will provide a focus for interventions by the council and its partners in delivering and promoting a better environment for sustainable travel. They are

**Objective one**, Support and contribute to the health and wellbeing of children and young people, particularly the most vulnerable

**Objective two**, Facilitate parents, carers and guardians to establish a safe and appropriate journey to, from and between schools, settings and extended services using sustainable modes of transport

**Objective three**, Ensure that the views of children, young people and their parents/carers are listened to and acted on, in making improvements to infrastructure that meets their needs

**Objective four**, Develop, implement and monitor travel plans in all schools and further education institutions

### 6 Action plan

Specific actions required to achieve the objectives identified above are included in the action plan in this section. As well as measures themselves, key partners for delivery and outcome monitoring are identified.

A sustainable modes of travel steering group will be established to support the delivery of this strategy. The role of the group will be to promote sustainable modes of transport to schools, parents, children and young people, and carers. The steering group will include the following as a minimum

- Children's services
- Sustainable transport and road safety team
- Sustainable services
- Southwark alliance
- Southwark schools for the future
- Transport for London

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Objective 1: Support and contribute to the health and wellbeing of children and young people, particularly the most vulnerable				
Action	Delivery partners	Monitoring / outputs	Outcomes	Timescale
Promote the health and environmental benefits of using sustainable modes of transport	children's services, young Southwark, sustainable transport and road safety team (STaRS), Southwark primary care trust (PCT), Southwark alliance and SSEP, sustainable services, Southwark schools including governing bodies	LAA target 198, Children travelling to school – mode of travel usually used (% of car use)  London Regional Public Health Group Physical Activity Audit	Increased health amongst children and young people.	Ongoing. review 2013.
Increase levels of physical activity through the promotion of cycling and walking including walking buses expansion of the Walk Once a Week scheme	STaRS, Southwark schools including governing bodies	Number of badges issued through Walk once a Week campaign and number of children participating in walk to school programme (2009 baseline)  London Regional Public Health Group Physical Activity Audit	Increased levels of physical activity amongst children and young people	Ongoing. review 2013.
Actively promote independent travel training to children and young people with learning difficulties and/or disabilities	STaRS, Children's services, transition panel, CWD and SEN teams	Pilot established for independent travel training programme  Budgetary and resource spend/allocation for home to school travel – Annual evaluation	Higher levels of independent travel	Ongoing. review 2013.
Continue to provide road safety education to schools	STaRS, Transport for London (TfL)	Number of participants on pedestrian training scheme  Road casualty data	Raised awareness of road safety issues	Ongoing. review 2013.

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<b>Objective 2: Facilitate parents, carers and guardians to establish a safe and appropriate journey to and from school using sustainable modes of transport.</b>				
<b>Action</b>	<b>Delivery partners</b>	<b>Monitoring / outputs</b>	<b>Outcomes</b>	<b>Timescale</b>
Produce and/or supply detailed maps of all forms of sustainable travel relating to school travel and disseminate through school information packs	children's services, STaRS, TfL, schools	Schools advised of sustainable modes of travel to their location  Annual increase in the use of sustainable travel. Annual Hands Up survey and School Census data. Annual child casualty data	Parents can identify the safest and most suitable travel options for their child	December 2011
Provide guidance on setting up walking buses	STaRS, TfL, schools including governing bodies	Annual evaluation of established walking buses. Annual hands up survey and school census data	An increase in the number of walking buses. An increase in the number of walking trips	April 2011
Provide dedicated staff ('Bike It') within schools to promote the uptake of cycling	STaRS	Uptake of cycling in schools with dedicated resource	Increased cycling to schools	Ongoing. review 2013
Extend cycle training offer to secondary schools	STaRS	Uptake of cycling in secondary schools	Increased cycling to schools	Ongoing. review 2013
Offer personalised travel planning to students who have completed cycle training.	STaRS	Number of trainees who cycle to school after receiving training	Increased cycling to schools	Ongoing. review 2013
Actively engage with parents to promote the benefits of	children's services, STaRS, Sustainable services, Southwark Alliance, Southwark Primary Care	Annual hands up survey and school census data. London Physical	Increases in levels of sustainable travel and transport	Ongoing. review 2013

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**Objective 2: Facilitate parents, carers and guardians to establish a safe and appropriate journey to and from school using sustainable modes of transport.**

Action	Delivery partners	Monitoring / outputs	Outcomes	Timescale
sustainable modes of transport	Trust, TfL, schools	Activity Audit	on the school journey. Increases in the levels of physical activity	
Promote the inclusion of cycle racks in leisure centre refurbishment programmes, parks and open spaces and Southwark Schools for the Future programme	culture, libraries, learning and leisure, STaRS, public realm – parks and open spaces.	Annual audit of facilities	An increased proportion of schools, parks and leisure facilities have storage units for cycles	Ongoing. review 2013
Encourage schools to consider sustainable transport in their promotion/establishment of extended services.	extended services team, schools	Provision for sustainable travel around extended services	Improved accessibility to schools and extended services	April 2011
Promote use of the TfL journey planner in schools to establish a recommended route	children's Services, Sustainable Transport Team, TfL	Journey Planner web visitor data. Annual Hands Up Survey and School Census data	Increased awareness of sustainable travel options	Ongoing. review 2013

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<b>Objective 3: Develop and implement appropriate infrastructure improvements that address the safety and travel needs of children and young people.</b>				
<b>Action</b>	<b>Delivery partners</b>	<b>Monitoring / outputs</b>	<b>Outcomes</b>	<b>Timescale</b>
Encourage designers of new schools and developments at existing schools and colleges to achieve national standards with respect to sustainable travel facilities such as adequate cycle parking and cycling and walking links to school.	development management, TfL, SSF	Redesigned schools fitted with adequate facilities for cycles Assessment against national standards and DDA requirements	All new and expanded schools provide high quality sustainable travel and transport facilities	Ongoing. review 2013
Establish bidding process for schools to access capital resources for local infrastructure improvements.	STaRS	Number of bids received	Efficient use of resources. Implementation of local improvement schemes.	Ongoing. review 2013
Community wardens to travel on key routes to increase pupil safety on public transport	community safety	Reported incidents on key routes	Reduction in anti social behaviour	Ongoing. review 2013
To encourage schools to baseline and set priorities for development of sustainable travel activities using the s3 planning tool	sustainable services	Increased number of schools that have completed the s3 planning tool for travel and traffic activities Monitoring of levels that the schools have rated themselves using the s3 planning tool (enabling targeted support to schools that rate	Schools that reach the 'top box' rating for s3 will be schools that are models of sustainable travel	Ongoing. review 2013

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Objective 3: Develop and implement appropriate infrastructure improvements that address the safety and travel needs of children and young people.				
Action	Delivery partners	Monitoring / outputs	Outcomes	Timescale
		themselves low).		
Design and implement improvements to the cycling, walking and bus infrastructure that address issues arising from the assessment of children and young people's travel and transport needs	public realm, TfL	Achievement of objectives arising from school travel plans	Improved provision for sustainable travel based on evidence from the needs assessment	Ongoing. review 2013
Ensure that all school improvements address the needs of all children and young people including the most vulnerable, those with special educational needs, disabilities and mobility difficulties and that they are compliant with current DDA legislation	public realm, TfL, SEN, CWD teams and transition panel	Assessment against DDA legislation. Annual Hands Up survey and School Census data	Increased access to and use of sustainable modes of transport	Ongoing. review 2013
Monitor the impact of increased further education and vocational training places in Southwark on travel routes	14 to19 team, transport planning			Ongoing. review 2013
Collect the views of young people on barriers to use of public transport and frequency of use.	performance Information and analysis, children's services	Increased number of young people indicating use of public transport and fewer indicating reasons for not doing so as 'It isn't easy'	Increased number of Children and Young People using sustainable travel	Ongoing. review 2003.

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<b>Objective 3: Develop and implement appropriate infrastructure improvements that address the safety and travel needs of children and young people.</b>				
<b>Action</b>	<b>Delivery partners</b>	<b>Monitoring / outputs</b>	<b>Outcomes</b>	<b>Timescale</b>
		Tell Us survey		
Scope opportunities to break down school travel data into age and locality cohorts to enhance our understanding of travel patterns and issues facing key groups of children and young people	transport planning, children's services	Travel data allows for more detailed analysis of travel patterns. 2010 review of SMOT strategy to address issues facing key cohorts of pupils	2009/10 data broken down into cohorts to inform review of SMOT strategy in 2013	Ongoing. review 2013
Identify schemes based on the assessment of school travel plan and school census data.	transport planning	Prioritised scheme list	Priority schemes put forward for inclusion in transport improvement programme	Ongoing. review 2013



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### Objective 4: Develop, implement and monitor travel plans in all schools and further education institutions

Objective 4: Develop, implement and monitor travel plans in all schools and further education institutions				
Action	Delivery partners	Monitoring / outputs	Outcomes	Timescale
Ensure that all schools within the borough willing to engage have an approved travel plan	STaRS, Transport for London, Southwark schools	Annual STPs signed off and data uploaded onto iTRACE	All schools are actively promoting sustainable travel	December 2010
Encourage all independent schools to develop and implement a travel plan	STaRS, TfL, children's services	Annual evaluation of TfL guidance compliant travel plans in place	All schools are actively promoting sustainable travel	Ongoing. review 2013
Encourage all further education institutions and training providers to develop and implement a travel plan	14 to 19 team, STaRS, TfL, Further education institutions, Southwark schools with 6 <sup>th</sup> Forms	Number of travel plans in place	All further education institutions are actively promoting sustainable travel	Ongoing. review 2013
Completion of the travel and traffic section of the s3 for local authorities	sustainable services	To maintain and improve upon our current rating in the s3 planning tool for LAs that support schools to become Sustainable Schools  Annual review of s3 planning tool for rating LA support for Sustainable Schools.	To improve the support that we offer schools with travel and traffic.	Ongoing. review 2013
Further education providers to supply data on mode of transport of pupils accessing placements	14 to 19 team	Audit of training provider responses	All further education institutions are actively promoting sustainable travel	Ongoing. review 2013
Ensure all planning applications for new or expanding schools and	development management	All expansions and new schools have a travel plan in place prior to	Only designs with a travel plan in place	Ongoing.

## Appendix B

Objective 4: Develop, implement and monitor travel plans in all schools and further education institutions					
Action	Delivery partners	Monitoring / outputs	Outcomes	Timescale	
colleges are accompanied by a new or revised travel plan		development	are approved for development	review 2013	
Review all travel plans on an annual basis and undertake a comprehensive review every three years in line with TfL guidance	STaRS, Southwark schools and colleges	Annual Hands Up survey and School Census. Annual progress report undertaken	Travel plans will reflect the current needs of children and young people as well as the school/college	Ongoing. review 2013	
Introduce new processes to make it easier for schools to complete and update travel plans. To include online template and workshops for schools.	STaRS, Southwark schools and colleges	Number of annual reviews completed per year	More schools actively participating in the STP programme	December 2011	
Synchronise the collection of STP and school census data	STaRS, children's services, Southwark schools and colleges	Number of combined surveys received	Better quality data on travel to school	December 2011	
Encourage schools participating in the Walk to School week to link up with local businesses to improve sustainable travel in their local area	environmental business support, healthy schools team, sustainable services, Education Business Alliance	Increasing numbers of schools partnering business in sustainable travel initiatives.  Evaluation of benefits of partnerships to both the businesses and schools using tools such as the s3 and SEF/SIP.	Increasing numbers of schools partnering with business of mutual benefit.	Ongoing. review 2013	

## Appendix B

### 7 Monitoring & review

The achievements of this strategy and its action plan will be monitored and evaluated using the following principal sources

- Hands up surveys
- Annual school census data
- School travel plan progress reports
- Revised school travel plans
- Road casualty data

Additional data may also be sourced from any of the following

- Automatic traffic count data
- Travel surveys
- Cycle storage count data
- Bus and tube patronage data
- Ofsted reports and school self evaluations

This strategy will be reviewed on a three year basis via a partnership between children's services and the sustainable transport and road safety team.

<b>Item No.</b> 11.	<b>Classification:</b> Open	<b>Date:</b> 14 December 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Response to consultation by Thames Water on the proposed Thames Tideway Tunnel routes and sites	
<b>Ward(s) or groups affected:</b>		Cathedrals Ward, Riverside Ward, Rotherhithe Ward, Surrey Docks Ward	
<b>Cabinet Member:</b>		Councillor Fiona Colley, Cabinet Member For Regeneration and Corporate Strategy	

## **FOREWORD - COUNCILLOR FIONA COLLEY, REGENERATION AND CORPORATE STRATEGY**

1. As a borough with around 4.5 miles of River Thames frontage, Southwark's councillors have a strong interest in reducing the amount of sewage which overflows into the river each year.
2. However, we are united in our opposition to Thames Water's proposals to use the Alfred Salter Playground as a CSO shaft with two years of construction work, King's Stairs Gardens as a reception shaft with seven years of construction work and their plan to leave permanent servicing and ventilation structures behind on both sites
3. We strongly object to these disgraceful proposals, which we believe will have an unacceptable impact on local residents and are contrary to a wealth of planning policies.
4. This report sets out our draft response to Thames Water's consultation on the site selection. Work is continuing with an engineering consultant due to provide an expert overview of the engineering constraints. The final version of the response which will be signed off by the Leader prior to the consultation deadline on 14 January.

## **RECOMMENDATIONS**

### **Recommendation for the Cabinet**

That cabinet

5. Agrees the response to the consultation by Thames Water on the proposed the Thames Tideway Tunnel routes and sites (appendix 1), in particular the council's grounds for objection to the proposed use of King's Stairs gardens and Alfred Salter Playground as shaft construction sites for the Thames Tideway tunnel, as set out in this report and appendix 1.

### **Recommendation for the Leader of the Council**

That the Leader

6. Makes any final amendments to and signs the council's response to Thames Water (appendix 1).

## **BACKGROUND INFORMATION**

7. Thames Water is consulting in relation to its preferred route for the proposed Thames Tideway Tunnel and selection of sites. This report sets out the relevant background to the proposals and relevant considerations for members in agreeing the council's consultation response.
8. The Thames Tideway Tunnel is a proposal by Thames Water to construct a large sewerage tunnel along the route of the River Thames to help clean up the river. Thames Water state that in an average year, 39 million cubic metres of untreated sewage overflows into the Thames through London's combined sewer overflows (CSOs). Thames Water needs to address this issue to comply with the EU Urban Waste Water Directive.

### **Thames Tideway Strategic Study 2005**

9. According to the Thames Water Tideway Strategic Study of February 2005 (2005 Study), Thames Water considered several options for achieving the objectives of the project, including retrofitting sustainable urban drainage systems (SUDs) across all of London's streets, converting the existing combined drainage system into a separated sewage system, making greater use of bubbler and skimmer boats to clean the river and intercepting overflows from the CSOs and diverting them into a main tunnel under the Thames. The proposed Thames Tunnel was deemed to be the preferred infrastructure solution to the environmental problems posed by the CSOs. The preferred route for the tunnel would run from the Acton Storm tanks in west London to the Beckton Sewage Treatment plant in East London, intercepting the majority of the 34 CSOs on its route which have the worst environmental impact. Whilst it is noted that the 2005 Study included a regulatory impact assessment, it is not clear whether the identified options were subjected to any sustainability or environmental appraisal before selecting the Thames Tideway Tunnel or preferred route.
10. In its 2005 Study, Thames Water concluded that the tunnel was "the only practicable strategy to fully meet environmental objectives is the interception of the overflows before they meet the river", namely the Thames Tideway Tunnel. Thames Water. In 2007 the then Environment Minister, Ian Pearson announced that the tunnel solution would be pursued. The current government has also given its backing to this option.

### **Consultation**

11. Southwark were consulted by Thames Water in 2008 on its site selection methodology and again in December 2009 on possible shaft construction sites in Southwark. In its response, Southwark eliminated a number of sites, including the forecourt to Tate Modern and Potters Field park and coach park as being unacceptable. Southwark devised criteria and ranked Thames Water's remaining short and long listed sites in order of preference. King's Stairs Gardens was the least preferred option (see appendix 6).
12. In September 2010, Thames Water commenced public consultation on its preferred tunnel route and sites. The preferred tunnel route (the Abbey mills Route - see appendix 2) follows the Thames as far as King's Stairs Gardens,

where it turns north-east to connect with the Lee tunnel at Abbey Mills Pumping Station. Thames Water would bore towards Southwark from shafts in Battersea and Abbey Mills and boring machines would be extracted at King's Stairs Gardens (making it a "reception" shaft site). King's Stairs Gardens would also be used to drive smaller tunnels towards the Shad Thames CSO in Bermondsey and three CSOs in Lewisham and Greenwich. King's Stairs Gardens would be used as a reception site in all three route options.

13. Alfred Salter Playground on the St John's Estate was identified as the preferred site for digging a smaller shaft to intercept the Shad Thames CSO.
14. Thames Water indicate that construction on King's Stairs Gardens would take approximately 7 years and some permanent structures would remain on the site (see appendix 4). Construction on Alfred Salter Playground would take approximately 2 years and some permanent structures would remain also (see appendix 5).
15. There are two other (non-preferred) route options: The "River Thames route" which follows the course of the Thames as far as Beckton Sewage Treatment works, and the "Rotherhithe route" which cuts across the Rotherhithe peninsula and realigns with the Thames at Deptford.
16. Thames Water's stated reasons for the preferred route are:
  - It is 9kms shorter than the other routes and approximately £700m cheaper.
  - Overall it minimises the number of shaft sites needed.
  - It would capture slightly less sewage than the other routes but would meet project objectives set by the Environment Agency.
17. Thames Water's stated reasons in its Site Suitability Report and document which gives further explanation for the selection of King's Stairs Gardens selecting King's Stairs Gardens as a reception site are:
  - It is not feasible to drive a tunnel all the way from Battersea to either Abbey Mills or Convoys Wharf (on the Thames and Rotherhithe options) as ground conditions change around Tower Bridge. All three routes require a reception shaft either around King's Stairs Gardens or Limehouse.
  - King Edward Memorial Park and Shadwell Basin in Tower Hamlets were considered as alternatives. The park is not preferred because it is located in an area of open space deficiency and a conservation area; the basin was rejected on engineering grounds. Use of these sites would also extend the length of the main tunnel drive, so adding cost and increase the challenges associated with tunneling in chalk.
  - It provides direct access to the Thames. Thames Water intend to transport excavated material by barge.
  - Chambers Wharf was rejected on the grounds that it was assumed that the site would have planning permission and that construction would have commenced.
  - Other short listed sites in Southwark included Durand's Wharf and the boatyard at South Dock Marina. Both were shorted listed as potential intermediate/reception sites. Thames Water concluded that these were not needed on any of the routes. St Paul's Playing Field was eliminated at long list stage on grounds of size and proximity to Peter Hills primary school.

18. Thames Water's reasons for selecting the Alfred Salter Playground as a CSO interception site are:
- A site is needed on or close to the CSO which extends between Bermondsey Street and the Thames foreshore (see appendix 3). Alfred Salter Playground is located on top of the Shad Thames CSO and is large enough to accommodate a shaft.
  - Other sites shortlisted were: the boardwalk and Thames foreshore at Shad Thames and garages to the rear of flats on the St John's estate.
  - The foreshore option was rejected on the grounds of conservation and townscape impacts and tourism impacts. The CSO outlet is underneath the boardwalk outside the Design Museum and the Thames Path would need to be closed. The garage site is not preferred because it is not on top of the CSO and a connecting culvert would be needed impacting on traffic. It is also bounded tightly by residential homes.
  - Thames Water have also been asked about the feasibility of using the Shad Thames Pumping station on Gainsford Street and also using a site under the railway viaduct. Thames Water's response has been that the option of using the pumping station is not possible because it is too small and it would not be feasible to keep the pumping station open and build a shaft. The location of the Jubilee line prevents Thames Water from using the viaduct.
19. The current consultation is the first stage of public consultation in respect of the preferred route and site selection. A second stage of consultation will be held in 2011 and this will focus on more detailed matters such as detailed proposals for the selected sites, mitigation measures and design of future permanent structures. Further details on compensation available will be available at the second round of consultation.
20. Planning applications are anticipated to be submitted in mid 2012. The government has instructed Thames Water to assume that the applications will be determined by the Infrastructure Planning Commission (IPC) until a replacement process or organisation is put in place. Southwark would be invited to provide formal observations on the applications. The applications will be subject to Environmental Impact Assessment (EIA) and Southwark will be invited to comment on the scoping process for this.
21. Construction of the tunnel would start in 2013 and complete in 2020.
22. DEFRA have recently commenced public consultation on the draft National Planning Statement (NPS) on Waste Water. This document contains information on the need for the tunnel and the way in which competing environmental impacts should be considered. It will be used by the IPC to help determine the planning applications for the Thames Tunnel. The council's response on this document will be reported to Cabinet for approval at its January meeting.
23. Southwark have recently sought to commission an engineering consultancy to provide an expert overview of the engineering constraints of the project. An updated version of this report, which reflects the engineering advice, may be circulated prior to the Cabinet meeting.

## **KEY ISSUES FOR CONSIDERATION**

24. At this stage the council is being consulted on the route options and selection of sites. Further attention can be paid to detailed issues around design and mitigation measures at the second round of consultation.
25. Southwark's response should focus on material planning considerations. These include issues such as the impact of the scheme on townscape, transport, open space and play provision, biodiversity, environment, habitats, heritage assets, archaeology, noise, odour and other amenities.

### **Site selection methodology**

26. The methodology Thames Water used to select the preferred sites is far from clear. The Site Suitability Report and the "How we chose the preferred site" document assess each of the Southwark sites from a planning, engineering, environmental, socio-economic and property perspective. However there is no attempt to use an appropriate weighting mechanism to compare sites and evaluate impacts which in turn would inform a sequential approach to the selection of sites. The council should urge Thames Water to reconsider the selection of the preferred sites in the light of a systematic and transparent mechanism for assessing the impacts on all sites, informing a comparison of sites and the use of a sequential approach.

### **King's Stairs Gardens**

27. In response to consultation on Thames Water's shortlist of sites carried out in December 2009, Southwark ranked King's Stairs Gardens as the least preferred site (see appendix 1). There are a number of reasons why King's Stairs Gardens should not be considered an appropriate site for a reception shaft. These are set out below.

### **Open space**

28. King's Stairs Gardens is a greenfield site and metropolitan open land (MOL). Use of a greenfield site, when brownfield sites are available, would run contrary to London Plan objectives 1 and 6 which state that London's growth should be accommodated within its boundaries without encroaching on open spaces.
29. As MOL, it is an open space of regional importance and has the highest level of policy protection afforded to greenfield sites. In connecting Southwark Park and the River Thames it plays a critical role in forming a much larger break in London's built development. It is also a valuable amenity to local people, a fact recognised by the award of a national lottery grant in 1998. The evidence on open space which Southwark presented to the recent core strategy examination-in-public demonstrated that while King's Stairs Gardens is not itself located in an area of open space deficiency, it is located close to areas in which there is a deficiency in open space. The loss of much of King's Stairs Gardens over a seven year period and the construction of residual permanent structures would exacerbate an existing deficiency in access to local and district parks and would impact adversely the openness of the MOL. The loss of the existing playground on King's Stairs Gardens would compound the loss of amenities which local residents will experience,



30. There is a presumption against inappropriate development on MOL. Use of MOL for access to a tunnel construction site and erection of permanent residual buildings would not comprise appropriate development and would be contrary to policy 3.25 in the Southwark Plan, draft Core Strategy policy 11 and policy 3D.10 in the London Plan.
31. In its response to Thames Water's December 2009 consultation on the shortlisted sites, Southwark attached very significant weight to the fact that King's Stairs Gardens is designated MOL. Thames Water should be advised that the council does not consider that sufficient weight has been given to this designation in selecting the preferred site. Given the strength of London Plan objectives 1 and 6, as well as the MOL designation, Thames Water should be advised that non-MOL sites which are available, should be regarded as sequentially preferable to King's Stair's Gardens.

### **Nature conservation**

32. London Plan paragraph 3.318 states that one of the key objectives of the Mayor's Biodiversity Strategy is to ensure that all Londoners have ready access to wildlife and natural green spaces. The evidence on biodiversity presented at the core strategy examination advised that the combinations of habitats in King's Stairs Gardens are not commonly found in Southwark outside its parks and moreover that the site forms part of an unbroken green chain between Surrey Quays and the Thames. Consequently, King's Stairs Gardens is proposed as a site of importance for nature conservation in Southwark's draft core strategy.
33. Whilst the King's Stairs Gardens site suitability report acknowledges its nature conservation and biodiversity value, there is no evidence of the weight attributed to this or the way in which impacts compare with those on other sites. This is a deficiency in the selection methodology, which, as in the case of open space, makes the sequential ranking of sites difficult to ascertain.
34. Map 3D.4 in the London Plan shows areas of deficiency in access to nature in London. Much of the Borough and Bankside community council area and a part of the Bermondsey community council area are shown in the area of deficiency. Even if it were possible to mitigate the potential harm of proposals in the long term, once the park had been restored, the loss of King's Stairs Gardens over a 7 year period would exacerbate this deficiency in access to nature and compound problems associated with a shortage of open space, contrary to the expectation of policy 3D.14 in the London Plan.

### **Thames policy area**

35. King's Stairs Gardens is located in the Thames Policy Area (TPA). The purpose of the Thames Policy Area is to recognise the role of the Thames in maintaining London as an exemplary, sustainable world city.
36. King's Stairs Gardens comprises one of few open spaces which have a river frontage in Southwark, and plays an important part in enabling Southwark residents to enjoy the river and its environs. In accommodating the Thames Path, it also provides a valuable amenity for residents and visitors, which encourages enjoyment of the river and helps connect Southwark's designated strategic cultural areas. The King's Stairs Gardens site suitability report acknowledges that the permanent works would be likely to affect users experience of the park

and that its character as “a river facing public open space may be difficult to replicate” (p. 17, paragraph 10.5.5).

37. The loss of the park over a 7 year period would be detrimental to the enjoyment of the river Thames, while the residual structures in the park are likely to be harmful to its character and appearance. In view of this, the proposal is not consistent with Policy 3.29 of the Southwark Plan, draft Core Strategy policy 12 or London Plan policy 4C.6 which seek to ensure that character of the TPA is protected and enhanced.

### **Heritage**

38. The permanent structures proposed in King’s Stairs Gardens are likely to be detrimental to the setting of the listed and locally listed buildings close to the park: the Angel public house, Sir William Gaitskell House (both grade II listed) and St Peter’s and the Guardian Angels RC Church (locally listed). Any proposals for development which impact on heritage assets should seek to enhance or preserve the heritage assets or their setting.
39. King’s Stairs Gardens also plays a key role in preserving the setting on the scheduled monument at the site of Edward III’s Manor House, as well as the setting and views to and from Southwark Park, which is a grade II registered historic park. These settings are also greatly improved by the trees in the park, many of which are of high amenity value.
40. Council officers consider that there is considerable merit in the proposal to designate King’s Stairs Gardens and Edward III’s Manor House as a conservation area and the council will shortly commence public consultation on this. Use of the park as a construction site, loss of trees within the construction site and the erection of permanent residual structures would harm the heritage and conservation value of the area contrary to Southwark Plan policy 3.15, 3.18 and draft Core Strategy policy 12.

### **Archeological priority zone**

41. It should be noted that King’s Stairs Gardens is located within an archeological priority zone. Archeology, and in particular the site of the Manor House of Edward III, to the east of King’s Stairs Gardens, has a historic connection with the river, plays a significant role in shaping the character of the area. Southwark would expect any planning application to be accompanied by an archeological assessment, evaluation of the impact of development and mitigation measures. Failure to demonstrate adequate mitigation of impacts would be contrary to Southwark Plan policy 3.19 and London Plan policy 4B.15.
42. For the reasons set out above, Southwark should object strongly to the use of King’s Stairs Gardens as a proposed shaft site. Use of King’s Stairs Gardens would harm many interests of acknowledged importance, including MOL, nature conservation and heritage. The council should urge Thames Water to consider the use of alternative sites and routes which avoid the use of King’s Stairs Gardens.

### **Alfred Salter Playground**

43. The loss of the playground, albeit over a temporary period, would result in the loss of an important residential amenity in an area with limited access to open

spaces. The loss of the play facilities would leave the 79 homes on the St John's Estate without adequate play facilities, contrary to Southwark Plan policy 3.1, London Plan policies 3A.17 and 3D.13.

44. Thames Water's Site Suitability Report notes that the site formerly accommodated a cooperage, built upon a burial ground. The presence of a post-medieval cemetery in this area would require a significant programme of archaeological excavation and recording prior to the commencement of any construction works. Failure to demonstrate adequate mitigation of impacts would be contrary to Southwark Plan policy 3.19 and London Plan policy 4B.15.
45. For these reasons set out above, Southwark should object strongly to the use of Alfred Salter Playground as a CSO shaft site and urge Thames Water to review sites along the alignment of the CSO, including sites on its original long-list, to find an acceptable solution.

### **All sites**

46. The construction of the tunnel is likely to have significant social, economic and environmental impacts. Thames Water have indicated that planning proposals will be subject to environmental impact assessment (EIA). Southwark should be consulted on the scoping of any future EIAs. In addition to environmental impacts these should cover impacts the local economy, jobs and local educational and community facilities.
47. All shortlisted sites are located within an air quality management area. Thames Water will be expected to demonstrate that proposals do not result in a reduction in air quality, through an air quality assessment, as set out in Southwark plan policy 3.8. Constriction of shafts and the residual ventilation structures will also have noise and odour impacts. Proposals which do not demonstrate that they can mitigate these impacts satisfactorily would be considered unacceptable by Southwark, in line with Southwark Plan policies 3.1 and 3.2.
48. With regard to transport, while Thames Water have committed to transporting excavated materials by barge where possible, in the case of a number of sites, such as the Alfred Salter Playground, this is not feasible. All proposals will be expected to be accompanied by a transport assessment, which demonstrates that transport and traffic impacts have been addressed.

### **Sustainability Appraisal**

49. Whilst any future applications affecting Southwark sites would be subject to an environmental impact assessment, it should be noted that an EIA tests the environmental impacts of a particular development. In 2005, the Thames Water Tideway Strategic Study identified a number of strategic options for addressing the environmental problems of CSOs and concluded that the Thames Tideway Tunnel was the preferred option. Whilst this study included a regulatory impact assessment, it is not clear whether the identified options were subjected to any sustainability or environmental appraisal before selecting the Thames Tideway Tunnel or the preferred route.
50. The government has recently commenced consultation in respect of the draft National Policy Statement for Waste Water which addresses the need for nationally significant infrastructure projects and includes the Thames Tideway Tunnel. Whilst the draft NPS is the subject of a separate consultation response, it

is noted that it relies on the 2005 study and states that Thames Tunnel is the preferred infrastructure solution and that the sustainability appraisal will include “an assessment of the specific aspects” of the Thames Tunnel proposal. This suggests that options should have been subject to sustainability appraisal at the time the 2005 study was conducted.

### **Community impact statement**

51. The tunnel proposal will have significant impacts on the community. In particular these relate to the loss of open space and children’s play facilities which are outlined above. There may also be impacts associated with loss of amenity due to noise, dust and odour. Thames Water will need to demonstrate that these can be mitigated.

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

#### **Strategic Director of Communities, Law & Governance**

52. Members of cabinet are asked to approve the council’s response to the Thames Water consultation in respect of its preferred route for the proposed Thames Tideway Tunnel and selection of sites as set out at appendix 1. The main report sets out the background to the proposals and relevant considerations for members in agreeing the council’s consultation response.
53. Under paragraph 24, Part 3B of the Constitution, the cabinet has overall responsibility for agreeing the council’s response to consultation papers. Further, under part 3D of the Constitution individual portfolio holders have authority to approve the council’s response to consultation documents from various bodies and which relate to significant changes affecting their portfolio (paragraph 13 and 14). The consultation response in question relates to proposals for the Thames Tideway Tunnel, a nationally significant infrastructure project which would impact on the portfolios of both Cllr Colley, Regeneration and Corporate Strategy and Cllr Hargrove, Transport, Environment and Recycling. In so far as the consultation raises cross-cutting issues, the constitution provides for the approval of consultation to be referred to a meeting of the full cabinet. Accordingly members of cabinet are able to approve the response as set out at Appendix 1. Furthermore, in accordance with the executive leader and cabinet model adopted by council assembly on 4 November 2009, the Leader has the authority to approve final amendments to and sign the council’s response.

#### **Finance Director**

54. There are no specific financial implications associated with this paper.

**BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Southwark Plan, 2007	Planning policy team, Regeneration and Neighbourhoods	Tim Cutts 020 7525 5380
Draft Core strategy, 2009	Planning policy team, Regeneration and Neighbourhoods	Tim Cutts
Site Suitability Report S54SK, King's Stairs Gardens (Thames Water document)	Planning policy team, Regeneration and Neighbourhoods	Tim Cutts
King's Stairs Gardens: how we chose the preferred site (Thames Water document)	Planning policy team, Regeneration and Neighbourhoods	Tim Cutts
Site Suitability Report C28XE, Open Space Druid Street (Thames Water document)	Planning policy team, Regeneration and Neighbourhoods	Tim Cutts
Site Suitability Report C28XA, Thames Foreshore near Butlers Wharf (Thames Water document)	Planning policy team, Regeneration and Neighbourhoods	Tim Cutts
Site Suitability Report C28XF, car park to flats on Tower Bridge Road (Thames Water document)	Planning policy team, Regeneration and Neighbourhoods	Tim Cutts

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Response to Thames Water's consultation on the proposed Thames Tideway Tunnel
Appendix 2	Thames Tunnel proposed routes
Appendix 3	Plan of the route of the Shad Thames CSO
Appendix 4	Plan of proposed construction site and illustrative diagramme of permanent buildings at King's Stairs Gardens
Appendix 5	Plan of proposed construction site and illustrative diagramme of permanent buildings at Alfred Salter Playground, St John's Estate
Appendix 6	Response to consultation in December 2009

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Fiona Colley, Cabinet Member for Regeneration and Corporate Strategy	
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Author</b>	Tim Cutts, Team Leader Planning Policy	
<b>Version</b>	Final	
<b>Dated</b>	3 December 2010	
<b>Key Decision?</b>	Non key	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Cabinet Member</b>	Yes	No
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	3 December 2010	

## **Appendix 1: Response to Thames Water's consultation on the proposed Thames Tideway Tunnel**

Dear Sir,

### **THAMES TUNNEL CONSULTATION**

Thank you for consulting London Borough of Southwark on the proposed routes and sites for the Thames Tunnel.

As a borough with around 4.5 miles of River Thames frontage, Southwark has a strong interest in reducing the amount of sewage which overflows into the river every year.

Notwithstanding this, Southwark objects very strongly to the use of open spaces at King's Stairs Gardens and Alfred Salter Playground (Druid Street) as sites for a reception shaft and CSO shaft respectively.

### **Site Selection methodology**

The methodology Thames Water used to select the preferred sites is far from clear. The Site Suitability Report and the "How we chose the preferred site" document assess each of the Southwark sites from a planning, engineering, environmental, socio-economic and property perspective. However there is no attempt to use an appropriate weighting mechanism to compare sites and evaluate impacts which in turn would inform a sequential approach to the selection of sites. The council considers that this undermines the selection process. Thames Water are urged to reconsider the selection of the preferred sites in the light of a systematic and transparent mechanism for assessing the impacts on all sites, informing a comparison of sites and the use of a sequential approach.

### **King's Stairs Gardens**

In response to consultation on Thames Water's shortlist of sites carried out in December 2009, Southwark ranked sites in order of preference. King's Stairs Gardens was the least preferred site. It is with great disappointment therefore, that the council learned that King's Stairs Gardens has been selected as a preferred site. It does not consider King's Stairs Gardens an appropriate site for a reception shaft for the following reasons:

#### *Open space*

Open space has the highest level of protection in the London Plan. Its value to London is recognised in objective 1 of the London Plan which states that London's growth should be accommodated within its boundaries without encroaching on open spaces. Objective 6 makes it clear that the protection of green spaces is integral to London's status as a world city. Among the key policy directions for objective 6 are the imperative of developing brownfield sites rather than developing on green space, and the need to protect and enhance open spaces. Development of a greenfield site in preference to available brownfield sites would run contrary to these objectives.

King's Stairs Gardens is designated as metropolitan open land (MOL) in the Southwark Plan. As MOL, it is an open space of regional importance. London Plan policy 3D.10 states that MOL should be afforded similar protection to greenbelt. It

indicates that there are a number of purposes for including land within MOL, including its contribution to the physical structure of London by being clearly distinguishable from the built up area. In addition to being a sizable space in its own right, in linking Southwark Park with the River Thames, King's Stairs Gardens plays a critical role in forming a much larger break in London's built development.

It is also a valuable amenity to local people, a fact recognised by the award of a national lottery grant in 1998. In preparing the draft core strategy, Southwark collected evidence on open space, in accordance with guidance in Planning Policy Guidance 17. This evidence demonstrated that while King's Stairs Gardens is not itself located in an area of open space deficiency, it is located close to areas in which there is a deficiency in open space. Between them the 5 wards which comprise the Borough and Bankside and Bermondsey community council areas have 1 park of local size (over 2ha) and no parks of district size (over 20ha). Against a Southwark-wide average of 0.62ha of local and district parks per 1000 population, Borough and Bankside has 0.18ha and Bermondsey has 0ha.

Policy 3D.11 in the London plan provides a benchmark for provision of open space. It categorises spaces according to their size and sets out a desirable distance which Londoners should travel in order to access each size of open space. Table 3.1 indicates that people should live within 1.2ha of a district park and 400m of a local park. Map 5.1 in Southwark Open Spaces Evidence Base, 2009, CDEN3 (enclosed), demonstrates there are few areas in the Borough and Bankside community council which have access to a district park within 1.2km. Similarly there are few areas in both community councils which have a local park located within 400m.

The loss of much of King's Stairs Gardens over a seven year period and the construction of residual permanent structures would exacerbate an existing deficiency in access to local and district parks. This would be compounded by the loss of the existing play facilities.

In the reasons for selecting King's Stairs Gardens, Thames Water point to the presence of Southwark Park immediately to the south of the site. However, in the council's view, the proximity of Southwark Park does not diminish the role which King's Stairs Gardens plays in providing a clear break in the urban fabric of this part of London and nor can it compensate for an existing deficiency in district and local parks.

There is a presumption against inappropriate development on MOL. Appropriate development is defined tightly as comprising agriculture or forestry, essential facilities for outdoor sport and recreation, cemeteries and other uses which do not conflict with the purpose of including land in MOL. Use of MOL for access to a tunnel construction sites and erection of permanent residual buildings would not comprise appropriate development and would be contrary to policy 3.25 in the Southwark Plan, draft Core Strategy policy 11 and policy 3D.10 in the London Plan. The fact that another open space, Southwark Park, is located close to King's Stair's Gardens should not comprise a reason for departing from MOL policy.

In its response to Thames Water's December 2009 consultation on the shortlisted sites, Southwark attached very significant weight to the fact that King's Stairs Gardens is designated MOL. The council does not consider that Thames Water has given sufficient weight to this designation in selecting its preferred site. Given the strength of London Plan objectives 1 and 6, as well as the MOL designation, Southwark's view remains that non-MOL sites which are available, should be regarded as sequentially preferable to King's Stairs Gardens.



### *Nature conservation*

London Plan paragraph 3.318 states that one of the key objectives of the Mayor's Biodiversity Strategy is to ensure that all Londoners have ready access to wildlife and natural green spaces. Moreover, the plan states that this is particularly important where there is a shortage of green space and in Areas for Regeneration.

The evidence on biodiversity presented at the core strategy examination advised that the combinations of habitats in King's Stairs Gardens are not commonly found in Southwark outside its parks and moreover that the site forms part of an unbroken green chain between Surrey Quays and the Thames (see Biodiversity and Sites of Importance for Nature Conservation, CDB9 enclosed). Consequently, King's Stairs Gardens is proposed as a site of importance for nature conservation in Southwark's draft core strategy.

Whilst the King's Stairs Gardens site suitability report acknowledges its nature conservation and biodiversity value, there is no evidence of the weight attributed to this or the way in which impacts compare with those on other sites. This is a deficiency in the selection methodology, which, as in the case of open space, makes the sequential ranking of sites difficult to ascertain.

Map 3D.4 in the London Plan shows areas of deficiency in access to nature in London. Much of the Borough and Bankside community council area and a part of the Bermondsey community council area are shown in the area of deficiency. Even if it were possible to mitigate the potential harm of proposals in the long term, once the park had been restored, the loss of King's Stairs Gardens over a 7 year period would exacerbate this deficiency in access to nature and compound problems associated with a shortage of open space, contrary to the expectation of policy 3D.14 in the London Plan.

In addition, while the proposal to transport excavated material away from the site by barge is welcomed, the construction of a new jetty may have biodiversity impacts on the Thames and river bed which have not yet been fully considered.

### *Thames policy area*

King's Stairs Gardens is located in the Thames Policy Area (TPA) as designated in the Southwark Plan. This responds to policies 4.16 and 4.17 of the London Plan which state that boroughs should recognise that the Thames plays an essential role in maintaining London as an exemplary, sustainable world city.

King's Stairs Gardens comprises one of few open spaces which have a river frontage in Southwark, and plays an important part in enabling Southwark residents to enjoy the river and its environs. In accommodating the Thames Path, it also provides a valuable amenity for residents and visitors, which encourages enjoyment of the river and helps connect Southwark's designated strategic cultural areas in Borough, Bankside and London Bridge to the west, with St Mary's conservation area to the east.

It is noted that the King's Stairs Gardens Site Suitability Report concludes that:

*"This site is unsuitable as an intermediate shaft site with CSO connection as, in addition to the impacts associated with an intermediate shaft site, works would involve a large jetty protruding into the river, disrupting views from the Angel public house and riverside residences in the area. The overflow culvert that would remain after the works is also likely to affect the user's experience of the park in future.*

*The proportion of the park likely to be lost for any of the three types of sites is a significant issue, especially the loss of the new children's play area. This loss of open*

*space can, in part, be mitigated for, due to the availability of alternative open space in the vicinity in the form of Southwark Park. However, the character of King's Stairs Gardens as a river-facing public open space may be difficult to replicate" (p. 17, paragraphs 10.5.4 and 10.5.5).*

The loss of the park over a 7 year period would be detrimental to the enjoyment of the river Thames, while the residual structures in the park are likely to be harmful to its character and appearance. In view of this, the proposal is not consistent with Policy 3.29 of the Southwark Plan, draft Core Strategy policy 12 or London Plan policy 4C.6 which seek to ensure that character of the TPA is protected and enhanced.

#### *Archeological priority zone*

It should be noted that King's Stairs Gardens is located within an archeological priority zone. Archeology, and in particular the site of the Manor House of Edward III which is a scheduled monument (the highest historic designation – more significant than a grade I listed building) has a historic connection with the river is a visible feature in the area and plays a significant role in shaping the character of the area. This scheduled monument is visible from the public realm particularly from the Thames footway. The setting of the scheduled monument and its connection to the river are part of its historical significance. Inappropriate development in this area is likely to have a harmful impact on the setting of this site of national importance. Failure to demonstrate adequate mitigation of impacts would be contrary to Southwark Plan policy 3.19 and London Plan policy 4B.15.

#### *Listed and locally listed buildings*

There are two listed buildings in the proximity of King's Stairs Gardens: the Angel public house which is grade II listed and the grade II listed Sir William Gaitskell House. Both are listed due to their architectural or historic significance, the former is a public house dated at 1830, possibly incorporating parts of an earlier 17th century public house of the same name. The latter is a house dated at 1814 which was a police station from 1838 and most recently used as offices. The listing description extends to the building's railings, handrails and a historic lampholder and includes a detailed description of the interior most of which survives.

The Site Suitability Report acknowledges that the proposed jetty would disrupt views from the Angel Public House (paragraph 10.5.4). In addition, the council considers that the permanent structures proposed are likely to be detrimental to the setting of these two listed buildings particularly the public house which is viewed from the river and the Thames path and is sensitive to large engineered structures nearby.

The St Peter's and the Guardian Angels RC Church on Paradise Street, adjacent to King's Stairs Gardens is included on the council's draft local list as a building of architectural and historic significance. This church is a positive contributor to conservation value of the area, is a local landmark and is visible from King's Stairs Gardens across the way on Paradise Street.

Proposals which harm the setting of the listed buildings and or locally listed buildings would be contrary to Southwark Plan policies 3.15 and 3.18, and London Plan policy 4B.12.

### *Heritage*

King's Stairs Gardens also plays a key role in preserving the setting on the scheduled monument at the site of Edward III's Manor House, as well as the setting and views to and from Southwark Park, which is a grade II registered historic park. These settings are also greatly improved by the trees in the park. A recent tree survey undertaken by the council demonstrates that many of the trees in the park are of good quality. They contribute to the character and appearance of the park, particularly in its role of providing views into and out of Southwark Park and providing an open and attractive link between Southwark Park and the river.

The council consider that there is considerable merit in the proposal to designate King's Stairs Gardens and Edward III's Manor House as a conservation area. The designation would recognise the park's key role in preserving the setting on the scheduled monument at the site of Edward III's Manor House and the setting and views to and from Southwark Park, which is a grade II registered historic park. The council will shortly commence public consultation on this proposal.

The Site Suitability Report recognises the impact which the proposed use of the site would have:

*"Removal of mature vegetation and the presence and operation of machinery, materials stores and buildings on site is likely to severely impact character of the park and river frontage. This site is, therefore, not suitable.... Permanent elements would potentially result in permanent, adverse direct impacts on the character of the park, the River and its frontage"* (appendix 9, pp. 17-18).

Use of the park as a construction site, loss of trees within the construction site and the erection of permanent residual structures would harm the heritage and conservation value of the area contrary to Southwark Plan policy 3.15, 3.18 and draft Core Strategy policy 12.

For the reasons set out above, Southwark object very strongly to the use of King's Stairs Gardens as a proposed shaft site. Use of King's Stairs Gardens would harm many interests of acknowledged importance, including MOL, nature conservation and heritage. In the light of this, the council urge Thames Water to consider the use of alternative sites and routes which avoid the use of King's Stairs Gardens.

### **Alfred Salter Playground, St John's Estate, Druid Street**

The loss of the playground, albeit over a temporary period, would result in the loss of an important residential amenity in an area with limited access to open spaces. The council's open spaces evidence base demonstrates that this site lies in an area which is deficient in local and district parks (refer to Map 5.1 in Southwark Open Spaces Evidence Base, 2009, CDEN3).

The Mayor's SPG on providing for children and young people's play and informal recreation indicates that housing should generally have a doorstep playable space within 100m to provide play facilities for 0-5 year olds (see appendix A, B.5). Other than the very small second play area on the St John's estate which has very limited facilities, there are no other play spaces within 100m of the estate.

The Mayor's SPG also advises that 300m is a reasonable benchmark for accessibility to play spaces for 0-11 year olds (local playable space). The nearest local playable spaces to the estate are on the Arnold Estate which is around 400m away.

The loss of the play facilities would leave the 79 homes on the St John's Estate without adequate play facilities, contrary to Southwark Plan policy 3.1, London Plan policies 3A.17 and 3D.13.

Thames Water's Site Suitability Report notes that the site formerly accommodated a cooperage, built upon a burial ground. This is the site of Butler's Burial Ground, one of a number of commercial burial operations which sprang up around London in the later years of the 18th century and which were closed by the Burial Act of 1852.

The presence of a post-medieval cemetery in this area would require a significant programme of archaeological excavation and recording prior to the commencement of any construction works. English Heritage and the Advisory Panel on the Archaeology of Burials in England are presently drawing up guidelines for the excavation of post-medieval cemeteries. Failure to demonstrate adequate mitigation of impacts would be contrary to Southwark Plan policy 3.19 and London Plan policy 4B.15.

For the reasons set out above, Southwark object strongly to the use of Alfred Salter Playground as a CSO shaft site and urge Thames Water to review sites along the alignment of the CSO, including sites on its original long-list, to find an acceptable solution.

### **All sites**

The construction of the tunnel is likely to have significant social, economic and environmental impacts. Thames Water has indicated that planning proposals will be subject to environmental impact assessment (EIA). Southwark wishes to be consulted on the scoping of EIAs. In addition to the impacts set out in the analysis above, the EIAs will be expected to cover a broad spectrum of issues including: traffic and transport, odour, air quality (all sites are located in a designated Air Quality Management Area), noise, the local economy, jobs and local educational and community facilities.

All shortlisted sites are located within an air quality management area. Thames Water will be expected to demonstrate that proposals do not result in a reduction in air quality, through an air quality assessment, as set out in Southwark plan policy 3.8. Construction of shafts and the residual ventilation structures will also have noise and odour impacts.

In this context, the council notes with great concern the statement about King's Stairs Gardens in the Site Suitability report that:

*"This site is considered less suitable for use as an intermediate, intermediate with CSO or main shaft site, due to the proximity of residential receptors to the west, south and east. Any shielding afforded by the site perimeter barriers would be largely ineffectual due to the height of these receptors. Twenty-four hour working has particular potential to adversely impact upon the closest receptors, and it may be necessary to restrict some of the noisier activities to daytime only. Access of HGVs to the site is also likely to result in disturbance, as they approach through residential streets.*

*For a main shaft and the intermediate with CSO, the importing and exporting of material by barge would also result in an adverse impact on residential receptors located near to the barge jetties" (p. 11, paragraphs 7.9.1-7.9.2).*

Proposals which do not demonstrate that they can mitigate these impacts satisfactorily would be considered unacceptable by Southwark, in line with Southwark Plan policies 3.1 and 3.2.

With regard to transport, while Thames Water have committed to transporting excavated materials by barge where possible, in the case of a number of sites, such as the Alfred Salter Playground, this is not feasible. All proposals will be expected to be accompanied by a transport assessment, which demonstrates that transport and traffic impacts have been addressed.

### **Sustainability Appraisal**

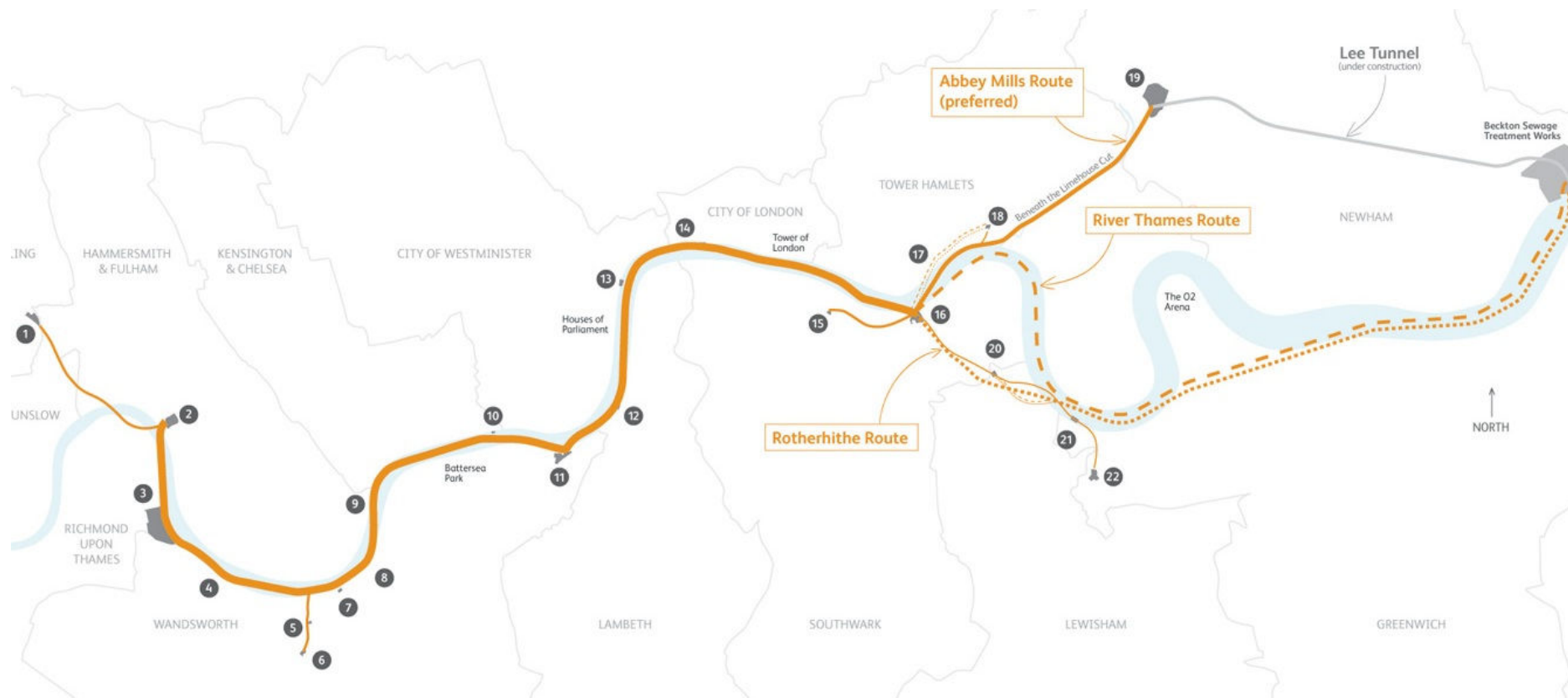
Whilst any future applications affecting Southwark sites would be subject to an environmental impact assessment, it should be noted that an EIA tests the environmental impacts of a particular development. In 2005, the Thames Water Tideway Strategic Study identified a number of strategic options for addressing the environmental problems of CSOs and concluded that the Thames Tideway Tunnel was the preferred option. Whilst this study included a regulatory impact assessment, it is not clear whether the identified options were subjected to any sustainability or environmental appraisal before selecting the Thames Tideway Tunnel or the preferred route.

The government has recently commenced consultation in respect of the draft National Policy Statement for Waste Water which addresses the need for nationally significant infrastructure projects and includes the Thames Tideway Tunnel. Whilst the draft NPS is the subject of a separate consultation response, it is noted that it relies on the 2005 study and states that Thames Tunnel is the preferred infrastructure solution and that the sustainability appraisal will include “an assessment of the specific aspects” of the Thames Tunnel proposal. In the council’s view, this suggests that options should have been subject to sustainability appraisal at the time the 2005 study was conducted.

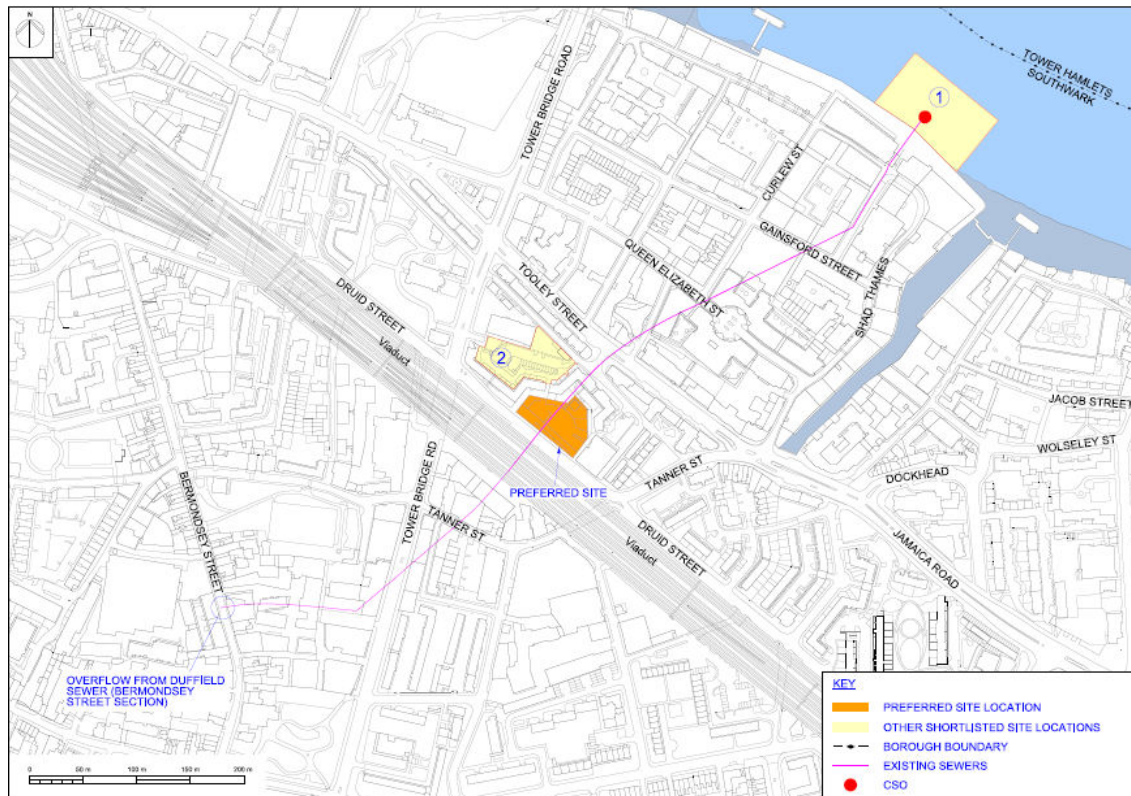
We urge Thames Water to reconsider the use of King’s Stairs Gardens and Alfred Salter Playground and trust that these comments will be taken into account when making a final decision on sites and the route.

Yours faithfully,

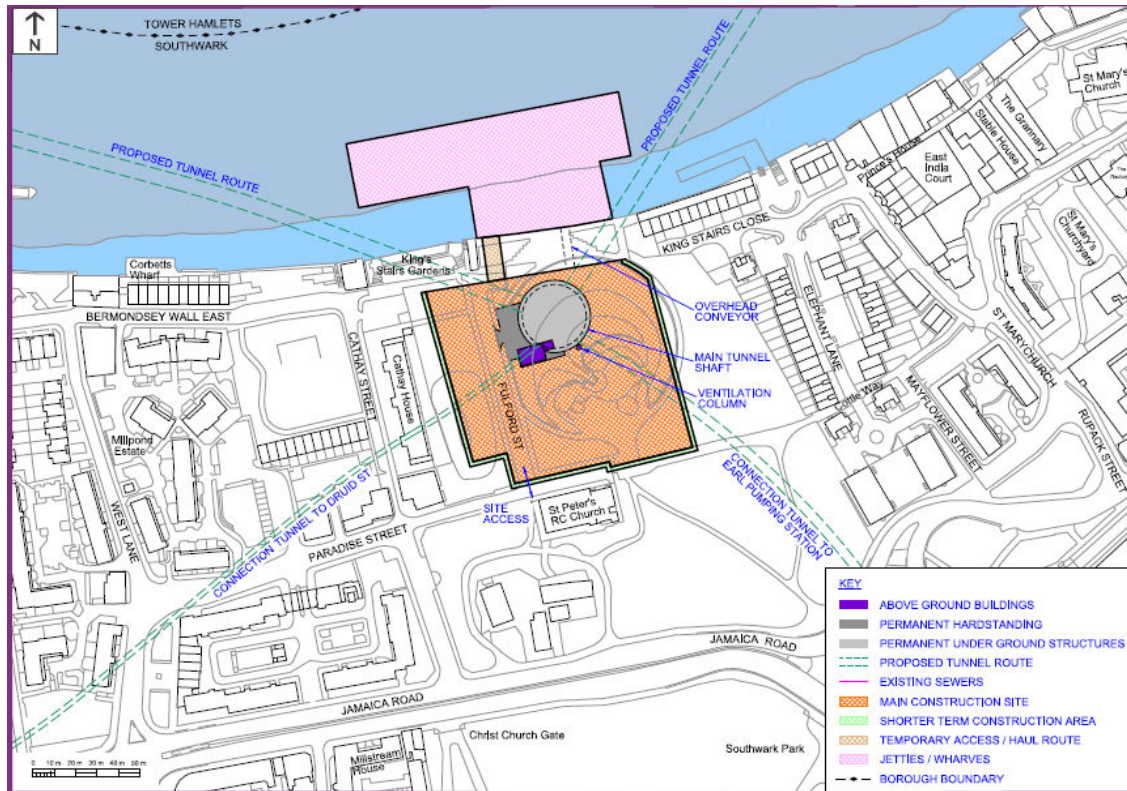
## Appendix 2: Thames Tunnel proposed routes



### Appendix 3: Plan of the route of the Shad Thames CSO

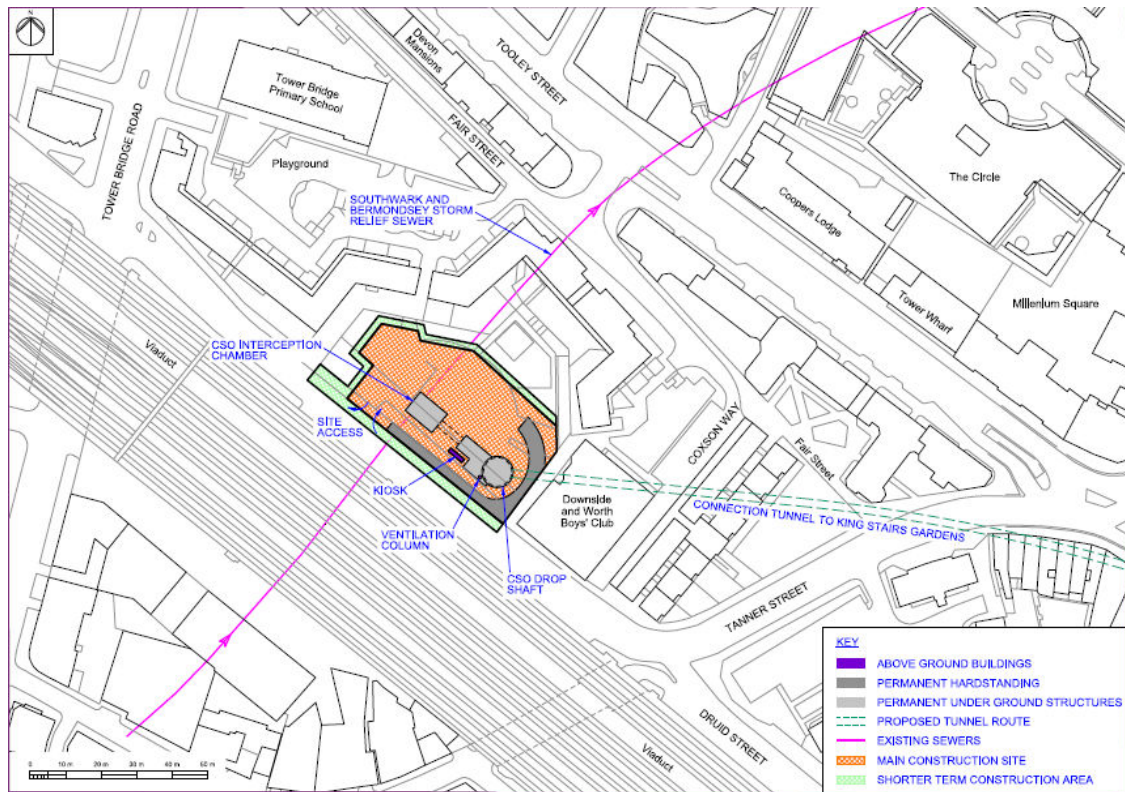


**Appendix 4: Plan of proposed construction site and illustrative diagramme of permanent buildings at King's Stairs Gardens**





**Appendix 5: Plan of proposed construction site and illustrative diagramme of permanent buildings at Alfred Salter Playground, St John's Estate**



## **Thames Tunnel Site Assessment**

### **1. Summary of the project**

The Thames Tunnel is a linear infrastructure project that will pass through the administrative areas of up to 13 London local authorities. The alignment of the tunnel will broadly follow the route of the River Thames from west London to Beckton Sewage Treatment Works in the east. The existing Combined Sewer Overflows to be intercepted will be connected to the Thames Tunnel and flows will be forwarded for treatment at Beckton STW.

The main elements of the proposed Thames Tunnel Project include;

- Main tunnel approximately 32km in length with an estimated 7.2m internal diameter
- Main shafts to facilitate tunnel construction and for permanent operational tunnel access
- Intermediate shaft sites to undertake planned inspections of tunnel boring machines and to provide access for this; and
- Combine Sewer Overflow (CSO) interception works

### **Main and Intermediate Shaft Site requirements**

#### 1. Site Size

Sites less than 1000sqm were not considered acceptable

Sites between 1000sqm and 5000sqm were considered acceptable

Sites in excess of 5000sqm were considered to be most suitable

The basis of this was that a small site could be used in conjunction with another site to produce a combined usable area.

#### 2. Distance from the River

Sites need to be less than 100 metres away from the River Thames.

Sites with a river frontage are most desirable in that they have the potential for direct access to wharfage or jetty facilities (either existing or purpose built).

### **Combined Sewer Overflow (CSO) Site requirements**

#### 1. Site size

Sites less than 600sqm were not considered to be acceptable

Sites between 600sqm and 1200sqm were considered to be acceptable

Sites in excess of 1200sqm were considered to be most suitable

#### 2. Distance from the River

Sites within 100m of the river were considered to be most suitable

Sites between 100m and 200m were considered to be acceptable

Sites further than 200m were considered least suitable

Exceptions were made for sites associated with CSOs that do not discharge directly into the River Thames and for some of the pumped CSOs.

## **2. Methodology**

We have carried out an assessment of the potential sites identified by Thames Water to inform our response to the consultation.

The potential sites were first assessed against 4 eliminating criteria;

1. If the site is Metropolitan Open Land (MOL) or Borough Open Land (BOL) in an area of open space deficiency
2. If the site is further than the required distance from the river
3. If the size of the site is too small to meet the minimum requirements
4. If the Southwark Plan allocates the site for facilities of regional or national significance.

If the sites met any of these criteria we have removed them from the list of potential sites and they have not been included in the subsequent stages of the assessment.

The remaining potential sites were assessed using 7 criteria;

1. The size of the site
2. Distance from the river Thames
3. The site designations
4. If the site is included in the Strategic Housing Land Availability Assessment (SHLAA)
5. If the site is included in the Employment Land Review (ELR)
6. If the site as permitted development or is designated as a proposals site
7. The site amenity

All of the sites identified by Thames Water in Southwark have been assessed, this included short listed sites and rejected sites.

### Scoring

<b>Criteria</b>	<b>Score 0</b>	<b>Score 1</b>	<b>Score 2</b>
Size of site	Less than minimum requirements	Between minimum and maximum requirements	Exceeds maximum requirements
Distance from river	Less than minimum requirements	Between minimum and maximum requirements	Exceeds maximum requirements
Site designations	Where site is MOL or BOL and not in area of open space deficiency,	Where the site is in a Conservation area, APZ or SINC	No designations
SHLAA Site	Site is included in	Site excluded from SHLAA (unless	N/A

	SHLAA	designated as MOL or BOL)	
Employment site	Site is included in ELR	Site excluded from ELR (unless designated as MOL or BOL)	N/A
Permitted development or Proposals Site	Site is a proposals site or has planning permission	Site is not a proposals site and has no planning permission (unless designated as MOL or BOL)	N/A
Amenity	Sensitive neighbouring uses	Some sensitive uses surrounding site	No sensitive uses surrounding site

### **3. Results**

#### **Southwark Council eliminated sites:**

##### 1. S40SK Potters Field Park

Reason:

The site is designated as metropolitan open land in an area of open space deficiency

##### 2. S41SK Potters Field Development Site

Reason:

The site is within a strategic cultural area. As set out in the Southwark Plan, the Strategic Cultural area includes Potter's Fields, which has been designated as a site for redevelopment that will include a major new arts or cultural use of London or nation-wide importance.

##### 3. S71SK Durrands Wharf

Reason:

The site is designated as Borough Open Land in an area of open space deficiency.

##### 4. S08SK Open space at front of Tate Modern

Reason:

The site is within a strategic cultural area. As set out in the Southwark Plan, the Strategic Cultural Area extends along the River Thames to include Shad Thames area, and south to Union Street and Bermondsey Square. This is to enhance this stretch of the river as a destination in its own right and complement other visitor attractions which already exist in the area.

**Scores for the remaining Thames Water's sites:**

<b>Site Ref</b>	<b>Site</b>	<b>Type of site</b>	<b>Score</b>
S74SK	South Dock marina Boat Yard, calypso way	Intermediate shaft	7
CS31Xc	Earl Pumping Station boat yard, accessed via Calypso way	CSO	7
CS28Xa	Shad Thames Pumping Station, Foreshore	CSO	7
CS28Xf	Shad Thames Pumping Station, parking and garages to block of flats	CSO	6
CS28Xe	Shad Thames Pumping Station, playground	CSO	6
S45SK	Chambers Wharf, Chambers Street	Intermediate shaft	6
S54SK	Kings Stairs Gardens, Jamaica Road	Main/Intermediate shaft	4

**Scores for the Thames Water's Rejected sites:**

<b>Site Ref</b>	<b>Site</b>	<b>Type of site</b>	<b>Score</b>
CS28Xd	Shad Thames Pumping Station, Fair Street	CSO	6
S02SK	Cleared site off Stamford Street	Intermediate shaft	6
S72SK	Surrey Docks Farm, Rotherhithe street	Split main/intermediate shaft	4

#### 4. Site analysis

##### **Thames Water Shortlisted sites:**

Site name: Chambers Wharf, Chambers Street

Site reference: S45SK

Type of Site: Intermediate shaft site

Included on Thames Water short list: Yes

Size of site	13,561sqm	2
Distance from river	Minimum distance: 40m Maximum distance: 110m	2
Site designations	Archaeological Priority Zone Thames Special Policy Area	1
SHLAA Site	Tier 1 SHLAA Site (ref 1011) 2011-2016 (511 units)	0
Employment site	No	1
Permitted development or Proposals Site	Proposals site 5P 07-AP-1262 pending	0
Amenity	Mixed use and residential	0
		<b>6</b>

Site name: King Stairs Gardens, Jamaica Road

Site reference: S54SK

Type of Site: Main/Intermediate shaft site

Included on Thames Water short list: Yes

Size of site	29,506sqm	2
Distance from river	Minimum distance: 0m Maximum distance: 213m	2
Site designations	Metropolitan Open Land Archaeological Priority Zone Thames Special Policy Area	0
SHLAA Site	N/A site designated as MOL	0
Employment site	N/A site designated as MOL	0
Permitted development or Proposals Site	N/A site designated as MOL	0
Amenity	Surrounded by residential	0
		<b>4</b>

Site name: South Dock Marina Boat Yard, Calypso Way

Site reference: S74SK

Type of Site: Intermediate shaft site

Included on Thames Water short list: Yes

Size of site	9,217sqm	2
Distance from river	Minimum distance: 0m Maximum distance: 69m	2

Site designations	Archaeological Priority Zone Thames Special Policy Area	1
SHLAA Site	Tier 4 SHLAA site (ref 4053) 2016-2021 16 units	0
Employment site	No	1
Permitted development or Proposals Site	Allocated in Canada Water AAP Proposals site 48P	0
Amenity	Residential and marina	1
		<b>7</b>

Site name: Shad Thames Pumping Station, Foreshore

Site reference: CS28XA

Type of Site: CSO Site

Included on Thames Water short list: Yes

Size of site	1,860sqm	2
Distance from river	Minimum distance: 0m	2
Site designations	Conservation area Site of Importance for Nature Conservation (part of site) Archaeological Priority Zone (part of site) Thames Special Policy Area	1
SHLAA Site	No	1
Employment site	ELR C15	0
Permitted development or Proposals Site	No	1
Amenity	Surrounded by residential	0
		<b>7</b>

Site name: Shad Thames Pumping Station, Playground

Site reference: CS28XE

Type of Site: CSO Site

Included on Thames Water short list: Yes

Size of site	2,545sqm	2
Distance from river	Minimum distance: 410m	0
Site designations	Archaeological Priority Zone Other Open Space	1
SHLAA Site	No	1
Employment site	No	1
Permitted development or Proposals Site	No	1
Amenity	Surrounded by residential	0
		<b>6</b>

Site name: Shad Thames Pumping Station, Parking and garages to block of flats

Site reference: CS28XF

Type of Site: CSO Site

Included on Thames Water short list: Yes

Size of site	2,862sqm	2
Distance from river	Minimum distance: 370m	0
Site designations	Archaeological Priority Zone	1
SHLAA Site	No	1
Employment site	No	1
Permitted development or Proposals Site	No	1
Amenity	Surrounded by residential and a school	0
		<b>6</b>

Site name: Earl Pumping Station, Boat yard accessed via Calypso Way

Site reference: CS31XC

Type of Site: CSO Site

Included on Thames Water short list: Yes

Size of site	6,488sqm	2
Distance from river	Minimum distance 10m	2
Site designations	Thames Special Policy Area Archaeological Priority Zone	1
SHLAA Site	Tier 4 SHLAA site (ref 4053) 2016-2021 16 units	0
Employment site	No	1
Permitted development or Proposals Site	Allocated in Canada Water AAP	0
Amenity	Surrounded by residential and marina	1
		<b>7</b>

### Thames Water Rejected sites:

Site name: Cleared site off Stamford Street

Site reference: S02SK

Type of Site: Intermediate shaft site

Included on Thames Water short list: No

Size of site	5,438sqm	2
Distance from river	Minimum distance: 65m Maximum distance: 167m	2
Site designations	Archaeological Priority Zone	1
SHLAA Site	1 tier SHLAA Site (Ref 1016) 2011-2016 96 units	0
Employment site	ELR C12	0
Permitted development or Proposals Site	Planning permission March 2009 (96 units + mixed use)	0
Amenity	Mixed use – office, residential and commercial	1
		<b>6</b>



Site name: Surrey Docks Farm, Rotherhithe Street

Site reference: S72SK

Type of Site: Split Main/Intermediate shaft site

Included on Thames Water short list: No

Size of site	8,807sqm	2
Distance from river	Minimum distance: 0m Maximum distance: 113m	2
Site designations	Borough Open Land Thames Special Policy Area Archaeological Priority Zone (part of site) Site of Importance for Nature Conservation	0
SHLAA Site	N/A designated as BOL	0
Employment site	N/A designated as BOL	0
Permitted development or Proposals Site	N/A designated as BOL	0
Amenity	Surrounded by residential & Community use	0
		<b>4</b>

Site name: Shad Thames Pumping Station, Fair Street

Site reference: CS28XD

Type of Site: CSO Site

Included on Thames Water short list: No

Size of site	748sqm	1
Distance from river	Minimum distance: 330m	0
Site designations	Archaeological Priority Zone	1
SHLAA Site	No	1
Employment site	No	1
Permitted development or Proposals Site	No	1
Amenity	Surrounded by residential and offices TLRN road (Tooley Street)	1
		<b>6</b>

<b>Item No.</b> 12.	<b>Classification:</b> Open	<b>Date:</b> 14 December 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Review of Housing Investment Strategy	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Ian Wingfield, Deputy Leader and Housing Management	

## **FOREWORD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT**

1. One of our key policy pledges is a firm commitment to make all homes warm, dry and safe by 2014/15, and in order to achieve this, it will be necessary to review the existing approach to housing investment, working in close partnership with tenants and leaseholders.
2. The adoption of the current borough standard in recent years has and continues to limit the council’s ability to spread investment evenly across the borough. We believe that any new approach should therefore seek to balance the affordability of decent homes investment against the delivery of an acceptable standard to the benefit of the majority of households. We will also investigate ways to maximise our options to bring in new sources of funding to invest in our housing stock.
3. In the meantime investment in the stock continues with the current two year programme expected to make 3,092 more homes decent by 2012. Efforts have also been made to ensure the best use of resources with the procurement of the new major works partnering contract resulting in savings of 10 -15%, allowing for more homes to made decent.
4. I am therefore asking the cabinet, after consideration of the officers’ report set out from paragraph 13 onwards to approve the recommendations set out below.

## **RECOMMENDATIONS**

### **Recommendations for the Cabinet**

That the Cabinet:

5. Confirms its commitment to making every home warm, dry and safe.
6. Notes the findings of the housing stock condition survey and the significant investment needs identified.
7. Notes the different standards that could be applied to achieving decent homes and the financial implications of the different standards; in particular the high cost of delivering the current borough standard.
8. Continues with those commitments already made to residents in the two year programme and requests officers to review the specification for work packages

where contracts have yet to be committed.

9. Requests that further reports are brought back to cabinet by February 2011 on a review of the voids disposal strategy, a review of the use of planning powers to generate funds to support decent homes work, and a review of options for estates with high costs and potential approaches.
10. Requests officers to consider all those options to increase the funding available to the council, set out in paragraphs 62 to 74, and to report back to cabinet with a view to agreeing a new approach which will achieve warm, dry and safe homes,
11. Agrees the consultation arrangements as set out in paragraphs 82 to 84 of the report and to begin the process of engaging with residents on the strategy for housing investment in the borough over the next five years, to deliver more benefit to residents overall for the resources available.
12. (1) Agrees that for homeowners, administration charges are levied in accordance with the terms of the lease to recover costs from homeowners but capped at 10%, subject to 12 (2).

#### **Recommendation for the Leader of the Council**

(2) That further to 12 (1), authority to periodically review the costs and recharge rate is delegated to the Cabinet Member for Housing Management.

#### **BACKGROUND INFORMATION**

13. The council is the largest local authority landlord in London, and one of the largest in the country, with 39,318 rental and 14,580 homeowner properties (13,412 leaseholders and 1,168 freeholders paying service charges). The council's housing stock is composed of a mix of dwelling types including Victorian terraces, pre-war walk-up blocks and system built blocks including high rises, built in the 60s and 70s. Sixty per cent of our stock was built before 1964. Although we have the largest housing investment programme in the capital, much of our housing still does not meet the Decent Homes standard, and we have greater landlord obligations given the nature and size of our stock, and more high rise blocks. Southwark had the highest number of dwellings in high blocks, in the whole of London at 10,646, (26% of our total stock); consequently we have more lifts and more district heating systems. Although these components tend to be in our 'younger' stock, many are old enough to require renewal. In the older age profile, we also have the second highest level of pre-1945 low rise blocks (predominantly mansion/walk up blocks) in London, many of which were inherited from the Greater London Council and which suffered from historic under-investment. The stock merger in 1980 increased the council's stock by a third, to 62,000 units.
14. The council's Housing Investment Programme incorporates all capital expenditure incurred by the council on its housing stock, including its obligations as a landlord, addressing the condition of the stock and the costs of any regeneration schemes. The overall programme has comprised capital expenditure of between £71m and £107m per annum over the past five years, a total investment by the council of some £441m. Decent homes and landlord obligations combined form the majority of the Housing Investment Programme, with Decent Homes being the largest single element. Previously, the largest strand of the programme was major repairs, largely to external elements eg roofs and windows. This was normally

associated with planned preventative maintenance elements including cyclical external decoration.

15. As a key part of this expenditure, in March 2006 the council's executive approved a five year Decent Homes investment programme, based on the housing options appraisal required by government. The options appraisal determined that the council could retain both ownership and management of its stock, and meet the government's Decent Homes Standard by 2010/11. Stock retention was seen as a positive option, in light of a history of tenant opposition to other funding options, including three unsuccessful attempts at stock transfer. This was subsequently agreed by the Government Office for London in June 2006 with a view to all council homes being made decent by 31 March 2011. Meeting decent homes is a major element of the programme. The Decent Homes standard is explained at Appendix 1.

### **Decent Homes Review 2008**

16. In April 2008, the executive received a further report on progress towards reaching this target, which produced a number of interim decisions. It was reported that over £127m had been spent on the Decent Homes programme over the period 2005/6-2006/7, with an additional £35m being spent on other works to the housing stock such as landlord obligations and housing regeneration schemes. This expenditure had achieved over 3,000 new kitchens, 2,000 new bathrooms and 5,500 homes rewired, with new windows for almost 200 blocks. Despite this progress, it was reported that, with the projected expenditure of £290m over the 5 year period for decent homes works, the council was now unlikely to meet the March 2011 target and identified a deficit of just over £60m for the period 2007/8 to end of year 2011.
17. The report indicated three main factors behind this projected shortfall:
  - (i) Building costs inflation had been higher than anticipated and had not been offset by procurement savings as envisaged.
  - (ii) Work had included items that, while desirable to tenants and beneficial to good maintenance, went beyond what was necessary to achieve the decent homes standard.
  - (iii) Some work had been carried out earlier than required by the decent homes criteria.
18. These changes reflected views expressed by tenants and leaseholders that they wanted a more flexible approach to investment and a stronger focus on neighbourhoods. Tenants had also expressed the view that their priorities were for new kitchens and bathrooms, beyond the core definition of a 'decent home'.
19. The report concluded that to take account of these aspirations for the whole period up to March 2011 would increase the funding deficit from £60m to over £180m.
20. The report set out various options for managing this gap. These included bringing spending strictly into line with the Decent Homes requirements, measures to improve cost efficiency through improved procurement and measures to increase the capital resources available. The latter included sale of major voids and street properties and identifying under-utilised housing assets to achieve capital

receipts.

21. In the light of this information, the executive agreed an interim position to allocate up to £14m per annum from the programme to meet resident aspirations, including increased refurbishment of kitchens and bathrooms and external works such as security and environmental improvements. It agreed the 'Southwark Decent Homes standard', reflecting these changes, noting that this enhanced standard would increase the funding required and the time taken to deliver the standard. It instructed officers to let new contracts to this standard and also to consider further ways of raising money for investment into the housing programme, including the measures outlined in paragraph 20 above and a bid to the London Housing Board.
22. Two assumptions underpinned this amended approach:
  - The expectation of a revised position from Government Office for London regarding the council's decent homes targets
  - The use of more up-to-date and reliable information from the update of the stock condition survey, which was anticipated to be ready by September 2008.
23. Appendix 2 sets out a comparison of the government definition of a decent home as against the agreed higher current borough standard.
24. Since April 2008, significant further work has been carried out on:
  - Means of increasing the capital resources available for investment
  - Surveying the condition of the stock and
  - Undertaking investment work in the stock.
25. Progress in these three areas is set out below.

#### **INCREASING CAPITAL RESOURCES AVAILABLE**

26. Officers have explored a wide range of ways of raising money for investment into the housing programme, including:
  - A bid to the London Housing Board (evolved to GLA targeted funding stream – outlined below)
  - The sale of major voids and street properties;
  - Larger scale sale of voids;
  - Ad hoc disposals eg roof voids, gardens, freehold reversionary interests, lease extensions etc;
  - Use of available land and under-utilised non housing assets;
  - Use of possible additional capital receipts from major regeneration projects;
  - Selective disposal of units on a small number of estates, together with redevelopment of additional units to cross-subsidise refurbishment of existing stock;
  - Increased social home buy;
  - Sale of commercial properties in the HRA as development opportunities.
27. The resource position was further examined in March 2009, when the Executive considered the report entitled 'Capital Income Generation for the Housing Investment Programme and Hidden Homes'. The Executive:

- Reaffirmed its commitment to retain both the ownership and management of the housing stock;
- Noted the funding gap to meet its investment needs for its housing stock, to deliver a Current borough standard for all tenanted homes;
- Noted the considerations for different funding options identified in the April 2008 executive report (Southwarks Decent Homes Standard) and agreed:
  - the disposal of empty homes (voids); and
  - the pro-active disposal of under-utilised land and non-residential buildings on housing estates.
- Agreed a new Hidden Homes strategy;
- Agreed that 100% of the receipts generated from the additional disposal of voids and land proposed be used to fund both the housing investment programme to deliver the current standard and to deliver new housing through a Hidden Homes strategy and potentially some new-build (maximising any external funding from the Greater London Authority (GLA) and Homes and Communities Agency (HCA) where possible to help fund these initiatives);
- Agreed that receipts gained from disposals under the Social Homebuy (SHB) scheme are directed, in the first instance, towards the operation of a Cash Incentive Scheme;
- Noted the impact of the current economic climate on these strategies and that the executive member for housing be delegated to vary these strategies in the light of market conditions.

28. These decisions have been progressed as follows:

### **Void Disposals**

29. The sale of empty homes (voids) within the Housing Revenue Account has taken place where properties were uneconomical to repair. The Void Disposals Strategy was designed to extend the disposal programme to include a number of general voids (that is voids that would be available for re-let to applicants registered on the housing list via Southwark Homesearch) subject to their meeting specified criteria set out in the strategy.
30. The strategy was intended to be rolled out over a three year period with a view to generating £20m each year, divided between the investment programme and Hidden Homes scheme. During its first year, 2009/10, 65 units were sold against a target of 103, raising around £9.5 million against a target of £20 million.
31. A recent review of the Void Disposal Strategy has revealed that this limited success can be attributed to the restrictive nature of the initial criteria aimed at identifying suitable properties for disposal as well the value and type of properties earmarked to date.

### **Better Use of Housing Land and Property**

32. A number of smaller scale estate regeneration schemes have been undertaken in the past eg Linden Grove, Coopers Road and the first phase of Elmington, which have been based on redevelopment rather than refurbishment. One of the common factors was a combination of high projected cost of refurbishment coupled with doubts on the part of the council and residents, that refurbishment

would achieve a suitable living standard. The redevelopment of Wooddene and the second phase of Elmington that are currently being pursued, are a response to the same conditions.

33. Certain of our estates continue to pose this challenge, and consideration should be given to appraising options for alternative solutions. If this is to include redevelopment, there would need to be development capacity to enable a phased and manageable programme of rehousing and redevelopment. There should also be an assessment of the capacity to develop on housing land, whether redevelopment is proposed or not. Consideration of this option will need to be made in the context of constraints eg. limited government funding available for regeneration and the changing policy framework making rehousing more difficult.

### **Hidden Homes**

34. The first phase of Hidden Homes is currently being progressed. To date four have been completed and six more are in progress. The natural extension to Phase 1 of Hidden Homes which is delivering new homes in existing spaces within blocks is to develop unused or underused areas of estates

### **Targeted Funding Stream**

35. In March 2008 the Greater London Authority (GLA) announced the availability of additional resources of £309.4m to RSLs, Arms Length Management Organisations (ALMOs) and Local authorities via the Regional Housing Pot Targeted Funding Stream 2008-2011. Allocations were made via a bidding process administered by the London Development Agency against a number of categories as outlined below.

- Gypsy and Traveller Site Grant – for new and refurbished pitches
- Settled Homes Initiative – aimed at reducing the number of households in temporary accommodation
- Innovation and Opportunity Fund – aimed at promoting better environmental practices; funding for improving homes beyond the decent homes standards; innovative approaches to the procurement or release of land for residential development
- Improving the Condition and Use of Existing Homes – aimed at bringing long term empty property back into use; improving the homes of vulnerable households in the private sector; extensions / deconversions of existing homes and enabling and supporting the delivery of estate/area renewal.

36. In response officers submitted a single bid amounting to £15.3 million and a sub regional bid of approximately £19.7 million. As a result Southwark received an allocation of £1,742,000 in response to its sole bid for the East Peckham and Nunhead Renewal Areas; and further allocations including support for upgrading the district heating on the Brandon and Cossall estates. An additional sum of £8,498,000 was also secured in response to the sub regional bid to improve homes in the private sector; extensions / deconversions and bring empty homes back into use which included an allocation for the Caroline Gardens estate.

### **The Context of Decent Homes**

37. In December 2009, Southwark's Comprehensive Area Assessment found that *"too many of Southwark's tenants are living in poor quality housing and it is not*

*likely that this will get better in the next two years. Despite significant investment in recent years, the funding needed to improve all the housing has not yet been secured. There is not yet an up-to-date picture of the condition of housing so improvement plans are not robust.*" This resulted in a red flag for the delivery of decent homes.

38. A number of meetings with the Tenant Services Authority (TSA), the regulatory authority for housing providers, have taken place to discuss decent homes delivery and other issues. Following these meetings, on 30 July the TSA formally wrote to the council to explain that in view of the improvement plans that were in place and the positive approach from the council they "*do not need to further consider any inspection of Southwark's services at the present*".
39. The government has signalled its support for the continuation of the decent homes programme through its announcement in the Comprehensive Spending Review of £1.6bn funding for this purpose, although no details are currently available on how this will be allocated.

### **STOCK CONDITION SURVEY**

40. The original timetable for updating the Stock Condition Survey was not met because it was found that the quality of existing data was of low standard. In order to address these concerns over data quality, a detailed stock condition survey has been carried out by Savills to accurately assess the current and future repairs and maintenance liability of the housing stock. The survey was designed to provide statistically reliable information on repairs and maintenance as well as investment costs forecast over a 5 and 30 year term. The survey of Southwark's stock of 37,301 tenanted dwellings and 2,061 blocks at May 2010 included:
  - 100% survey of external and communal areas
  - 10% sample of internal condition
  - 20% sample of street properties
  - Housing Health and Safety Rating System (HHSRS) /Asbestos 10% sample of internal areas
  - SAP energy surveys carried out – 10% sample.
41. The Stock Condition database has been cleansed and data cloned (this is where surveyed data is copied across to unsurveyed properties of the same type and in the same area) according to professional advice based on current industry best practice, providing the most accurate position since the start of the Decent Homes programme. This has been a very thorough exercise, taking considerable time and resources, but can be regarded as a sound basis on which to make further investment decisions. The methodology used in the Stock Condition Survey process is described in more detail at Appendix 4.
42. The survey found that while the stock had generally been well maintained on a day-to-day basis, it had not received the level of major capital investment necessary to maintain all the homes to a recommended condition. As a result, there are a significant number of major components that have reached or are reaching the end of their useful life and which will require renewal in the short term.
43. Analysis of the survey shows that at the end of 2009/10 the level of decency had increased to 65.3% of the stock from the previous 53%. As well as this overall



improvement in condition, the survey also found that street properties were in better condition than assumed based on previous stock exercises. However, on the less positive side, electrical installations, both internally and on the landlord's side (external to dwellings) required renewal in more of our stock than previously known.

44. Further survey work by Southwark's own stock condition survey staff is carried out on a continual basis and is fed in to the database. More than 2,000 surveys are expected to be completed each year to ensure that the reliability of stock condition information is increasingly robust and up to date.

## **INVESTMENT IN HOUSING STOCK**

### **Spend over last 5 years**

45. Over the last three years 5,982 homes have been made decent, including 1,866 in 2009/10. Works have included the fitting of 2,929 new bathrooms and 1,726 new kitchens. Over the past five years the council has spent over £317m investing its housing rental stock. This figure includes expenditure through the decent homes allocation, and in meeting our obligations as a landlord, and covers works to estates and to individual dwellings. Expenditure relating to wider regeneration schemes, for example acquisition of leasehold interests, is not included.
46. As stated above, the Stock Condition Survey shows that the council's stock is 65.3% decent at the April 2010 baseline. However this is expected to change over time as more properties become non decent.

### **Current Two year Programme**

47. The current two year programme was agreed in November 2009 following extensive consultation with all Area Forums, Tenant Council and Home Owner Council. The programme runs from April 2010 to March 2012 and is being delivered through a mixture of traditionally procured contracts and new partnering contracts. The works are scheduled to make 3,092 properties decent meaning overall decency will be 63%. This is lower than end of 2009/10 because more properties are currently projected to become non decent than will be made decent in the period. Ongoing survey work, both general and associated with particular work packages will clarify whether this actually occurs. The number of properties made decent is also lower than might be expected due to the inclusion in the current programme of some estates where the unit cost of works is higher than average. Existing commitments and pilot projects include:

- Hawkstone Estate
- Draper House
- Sceaux Gardens
- Consort Estate
- Street properties

48. The two-year programme is attached as Appendix 3.

### **Delivery Mechanism**

49. The council has recently procured new long-term major works partnering

contracts. Five companies have been appointed to deliver decent homes works; they will be deployed geographically across the whole borough, with one focusing on the specialist area of street properties and major voids. The tendered costs provided by the contractors are extremely competitive and represents a 10%-15% reduction on prices previously secured by the council. This means that more decent homes work can be delivered for the same resources.

50. The longer-term approach is based on contractors demonstrating a commitment to the council and managing resources to deliver capital works with a predictable workstream that lead to further savings that are shared with the council. The contracts also have the ability to scale up quickly in the event of increased resources being made available and vice-versa in the event of a reduction. This is particularly important in light of the framework for bidding for future decent homes funding as mentioned in paragraphs 68-69 below, where value for money and the ability to deliver will be key factors in determining the award of resources.

## KEY ISSUES FOR CONSIDERATION

### Identifying the Investment Need

51. The council is committed to making every council home a decent home by making them 'warm, dry and safe'. The new 2010 stock condition survey provides a sound basis for assessing what works need to be carried out to meet such a standard. The level of decency is dynamic, with properties falling out of decency over time as individual components reach the end of their useful life. Overall, without further investment more than 23,000 properties will become non-decent by 2015, reducing the percentage of Southwark decent homes to 39%.
52. Modelling takes account of the whole stock where investment is required and no alternative decisions have been taken; for example, Maydew House is included for investment although a decision has been taken to rehouse residents, because no decision has yet been made on the future of the block. On the other hand, the phases of Aylesbury where delivery mechanisms were in place have been excluded from investment projections. No further adjustments have been made for the government announcement on the loss of PFI funding, pending a reassessment of alternative funding sources.
53. The application of the government Decent Homes standard is complex with a range of alternatives possible beyond the minimum requirements. For example, not all aspects of the standard need to be met (kitchens or bathrooms) and components can be refurbished or renewed. The standard does not replace the council's obligations as a landlord; costly works such as lift maintenance and replacement do not count towards Decent Homes.
54. The results of the new stock condition survey have enabled the investment requirements arising to be modeled against a range of definitions of decency, as follows:
- **Minimum standard** – minimum works only to achieve decency, no new kitchens or bathrooms, refurbishments only.
  - **Minimum standard including bathrooms** – refurbishments with some replacements, low proportion of new internal components including just bathrooms but no kitchens. This standard is commonly used in Arms

Length Management Organisation (ALMO) authorities to work towards the 2010 decent homes target.

- **Minimum standard plus** – a variant on that above, with additional replacement of the worst kitchens (those in old and poor condition);
- **Current borough standard** – full block refurbishments, high proportion of internal components, some environmental works;

55. A summary of each standard is attached at Appendix 2. All four of these standards provide for residents' homes to be "warm, dry and safe".
56. A full reassessment has been carried out of the resources available for housing investment, taking into account all currently available funding sources, including capital receipts from housing land sales and the sale of voids. This has enabled an allocation for the decent homes programme over the next five years of £43 million on average each year, a total of £215 million, in addition to the funding allocated for landlord obligations.
57. Based on this level of investment over five years, the following table shows how many properties could be made decent and the percentage level of decency achievable for each standard. The table also shows the total level of investment needed to achieve full decency.

<b>Decent Homes Standard</b>	<b>No. of Properties made decent by 2015 with £215 million</b> <small>(assuming work commenced in April 2010)</small>	<b>Percentage Decency by 2015 with £215 million</b>	<b>Total Investment Need for Full (100%) Decency by 2015</b>
Minimum Standard	21,725	96%	£241 million
Minimum Standard plus Bathrooms	19,198	89%	£271 million
Minimum Decency plus	15,514	79%	£333 million
Current Borough Standard	9,672	64%	£529 million

58. For each standard there is a shortfall between the available resources and the investment required – the investment gap. The investment gap increases through this range of options and are all currently unaffordable at this stage given the funding available to the council; the gap ranges from £26 million to £314 million for the five year period as follows:

<b>Decent Homes Standard</b>	<b>Investment Gap</b>
Minimum Standard	£26 million
Minimum Standard plus Bathrooms	£56 million
Minimum Decency plus	£118 million
Current Borough Standard	£314 million

59. However, commitments have already been made to residents on a two year programme based on the current borough standard. Some of these works have already commenced, there are therefore limitations on the extent to which it would be possible in practice to change to a different standard for the first two years of the five year period. The cost of meeting the current standard beyond the minimum standard is £38m for the 2 year programme alone. This would take the cost of the minimum standard from £26m to £64m.
60. In addition, some residents have in the past expressed a priority for the replacement of windows by double glazed units. The additional costs of replacing all substandard windows in those properties being improved is estimated as a further £67m.
61. Whichever standard is adopted, the council will be faced with the challenge of bridging an investment gap. Given the current economic situation and the unprecedented cuts proposed by central government, this will be particularly difficult and it seems impossible to envisage how the investment gap of £314 million for the current borough standard could be bridged. The effect of retaining this standard would be that a lesser number of properties would be invested in, with the majority of residents seeing no benefit. This approach would fail to address overall levels of decency and fail to satisfy the council's commitment to make every council home a decent home by making them warm, dry and safe.

### **Bridging the investment gap**

62. To achieve the decent homes standard within five years, even at the minimum levels, will require an additional £64m, comprising £26m to meet the minimum standard and £38m to meet the existing commitments over and above this standard. This figure rises to a maximum gap of £314m at the current standard.
63. Whatever standard is to be adopted, bridging such an investment gap while retaining the current level of council stock is a significant challenge, particularly in the current economic situation. In practice the investment gap can only be bridged by reducing costs or by finding additional resources.
64. Officers are exploring a range of measures to meet this deficit and these will be critical to the council achieving its aim to make every council home 'warm, safe and dry. These measures comprise the following:
- Efficiency savings in terms of the operation of the works contracts
  - Allocation of any housing capital programme surplus over five years
  - Award of national funding for decent homes from 2011/12
  - Increases in the sale of voids by changing the disposal criteria

- Regeneration or partial stock transfer including some of those estates that require the highest investment costs for refurbishment
- Possible use of commuted sums from planning s106 agreements.

65. Each of these is explored in greater detail below.

### **Reduction in Costs of Works**

66. The new major works partnering arrangements will deliver overall costs savings going forward, as outlined above. In addition, if specifications for future work packages not yet committed were adjusted to remove elements that do not directly contribute to the Decent Homes standard, or that could reasonably be delivered later, costs for those packages could be reduced, and the benefit spread to allow works to be carried out to more homes.

In particular, not all of the works comprising the two year programme have yet been contractually committed. It would, therefore, be possible to review the extent of the uncommitted works to reduce the level of specification overall to allow more homes to benefit from decent homes work than is currently planned within the two year programme.

### **Allocation of Housing Capital Surplus**

67. When the overall HIP is projected forward, there are some years when the balance of projected allocations to projected resources is in deficit and others where it is in surplus. On a year by year basis the programme is managed to spend the maximum amount of resources available, and it is normal practice to make provision for commitments where contracts or work packages cross financial years. At present, there is projected to be a surplus of around £20m over the 5 year period, with the balance of resources available at the end of the period. This figure will be constantly adjusted in the light of capital receipts and other changes.

### **National funding for Decent Homes**

68. The council has expressed an interest in being involved in the development of the Devolved Delivery process which could result in the localisation of powers and financial autonomy to London boroughs. A consequence of this would be the creation of a single housing pot which would potentially allow individual boroughs flexibility in terms of funding flow between new build housing, decent homes and regeneration. Further detail about the implementation of Devolved Delivery, and the resources that may be available is awaited following the Comprehensive Spending Review.

69. In addition, the government has announced the national allocation of £2.1bn for the period 2011-15, of which £1.6bn has been earmarked for council providers to assist local authorities in achieving Decent Homes, with a target of achieving 150,000 refurbished council homes by 2014/15. This initiative is the subject of a separate report to cabinet.

### **Increases in the Sale of Voids**

70. The current voids policy and performance against targets has been reviewed as outlined at paragraph 31. A range of options aimed at addressing these issues and increasing the level of capital receipts to support investment in existing stock

has been evaluated and will be set out in a separate report for consideration by the cabinet early in the New Year.

### **Selective Estate Regeneration**

71. The stock condition survey has highlighted those estates with the highest maintenance and repair costs. These will require a disproportionate amount of the available resources and therefore impact negatively on the rest of the stock.
72. Some initial analysis has been carried out initially assess any redevelopment potential. The factors considered include: redevelopment viability issues; relative costs and capital receipts; legal or physical constraints; strategic considerations, and wider sustainability issues e.g. access to transport.
73. If an alternative solution to investment is to be considered for any estate, a great deal of further detailed work will be required. In particular it will be necessary to identify the criteria to be used to prioritise estates for further review and consultation and ultimately produce a short list for further consideration. While such measures would be of financial benefit, in the longer term, they require up front investment for leaseholder buybacks which would create short term pressure on investment budgets.
74. If after working this process through it was determined that full or part redevelopment was the appropriate solution for some estates, it must be recognised that the alternative proposals would not necessarily deliver a quicker outcome than Decent Homes work but it is assumed that that outcome would be more satisfactory for residents. The result would also mean that the resources for investment in remaining stock would spread further.

### **Other options for consideration**

75. The transfer of parts of the stock could be considered where there is interest from residents in achieving investment either earlier than programmed, or to a higher standard than can be achieved with currently projected resources. Transfer would normally only be viable if the condition of the homes was such that the block or estate had a positive valuation. There is a limited history of stock transfer in Southwark, with only Dawson's Heights actually being transferred to other owners in 1986. Most transfers elsewhere have been achieved through the creation of a purpose built organisation backed by an existing large housing association.
76. As well as transfer of occupied homes with the support of residents, the possibility of a trickle transfer of empty homes to a housing association could be considered, although there would be difficulties to be overcome in respect of underleases and service charges. This would be similar in effect to the disposal of void properties outlined above, but could ensure that the properties remain in the affordable housing sector with nomination rights.

### **Possible Use of Planning Commuted Sums**

77. An option to deliver funds for decent homes and landlord obligations investment may be to consider the negotiation of developer contributions which could be used for this purpose, in addition to the provision of affordable housing. This is being considered as part of our ongoing process of planning policy development. This will be the subject of a separate report to Cabinet in the New Year.

## Community impact statement

78. Southwark's Housing Requirements Study 2008 found that certain types of households are over-represented in the borough's social housing, e.g. lone parents and pensioner households. Of pensioner households, for example, 69.1% live in social rented housing. The study also found that 40% of council renters contain at least one person with a health problem. The study found that disadvantaged groups overall are more likely to be living in social housing- for example certain BME groups.
79. There is increasing evidence of a link between poor housing conditions and ill-health. The proposals in this report to make homes warm and dry are likely to have health benefits for tenants and residents.
80. Replacing single glazed windows with double-glazing and replacing older, less efficient heating systems, increasing the thermal efficiency of council homes will have benefits for all residents in the borough, through reducing carbon emissions.
81. Demolition of council housing in poor condition may have an effect on established communities which may need to be considered on an individual scheme basis but all communities should benefit overall from eliminating non-decent homes.

## Consultation

82. Consultation is planned with Tenant Council and Homeowner Council about the investment need identified by the stock condition survey, the projected resources and programme assumptions, and ways of dealing with the investment gap. It is proposed that the principles contained in this report are the subject of further discussion through the established machinery of Tenant Council, Homeowner Council, Area Housing Forums and the Decent Homes Review Working Party (DHRWP) to gather views and report them back to cabinet in March 2011. It is likely that the consultation will take place in two stages, an initial exercise about fundamental principles and a follow up when more information is available about resources available and alternative solutions.
83. The principles for initial consultation will include:
  - Work elements included in the different levels of Decent Homes standards.
  - Gap between identifiable resources and investment need.
  - Use of resources to achieve a higher standard in fewer properties, therefore taking longer period as opposed to: spreading resources more evenly and raising standard of more homes more quickly.
  - Relationship between investment to meet Decent Homes standard, landlord obligations and other requirements.
  - Relative importance of investment in Decent Homes and landlord obligations against elements not included eg security and environmental works.
84. This exercise will form part of overall consultation with residents on the Local Offers framework established by the Tenants Services Authority (TSA). This requirement will continue when the TSA is incorporated into the Homes and Communities Agency. The consultation will also include consideration of housing budgets and priorities.

## **Resource implications**

85. The Housing Investment Programme is resource-led and seeks to invest all available resources in line with the council's priorities for housing investment. This report seeks to ensure the delivery of maximum benefit for the resources available. While further reports on resourcing the programme will be brought to cabinet in the New Year, there are no wider financial implications for the programme arising from this report.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Communities, Law & Governance**

86. The report recommends requesting officers to consider options in relation to the housing investment strategy and report back to cabinet with a view to agreeing a new approach. This may lead to changes of council practice or policy or to other housing management changes being proposed that could substantially affect secure tenants. In this event the statutory consultation requirement in section 105 of the Housing Act 1985 is likely to be engaged. Broadly, the requirement to consult arises where, in the opinion of the landlord council, a matter of housing management represents a new programme of maintenance, improvement or demolition or a change in the practice or policy of the landlord authority and is likely to substantially affect secure tenants as a whole or a group of them. Proposed consultation arrangements are set out in paragraphs 68-70 of this report. To meet legal requirements consultation must be undertaken when the proposals are still at a formative stage, include sufficient reasons for the proposals to allow any interested party the opportunity to consider the proposal and formulate a response and allow adequate time for interested parties to consider the proposal and formulate their response. Members will need to take into account the product of consultation when the matter is brought back for decision making.
87. The council's standard Right to Buy lease includes a provision enabling the council to charge an administration fee of up to 10% of the total service charge. Accordingly there is a contractual basis for the increase of the administration fee to 10% as set out in recommendation 12.

### **Finance Director**

88. As stated in paragraph 58 there is an identified basic resource shortfall for Decent Homes investment of between £26m and £314m over the next five years (costs ranging from £241m to £529m, against identified funding of £215m). The shortfall on the minimum standard will also require an additional £38m for existing commitments above the minimum standard as detailed in paragraph 59.
89. It should be noted that the basic sum of £215m comes from a combination of several sources of capital funding, detailed below, and that this expected sum is based on current knowledge and not guaranteed. Also it should be noted that additional to this several other areas of the housing investment programme will be progressed, such as major projects, redevelopment, safety work and landlord obligations and that any new financial shortfalls developing in those areas could impact on Decent Homes funding. There is therefore a constant need to minimise unplanned commitments, to maximise all possible resources and to use these efficiently.



90. Key sources of HRA capital funding comprise the following:
- Capital receipts from void, surplus property and site sales – prices can be affected by the property market and availability of grant towards new-build. Earmarking of receipts is an internal matter for the authority to decide.
  - Capital grants – Government has severely cut back on new commitments. We have some grants already approved and the opportunity to bid for Decent Homes funding over the next four years (separate report being prepared on the bidding process). However, we cannot be assured of these until, at the earliest, the settlement announcement due in December 2010.
  - Borrowing – a four year £12m p.a. supported borrowing approval ends in 2010/11; further borrowing would largely be unsupported and there is no identified funding for consequent extra future debt charges due to uncertainty over the effect of revenue subsidy abolition from 2012/13.
  - Revenue Contribution – a basic amount from leaseholder contributions to major works continues, with any possible addition to this again affected by uncertainty over the effect of revenue subsidy abolition from 2012/13.
  - Depreciation contribution – funded by Major Repairs Allowance to 2011/12, internally generated under self-financing from 2012/13. New detailed arrangements are awaited from CIPFA.
91. Against the spending need and funding background the options proposed in paragraph 64 above are the following:
- a) Efficiency savings in terms of the operation of the works contracts
  - b) Allocation of any housing investment programme surplus over five years
  - c) Award of national funding for decent homes from 2011/12
  - d) Increases in the sale of voids by changing the disposal criteria
  - e) Regeneration or stock transfer of some of the most expensive estates to refurbish
  - f) Possible use of commuted sums from planning s106 agreements.
92. It is not yet possible to quantify the effect of these measures but it will be necessary to pursue and implement most, if not all of these, in order to eliminate the current investment funding gap. Regeneration and stock transfer schemes - e) - need to be thoroughly assessed before being progressed, as the cost of early acquisitions, low site values and rent loss can affect viability.

### **Head of Home Ownership & Tenant Management**

93. The Decent Homes Standard is a standard for social housing tenants; full equity long leaseholders are not included in the definition of 'social tenant' (Housing and Regeneration Act 2008). Although many of the elements used to quantify decency do not impinge on our homeowners (for example the repair or renewal of kitchens and bathrooms or internal rewiring or replacement of individual boilers) other elements do because of the leaseholders' obligation to contribute towards the repair of the structure and communal services and installations by way of service charge. Windows, roofs and concrete/brickwork repairs are part of the decent Homes Standard which impinge on service charges; as well as most of the landlord repairing obligations referred to in the report (for example landlord wiring, district heating systems, lifts etc).
94. Variable service charges reflect the costs incurred by the landlord which raises the question of whether or not grant funded work results in a cost to the council

as landlord. The current funding regime for Decent Homes Work is in the form of (supported) permission to borrow. In 2011/12 the proposal is to reduce self financed debt, as this debt will be financed from rents (not service charges, the leaseholder proportion of debt was paid by the RTB capital receipts and major works service charges) the council incurs costs in respect of homeowners. As for future years grant will be paid in respect of the tenanted stock, service charges can only be reduced if the grant funding stream is included in a Secretary of State Direction pursuant to sections 219/220 Housing Act 1996.

95. Service charges for major works can exceed £30,000, especially where the current borough standard is used and 'enveloping' schemes are undertaken. Generally leaseholders have criticised this approach (sometimes successfully having their service charges reduced by the Leasehold Valuation Tribunal) stating that certain works are not required at the current time i.e. that specific building elements have some life left or could be repaired rather than renewed.
96. The thrust of this report, to repair those elements that need repairing to meet decency standards and landlord's obligations, will be welcomed by most leaseholders who have criticised 'gold plating' of specifications in the past. Should the recommendations of this report be agreed with anticipated funding the general effect will be more major works service charges but at a lower level.
97. Major works income currently has an effect on both the Housing Revenue Account and the Investment programme. 65% of income is used to finance investment and 35% is taken as revenue (which can be used to finance capital expenditure). The anticipated funding contained in this report is in line with current budget projections for major works income.
98. Southwark's standard right to buy lease allows the council, as freeholder and landlord, to charge management and administration costs. The administration costs are limited to 10% of the major works service charge. In April 2002 the Executive made a decision to charge administration fees on a sliding scale related to the cost of the contract. This will in effect limit the administration charge to 4% given the nature of the partnering contracts and the fact that the 2002 decision was irrespective of whether the contract included non rechargable decent homes works such as kitchens and bathrooms. Inherent in the decision of April 2002 was the requirement to review the fees and bring a further report and recommendation to Executive in 2004, such a report was not produced. In October 2003 new requirements for statutory consultation with leaseholders came into effect. In order to deal with these a new team had to be created Home Ownership Services to carry out all statutory consultation with leaseholders and the construction of major works service charges. The amount of consultation required was doubled, and in some cases trebled, resulting in higher administration costs to the council. However the 2002 decision was never reviewed. Home Ownership Services calculated the cost of administration for its services alone in relation to major works contracts for the year 2008/09. The total cost was just under £800,000 whilst the total administrative fee billed to leaseholders was £343,000. It must be borne in mind that the £800,000 does not include the administrative costs of divisions outside of HO&TMI. Benchmarking across the 33 London boroughs has shown that the majority charge an administration fee of up to 20%, with Southwark being the lowest. This is in addition to the management fees incurred on major works projects (covering the cost of design, procurement, surveyors etc). Any decision to charge in accordance with the terms of the lease will not be retrospective, it will only be applied to major works service charges where the revised administration charge

has been identified on the section 20 notice of proposals.

99. There is a statutory obligation in the rules governing the right to buy to provide estimates of the cost of repair work to be carried out in the five to six year period following purchase. The non inclusion of estimates means that costs of any repair work which is carried out in the "initial period" cannot be recovered from the leaseholders, a financial loss to the housing revenue account. Any five year investment programme needs to show detail of planned work at the block/estate level.
100. As indicated in paragraph 100 ante the decency standard relates to the tenanted stock; thus as properties are sold (either at auction as indicated in this report or through the right to buy or social homebuy scheme) the absolute number of homes needing to be made/kept decent reduces both in absolute and percentage terms. Since the original report on delivering decency was made in 2006 some 577 homes have been sold (2006/7 207; 2007/8 180; 2008/9 55; 2009/10 89 and to date 20010/11 46).
101. In paragraph 27 ante the report confirms that the March 2009 report on the generation of capital receipts was predicated on the retention of both the ownership and management of the housing stock. This, of course, is subject to the management of some of the stock by Tenant Management Organisations (TMOs) who have exercised their statutory Right to Manage. Some 6.7% of the total stock is managed by TMOs, the largest of which (the largest in the country), Leathermarket, delivers their own major works programme utilising a capital allocation from the council. Consultation with Leathermarket over the levels of capital funding have been had in the past. At present Leathermarket are putting together proposals to ring fence its income so as to be able to deliver 100% decency in its areas.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Report to Executive Meeting 08 April 2008 - Southwark's Decent Homes Standard	Investment Strategy Team 160 Tooley Street London SE1 2TZ	Sonia Esnard 020 7525 7743
Report to Executive Meeting 21 March 2006 – Housing Options Appraisal	Investment Strategy Team 160 Tooley Street London SE1 2TZ	Sonia Esnard 020 7525 7743
Report to Executive Meeting 08 April 2005 – Housing Options Appraisal Process	Investment Strategy Team 160 Tooley Street London SE1 2TZ	Sonia Esnard 020 7525 7743

## APPENDICES

No.	Title
Appendix 1	A Decent Home: Government Definition
Appendix 2	Applications of the Decent Homes Standard
Appendix 3	Two year programme
Appendix 4	Stock Condition Survey Approach and Methodology

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Ian Wingfield, Deputy Leader and Housing Management	
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Author</b>	Maurice Soden, Regeneration Initiatives Manager	
<b>Version</b>	Final	
<b>Dated</b>	2 December 2010	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	2 December 2010	

## Appendix 1

### A Decent Home: Government Definition

<p><b>Criterion A</b> It meets the current statutory minimum standard for housing</p>	<p>Dwellings which fail to meet this criterion are those containing one or more hazards assessed as serious ('Category 1') under the Housing Health and Safety Rating System (HHSRS).</p>
<p><b>Criterion B</b>  b) It is in a reasonable state of repair</p>	<p>Dwellings which fail to meet this criterion are those where either:</p> <ul style="list-style-type: none"> <li>– one or more of the key building components are old and, because of their condition, need replacing or major repair; or</li> <li>– two or more of the other building components are old and, because of their condition, need replacing or major repair.</li> </ul>
<p><b>Criterion C</b> It has reasonably modern facilities and services</p>	<p>Dwellings which fail to meet this criterion are those which lack three or more of the following:</p> <ul style="list-style-type: none"> <li>– a reasonably modern kitchen (20 years old or less);</li> <li>– a kitchen with adequate space and layout;</li> <li>– a reasonably modern bathroom (30 years old or less);</li> <li>– an appropriately located bathroom and WC;</li> <li>– adequate insulation against external noise (where external noise is a problem); and</li> <li>– adequate size and layout of common areas for blocks of flats</li> </ul> <p>A home lacking two or fewer of the above is still classed as decent, therefore it is not necessary to modernise kitchens and bathrooms if a home meets the remaining criteria.</p>
<p><b>Criterion D</b> It provides a reasonable degree of thermal comfort</p>	<p>This criterion requires dwellings to have both effective insulation and efficient heating. It should be noted that, whilst dwellings meeting criteria b, c and d are likely also to meet criterion a, some Category 1 hazards may remain to be addressed. For example, a dwelling meeting criterion d may still contain a Category 1 damp or cold hazard.</p>

This is a low standard and the majority of works that are carried out relate to the structure of the properties – windows, roofs, doors, and are key components of the building - electrics, heating, etc.

Within the definition of Decent Homes, there is scope not to renew one non-key component whilst still making the property decent; or two 'modern facilities'. It means that renewal of old kitchens and bathrooms was not automatic, and no wider

investment to the estate took place. (Our landlord obligations were calculated/delivered separately to DH).

This was the approach to show we could deliver DH as per the 2006 Option Appraisal.

### **Southwark Decent Homes Standard**

The standard is higher than Decent Homes but isn't strictly defined for all properties/estates. For the elements 'considered' below, contracts were to be extended on the basis of the needs and priorities of the stock and environment.

#### **Delivered within all contracts**

- Renewal of all old & poor condition kitchens and bathrooms.
- Double Glazing – unless design considerations.
- Sustainability works – not defined

#### **Considered as part of contracts**

- Improvement of entrances & common areas
- Environmental works
- Security works
- Works to non-housing – T&RA Halls, garages.

## Appendix 2

## Applications of the Decent Homes Standard

Components and Life Cycles	Minimum Standard	Minimum Standard + Bathrooms	Minimum Decency Plus	Current Borough Standard
Kitchens - 20 years	✗	✗	✓	✓
Bathrooms - 30 Years	✗	✓	✓ - but reduced by 20%	✓
Windows - 30 Years	Repair rather than renewal	Repair rather than renewal	Repair rather than renewal	✓ - renew with double glazing
Electrical Rewiring - 30 years	✓	✓	✓	✓
Roofs (including rainwater goods, fascias and soffits) - 30-60 years	Repair rather than renewal	Repair rather than renewal	Repair rather than renewal	✓
Boilers - 15 years	✓	✓	✓	✓
Heating Systems - 40 years	✓	✓	✓	✓
Structure - 30-80 years	Repair	Repair	Repair	Repair
External Elements (bin stores, garages, hardstandings etc)	✗	✗	✗	✓
Security Works	✗	✗	✗	✓
Sustainability	Only where funded from grant	Only where funded from grant	Only where funded from grant	To be considered





### Appendix 3

#### Two Year Programme: Major Works Commitments 2010-12

#### Progress update by Scheme

November 2010

Existing Commitments					Current Status
Schemes	Work Content	Area	2010-11	2011-12	
Styles House	Internal and External refurbishment	Bor	✓		Project on-site due to complete in April 2011
Pilgrim House	Internal and External refurbishment	Bor	✓		Project on-site due to complete in January 2011
Rochester/Harbledown	Internal and External refurbishment	Bor	✓		Project on-site due to complete in February 2011
Nelson Square Gardens	Internal and External refurbishment	Bor	✓		Project on-site due to complete in January 2011
Rouel Road	Internal and External refurbishment	Ber	✓		Project on-site due to complete in December 2010
St Saviours Estate	Internal and External refurbishment	Ber	✓		Project on-site due to complete in February 2011
Appleshaw House	Internal and External refurbishment	Cam	✓		Project on-site due to complete in December 2010
Grosvenor Terrace and Square	External redecoration and repairs	Cam	✓		Project on-site due to complete in January 2011
Brenchley Gardens	Internal and External refurbishment	Nun	✓		Project on-site due to complete in December 2010
Kenyon House	Internal and External refurbishment	Wal	✓		Work completed
<b>Pilot Schemes</b>					
<b>New Major Works Contracts</b>					
Rockingham	Internal and External refurbishment	Bor		✓	Surveys to start in March 2011
Draper House	Internal and External refurbishment	Wal	✓		Survey and design completed work to start on site in February 2011
Hawkstone Estate	Internal and	Rot	✓		Surveys on-site

	External refurbishment				work on pilot flat to commence in December
St Saviours 2a and 2b	Internal and External refurbishment	Ber		✓	Surveys on-site work expected to start on-site in January 2011
Manor Estate	Internal and External refurbishment	Ber		✓	Surveys to start in March 2011
Sceaux Gardens	Internal and External refurbishment	Cam		✓	Surveys to start in March 2011
63-78 Marchwood Close	Internal and External refurbishment	Cam	✓		Survey and design completed work to start on site in January 2011
Proctor/Flatman/Brisbane	Internal and External refurbishment	Cam	✓		Survey and design work completed. Work to commence on pilot flat in December 2010
Crystal Court	External Refurbishment only	Dul	✓		Surveys on site work to start on site in January 2011
Cossall Estate	External Refurbishment only	Nun	✓		Survey and design work completed work expected to start on site in February 2011
Consort Estate	Internal and External refurbishment	Nun		✓	Surveys to start in March 2011
Borough-wide street properties	Internal and External refurbishment	Various	✓		Survey and design work completed. Work to start on site in December/January 2011

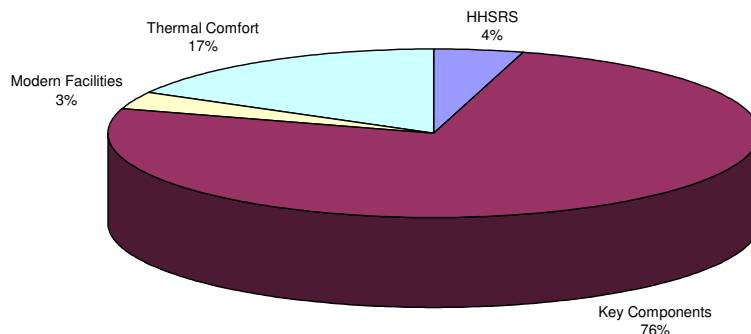
## APPENDIX 4

### STOCK CONDITION SURVEY APPROACH AND METHDOLOGY

#### SUMMARY

- 1.0 Savills were commissioned to undertake the stock condition survey for the council in October 2009. In summary, the main objectives of the exercise were to:
- Provide accurate and statistically reliable information concerning repairs and maintenance as well as improvement costs forecast over a 5 and 30 year term.
  - Undertake Asbestos surveys for all blocks and surveyed dwellings including where possible the analysis of samples.
  - Complete RdSAP surveys and produce Energy Performance Certificates to all surveyed dwellings.
  - Collect, validate and report upon both attribute and condition information about the stock for the purpose of improving existing records and future maintenance planning.
  - Establish a methodology upon which further surveys may be undertaken to improve the accuracy of the result and to conduct re-surveys in future years.
  - *Provide data in a readily accessible format to enable import on to the Innovation Apex Asset Management Software.*
  - Inform the Council's strategic review into housing investment and create flexible investment scenarios to compliment this process.
  - *Report upon the standards of decency within the stock identifying future likely failures as components age over the projected 30 years life of the survey.*
  - Report on any homes that fail the Housing Health and Safety Rating System (HHSRS) and in particular any Schedule 1 Hazards identified.
- 1.1 The survey assessed the current and future repairs and maintenance liability. The stock currently consists of 37,301 tenanted dwellings and 2,061 blocks.
- 1.2 The survey included a representative sample of 10% of the Council's general needs housing stock; 20% of Street Properties and 100% external and communal survey of blocks.
- 1.3 Generally the condition of the stock was well maintained on a day-to-day basis, but has not been able to receive the level of major capital investment necessary to maintain all the homes to a recommended condition. As a result, there are a significant number of major components that have reached/are reaching the end of their useful life and which will require renewal in the short term.
- 1.4 The stock condition survey has included an assessment of the properties against the decent homes criteria as set out by the CLG. In undertaking the survey, Savills have assessed the properties in terms of the Housing Health and Safety Rating system, together with assessment of the key/other building components, modern facilities and thermal comfort.
- 1.5 Approximately 34.7% (12,943 dwellings) of the stock is currently non-decent in accordance with the criteria. This percentage compares with a national average failure rate of 33.7% [ref: English House Condition Survey Headline Report; CLG, January 2007]. Of the properties that currently fail, the majority are due to kitchen, wiring and window related failures. The pie chart below is an analysis of the failures by category in the stock:

### Decent Homes Failures



- 1.6 The survey has identified all of the works required for the decent homes obligations to be met in full within a five year timescale to 2015 and to be maintained thereafter.
- 1.7 All information recorded during the stock condition survey has been loaded onto the Innovation Apex database and this has been used as the basis for analysing the data and producing the cost reports.
- 1.8 The survey also included an energy survey carried out to a Reduced Data Standard Assessment Procedure (RdSAP) standard. This type of survey allows for the production of Energy Performance Certificates for each dwelling surveyed.
- 1.9 The results included in this report show that the housing stock has an average SAP score of 65.9; which is higher than the Social Housing average of 54. The average Environmental Impact Rating (CO<sub>2</sub>) rating of the stock is 61.5
- 1.10 With legislation relating to the management and control of asbestos, Local Authorities have an obligation to assess the risks of asbestos within their properties. The Health and Safety Executive issued a guide called the 'MDHS 100: Surveying, Sampling and Assessment of Asbestos-Containing Materials' published in July 2001. During the course of this survey the guidance was updated to 'HSG264 Asbestos: The Survey Guide'.

## **2.0 SAMPLING TECHNIQUE**

- 2.1 The purpose of the sampling process is to present a representative picture of the maintenance requirements of the stock using detailed surveys of a limited number of properties. The most straightforward approach to this is a simple random sample, however where characteristics are known in advance, there is benefit in creating a "stratified" sample. Typically, maintenance requirements will correlate closely with the characteristics of the sample data, thereby increasing the reliability of the results from a limited sample.

2.2 In order to provide statistically accurate results at a whole stock level, Savills reviewed the asset register in order to achieve this aim. The number of surveys undertaken by archetype was:

Dwelling Type	Total	Surveys	%
Above commercial premises	44	13	29.5%
Infill blocks	287	62	21.6%
Sheltered Housing Units	828	93	11.2%
Flats	29,548	3,176	10.7%
Converted Street Properties	2,490	393	15.8%
Street Properties	1,405	246	17.5%
Houses on Estates	2,699	327	12.1%
<b>Grand Total</b>	<b>37,301</b>	<b>4,310</b>	<b>11.6%</b>

2.3 Un-surveyed property costs were cloned from those produced by the surveyed sample. The cloning methodology is based on copying surveyed data to properties that were not surveyed located in the same area and of the same type. The cloning methodology was agreed between the council, Innovation Apex and Savills and is set out below.

2.4 The approach to cloning consisted of four key stages:

- a) **Defining the cloning rules** – A cloning principles document was produced which set out the agreed cloning rules and the associated processes for cloning.
- b) **Initial Clone Mapping** – once the rules for cloning were agreed the initial process to apply the clone matches to the stock were confirmed. The output of this process was identifying a list of source and target properties (UPRN, Address, archetype etc) that were cloned as part of the process. The mapping process could only be performed once all of the survey data had been loaded.
- c) **Clone Mapping Refinement** –. The mapping is held as Apex characteristics and can be refined using standard maintenance facilities by the Council.
- d) **Clone Process** – when the cloning rules were agreed, the initial mapping was completed and further mapping refinements applied after initial cloning occurred.

2.5 Broadly the approach to cloning target properties was:

#### **Cloning Traditional blocks**

- a. Matching Archetype
- b. Matching Property type
- c. Matching Bedsize
- d. Matching top floor flat indicator
- e. Matching block

#### **Cloning houses, bungalows and conversions**

- a. Matching Archetype
- b. Matching Property type
- c. Matching Savills Property Type
- d. Matching Built form
- e. Matching postcode

### **3.0 Decent Homes Assessment**

- 3.1 Savills identified that 24,357 properties currently pass the standard which equates to 65.3% the stock.
- 3.2 The works identified will bring the currently non decent properties up to a decent standard and prevent further properties becoming non decent. The works identified in the throughout the 30 year forecast will allow properties to be maintained to the decent homes standard.
- 3.3 A decent home, as described by Central Government, is one that is wind and weather tight, warm and has modern facilities. In order for a social landlord to achieve this aim any individual dwelling must meet the following criteria:

**a) It meets the current statutory minimum standard for housing**

This is currently defined as a Category 1 failure as defined by version 2 of the Housing Health and Safety Rating System 2004.

**b) It is a reasonable state of repair**

Dwellings that fail this criterion are those elements such as roofs, rewires, boilers etc that are **old** (i.e. their age exceeds their life cycle) **and in poor condition** (i.e. identified by the surveyor as needing replacement or a major repair).

The elements listed within these criteria are sub-divided into two sections, namely key components and non-key components. Failure of a single key component will fail the dwelling completely, whereby the non-key components require two or more failures to make the property non-decent.

Whenever a key component fails then the property will become non-decent in that year; however the concurrent failure of two non-key components may occur over several years (e.g. a kitchen in year 1 and bathroom in year 5).

Within the example listed above there is no fixed guidance as to how it should be reported. To avoid confusion and maintain consistency with the general cost reports, the costs for the kitchen and bathroom are included in the years that they fail. These do **not** include any costs for a dwelling that only has one non-key component failure over the forecast period.

**c) It has reasonably modern facilities and services**

The guidance lists six points of failure and any individual dwelling must fail on three or more items to be deemed non-decent. As with the methodology employed for non-key components, these have included the items within the predicted year of failure in our decent homes reports and will only include costs for those dwellings that have three or more failures before 2010.

Both modern facilities and non-key components can fail on kitchen and bathroom installations, therefore producing the potential for double counting within the decent homes reports. To overcome this the database identifies which criteria the property fails first and then prevents the other criteria from becoming populated by the same data.

An example of the above would be a dwelling that has an **old** kitchen and bathroom and one other modern facilities failure in year 1. The survey also recognizes that the kitchen and bathroom are **old and in poor condition** in later years. In such instances these do not include any costs for the non-key component potential failures.

**d) It provides a reasonable degree of thermal comfort**

This criterion requires dwellings to have both effective insulation and efficient heating.

Again there is a potential for double counting in such situations where a dwelling does not have efficient heating and the boiler or heating distribution system is old and in poor condition under criterion b. In such circumstances these will include for the requisite replacement when it first appears and then exclude it from re-appearing in the other criterion.

- 3.4 All Category 1 failures identified by the stock condition survey (and hence would make the dwelling fail decency) were reported to the council on the same day by Savills and dealt with immediately.

<b>Item No:</b> 13.	<b>Classification:</b> Open	<b>Date:</b> 14 December 2010	<b>Meeting name:</b> Cabinet
<b>Report title</b>	Gateway 1 – Procurement strategy approval Consolidated facilities management contract for 160 Tooley Street		
<b>Ward(s) or groups affected</b>	All		
<b>Cabinet Member:</b>	Councillor Richard Livingstone, Finance and Resources		

## **FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE AND RESOURCES**

1. Our offices at 160 Tooley Street are currently served by a number of short-term facilities contracts, together with in-house services. To achieve the scale of savings required as a result of the Spending Review, this report sets out how these should be brought together in a consolidated Facilities Management contract for 160 Tooley Street.
2. The proposal set out below is to tender for a single contract to cover those facilities management services for 160 Tooley Street that are currently provided by a number of external contracts. To ensure value for money, it is also proposed to tender for a variant proposal that includes both these external contracts and those facilities management services currently being delivered in-house. The report therefore proposes that bids are sought for both solutions.
3. The report proposes that the procurement is tendered through the Buying Solutions Facilities Management Framework and is fully compliant with EU procurement regulations. It is also envisaged that similar arrangements will be developed for facilities management outside of 160 Tooley Street.
4. I would therefore recommend that, after due consideration, Cabinet agrees the following recommendations.

## **RECOMMENDATIONS**

5. That the Cabinet approves the use of the procurement strategy outlined in this report in paragraphs 41 to 46, which follows a further competition utilising the Buying Solutions Facilities Management Framework, to procure a consolidated facilities management [FM] contract for 160 Tooley Street.
6. That the Cabinet notes that suppliers will be asked to submit both standard and variant bids (as set out in paragraphs 14 to 15 and 25 to 26) specifically to address the options for the provision of the service desk and operational FM services.
7. That the Cabinet notes the option to incorporate other council and partner properties as set out in paragraphs 34 to 35 of this report.

## **BACKGROUND INFORMATION**

8. 160 Tooley Street is the council's main administrative centre accommodating 2,200 people in a modern and flexible working environment. The large majority of the building's occupants



were moved in during a phased fit out and relocation spanning the 6 month period from February 2009 through to August 2009.

9. In order to support delivery of the council's core business, this building requires a comprehensive, resilient FM service providing repairs and maintenance, day to day operations and associated FM services. Additionally the council's obligations under the lease arrangements require appropriate management and investment in the building.
10. The procurement strategy recommended here is for the procurement of a consolidated facilities management contract for 160 Tooley Street.
11. This forms the first strand of delivery of the procurement strategy for facilities management services across the operational estate. In summary, the strategy aims to move progressively towards a consolidated approach to FM service provision across the operational estate; from a situation in which the council has multiple, disparate, outmoded contracts and in house arrangements; to a consolidated or "bundled" solution with a few larger contract arrangements.
12. This CFM strategy is to be delivered through 4 procurement work streams that can be tracked through the Council's Forward Plan:
  - Consolidated facilities management for 160 Tooley Street (this report);
  - Building related compliance audit (e.g. fire risk assessments, water hygiene risk assessments and related compliance inspections)
  - Consolidated repairs and maintenance for the operational estate (excluding 160 Tooley Street);
  - Consolidated soft services for the operational estate (excluding 160 Tooley Street).

These work streams will be complemented by a concurrent restructure of the CFM division to deliver the client function to support the effective management of these arrangements. It is planned that the restructure will commence with the formal consultation process by the end of 2010 and be implemented during 2011 to coincide with the mobilisation of new contractual arrangements. The procurements themselves will be complete in 2013.

13. This procurement plan will provide the platform to bring together all facilities management arrangements for the operational estate, and to develop those with partners to deliver further efficiencies through economies of scale supporting the council's current overall savings target of 25% on the net costs of services being delivered.
14. The contract is primarily for services and will:
  - Replace short term arrangements required to be put into place to deliver a safe compliant building (e.g. the current repairs and maintenance [R&M] and planned preventative maintenance [PPM] contract);
  - Replace services currently provided through corporate contracts (e.g. security, cleaning, etc.);
  - Provide new arrangements for services that are currently not provided, or are provided through ad hoc arrangements only, should they be required (e.g. internal and external fabric maintenance, furniture, etc.).
15. A variant bid will also be sought, which will additionally:

- Provide specific building related day to day management of contracts and provision of services which the council has in place either corporately or on a localised basis (e.g. vending, etc.);
  - Provide for either the whole building facilities management function including post, reception, meeting room management) currently delivered through a combination of internal and outsourced elements;
  - Provide the FM service desk function for 160 Tooley Street, and also for the wider estate.
16. Interim arrangements are already in place or are being put into place (subject of separate reports) in order to ensure delivery of a safe and compliant building and working environment, while enabling the delivery of the procurement strategy for FM services across 160 Tooley Street and the wider operational estate.
17. An external provision is being sought in order to deliver a contained and well-defined service to the building in a relatively compressed period of time. This approach is targeted towards the delivery of further efficiencies, building upon the achievements of the modernisation and office accommodation programmes. It will enable the council to focus on its core business of the delivery of its services to the community of Southwark. This is described further in paragraphs 31 to 38.

### **Facilities management services**

18. Facilities management services are all of the building related services required to provide a safe, compliant environment for staff and visitors. These fall into two main areas which are known as “hard services” and “soft services.”
19. Hard services relate to the operation and management of the physical plant, services and overall building fabric. At a high level for this procurement they include:
- Planned preventative maintenance regime, e.g. for lifts, lighting installations, door handles
  - Works projects, e.g. replacement of a boiler, installation of new equipment
  - Reactive repairs and maintenance, e.g. unblocking drains, repairing broken locks
  - Spares and consumables, e.g. light bulbs (lamps), water filters
  - Compliance with statutory requirements
  - Maintenance of building related equipment, e.g. clocks, microwaves
  - Furniture management
  - Signage
20. Soft services are those which are unrelated to physical plant and fabric of the building and associated services. They are the services that are required to manage and operate the premises and at a high level for this procurement they include:
- Catering, e.g. vending machines
  - Room bookings
  - Display boards
  - Cleaning
  - Pest control
  - Waste management
  - Reception services
  - Security services
  - Mail and messenger (internal mail) services

- Porterage
- Storage, management and distribution of stationery

21. To enable the delivery of these hard and soft services, an element of managed services is required for the building relating to:

- Contractor health and safety
- Authorised persons and permit to work
- Special needs services
- Risk management
- Environmental and sustainability management
- Business continuity planning
- Help desk, computer aided FM [CAFM] and associated systems

### **Current arrangements**

22. Currently facilities management services for 160 Tooley Street are provided through a combination of outsourced and in-house operational arrangements.

23. The outsourced arrangements are as follows:

- Repairs & Maintenance – contract with Crown House Technologies which covers all routine repairs and maintenance excluding internal and external fabric. The contract has been extended until 31 May 2011.
- Cleaning – utilises the council's existing corporate contract with Interserve which provides for the full building cleaning regime, e.g. general cleaning, window cleaning, feminine hygiene. This corporate contract was due to come to the end of its 5 year term on 10 November 2010; however a variation has recently been awarded to take up the available extension options. This variation was the subject of a separate report. Under the terms of the contract, buildings can be added or be removed with 3 months' notice.
- Security – utilises the council's existing corporate contract with Charter Security and covers the full building security requirements. This corporate contract is due to come to the end of its 5 year term on 6 April 2011, but a variation is being sought to take up the available extension options. This variation is the subject of a separate report. Under the terms of the contract, buildings can be added or be removed with 3 months notice.
- "Wells Fargo" messenger service – currently based at Peckham Town Hall and utilises the existing corporate contract with Charter Security. As mentioned above this contract is due to come to the end of its 5 year term on 6 April 2011, but a variation is being sought to take up the available extension options. This variation will take into account the need to be able to terminate the "Wells Fargo" service given sufficient notice.
- Café – a new arrangement through a contract and "license to occupy" for the provision of a café at Tooley Street has been entered into with the Camden Society. The contract commenced on 1 June 2010 with an initial contract period of 3 years. It is anticipated that only the day to day management of this arrangement would be required for this area (managing agent), subject to specification and depending upon the decision at award.
- Vending – the current contract for Tooley Street is with Seymour Valentine. It was let in February 2009 and expires on 9 February 2012 with no option for extension.
- Some ad hoc arrangements, e.g. flowers at reception, signage, furniture, building fabric repairs and maintenance.

24. Currently, internal arrangements comprise:

- Day to day operational management and FM services – provided through a team of in-house staff. This team delivers the following services:
  - mail
  - reception
  - meeting room management
  - minor maintenance (handyman) tasks
  - audio visual (AV) equipment service and support
  - portering
  - response to service desk requests
  - pool car/cycle management
  - key management
  - all other FM duties
- The Tooley Street helpdesk function is provided as part of the Corporate FM [CFM] service desk, which also provides a service desk function to the wider estate for repairs and maintenance, and soft services related issues.
- Contract management and monitoring of the outsourced contract arrangements is undertaken within CFM (the contract management team supported by the technical and commissioning team).

### **Proposed new arrangements**

25. Two options are being considered for the delivery of FM services to 160 Tooley Street and the service desk function for 160 Tooley Street and the wider operational estate. Bids will be required for both options:
- A standard bid for a consolidated FM contract which bundles together most currently outsourced services, i.e. R&M, cleaning, security, vending, and other ad hoc arrangements. The council taking overall responsibility and providing a single point of contact for all building related services to include this outsourced arrangement and the current in house provision which would remain as described in paragraph 24;
  - A variant bid to deliver all of the FM functions to be provided by the standard bid, also those functions that are currently provided in-house and described in paragraph 24. This is known as a “total FM” [TFM] contract, where the contractor is responsible for all building related support services, providing a single point of contact and accountability.
26. Tooley Street as a new building with new infrastructure, defined maintenance regimes, and discrete FM arrangements, presents the ideal anchor for the informed outsourcing approach. The outsourced and in house services delivered to Tooley Street and as set out in paragraphs 23 to 24, are definable as a single or partially outsourced service and allow for an accurate and detailed specification.
27. The variant bid is anticipated to have the greater contract value because it has the greater scope, providing for all building related services for 160 Tooley Street in addition to the service desk for the operational estate. The estimated maximum annual cost is £2.47m; an estimated maximum contract value of £12.37m over five years at current prices. This includes all direct costs and overheads included within the service definition. The evaluation of the bids (both variant and standard) submitted by tenderers will seek to identify the annual cost of maintaining some of the service in house and options for doing so and will seek to secure the most economically advantageous option for the council.
28. This valuation has been derived from actual data and also benchmark data for areas where costs are not known. The benchmark data is based upon similar requirements in the public

sector over the last 5 years. Where appropriate, adjustments have been made to allow for an increase in density of occupation or unique building requirements.

29. This contract will have an extension provision for 2 years (1+1 years) with the flexibility to terminate the contract during the extension period with sufficient notice, making a total estimated maximum contract value of £17.3m.
30. The council also will seek to put in place an annual service improvement programme with the aim of achieving year on year cashable efficiency savings.

### **Summary of the business case/justification for the procurement**

31. A consolidated FM contract (TFM) for Tooley Street (with the potential for other key council and partner buildings in future) will enable the council to concentrate on its core activities.
32. Expected benefits of this approach and, to a lesser extent the partial outsourcing approach, include:
  - Council able to concentrate resources on core activities
  - Lower bid prices
  - Economies of scale driven through continuous improvement through the contractor's own service delivery and its supply chain.
  - Total fixed price for the services specified
  - Single point of contact for the outsourced service elements
  - Clear delineation of responsibilities, with a greater degree of risk transfer to the contractor for the outsourced service elements
  - Reduced administration (e.g. consolidated invoicing)
  - Efficiencies built into the contract due to the holistic approach
  - Supplier side innovation
  - The collection of detailed information about 160 Tooley Street, its assets and condition (also the wider estate through the help desk function)
  - Multi-skilled resources completing a number of services, potentially more efficiently and flexibly
33. The FM service requirements for 160 Tooley Street utilise the Buying Solutions FM framework specification documentation as a base. The tender documentation development process builds upon this documentation to deliver an "output" based specification. This focuses on the desired outputs of the service rather than a detailed specification of how the service is to be provided. This approach allows providers scope to propose innovative solutions. The process for developing the tender documentation is described in paragraphs 34 to 38 and 68 to 71 of this document.
34. The proposed procurement strategy will enable procurement of a contract that may be utilised to provide a TFM or partially bundled service to other council buildings or those of the council's partners. The development of the tender documentation, including the specification and the evaluation methodology will take these requirements into account.
35. The council's asset management strategy targets the rationalisation of the current operational estate. The procurement should enable the option to include one or more other buildings under the contract and subject to a separate report. It is envisaged that the evaluation will test proposals on the potential for discounts, cost savings and economies of scale with the addition of other buildings. While the contract will be flexible enough to add other buildings, this option would only be exercised following a satisfactory test of costs.

36. Stakeholders have been engaged through one to one and group briefings, and review meetings. Technical specialist input has been provided for the development of the Specification, contract and associated tender documentation, also for the evaluation.
37. As a part of the governance structure for this programme, a “user stakeholder group” representing all departments has been set up to challenge, to engage with the development of the tender documentation and to participate in the evaluation process.
38. This process will ensure a comprehensively specified contract that provides for flexibility of service within the council’s cost parameters.

### **Market considerations**

39. The preferred approach is to procure a contractor through the recently tendered Buying Solutions facilities management framework agreement. Buying Solutions is the national procurement partner for all UK public services and is part of the Efficiency and Reform Group within the Cabinet Office. It was established in 2001 as a result of the Gershon Report, through a merger of the procurement functions of the Buying Agency and CCTA. It is the largest professional buying organisation in the wider public sector and the only one with a legal remit to trade across the whole of UK public services. Buying Solutions’ primary role is to maximise the value for money obtained by Government departments and other public bodies through the procurement and supply of goods and services.
40. There are 8 contractors on the Buying Solutions FM framework which was procured under an EU restricted process:
  - Carillion
  - EC Harris
  - Europa
  - Interserve
  - ISS
  - MITIE
  - Norland
  - Skanska

### **Proposed procurement route**

41. This procurement is for services and its contract value will exceed the EU threshold of £156,442. It is therefore subject to EU procurement regulations and an EU compliant process must be followed.
42. CSO 5.4 requires that the council take all reasonable steps to obtain at least 5 tenders following a publicly advertised competitive tendering process. CSO 3.2 states that this requirement shall not apply where the council intends to purchase under a “consortium contract” so long as approval for the use of that “consortium contract” has been given via a Gateway 1 report.
43. The council is in a position to fully understand the facilities management requirements for 160 Tooley Street, having been in full occupation of the building since August 2009. Interim arrangements are in train to ensure that facilities management services can continue to be provided to the building while this procurement is undertaken. However, time is of the essence, and there is a need to procure replacement services for elements of the service provided to the council under these interim arrangements prior to their expiry.

44. The preferred procurement strategy is to carry out a further competition on the Buying Solutions facilities management framework; a pre-tendered framework which has followed a full EU compliant procurement process.
45. The overall timeline from a decision to approve this procurement approach to contract start is estimated to be 10 months; and with the approval of this procurement strategy, it is feasible to procure the contract and ensure continuity of service within these time frames; provided there is very little slippage.
46. In addition to an achievable time frame which meets the need to have in place a service as quickly as possible, the benefits of using this procurement approach are:
  - Eight pre-tendered suppliers procured through an EU compliant procurement all of which are major market providers of these services
  - Reduced time, cost and resources in relation to the procurement
  - Ongoing support from Buying Solutions with user-group meetings which present opportunities for networking and sharing of experiences
  - The adoption of the NEC3 Term Service Contract, part of a new generation of contracts designed to be flexible, clear and a stimulus to good contract management
  - Bulk of documentation already developed and which can be tailored to meet the council's requirements, thereby reducing the need for external technical or legal resources which may be required when drafting specifications, standard contract documents, etc.
  - Pre-agreed Key Performance Indicators resulting in profit reduction in cases of non-compliance, with flexibility to add additional KPIs should the council require
  - Efficiencies built into the Framework Agreement for continuous improvement in service provision
  - Value added services, e.g. benchmarking, dispute resolution

#### **Options for procurement including procurement approach**

47. This report recommends carrying out a further competition on the new Buying Solutions FM framework (paragraphs 44 to 46).
48. The procurement is for facilities management services which largely, although not entirely, fall under section A of schedule 3 of the EU regulations. This is subject to the full EU procurement regime.
49. Utilising a full EU procurement procedure, the overall timeline from approval of the procurement strategy to contract start is estimated to be 12 months which is 2 months longer than the use of the Buying Solutions FM framework (the preferred route.) This is on the basis of using the full OJEU restricted process which is the most straightforward, and is largely due to the additional time (PQQ period and evaluation), required to reach the stage of having a long list of suppliers to invite to tender; also because of the requirement for an additional minimum 10 day standstill period (ALCATEL) after contract award.
50. Other EU procurement options considered, but rejected, are:
  - Full EU procurement procedure other than restricted procedure – alternatives to the restricted procedure are either not suitable for this type of procurement or would require significant additional time
  - Alternative EU compliant framework agreement including consortium – an alternative suitable framework arrangement is not available to the council.

51. The development of arrangements through existing strategic partnership agreements has been considered, but in the case of this procurement, the time frames required to achieve this are challenging. The protocol and procedure for single supplier negotiation does not allow for price testing. The council needs to fully demonstrate best value is being achieved and therefore a competitive process is required to ensure this.
52. The council is in dialogue with other London based authorities in terms of their arrangements and plans for provision of similar services in the future. These authorities are all at different stages in the development of their facilities management strategies and this is not a short term option. However the strategy for the longer term provision of these building related facilities services for the council is to seek to work with partners to facilitate the effective delivery of these services and achieve efficiencies through partnership working.

### Identified risks and how they will be managed

53. Risks relating to this procurement and how they will be managed are shown in the table below.

Risk	Mitigation strategy
Primary TUPE issues are not managed satisfactorily, potentially resulting in union, consultation and staff issues.	<ol style="list-style-type: none"> <li>1. Early involvement of HR resource (in progress, on project team, programme board and evaluation panel)</li> <li>2. Robust communication strategy and plan (draft prepared)</li> <li>3. Early union consultation and continued involvement (as per communications plan)</li> <li>4. An effective consultation process for affected staff (communications plan prepared)</li> <li>5. Keep a strong focus on TUPE issues with bidders during the procurement process (incorporated in GW1 and being addressed at each stage of process)</li> <li>6. Early and ongoing involvement of legal specialists (in progress)</li> </ol>
The council fails to dedicate sufficient time and resource to enable the project to proceed with sufficient input and in line with the project time scales.	<ol style="list-style-type: none"> <li>1. Resource requirements to be identified and put in place (complete)</li> <li>2. Monitor progress at fortnightly project meeting (governance structure in place)</li> <li>3. Escalate through governance structure if required (governance structure in place, regular meetings scheduled and taking place)</li> </ol>
The current FM service (Tooley Street and wider estate) may degrade once in-house service staff are notified of the overarching CFM strategy and potential TUPE implications	<ol style="list-style-type: none"> <li>1. Communication strategy and plan to be put in place (completed).</li> <li>2. Early consultation with staff and unions (as per plan)</li> <li>3. Increased management awareness and support</li> </ol>



Risk	Mitigation strategy
Not all approvals required to proceed with the procurement or finalise the procurement are obtained within the current time table causing delays in implementation and increasing risk of legal challenge in relation to interim measures	<ol style="list-style-type: none"> <li>1. Timely preparation of approval documentation</li> <li>2. Include appropriate time period to prepare and review approval documentation</li> <li>3. Review by FM, finance, legal, procurement and all relevant stakeholders (quality, timeliness, approver briefing) right input at the right time</li> <li>4. Ongoing consultation re impact on interim arrangements with legal &amp; procurement</li> <li>5. Monitor political aspirations</li> </ol>
Insufficient information of the current service and service requirements will result in an increased risk premium applied to the tender costs (data pack and specification)	<ol style="list-style-type: none"> <li>1. Ensure that service specification robust, succinct and complete (in progress)</li> <li>2. Engage with stakeholders/advisers to ensure quality of specification and associated measures (through governance structure)</li> <li>3. Use an output based specification to enable contractors to be innovative, deliver required service, and drive out efficiencies</li> <li>4. Ensure that sufficient data provided with respect to existing services and provided through the invitation to tender (data pack preparation in progress)</li> </ol>

54. The procurement will consider options surrounding any requirement for a performance bond or parent company guarantee for this contract.

## KEY ISSUES FOR CONSIDERATION

### Key /Non Key decisions

55. This is a strategic procurement (on the basis of value and potential impact on staff). It is a key decision.

### Policy implications

56. The key element of the corporate plan that this strategy supports is “transforming public services”. Sound resource management around the council’s property assets, how they are utilised and their effective operational and financial management are at the heart of the FM strategy.
57. The medium term resources strategy aligns financial priorities with the management of assets and the associated resources with which the council delivers its services. A modern FM service platform and an informed FM client function will significantly support the council’s medium and long term objectives providing flexibility and opportunities for efficiency savings.
58. The theme of “valuing the environment” will be increasingly supported through the delivery of a new FM service delivery platform and effective strategic management of FM. Supported policies include “Southwark Cleaner Greener Safer” and the “Sustainable Community Strategy”.

59. Other key corporate objectives are indirectly supported through an improving working environment, improving customer facilities and enabling more effective service delivery.

#### Procurement project plan

60. The key milestones for the preferred procurement route are shown in the table below.

Activity	Complete by:
Forward Plan	14/04/2010
DCRB review gateway 1: procurement strategy approval report (this report)	07/10/2010
CCRB review gateway 1: procurement strategy approval report (this report)	14/10/2010
CMT review gateway 1: procurement strategy approval report (this report)	17/11/2010
Notification of forthcoming decision - Five clear working days (for Strategic Procurement)	07/12/2010
Approval of Gateway 1: Procurement strategy report (this report)	14/12/2010
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	04/01/2011
Completion of tender documentation	07/01/2011
Invitation to tender sent out	10/01/2010
Closing date for return of tenders	18/02/2011
Completion of evaluation of written tenders	16/03/2011
Completion of short-listing of applicants	18/03/2011
Completion of post tender meetings and reference site visits	01/04/2011
DCRB Review Gateway 2: Contract award report	21/04/2011
CCRB Review Gateway 2: Contract award report	05/05/2011
Notification of forthcoming decision (five clear working days)	14/06/2011
Approval of Gateway 2: Contract Award Report	21/06/2011
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	22/06/2011
Contract award	12/07/2011
Contract start	24/10/2011
Contract completion date	23/10/2016

## **TUPE implications**

61. For the standard bid TUPE will apply on a secondary basis (affecting staff of existing contractors). TUPE applies on two levels for the variant bid (fully outsourced), secondary and also primary (affecting council staff). It will be addressed through the tendering process through early engagement with incumbent suppliers and early consultation with unions and staff (in early November 2010 by agreement with HR and legal). The project team are being advised by HR, procurement and legal on all aspects in relation to TUPE including consultation requirements; two tier pension and pay implications; monitoring requirements on the council for two tier pension and pay and TUPE implications (both primary and secondary).
62. The procurement timetable allows for a 3 month mobilisation period to include staff consultation in relation to TUPE.
63. The development of the specification and contract amendments, the data pack and the evaluation methodology will also address TUPE.

## **Pensions**

64. The council will be compiling the information in relation to pension provisions that will be needed in relation to TUPE transfer.
65. Suppliers will be requested to provide the details of their employees affected by TUPE and associated pension information.
66. HR is engaging with the pensions' team who will instruct the actuary to establish the pension costs. Tender documents will ask the tenderers to detail their intentions on how pensions will be dealt with and include a draft admission agreement. This will be factored into the tender return and form a part of the financial evaluation.
67. A pension bond may be required subject to professional advice.

## **Development of the tender documentation**

68. The tender documentation will be designed to ensure that proposals are received for two service models to help inform award decisions and will include:
  - Specification and key performance indicators (KPIs)
  - Instructions to bidders document and associated appendices:-
    - Evaluation - methodology, matrices and statement of requirements
    - Pricing schedule and charges
    - Contract
    - Data pack comprising all available information in relation to the FM operation of the building, e.g. existing reactive call volume by discipline, occupancy levels and hours of opening, technical data relating to the building fabric and mechanical and electrical plant, financial data, asset registers, waste volumes and provision, site access initial information relating to TUPE, hospitality and catering historic and actual data, service task requirements and rotas.
69. The documentation is being developed through the use of workshops and individual meetings and, where appropriate, review stages by the relevant members of the project team and technical specialists from the council and elsewhere.

70. Consultation on the tender documentation is being undertaken with corporate support from legal, procurement, finance and HR where appropriate and these functions are also represented in the governance structure for the overall programme.
71. An ongoing briefing and consultation process is also underway with representatives from corporate strategy, economic development, sustainable services, information services, business continuity and emergency planning, and health and safety. These areas have agreed to provide support during the procurement process.

### **Advertising the contract**

72. In order to utilise the new Buying Solutions FM framework it is necessary to give all contractors on the framework an opportunity to bid. For this procurement a short capacity assessment will be carried out enabling framework suppliers to determine whether to bid in line with the rules for use of the framework. The invitation to tender will then be sent to all contractors on the framework that have not de-selected themselves from the process.

### **Evaluation**

73. The evaluation methodology and models will be developed by the evaluation panel appointed by the project team and agreed through the project governance, so this can only be indicative at this stage.
74. For this procurement it is anticipated that the evaluation will be a two stage process further to all framework contractors being invited to quote:
  - To short list suppliers to three further to written tender and clarification evaluation
  - To award the contract further to post tender meetings and reference site visits.
75. It is anticipated that a 70:30 price/quality weighted model will be used to evaluate tenders (both standard and variant.) Generally the same areas will be tested for both options; however, there will be differences in the model in relation to the service desk and operational FM functions depending upon which variant is being evaluated. The option selected (whether standard or variant bid) will be the most economically advantageous to the council. The quality evaluation will take into account safeguarding of affected council staff.
76. The tender evaluation panel will comprise the following:
  - CFM operations manager
  - CFM strategy and performance manager
  - Specialist FM technical advisors
  - User representation (nominated by the User Stakeholder Group)
  - CFM principal quantity surveyor
  - Finance representative
  - Other representatives, including human resources, information technology, sustainability, health and safety, business continuity, and economic development.
77. Advice will be sought from legal and procurement throughout the process. Any additional evaluation in relation to diversity and equality, health and safety and financial robustness will be carried out through the finance transactional shared services/approved list team and the health and safety manager, and will feed back into the evaluation process appropriately.

### **Community impact statement**

78. Paragraph 88 of this report states that all of the contractors on the framework will have their own supply chains in place. This contract will primarily provide a consolidated FM service contract to deliver part or all FM services to 160 Tooley Street. It may additionally provide an FM service desk to the wider operational estate (currently comprising 172 buildings). Paragraph 88 also explains how local economic and social benefits will be built into the procurement process.
79. 160 Tooley Street is largely a “back office” headquarters building; however it also houses the council’s elected administration; provides facilities for all elected members; hosts an increasing number of committee and other meetings; and will continue to host other events attracting a wide variety of visitors from Southwark and elsewhere.
80. This contract will provide a working environment that will ensure that none of the six strands of the council’s equality agenda are negatively impacted. It will deliver all of the “in scope” building related services that will enable 160 Tooley Street to continue to welcome staff, and visitors to the council.
81. The nature of much of the outsourced service arrangements is such that the contractor will utilise the local employment pool as is the case for the council’s current arrangements.

#### **Sustainability and other considerations – framework evaluation**

82. The Buying Solutions FM framework has evaluated contractors at PQQ and tender stage in relation to sustainability, environmental, economic and social considerations in the operation of their business and delivery of services to their customers. This is detailed in Appendix 1.
83. The council’s evaluation panel will evaluate how the council’s specific requirements are met and will include a specialist technical evaluation of these aspects.

#### **Sustainability and environmental considerations**

84. In late 2008 the corporate management team (CMT) agreed a set of environmental performance targets for Council buildings. These targets cover energy, water, waste minimisation, recycling paper use and staff commute. It was felt that 160 Tooley Street should aim to meet industry “best practice” benchmarks for all of these.
85. The targets for Tooley Street are outlined in the table below:

<b>Theme</b>	<b>Tooley street targets</b>
Energy	To not exceed ‘good practice’ benchmarks set by CIBSE/ Carbon Trust
Water	To not exceed 2.0m <sup>3</sup> /person/year or 4.0m <sup>3</sup> /m <sup>2</sup> /year (whichever is felt to be most accurate)
Procurement (of paper)	To not exceed 7 reams of A4 paper to be ordered via the service desk per person per year
Waste minimisation	To not exceed 200 kg of waste/ person /year (excluding café).
Recycling	To aspire to recycle 80% of total waste (excluding café).
Cycle parking	Provision of cycle parking for 150% of current levels (at time of agreement of targets).

Theme	Tooley street targets
	Additional monitoring of: <ul style="list-style-type: none"> <li>i) Shower facilities</li> <li>ii) Take-up of bike loans</li> <li>iii) Take-up of Cycle Allowance</li> </ul>

86. It is anticipated that these targets will be refined during 2010/11 as a result of work being carried out by CFM's technical commissioning team and the environment and sustainability team and progress has been made towards achieving the targets set out.
87. The successful contractor will be required to have targets in place to minimise consumption of energy and emissions of pollutants and be able to demonstrate the effectiveness of these procedures.

### **Economic and social considerations**

88. All of the contractors on the framework will have their own supply chains in place; however, local economic and social benefits will be built into the procurement in a variety of ways including evaluation of the contractors' approach to:
- Engagement with borough-wide employment programmes such as Southwark Works and Building London Creating Futures to support unemployed residents' access to training, skills and sustainable employment
  - Engagement with apprenticeship schemes which have a target of one apprentice per £1,000,000 annual contract expenditure.
  - Engagement with local companies in their sub-contracting and supply chain arrangements wherever possible
  - Engagement with small to medium enterprises (SMEs) and black and minority ethnic, women and disabled owned businesses or those operated by the voluntary and community sector.
  - How they will build local economic benefits into the delivery of the contracted services.
  - How they will achieve continuous and measurable improvement while working in partnership with the council to deliver its objectives in this area.

### **Plans for the monitoring and management of the contract**

89. This contract will be managed by CFM. The success of this contract is dependent upon best practice contract management principles including the establishment of appropriate KPIs and SLAs.
90. To ensure that CFM set exemplar standards in relation to the contract management of this and future FM contracts the service is currently being reviewed, and the new structure will be implemented in April 2011, delivering the informed client function (also known as the Intelligent Client Function [ICF]) with contract management at its centre.
91. Concurrent to this review, work to define and establish a contract monitoring function to serve finance and resources contracts is progressing. This will provide best practice contract monitoring; delivering effective contract performance reporting.
92. Best practice arrangements and systems will be put in place for the management and monitoring of the contract in respect of:

- Compliance with the specification and contract
  - The performance of the contractor/supplier
  - Cost
  - Customer relationship management
  - User satisfaction
  - Risk Management
93. The NEC3 (New Engineering Contract version 3) contract suite has been adopted for the new Buying Solutions property related frameworks where appropriate. The NEC3 Term Service Contract is applicable to the new Buying Solutions FM framework and is new to the Council. It has undergone significant review by the project team, including legal and procurement advisors, and is considered to be well suited to best practice contract management. It binds both client and contractor to active and transparent management of the relationship and provides structured and time bound process.
94. The NEC contracts have been designed to provide a clear, flexible contract which provides a stimulus to good management through a variety of tools. The contracts have been designed to support different methods of pricing and payment with an appropriate allocation of risk. The contracts are user-friendly and clear using plain English to avoid unnecessary legal terms without compromising legal robustness.
95. Project management disciplines have developed rapidly over recent years and the NEC contracts have been designed to support this. Good management is stimulated through collaborative foresight to mitigate problems and shrink risks; and through a clear division of function and responsibility, and thus accountability; motivating the participants to play their part.
96. Risk management is a major element of the contract and a variety of tools are built into the contract to support this, e.g. the early warning procedure. A forward-thinking, proactive approach by all parties is required and supported by the way in which payments are determined and made; the use of KPIs for contract management and in the determination of the payment due; and the handling of compensation events which may lead to a change in payment.

### **Resource implications**

### **Staffing/procurement implications**

97. The governance for this procurement project is provided through the agreed governance structure for the overall programme.
98. The procurement project team reports into the CFM strategic procurement programme board appointed by the Head of CFM who is the senior responsible officer for the delivery of this procurement. The team comprises the following:
- CFM procurement lead/project manager
  - CFM core team including the CFM strategy and performance manager, the technical and commissioning manager and the operations manager plus nominated CFM team members as and when needed, e.g. Quantity surveyor, contract management and administrative staff
  - Specialist technical advisors for the development of the tender documentation and the evaluation and implementation of the contract

- Representatives from HR, legal, procurement and finance to support the procurement process and provide professional advice
  - Representatives from other council departments such as sustainability, economic development, corporate policy, business continuity, property, and information systems
  - User representation, as appointed by the user stakeholder group.
99. The programme board meets on a fortnightly or more frequent basis to drive forward this procurement and also the other procurement work streams listed in paragraph 12. It reports into the CFM strategic procurement steering group which is chaired by the finance director.
100. The user stakeholder group reports into the programme board and will provide user input into this and the other CFM procurement work streams.
101. The staffing resource required to deliver this procurement is to be funded through existing staff budgets.

### **Financial implications**

102. The contract is to be funded from the existing Tooley Street budget, CH222 which is currently estimated at £2.47m per annum for the wider scope provided by the TFM approach (variant bid). Some of these costs are recoverable from the council's tenants within the building. The procurement strategy for a total facilities management contract solution is expected to deliver annual savings against this figure.
103. The contract will be subject to, and linked to, a price index which will be set out in the contract terms and conditions of contract. Payment may also be tied in to performance with the possibility of a "gain-share" mechanism being put in place based upon performance against KPIs and the delivery of further efficiencies. This is being developed further through the tender documentation development process and is fully supported by the adoption of the NEC3 Term Service Contract.

### **Legal implications**

104. All legal implications are noted in paragraphs 112 to 113.

### **Consultation**

105. This procurement strategy has been developed to deliver an element of the CFM strategy.
106. Consultation in the development of the procurement strategy recommended in this report has been undertaken with internal corporate functions including HR (including liaison with the pensions team), legal (including HR/TUPE implications), procurement, finance, corporate strategy, sustainability, economic development and information systems. Varying degrees of resource has been assigned from these areas and will continue to be engaged in the procurement during the development of the tender documentation, tender, evaluation and will continue to be involved during the procurement process.
107. Advice has been sought from external parties including Buying Solutions (in relation to the FM framework and its use). In addition to technical advice being provided from within the council, expert specialist advice is also being utilised to support this procurement where it is required.
108. Further consultation is being undertaken with other key stakeholders including staff, suppliers and trade unions. User consultation (including those with special needs) is being undertaken through the overall programme's "user stakeholder group."



### Other implications or issues

109. This procurement will take into consideration the impact on other projects/programmes, and services including:
- Revised office accommodation strategy and further modernisation activity – the ability to extend the service provision at 160 Tooley Street through the use of this contract to other identified key buildings will be considered as a part of the procurement.
  - Customer service centre – this currently provides an out of hours service for all FM service desk calls including Tooley Street. It is likely that the service will be provided by the contractor in future. Consideration may also be given to the provision of the service desk function as a whole being provided by this contract. It is unlikely to be a requirement that the service desk be based on-site; however, contingency arrangements would need to be in place in the event of loss of telephony, etc.
110. It is anticipated that the successful contractor will require access to council facilities, systems and services. The extent is to be determined, but considerations include:
- Space, e.g. facilities room on ground floor, furniture and other storage, “building manager’s” office; security areas; access to hot-desking, meeting and other facilities.
  - Access to telephony and IT, possibly installation of supplier’s own systems/on-site servers if required; Citrix access and access to information systems as appropriate and to be determined.
  - Access (including administrator rights) to property/FM systems including Manhattan; resource scheduler; ATRACS and building specific systems, e.g. building management system, fire alarm access.
111. The “branding” of the service will be developed as a part of the specification development and evaluation process. The service provision might be clearly branded as “contractor” in some areas, but will be providing a service on behalf of Southwark, e.g. reception, in which case the Southwark brand is particularly important.

### SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

#### Strategic Director of Communities, Law & Governance

112. This report seeks Cabinet’s approval to the procurement strategy for the consolidated facilities management contract for 160 Tooley Street. At an estimated value of over £4 million for services, the procurement is a Strategic Procurement and therefore this approval is reserved to Cabinet.
113. The nature and value of the services to be procured are such that they are subject to the full tendering requirements of the Public Services Contract Regulations 2006. However the report at paragraphs 44-46 explains the council’s preferred approach to the procurement of these services, and its intention to invite tenders from the Buying Solutions Facilities Management framework. Having been tendered in accordance with the EU Regulations, the use of the framework meets those procurement requirements and may therefore be used as an EU compliant process.

#### Finance Director

114. This report recommends the adoption of either the standard or variant approach to facilities management for 160 Tooley Street. Subject to recommendation and contract award there

would be either a single bundled service contract with an in house service element or one contract covering all aspects of facilities management. The net cost of funding the Tooley Street facilities management contract is expected to be reduced by way of this procurement exercise given the strategy is to seek a price to quality ratio of 70:30 in favour of price.

### Head of Procurement

115. This report is seeking approval to source consolidated facilities management services for Tooley Street via the Buying Solutions framework.
116. For a contract of this nature and value the EU regulations apply. The Buying Solutions framework is an EU compliant route for procurement. All of the providers that appear on the category list have been subjected to a full EU procurement process. By embarking on a further competition process LBS will assess these providers against local requirements ensuring our specific requirements can be met and the council's standards for equalities and health and safety satisfied. The benefits of using this procurement route are described in paragraph 46.
117. For this procurement route to remain EU compliant it is important that the operating rules for the framework are adhered to. Paragraphs 73-77 describe the proposed approach for evaluation. The framework rules allow some flexibility with regards to evaluation and with the current climate the council will be able to give increased focus on price. Paragraph 75 confirms that a weighted model of 70/30 (price/quality) will be used.
118. Paragraphs 14-15, 25 and 68 confirm that the procurement process will accommodate the assessment of two service delivery models. These being a) Bundled FM services with some retained in house function and b) Total outsourced FM solution. Paragraph 75 confirms that the final recommendation for award will include recommendation for service delivery model which will be based on the most economically advantageous solution for the council.
119. Paragraphs 97-101 outline the governance arrangements for the project which will ensure that key documentation for the procurement will receive the appropriate sign off. Corporate procurement is represented on the programme board and will provide ongoing support to the project.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

### APPENDICES

Appendix number	Title of appendix
1	Buying solutions evaluation criteria for environmental, social and economic factors for the new Facilities Management framework.

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance and Resources		
<b>Lead Officer</b>	Matthew Hunt, Head of Corporate Facilities Management		
<b>Report Author</b>	Andrée Mitchell		
<b>Version</b>	Final		
<b>Dated</b>	02/12/2010		
<b>Key Decision?</b>	Yes	<b>If yes, date appeared on forward plan</b>	14/04/2010
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>	
Strategic Director of Communities, Law & Governance	Yes	Yes	
Finance Director	Yes	Yes	
Head of Procurement	Yes	Yes	
<b>Contract Review Boards</b>			
Departmental Contracts Review Board	Yes	Yes	
Corporate Contracts Review Board	Yes	Yes	
<b>Cabinet Member</b>	<b>Yes</b>	<b>Yes</b>	
<b>Date final report sent to Constitutional Team</b>			02/12/2010

## APPENDIX 1

**Buying solutions evaluation criteria for environmental, social and economic factors  
for the new Facilities Management framework.**

1. The Buying Solutions invitation to quote (ITQ) has requested and evaluates the tenderers approach to environmental considerations as a part of the framework procurement process under question 8 of the “Appendix E: Statement of Requirements” of the ITQ. This asks that bidders outline how they will ensure the services are provided in the most sustainable manner to the customer, and provide advice on sustainability matters including the following aspects:
  - Environmental: waste and emissions; resource use and replenishment; impacts on habitats and biodiversity;
  - Social: culture; people; diversity and equality;
  - Economic: development and stability.
  
2. The evaluators’ guidance, which is provided to the tendering suppliers, requires the response to be evaluated on the following anticipated outcomes:
  - Details of the process to monitor compliance with sustainability legislation, and provide details of the specific legislation that needs to be considered for the Estate;
  - Details of the process to ensure compliance, report and monitor improvements in line with Government’s SOGE (Sustainable Operations on the Government Estate) targets. More information on the SOGE targets is available at: <http://www.defra.gov.uk/sustainable/government/gov/estates/targets.htm>
  - Details of the process to identify and manage the sustainable procurement risks, considering the life cycle impacts of the goods and services delivered to the Customer(s);
  - An explanation of how the tenderer will deliver sustainable solutions for the Customer(s) through:
    - Challenging the purchase of unnecessary goods and services and helping customers to identify and re-use redundant equipment;
    - Encouraging the customer and their staff to use equipment more efficiently;
    - Protecting and enhancing biodiversity.
  - Details of the process to ensure that staff employed by the tenderer have the required qualifications, skills and training to meet these sustainability requirements;
  - Details of the process to ensure that immigrant workers are vetted as appropriate;
  - Details of the process to consider the use of SME's and Third Sector suppliers for delivering some aspects of the Services;
  - Details of the process to consider apprenticeship schemes and return to work schemes;
  - Details of the process to provide information to Customers on the make up of the supply chains used;
  - An explanation of how the tenderer will develop, monitor and report against sustainability targets for the Estate. As a minimum these targets should consider the following:
    - Compliance with all relevant sustainability and employment legislation;
    - Compliance with sustainability product standards such as OGC Quick Wins, Green Public Procurement standards and/or eco-labels or equivalent Standards;
    - Fair Trade products;
    - CO2 impacts from delivering the goods and services;
    - Volumes of waste, re-used, recycled, incinerated and to landfill;

- Sustainable procurement risk assessments for individual products and services;
- Supply chain compliance audits;
- Diversity and make up of sub-tenderers and staff employed.
- Details of the process to ensure that their sub-contractors consider the sustainability requirements of the Estate.

<b>Item No.</b> 14.	<b>Classification:</b> Open	<b>Date:</b> 14 December 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Corporate Asset Management Strategy 2010 – Planning for a Smaller Sustainable Operational Estate	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance and Resources	

**FOREWORD - COUNCILLOR RICHARD LIVINGSTONE, FINANCE AND RESOURCES**

1. At the cabinet meeting held on 23 November, we took decisions to stop using the three old town halls as office accommodation and to seek new premises in the centre of the borough. As a result, we need to update the council's asset management plan, last agreed in 2008 in conjunction with the decision to lease 160 Tooley Street.
2. Southwark Council owns £3 billion in capital assets, most of which are comprised of dwellings, schools and infrastructure. The budgetary challenges that we face mean that we need to look towards losing 30% of our operational assets, excluding dwellings, schools and infrastructure. The revised plan, set out in the appendix, explains these pressures in more detail. Much of this reduction is achieved through the decisions taken by cabinet in November.
3. I am therefore recommending that cabinet, after due consideration, agrees to the recommendations set out below.

**RECOMMENDATIONS**

That Cabinet

4. Approves the refreshed Asset Management Plan (“AMP 2010”) contained in Appendix 1 of this report as a key strategic document alongside the council’s other resource policies, and the central strategy for the management of the council’s property holdings;
5. Approves the objective of reducing the estate by approximately 30% of its present size (excluding dwellings and schools), and notes the means of achieving this.

**BACKGROUND INFORMATION**

6. In 2008 the council adopted a new Asset Management Plan (“AMP 2008”) and policy framework for the efficient stewardship of the authority’s property assets. AMP 2008 emphasised the strategic significance of a multi-billion pound property portfolio deployed in the fulfillment of the council’s corporate priorities.

7. The strategy drew together core activities underlying Southwark Council's approach to property management:
  - The role of the Asset Management Plan as a corporate planning document central to the management of the council's operational and investment properties;
  - Implementation of comprehensive Facilities Management arrangements;
  - Asset-supported organisational change programmes, including Modernise
  - An extensive disposal programme;
  - Management arrangements for investment and Voluntary and Community Sector assets.
  
8. Although the general principles of the 2008 Asset Management Plan continue to hold good, much has changed in the intervening period in relation to the way assets are used now, the resource position, and the choices that need to be made about how assets will support service delivery in the future. Moving forward the new AMP 2010 proposes a 30% rationalisation across the operational property portfolio (excluding dwellings and schools) to ensure that what is retained is affordable. AMP 2010 sets the strategic framework for delivering the changes required.

## **KEY ISSUES FOR CONSIDERATION**

### **The Corporate Property Portfolio**

9. Southwark Council is a major inner-city property owner. Through this ownership it has a significant impact on domestic and working life across the borough. As the landlord of approximately 40,000 dwellings, 15,000 residential leaseholds and more than 5,000 other interests including commercial, industrial, and operational property the council owns in the region of 40% of all the freehold land situated within its boundaries.
  
10. The aggregate value of these interests is estimated to be approximately £3 Billion. Approximately 96% of this value is concentrated in operational assets (primarily our housing stock) used by the council to deliver services in direct support of our Community Priorities. The remainder is invested in shops, business premises and other non-operational properties held for income generation (c.£12+ million per annum). Properties that no longer fulfill operational or investment needs are released into a disposal programme, which this year will generate estimated receipts of £35 million to fund the council's priorities.

### **AMP 2010 – the Resource Gap**

11. A recent detailed survey of the condition of the corporate estate and examination of other occupation costs has identified a substantial resource gap compared with available accommodation budgets. The financial position is explained further in the AMP. Reducing the size of the operational portfolio by approximately 30% by floor area (excluding schools and dwellings) will contribute towards bridging this gap.
  
12. The benefits of this intervention may be summarized as follows:
  - An appropriate and affordable portfolio of property assets to support front line service delivery;

- Facilitating modernization, adoption of new working practices, cross-service working, co-location;
  - Reducing the level of required maintenance across the portfolio;
  - Maximising value for money;
  - Generation of capital receipts; (achieving 'Best Consideration')
  - Increasing effective space utilisation;
  - Achieving statutory compliance requirements e.g. FRA, DDA;
  - Enhancing the sustainability of property holdings
13. Alternatively the council could decide to take no immediate action, but lead-in times for reconfiguring corporate property portfolios are lengthy and "wait and see" tactics inconsistent with a planned response. In the area of statutory compliance in particular there would be exposure to unmanageable risk and a sustainable estate that is affordable would not be achieved. Acting now will provide better options and allow more coherent planning to take place.

### **Policy implications**

14. The AMP is a key strategic document for the council, sitting alongside the council's Medium Term Resources Strategy. Defined decision making processes and structures for asset management planning are in place across all parts of the asset base under the lead of the council's Head of Property.
15. The strategic vision for assets is shaped by good estate management practice, escalating property holding costs and mounting financial pressures on public sector resources. Further explanation is provided in the "Resource Implications" section below.
16. The main channels of change will focus on the office estate:
- Concluding the final phase of sales under the Modernise 1 Office Accommodation Project and intensification of use of the Tooley Street administration building;
  - Modernise 2 Programme which will transform how the council's more specialised activities (those that did not readily fit the Tooley Street model) operate and where they are located.
17. In addition detailed work with services on specialist assets will be undertaken to develop service based asset strategies identifying further efficiencies and supporting innovative ways of delivering services and value.

### **Resource implications**

18. AMP 2010 identifies a number of specific projects within the programmes identified above, together with the active management, acquisition and disposal processes that will bring them forward. Over the next 10 years an estimated £377 million is programmed to be generated from the sale of surplus properties and those which no longer fulfill the council's requirements.
19. More immediate savings on running and maintenance costs will be achieved through the release of up to 65,000 m<sup>2</sup> of operational floor space as a result of the Modernise programmes alone. To reduce overall property holdings, deal with some locational mismatch, and maintain facilities in key locations the office estate will need to be reconfigured through the addition of approximately 4,000 – 5,000



m2 of new accommodation situated mainly in the centre of the borough. The detailed financial case, including funding requirements, is dealt with in the Office Accommodation Strategy.

### **Community impact statement**

20. AMP 2010 sets the strategic framework within which future decisions about assets will be made, enabling officers to organise property assets to support the delivery of the council's corporate vision and values.

### **Consultation**

21. The asset management has been consulted on internally, including Capital Working Group which includes departmental representation. A specific recommendation of AMP 2010 is that detailed work on asset strategy will be brought forward with individual departments, and this process will incorporate wider consultation.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Communities, Law & Governance**

22. Cabinet is advised that the refreshed AMP 2010 will assist the council in the delivery of its best value duties, which is a major part of the government's modernisation agenda.
23. Cabinet will note the proposals set out in the AMP 2010 to sell some of the council's property assets and acquire third party property interests. Cabinet is advised that there are a number of statutory powers available to the council to do this. These transactions will be dealt with separately at the relevant time and in accordance with the appropriate statutory powers and Southwark's Constitution.

### **Finance Director**

24. The refreshed Asset Management Plan is a key strategic document which sits within the council's Medium Term Resources Strategy to provide the framework to bring together the council's resources in the most efficient and cost effective manner in order to deliver the council's policy objectives. The update of the Medium Term Resources Strategy is tabled on the same agenda.
25. The AMP 2010 recommends a reduction of the council's operational estate, excluding schools, dwellings and infrastructure, of 30%. The benefits of rationalising the estate in this way are set out in paragraph 12 of the report and the means to achieve this are outlined in the main body of the report. The recent Comprehensive Spending Review has announced cuts to central government funding to local government for both revenue and capital resources. Rationalisation of the operational estate contributes to reducing the pressures on limited resources by both reducing the occupation costs of buildings and generating new capital receipts.

**BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Corporate Property Management Arrangements – Integration & Implementation (May 2008)	Property / Regeneration Department, Tooley Street, SE1	Peter Barter Tel: 020 7525 5327
Asset Management Plan 2008	Property / Regeneration Department, Tooley Street, SE1	Matthew Jackson Tel: 020 7525 5327
Voluntary & Community Sector Asset Management Strategy (May 2009)	Property / Regeneration Department, Tooley Street, SE1	Pascale Rosenbloom Tel: 020 7525 1130

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Asset Management Plan 2010 – Planning for a Smaller, Sustainable Corporate Estate

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance and Resources	
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Author</b>	Matthew Jackson, Corporate Asset Manager	
<b>Version</b>	Final	
<b>Dated</b>	2 December 2010	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>		2 December 2010

**Appendix 1**

**ASSET MANAGEMENT PLAN  
2010**

Planning for a Smaller, Sustainable  
Corporate Estate

# AMP 2010 – CONTENTS

1. Introduction
2. Executive Summary
3. Southwark & the Council's Asset Base
4. Pressures for a 30% Smaller, Sustainable Operational Estate
5. Holding Costs, the Resource Gap & Rationalisation
6. Asset Strategy for Operational Assets
7. Tenanted Non-residential Estate – Investment Assets & the VCS Portfolio
8. Organisational Arrangements & Decision Making

## Appendices

- Contextual Information
- High Level Objectives for Assets
- Critical Success Factors
- Portfolio Performance Data

### **Contact:**

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## INTRODUCTION

In May 2008 Southwark Council's Executive approved a new asset management plan ("AMP 2008") and policy framework for the efficient stewardship of the authority's property assets.

A key strategic document alongside the Council's other resource policies, AMP 2008 gave clear direction to the management of the asset base centred on rationalisation, affordability, fitness for purpose and sustainability. While the AMP acknowledged the inflexibility and holding costs characteristic of property assets and planned accordingly, it stressed the immense strategic potential of a £3 billion portfolio effectively aligned with the Council's corporate priorities.

The economic upheaval that took hold globally in the remaining months of 2008 and the UK's present economic circumstances has left the objectives of rationalisation, affordability, fitness for purpose and sustainability not only intact, but all the more fundamental to achieving our corporate goals.

This document examines the factors influencing the Council's asset management decision making, the internal and external operating environment for property, service-side demand for assets, lessons learned from performance monitoring, and resource availability. It identifies the preferred options we have chosen to pursue in our asset management planning, and concludes with a review of corporate structures for managing assets. In formulating AMP 2010 we have consulted with members, across all major service areas, with partner agencies, and the executives for key corporate projects.

The headline message from AMP 2010 is that compared to its present configuration the corporate estate must reduce – substantially and soon. In asset management terms although the Council does not expect the process of adjusting to the recently dawned "Age of Austerity" to be a painless one, the change that needs to come is within our capacity to deliver. Although there is much more work to be done, on many levels the transformation has already begun. In fact it is well underway.

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## EXECUTIVE SUMMARY

Built around the objective of delivering corporate priorities from available resources as efficiently as possible, Southwark Council's 2010 Asset Management Plan (AMP 2010) is a framework for rationalisation across the authority's £3 billion corporate asset base and achieving sustainability in the retained portfolio. The strategic vision for assets is shaped by good estate management practice, escalating property holding costs, and mounting financial pressures on the public sector purse.

AMP 2010's overriding objective is to achieve a corporate portfolio that is appropriate, fit for purpose, affordable and which contributes to improving operational and service delivery outcomes through review & challenge processes. To do this it is estimated that the size of the estate, excluding schools, dwellings and infrastructure will need to reduce by approximately 30% by floor area in order to balance property holding costs and changing accommodation needs against diminishing budgets, without impacting service delivery or exerting additional pressure on the level of Council Tax.

The Council could decide to take no immediate action, but lead-in times for reconfiguring corporate property portfolios are lengthy and "wait and see" tactics untenable. In the area of statutory compliance in particular there would be exposure to unmanageable risk and a sustainable estate that is affordable would not be achieved. Acting now will provide better options and allow more coherent planning to take place.

The main channels of change will be:

- Concluding the final phase of sales under the Modernise 1 Office Accommodation Project and intensification of use of the Tooley Street administration building;
- Modernise 2 Programme which will transform how the Council's more specialised activities (those that did not readily fit the Tooley Street model) operate and where they are located, and;
- Service based asset strategies supporting innovative ways of delivering services and value

AMP 2010 identifies a number of specific projects within these programmes, together with the active management, acquisition, and disposal processes that will bring them forward. Over the next 10 years an estimated £377 million is programmed to be generated from the sale of surplus properties and those which no longer fulfil the Council's requirements. More immediate savings on running and maintenance costs from the release of approximately 65,000 m<sup>2</sup> of operational floor space centred largely on the offices estate. To facilitate the wider programme of change envisaged some reconfiguration of the estate will be necessary, to establish a secondary office base in the central part of the borough.

However, all of the above is just the starting point and should be regarded as setting only the baseline position for additional change. Detailed work with services on specialist assets will be undertaken to identify further asset based efficiencies in support of service delivery, and arising from potential changes in customer service contact strategies. Detailed financial

modelling will ensure that the revenue and capital implications of all proposals can be appraised in full and any further reconfiguration of the estate in response can be brought forward as resources and other drivers determine.

The best way to expand alternative channels of service provision are being explored, including the development of a detailed asset management plan for voluntary and community sector assets the Council owns or has an interest in, acknowledging the already significant role played by the third sector and its potential for the future. Work looking at opportunities to share services and buildings with partner agencies and neighbouring local authorities is also underway. This will allow full consideration of the options available before any decisions on changing existing services are made.

The AMP is a key strategic document for the Council, sitting alongside the council's Medium Term Resources Strategy. Change in the political composition of the Borough in May 2010 has meant that some of the new administrations aspirations are still to be fully assimilated in asset management terms and reconciled against the challenging agenda of October's Comprehensive Spending Review announcements, once these are absorbed in terms of service delivery implications.

Defined decision making processes and structures for asset management planning are in place across all parts of the asset base under the lead of the Council's Head of Property. Key programmes and development themes for asset management planning are mapped in the matrix contained in the Asset Strategy section.

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## **SOUTHWARK & THE COUNCIL'S ASSET BASE**

Socially, economically and in its heritage Southwark is an incredibly diverse area of inner city South East London. Contextual information about the borough is provided in Appendix 1 by way of background.

How the Council approaches the administration of its area is defined in the borough's Corporate Plan. This explains how commitments made in Southwark 2016 (the Council's sustainable community strategy agreed by the Southwark Alliance) are being delivered. There are six priority themes:

- Places where people love to live
- Everyone achieving their potential
- Promoting healthy and independent living
- Valuing the environment
- Tackling the crimes that concern people the most
- Transforming public services

These themes, extensive regeneration programmes including those for the Elephant & Castle and Aylesbury Estate, and an emphasis on modernising the Council to deliver value for money through organisational efficiencies form the basis from which Service Plans and Resource Plans (including this Asset Management Plan) are developed, activities aligned, and outcomes monitored.

In the May 2010 Local Elections Southwark's administration changed from a Liberal Democrat/Conservative coalition to a Labour majority. We are working with the new administration to assimilate the asset implications of its policies; in particular a renewed commitment to seeing change happen in the centre of the borough, delivering transformational regeneration projects, making every home a warm, dry and safe home, and greater participation in the benefits that economic drivers have brought to the north of the borough.

Preserving excellent front line services will be a priority. Nevertheless, the Labour party has made clear that it aims to be relentless in obtaining value for money from the public sector, finding efficiency savings and eliminating waste. One way in which Southwark might achieve this is by working collaboratively and sharing the use of assets with partner agencies, including the neighbouring boroughs. AMP 2010 mirrors these principles and explains how the asset base will contribute.

### **The Asset Base – Composition & the Significance of the Office Portfolio**

The Council owns 40%+ of all the freehold land within its boundaries. As at 1<sup>st</sup> April 2009 the value of these property assets was approximately £3 billion.

The composition of the portfolio is shown in Table 1 overleaf. The assets broadly divide into



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three groups: operational, investment and surplus. Approximately 96% by value (and floor area) is operational property which the Council uses to deliver services, with c.80% of this comprised in housing stock alone. After dwellings and schools the next largest asset class is offices, with more floor space (approximately 112,000 m<sup>2</sup>) under management than across all the remaining operational asset classes combined. Change here has a large impact in terms of the efficiency of our organisation, potential for revenue savings and capital generation. Therefore the office portfolio has for some years been a key area of focus for the Council's asset management planning.

### **Strategic Vision & Principles for Management**

The nature of the asset base, together with significant inward investment and urban regeneration (particularly in the north of the Borough) provides the Council with an effective strategic position from which to direct investment and decision-making to secure sustainable benefits in line with its corporate objectives.

Deciding which assets our organisation needs is a complex proposition, often driven by major corporate change. It takes time to reach understanding and make decisions. Lead-in times are a significant consideration in bringing about change. Adding or releasing assets from the portfolio, or redeveloping will frequently involve lengthy transactions. Certainly there are few, if any, "quick wins" remaining. Finally, if the assets are to provide value for money they must be well utilised and appropriately maintained.

High-value, illiquidity and cost, make planning for property assets a quite different discipline compared to those for the Council's other key resources i.e. its workforce, information technology and finance, although all are closely inter-related. As a result the principles that underpin our asset management planning are relatively static. They can be summarised in terms of ensuring that the estate:

- Is treated as a corporate resource and managed corporately;
- Supports the delivery of the Corporate Plan and Community Strategy;
- Is well maintained, compliant and fit for purpose (i.e. delivering services);
- Is fully utilised;
- Is suitably located and accessible;
- Is affordable, cost effective and represents a value for money return on the Council's investment.

The Council's fundamental approach to asset management planning and its asset base is set out in a set of High Level Objectives (see Appendix 2), accompanied by corresponding Critical Success Factors (Appendix 3). Together they describe Southwark's overall approach to managing its assets and how this process reconciles the portfolio's vast potential with the organisations needs. **They apply equally to internal business and in relation to third party transactions.**

### **Asset Performance**

Performance information about the estate is provided for ease reference in Appendix 4. The format follows that of the National Property Performance Management Initiative (NaPPMI) Performance Indicators and may be used for comparison purposes. How we use data about

the estate in decision making processes is illustrated throughout the remainder of the AMP.

**Table 1: Composition of Portfolio - Summary**

Asset Class	Description	Number	Area GIA (m2)	Present Existing Use Valuation
<b>Dwellings</b>	Housing*	39,078	2,540,000	£2,425,000,000
<b>Educational Assets</b>	Education Nurseries	12	11,600	£12,600,000
	Special Schools	8	11,000	£29,700,000
	Primary Schools	47	145,000	£185,000,000
	Secondary Schools	7	53,700	£67,400,000
	Voluntary Aided Secondary Schools	7	42,500	-
	Voluntary Aided Primary Schools	24	38,900	-
<b>Other Operational Land &amp; Buildings</b>	Off Street Car Parks/Park and Ride	11	-	£12,200,000
	Property used for or in direct support of residential activities	8,100	-	£39,400,000
	Offices, administrative buildings and land associated with administrative buildings**	67	112,000	£170,000,000
	Sports centres and pools	11	29,400	£30,500,000
	Residential homes and day centres	27	16,750	£16,400,000
	Libraries	11	10,000	£18,800,000
	Other educational establishments	1	2,400	£585,000
	Cemeteries and Crematoria (buildings only)	1	1,100	£1,150,000
	Museums and galleries	2	1,000	£400,000
	Other housing (HRA) property and non-HRA housing	18	9,000	£19,000,000
<b>Community Assets</b>	Parks	113	-	£31,600,000
<b>Non-operational Assets***</b>	Industrial property	21	24,000	£13,500,000
	Shops on housing estates	93	6,000	£4,800,000
	Retail units	458	34,500	£46,400,000
	Other Income Generating Non operational Assets	511	-	£34,700,000
	Workshops third party use	72	36,000	£4,800,000
<b>Surplus Property</b>	Property released by a service and awaiting alternative use	-	-	£2,200,000
	Buildings declared surplus:	12	-	£17,100,000
	Land declared surplus assets	100	-	£105,200,000

**Notes:** \*Dwellings number excludes c.15,000 leaseholds sold through the Right to Buy scheme. \*\* The value reported for the offices estate reflects the opportunity cost to the Council of the space it occupies and includes a notional value for leasehold assets. It does not reflect the figure the assets could be sold for. \*\*\* Income generating non operational assets exclude a number of low value assets and rights over land with annual rentals falling below de minimis amounts.

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## **PRESSURES FOR A 30% SMALLER OPERATIONAL ESTATE**

Although complex, the operating environment for our assets and how we use them is easily appraised for the purposes of AMP 2010. The need to pay off public debt, government policy, economic and environmental imperatives leave no doubt that pressure on public finances and property holding costs is mounting on a scale not seen in decades. HM Treasury's "Operational Efficiency Programme" publication in 2009, Audit Commission guidance (e.g. "Room for Improvement" (2009)) and inspections, initiatives such as Total Place, the Carbon Reduction Commitment, and others add detail and signal the way ahead.

Meanwhile the escalating cost of holding assets that are not, or cannot, be used in a way that maximises service returns, or income, is a powerful driver towards disposal and seeking out alternative accommodation solutions.

None of the above is to say that there is any less commitment to providing public services; the demand for which is inevitably growing in the prevailing economic climate. However, in the future these services will need to demonstrate better value, re-engineer and consolidate (internally and by cross-agency collaboration) to be sustained, reallocate resources from back-office to front line activities, and do all of the above in the context of a tightening environmental regime. For services the emphasis has shifted from how they can be improved, to how they can continue to be tenable.

### **Comprehensive Spending Review 2010**

In its October 2010 Comprehensive Spending Review (CSR) government determined that local government funding would be cut by 28% over the next four years through to 2014/15. The detailed implications of the measures in the Chancellor's statement will become clearer during the remaining months of this financial year (2010/11). This includes the culmination of pivotal studies such as the review of capital investment in schools and other educational facilities launched by the government in August 2010 and expected to report in December.

For the Council the impacts will be seen in the coming years in terms of service delivery, local residents, businesses and visitors. A secondary set of considerations arise for our asset management planning in relation to how property markets, which inevitably provide the back drop for our asset management planning, will be impacted. A potentially depressant effect on commercial and the housing markets is anticipated.

On a more positive note the financial constraints were accompanied by the indication of additional freedoms on how local authorities do business, with simpler funding and greater choice including the removal of government revenue grant ring fencing arrangements. A government White Paper is expected on Tax Increment Financing (allowing key projects to be funded from borrowing against future increases in locally collected business rates).

Governments "Big Society" agenda featured prominently in the announcements. The coalition is to look closely "at setting proportions of appropriate services across the public sector" that should be delivered by independent providers such as the voluntary and

community sectors and social and private enterprises, facilitated by asset transfer and other mechanisms where viable. Funding will be provided to support capacity building within the VCS. A "Reform" White Paper is expected to set out details in early 2011.

### **Resources Position**

Budget savings across the Council are currently set 10%, 7.5% and 7.5% for the next three years. The Council is assessing the implications of the CSR announcements and this may cause more challenging levels to be set. A decision on the budget for 2011/12 will be made in January / February 2011. In asset management planning terms the Council is already clear that supporting the necessary service-side transformation will mean rationalising the estate, reducing revenue spend, releasing capital (property is by its nature an expensive resource to hold, but also a valuable one when an appropriate exit point is selected), ensuring that what we decide to retain is appropriate to the needs of a modern organisation and can be sustainably managed. This is AMP 2010's mandate.

In practical terms the resources position based on the Council's Medium Term Resources Strategy and detailed Facilities Management data about the cost and condition of the existing property holdings tells us that the operational estate (excluding schools and housing stock) needs to reduce by approximately 30% through an accelerated programme. Because of its size, running cost and use across all service areas, much of the focus will be on our offices estate, although other asset holdings will also contribute.

The Council's estate and those across the public sector (including those of our operating partners) will emerge very significantly altered. If we do not drive the change process it is likely to be imposed, and not necessarily in ways that are consistent with managing our corporate objectives. Faced with the simple choice of whether to drive change or be drawn along in its wake, AMP 2010 explains how Southwark Council will deploy its asset base to meet the challenge ahead.

## HOLDING COSTS, THE RESOURCE GAP & RATIONALISATION

Step changes since AMP 2008 across all our Corporate Facilities Management arrangements have brought about the centralisation of expertise and budgets, and use of corporate contract arrangements. In 2009/10 the Council began to resurvey the condition of its core operational premises. Once completed and analysed the data collected will form the basis of a new fully costed and prioritised planned maintenance programme for the assets we decide to retain. The programme will be managed by the Council's Corporate facilities Management Team (now reporting directly to the Director of Finance and Resources, reflecting the substantial level of resources committed).

The survey results to date (which exclude schools and dwellings), cover approximately 140 assets, indicate that the estate has generally been maintained to a basic standard and there are now unavoidable requirements to increase expenditure. The pressures arise from a need to ensure that asset values are not impaired through poor repair, services delivery is facilitated through the availability of fit for purpose buildings, and most pressingly, that the Council's premises are safe and compliant with legislation:

**Table 2: Repair & Maintenance Cost Projections 2010-2014**

Element	Total Spend 2010 - 2014 Including Maintenance Backlog
Building Fabric	£9,200,000
Internal Finishes	£6,100,000
Mechanical Services	£9,900,000
Electrical Services	£13,700,000
External Works & Services	£600,000
Total for Surveyed Properties	£39,500,000
Projection for Non-Surveyed Properties	£33,400,000
Land, Playgrounds etc.	£1,500,000
<b>Total PPM Cost Projection</b>	<b>£74,400,000</b>
Estimated Maintenance / Compliance Allowance £7per m <sup>2</sup>	£8,700,000
Estimated Day to Day Repairs Allowance £12 per m <sup>2</sup>	£15,000,000
<b>Forecast Cost of 5 Year Programme</b>	<b>£98,100,000</b>

Projections based on the new surveys put the cost of fully maintaining the estate and ensuring its compliance over the next 5 years at £98.1 million, including a maintenance backlog of £10.5 million. The figures substantially exceed current levels of expenditure and available budgets, even before the additional financial pressures to achieve accelerated savings are taken into account.

Analysed over a five year period the repairing liability breaks back to approximately £90 per m<sup>2</sup>. This is significantly more than benchmark figures for modern, well maintained buildings and reflects the age, condition and limited investment to date across the majority of the

estate.

### **Bridging Gap – Buildings or Services?**

In short the Council does not have enough money to run its operational estate at existing levels without impacting services and staffing levels (which in any event it expects to see reduce significantly over the life of this Asset Management Plan). The position is not expected to improve. It may deteriorate further.

The repairing deficit is not bridgeable from existing budgets. It is possible to defer some costs such as decoration, and to a lesser degree on building services by rescheduling when works are undertaken. However, this will cause higher levels of spend on day to day maintenance as ageing services are kept ticking over, or impair building utility and asset value. Other heads of expenditure such as achieving statutory compliance across the estate are not negotiable and must be fully factored in. Therefore the effects of reprogramming are unlikely to make sufficient inroads into the shortfall.

The options available to the Council are threefold. The first - to do nothing - is not considered viable, since the authority would be exposed to unmanageable risks as buildings progressively fail to comply with the escalating body of owner-occupier legislation. Similarly, increasing expenditure on assets could only be achieved by diverting finite resources away from core service areas or by increasing the Council Tax beyond inflationary levels. The Council would not wish to pursue either option in the present financial environment at a time when demand for services is increasing, and funding options are diminishing.

Therefore the option we are pursuing is to work closely across all service areas as they adjust to the new spending environment, to reduce the size of the operational estate where this will achieve efficiency, reduce revenue spend or generate capital. The significance of the office estate in bringing about savings across the portfolio has been emphasised previously. Strategies in implementation (Modernise 1) and planning (Modernise 2 Programme) with an emphasis on central and local administration activities will contribute significantly to this objective. Detailed asset management planning with departments will develop the process with regard to more specialised assets as services adjust to the new spending regime.

### **Rationalising the Estate**

The change required will be considerable, with in the region of 30% of operational assets being released over the next four years as a starting point. Even at this level there would still be a shortfall between the spending requirement for maintenance and budgets available. This would be reduced by curtailing liabilities (including Business rates, utilities, insurance, etc) on buildings disposed of.

To reduce our overall holdings, deal with some locational mismatch, and maintain facilities in key locations, the office estate will need to be reconfigured through the addition of approximately 4,000 – 5,000 m<sup>2</sup> of new accommodation situated mainly in the centre of the borough. The detailed financial case, including funding requirements, is dealt with in the Office Accommodation Strategy.

## **ASSET STRATEGY**

Our approach to the management and rationalisation of the estate can be summarised by reference to four main programmes and three core asset activities:

- Office Accommodation Strategy
- Modernise 2 Programme
- Service Based Asset Management Planning for Specialist Assets
- Investment & Asset Creation through Regeneration
- Disposal
- Acquisition
- Active Management to Increase Efficiency of Retained Assets

Each of the programmes is considered in greater detail below and summarised in the Asset Management Planning Matrix at the end of this section. Detailed arrangements for disposal, acquisition and management were covered in AMP 2008 and the accompanying report to Executive, and the principles are communicated throughout the Council through the Business Managers Handbook.

The Matrix identifies actions we will take in relation to specific assets, their programming and financial implications, and the development of asset management planning generally. Much of the underlying information is commercially sensitive information and will not be disclosed externally. Information about disposals feeds into a 10 year capital monitor, aligned to the Council's capital requirements set out in the Medium Term Resources Strategy.

For reasons explained previously the emphasis will be on the offices estate. In November 2010 the Cabinet resolved to bring forward the next phase of modernisation across this part of the portfolio, including the sale of the Council's former Town Hall buildings, and further rationalisation and reconfiguration of the estate.

### **Leasehold Assets**

The Council will continue in its programme of withdrawing from all leasehold premises where it is appropriate to do so, as part of a long term plan to eliminate the revenue costs and relative inflexibility of leasehold occupation except where priority accommodation requirements can only be fulfilled by taking a lease of premises, i.e. in the absence of a solution from within the existing estate which represents value for money and is compatible with our wider asset management planning. As part of the surrender process landlords may be entitled to claim capital payments for dilapidations and these liabilities are assessed with a view to making provision against capital income.

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## Office Accommodation Strategy

By mid-2009 the Council had moved 2,000+ back-office staff from various locations to an efficient new leasehold building in Tooley Street.

The move to Tooley Street created a platform for organisational efficiency, and provided the capacity to reorganise asset allocation. Office buildings that no longer meet our criteria for office accommodation, appraised on the basis of quality, location, sustainability and cost are being sold (and leaseholds surrendered) or being brought up to standard and reused to create disposal opportunities elsewhere in the estate.

This represented a fundamental shift in how the Council uses office space. As a result Utilisation improved drastically from approximately 16 m<sup>2</sup> per workstation to 10 m<sup>2</sup> across 1,750 desk spaces. The efficient and effective platform which Tooley Street provides for modern ways of working has improved the ratio of workstations to staff from in excess of 9:10 to 8:10, with some departments working at 6:10. 1,750 workstations accommodate in excess of 2,250 staff with an average space allocation of 8.3 m<sup>2</sup> per person.

Now that the building is fully operational and new ways of working are embedded we have undertaken an audit of work practices and building utilisation. The results showed clear scope to increase the utilisation of the building by a further 20% and planning is underway for an early “restacking” of the accommodation to bring in staff from other buildings that can then be reused or sold according to option appraisal outcomes.

A final tranche of disposals from the programme is planned to complete this financial year. The approach to the Council's three town hall buildings (31 Peckham Road, 19 Spa Road and 151 Walworth Road) has been confirmed through the Modernise 2 programme, which considered the business case for these assets and resolved that they should be sold (subject to leasing back of parts of some of the buildings).

### Contingency Planning for Shared Accommodation at Tooley Street

As part of its strategy for joint working with partner organisations and ensuring the efficient use of the building, the Council has entered into an agreement with the Primary Care Trust (PCT) for their use of part of Tooley Street. The White Paper “Equity and Excellence: Liberating the NHS” published in July has launched a fundamental review of the NHS, with shadow GP consortia groups to be established by 2011 and PCT's dissolved by 2013.

Our working assumption is that functions transferring to the council, such as Public Health, will remain in place, an element of this space will be returned to the council's spare accommodation pool and will be available for projects such as an expanded in-house telephone call centre or relocation of client services from the Cottons Centre.

The release of the 160 desks concerned would give the Council capacity to move in an additional 200 staff at an 8:10 desk to staff ratio (this is in addition to the 350 current target for additional staff to be brought to Tooley Street). The risk of over-capacity is mitigated by Tooley Street's flexible design which means that in the circumstances that excess accommodation is available, elements of the building could be let externally.



## Modernise 2 Programme

The Modernise 2 Programme is the next phase in evolving the Council's offices portfolio. It aims to support the efficient running of the council and the improvement of services to local people by facilitating service transformation through the provision of a modern working environment. The programmes' principles are:

- Maximising the use of Tooley Street by ensuring that any remaining services that do not need to be located locally are transferred to Tooley Street, subject to capacity;
- Acquiring shared flexible accommodation on the Tooley Street model in the centre or south of the borough as a main operation centre;
- Specialist accommodation remaining at specialist sites but rationalised to make the best use of available facilities;
- Well regarded and accessible customer access points either within current One Stop Shop facilities or in the medium to long term co-located in existing facilities such as libraries;
- Remaining flexible to the expected significant reduction in Council staff during the life of the programme

Where the original Office Strategy focused on accommodating back-office administrative activities, the Modernise 2 is addressing the requirements of business units that primarily need office premises, but by the nature of the services they provide or specific location requirements, do not fit the "Tooley Street" model.

There is more work to be done to progress the programme. However at this stage a number of priority asset actions are being brought forward for implementation in 2010 – 2012:

- **Empty Bradenham and the Chaplin Centre and ensure Tooley St delivers more productivity** - move the majority of Chaplin based staff into Tooley Street
- **Address YOT location concerns** - alternative locations for the YOT – Youth Offending Team - are being appraised although flexibility in the current estate is extremely limited which has delayed the identification of a suitable site.
- **Relocate the Harris Street AHO to facilitate the Elmington development (and combine Denmark Hill office at the same time)** - proposal being progressed in line with the development timetable.
- **Review the need for a Public Sector Estate Strategy** - reviewing public sector assets, and how rationalising public sector gateways can contribute to tackling deprivation, has been proposed.
- **Produce a vision for area based services, including the front desk requirement** - developing a shared public sector approach

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## Specialised Asset & Service Based Asset Management Planning

Every Council service anticipates substantial change over the next three years, with delivery models actively being re-engineered and realigned to resource expectations. This extends beyond accommodation requirements that are common to all, such as offices, to specialist properties that are highly service specific e.g. care homes, depots, libraries and sports facilities. After allowing for Tooley Street based staff, and those addressed by Modernise 2 the majority of the remaining staff are regarded as having specialist accommodation requirements.

As the implications of the Comprehensive Spending Review and internal budget setting for future years are absorbed we will work closely with each department across the Council to refresh existing departmental asset management plans for each service area. Developed from AMP 2010's principles, and shaping the overall asset management strategy these individual plans will become the basis for reconciling the various needs identified against the potential of the asset base.

The approach is to work with senior service managers to agree the implications of service objectives in terms of asset priorities. Rather than consider the service in isolation, or the assets it uses currently, a holistic view is applied across all services and all parts of the corporate estate. In this way service outcomes in the widest corporate sense can be explored, along with opportunities to intensify the way in which assets are used.

The format for departmental AMP's is:

- Assessment of Existing Assets (Suitability, Sufficiency, Cost, etc)
- Service Objectives
- Assets Required / Challenge Process
- Option Appraisal / Preferred Option
- Implementation Plan

Representatives from each service will form an Asset Management Board (see "Organisational Arrangements for Asset Management Planning below) to steer the asset management processes that will take place in the course of redrafting departmental assets management plans.

The key asset issues captured to date for services are built into the Asset Management Planning Matrix (see below) to be assessed, reviewed and challenged.

## **Additional Asset Strategies – Housing, Schools, Infrastructure & Carbon Reduction Strategy**

Parts of the portfolio have long established asset strategies, reflecting the strategic importance and considerable investment in the services they support. How the interaction between these areas and the overarching corporate AMP is managed is explained subsequently – see “Structures & Decision Making”.

Key points arising from these supplementary strategies:

### **Housing Assets**

#### Affordable Homes

Despite the recession, the Council is delivering ambitious targets to build new affordable homes in the borough.

- In 2009/10, provisional results show that 579 units were delivered in-year with 67 additional units being completed shortly after the year end (2008/09: 479).

#### Decent Homes

- About 1,900 homes are made decent annually (2009/10: 1,866; 2008/09: 1,997). Recent changes to the internal works service will increase this further.
- The council spends around £80m per annum on improvements to its housing stock, including £40m on decent homes/area priorities. By the middle of quarter 4 in 2009/10 the council had invested some £72 million in improving homes and regenerating estates (2008/09: £89m on stock and £55million on decent homes/area priorities).
- External funding for this work amounts to around £50m, comprising £37m through Major Repairs Allowance and £12.5m GLA supported borrowing.

Elsewhere in the Housing Estate reviews have been undertaken of tenants halls and the Council’s extensive portfolio of lock up garages on estates.

### **Education Assets**

- Work is underway to transform the secondary school estate with the £200m BSF programme delivering 9 new build schools and the substantial refurbishment of 3 more over the next four years. The first school is to open in September 2010. A number of disposals will take place as older buildings are released from the portfolio.
- The primary school and early years estate is benefiting from the Sure Start and Primary Capital Programmes. Michael Faraday primary school is the first to be delivered through Southwark’s Primary Capital Programme and is due to open in September following circa £12m of investment in partnership with the Aylesbury NDC.
- Southwark’s BSF programme allows for a 96 place short stay school for 14-16 year olds with no school place. Presently, the pupils are spread across a number of sites with a significant number on specialised alternative provision programmes commissioned from a wide range of external providers. There is a need for around 1100m<sup>2</sup> and options are being considered from within the existing estate to meet this need.

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### Schools projects outside the BSF programme

- Globe - new build - part of £90m Academies programme - completion programmed for June 2011
- Harris Boys - new build - part of £90m Academies programme - completion due June 2010
- Walworth - new build via Partnership for Schools national framework - completion due by the end of 2010

### Infrastructure

A Highways Asset Management Plan (HAMP) has been prepared and will be reported to Cabinet in December 2010.

The HAMP sets the policies and investment criteria needed to keep all highway assets in a safe and operational state, both on a day to day basis and in the long term. The assets within its the scope are carriageways, footways, street lighting, highway structures, highway surface water drainage and street furniture, with a combined value of £704 million on an interim Gross Replacement Cost basis.

### Carbon Reduction Strategy

The Climate Change Act 2008 set legally binding carbon reduction targets for the UK, devolved to the Department of Environment and Climate Change (DECC) for local authorities. Targeted national indicators are currently under review and mandatory participation in the Carbon Reduction Commitment Energy Efficiency Scheme has been deferred to April 2012.

The DECC results for Southwark show that 84% of carbon emissions in the borough come from the built environment (54% workplaces/30% homes). Southwark's operational buildings (including schools and academies) contribute 2.7% (1.3% schools/academies) of the workplace element. Scenario modelling suggests that a 26-30% reduction could be delivered with minimal investment, but this is heavily dependant on a high disposal rate. Full details to achieve carbon reduction targets in the borough are set out in the Carbon Reduction Strategy being presented to the December 2010 Cabinet for approval.

The Council's Asset Management Strategy supports a reduction in energy use through its Office Accommodation Strategy (including Modernise 2), seeking to move staff and services to a sustainable estate of modern, efficient, fit for purpose properties, releasing the old inefficient estate for disposal. Moreover the overall reduction of the office estate and the strategy to relocate to large, well located buildings close to transport hubs has, and will continue to, result in less staff commuting by cars and less staff travel between a dispersed office estate.

## INVESTMENT IN ALTERNATIVE OPERATIONAL ASSETS

Appropriate investment occurs where there is a compelling business case to do so, including asset creation through regeneration:

- New office premises to be identified in the south central area of the borough to facilitate the wider reconfiguration of the offices estate through Modernise 2 and funded from surpluses generated through disposals;
- Achieving sustainability outcomes is at the centre of the move of council staff to a single site at 160 Tooley Street, releasing old/obsolete office estate for disposal and giving further flexibility to second phase office moves/Localities. Consequent receipts and move to highly efficient building and reduction in Council's carbon footprint.
- New waste and recycling centre in Old Kent Road (programmed completion 2011). State of the art facility procured via a PFI contract with UK's waste management market leader. Worth an estimated £665 million over 25 years. Allows recycling/composting of 50% and generation of value from 75% of waste by 2020.
- John Harvard Library, which re-opened in early 2010 following a £1.42m refurbishment. Construction is now well underway on a new £14.1m library and state of the art community facility at Canada Water.
- In February 2010 the Surrey Docks Watersports Centre was opened following a long and detailed project management process with modern facilities as part of a borough wide £12.3m investment programme to support healthier lifestyles.
- A new leisure centre is due to open in Dulwich in the coming months and the council have developed financing options to improve Camberwell Leisure Centre. Options are being examined for leisure provision in the Elephant & Castle Regeneration.
- Southwark has celebrated registering its 100th eco school, more than any other London borough. The percentage of schools registered to be eco schools in Southwark is the fifth highest in the country.
- In 2009/10, a contract was awarded for the £6m redesign of Burgess Park. Within the park the Council also reopened Chumleigh Gardens in March 2010 following a £1.2million refurbishment and development including a new recreation space, play area and entrance to the park.
- Opening a Southwark Works office in Bermondsey to further support the successful Southwark Works delivery programme in that area following the closure of a local JobCentre Plus office.

### Replacement of outdated assets through regeneration:

- In November 2009, Heads of Terms for the £1.5bn scheme to transform the Elephant and Castle was approved and a Development Agreement has since been signed.
- The first phase, the Heygate Estate regeneration project that will deliver new homes, five new open public spaces, and up to 75,000 square metres of new retail space. A rehousing programme is well advanced to provide vacant possession of the estate.
- The council agreed the Aylesbury Area Action Plan in January 2010, with a regeneration project that will replace around 2,700 units over the next 20 years and comprise around 4200 new homes. Work has started on the first site, which will provide 260 mixed tenure homes and a new Adult Resource Centre for adults with learning difficulties. There is some £180m worth of PFI credits available to support the costs of phases 2 and 3.

## TENANTED NON-RESIDENTIAL ESTATE – INVESTMENT ASSETS & THE VCS PORTFOLIO

The Investment Portfolio consists of non-operational commercial, industrial and miscellaneous property holdings that generate income. The combined net rent roll from the Investment Portfolio currently stands at over £12 million.

The majority of the investment portfolio is held for the benefit of the Housing Revenue Account. However, like the operational estate the management of the portfolio, and all investment, disposal and strategic decisions are the responsibility of the Head of Property.

**Table 4: Tenanted Non-residential Estate – Composition**

Description	Number	Approx. Area GIA (m2)	Present EUV Valuation
Industrial property	16		£2,350,000
Shops on housing estates	93	6,000	£4,800,000
Retail units	438	33,000	£41,200,000
Other Income Generating Non operational Assets	484	-	£12,700,000
Workshops third party use	72	36,000	£4,800,000

Historically assembled on an ad hoc basis for service reasons (economic development and providing local facilities for residents), today the main role of these assets is to generate income for the Council. Nevertheless, they continue to contribute to the overall well-being of the borough, and incomes generated from investments may be re-directed to support the delivery of strategic objectives. The portfolio also includes premises occupied by the voluntary and community sector (VCS) which is managed on similar principles.

### Overall Management Approach

These assets provide a significant revenue income stream and the Council has resolved to retain the assets for this purpose, subject to some sales to sitting tenants where premises may be disposed freehold, or in more limited circumstances on a long lease. Generally the units and parades are integral with residential blocks, and this, together with the Council's preference not to prejudice future options has restricted the trading of these investments.

Detailed coverage of the Council's approach to investment assets (including criteria for disposals from the portfolio) can be found in the Executive Report "Corporate Property Management Arrangements – Integration and Implementation" dated 20<sup>th</sup> May 2008.

Investment in the estate is targeted at opportunities to enhance rental returns, offset environmental or economic obsolescence, secure environmental improvements including community safety and other benefits, or to enhance regeneration initiatives.

£19 million disposals have been targeted in our 10 year disposal programme, plus a further £20 million from the sale of industrial estates and £6 million from the VCS estate.

Where opportunities to acquire assets exist, whether for investment or operational reasons, these will be evaluated e.g. the new developments in the Bermondsey Spa and Canada Water regeneration programmes will both provide retail premises.

## Investment Performance & Maximising Net Income

The emphasis of the management strategy is to maximise net income through the prompt execution of lease renewals, rent reviews and new lettings, and minimising holding costs, including management:

**Table 5: Maximising Income from the Investment Portfolio**

Year	2009/10	2010/11
Number of Lease Renewals	35	45
Increased Income	£40,000	£50,000
Number of Rent Reviews	40	60
Increased Income	£80,000	£45,000
Voids Let	36	-
Increased Income	£530,000	-
Voids as Percentage of Lettable Estate	6%	6%

The management of the Investment Portfolio is undertaken by an in-house team. Although the Council has explored options for a number of management models, including outsourcing to a third party landlord, and tenant self management schemes, the present configuration is considered to represent value for money in terms of impact on net income and compares favourably with similar operations and external comparators:

**Table 6: Management Costs Analysed**

	LBS 2009/10 Spend 2009/10 (Actual)	London ACES Average 2008/09 (last available)
Business Tenancies Managed	1,058	590
Total Rental Income 2009/10	£11,460,000	£5,700,000
Annual Management Spend 2009/10	£550,000	£440,000
Cost as % of Rent Roll	4.80%	7.70%

*ACES = Association of Chief Estates Surveyors*

## Voluntary & Community Sector Estate

Recent years have seen the growing acknowledgement of the third sector as a means of supporting and diversifying public sector service objectives, as the October 2010 Comprehensive Spending Review document readily demonstrates (see Page 9). Southwark's The Voluntary & Community Sector (VCS) estate currently comprises 73 assets, ranging from lock-up shop units to large, Victorian multi-let properties.

At its meeting of 19<sup>th</sup> May 2009 the Council's Executive approved a high level Asset Management Strategy for the VCS portfolio (the document is available separately). The VCS Asset Management Strategy derives directly from the Council's Corporate Asset

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Management Plan and underpins this key strategic document with an additional tier of detail.

The key principles underlying the agreed approach to the VCS estate are:

- a) To define the portfolio of assets that made up the estate, and the circumstances under which properties might be added to or removed from the portfolio;
- b) Bring the management of the properties, and budgets, concerned under a single lead through the creation of a dedicated VCS Portfolio Manager within Southwark Property (with a corresponding client-side liaison post in Social Inclusion);
- c) Introduce detailed asset management planning arrangements for VCS properties with a view to improving the “offer” to the sector within a cost neutral (or better) operating model - achieving a smaller, affordable, portfolio of better quality assets that are fully utilised.
- d) Preserve the value of individual assets through appropriate repair and maintenance and of the wider estate by avoiding strategic fragmentation (linked to the Council’s corporate asset objectives);
- e) Establish a set of policies and protocols covering asset transfer
- f) Clarify the rent and lettings policy for VCS assets, regularise occupation arrangements and ensure effective lease management including rent review, lease renewal, and enforcement where necessary
- g) Agree and implement a detailed performance management and reporting system, covering both the assets and their management

Whilst these principles generally hold good, much has of course changed over the past year in the operating and resources environment against which the assets are held. Therefore the Council will now review progress on the implementation of the VCS strategy to date, and the detailed arrangements for the appropriate future configuration and management of the portfolio. This is to be achieved through the completion of a detailed Asset Management Plan for the VCS estate by Spring 2011. Increasing utilisation and the sharing facilities will be key themes in achieving best value from the portfolio.

In the meantime the proactive management of the VCS estate, including where required, regularisation of occupations, enforcing terms of agreements and renegotiation of leases, health and safety compliance, is minimising risk exposure to the Council and service users and maximising the condition of the estate and therefore the voluntary sector offer in the Borough.



## ORGANISATIONAL ARRANGEMENTS & DECISION MAKING

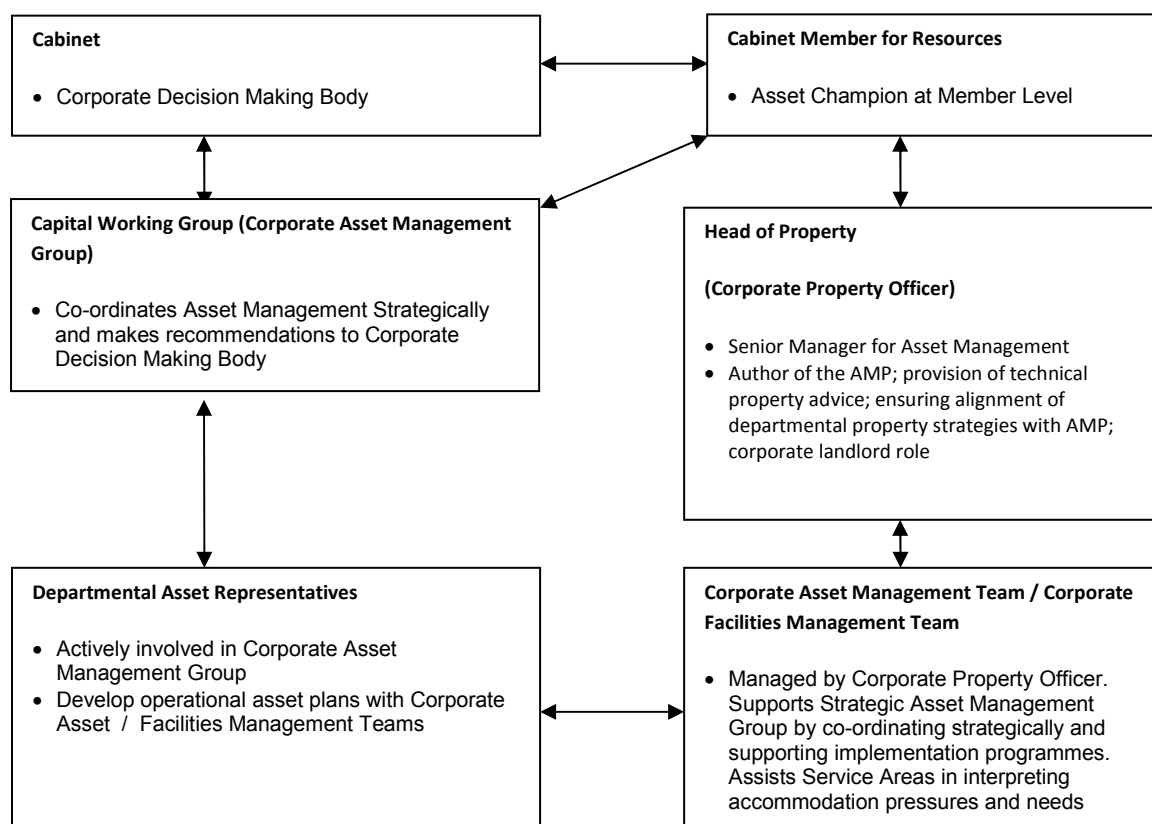
### Central Property Function – the Corporate Property Officer

Ensuring the development of strategic asset management, and capturing property asset issues in the business planning process is the responsibility of the Corporate Property Officer (CPO). The role is undertaken by the Head of Property. The CPO exercises a central strategic overview that provides the point of co-ordination between corporate strategy and delivering workable solutions in asset use issues.

A full range of strategic and technical advice in all property matters is provided by the Council's in-house property unit. Primary points of contact on Asset Management Planning, and supporting the role of the CPO are the Corporate Property Teams and Corporate Facilities Team.

The CPO is a member of, and reports to, two key strategic decision-making groups in terms of asset management planning matters: the Capital Working Group (CWG), and the Council's cross-service Corporate Management Team. Collectively these groups are responsible for the effective strategic management of the Council's assets at officer level, with CWG taking the central role.

### Organisation for Delivery – Corporate Roles for Asset Management



Property asset issues are generally decided by Cabinet, Individual Decision Making and

through delegated decision according to the significance and impact of the proposals under consideration. Through these arrangements responsibility for asset issues vests in a single Cabinet portfolio holder (Finance & Resources). The portfolio holder's role is to ensure sound business planning and financial probity within the corporate framework, including the new Medium Term Resources Strategy and all financial management of revenue and capital, the capital programme and the management of capital receipts.

## **Review**

There has been a good deal of change across the organisation during the last 18 months. Therefore it is appropriate to look again at how well the asset management is embedded in corporate processes, structures and decision making. A working model for future arrangements is shown diagrammatically below, together with a proposed process and we will now undertake consultation on the proposals. A key consideration will be to ensure that from a resourcing point of view the proposals are in proportion to the portfolio under management.

Currently asset decisions are delivered through Corporate Management Team alongside the Capital Working Group with technical advice from the Head of Property's Corporate Property team. However, it is considered that the structure could benefit from some refinement in order to bring closer links with, and highlight the benefits of asset management planning processes to, service departments. This will have a number of benefits including:

- Early identification of corporate cross-cutting themes and opportunities;
- identification of collaborative opportunities;
- Early establishment of support from the corporate centre including resourcing prioritisation (staffing/capital/revenue);
- Central collection and collation of output and service benefits data to better inform future rationalisation/investment decisions.

## **Systems**

Some of our systems are also being critically reviewed. Whilst option appraisal arrangements and estate management systems are in place to assist decision making, the "Manhattan" estate management system in particular was identified as warranting review and potential overhaul in AMP 2008. Accountants Grant Thornton have recently completed an external review of the system in use and we will now review our action plan for the system to ensure it continues to be a valid business tool with the capacity to respond to our changing requirements (particularly in the area of Facilities Management).

## **APPENDICES**

1. Contextual Information
2. High Level Asset Objectives
3. Critical Success Factors
4. Portfolio Performance Data

## LONDON BOROUGH OF SOUTHWARK CONTEXTUAL INFORMATION

<b>Area</b>	<ul style="list-style-type: none"> <li>2,886 hectares (7.129 acres)</li> </ul>
<b>Location</b>	<ul style="list-style-type: none"> <li>Inner City, South-East London</li> <li><b>Incorporating:</b> Bankside, Borough, Bermondsey, Rotherhithe, Elephant &amp; Castle, Camberwell, Walworth, Peckham, Nunhead, Dulwich</li> <li><b>Nearest Neighbours:</b> London Boroughs of Lambeth, Lewisham, Croydon and Bromley, Cities of London and Westminster, and the London Boroughs of Camden and Tower Hamlets</li> </ul>
<b>Population</b>	<ul style="list-style-type: none"> <li>274,000 residents (approximately) <sup>1</sup>, 107,663 households</li> <li>17% of the population is under the age of 15</li> <li>39% of the total is from Black and other ethnic minority groups</li> <li>Population growth to approximately 339,000+ by 2031 projected</li> <li>Over 11,955 businesses employing 155,074 people</li> <li>Ranked as 26<sup>th</sup> most deprived borough in England (16 of our 165 LSOAs are in the 10% of the most deprived LSOAs nationally)</li> </ul>
<b>Political Composition</b>	<ul style="list-style-type: none"> <li>In the May 2010 elections the Administration changed from a Liberal Democrat / Conservative coalition to a Labour majority. 63 Councillors (35 Labour, 25 Liberal Democrat, 3 Conservative) representing 21 Wards.</li> <li>Parliamentary Seats unchanged in 2010 <ul style="list-style-type: none"> <li>Bermondsey &amp; Old Southwark (Liberal Democrat)</li> <li>Camberwell &amp; Peckham (Labour)</li> <li>Dulwich &amp; West Norwood (Labour)</li> </ul> </li> </ul>
<b>Administration</b>	<ul style="list-style-type: none"> <li>Leader, deputy &amp; Cabinet format including cross-cutting portfolio holders and scrutiny process</li> <li><b>Portfolio's:</b> Regeneration &amp; Corporate Strategy, Health &amp; Adult Social Care, Community Safety, Transport, Environment &amp; Recycling, Finance &amp; Resources, Children's Services, Equalities &amp; Community engagement, Culture, Leisure, Sport &amp; the Olympics</li> </ul>
<b>Council Departments</b>	<ul style="list-style-type: none"> <li>Corporate: Deputy Chief Executive - Communities, Law and Governance - Finance and Resources</li> <li>Children's Services</li> <li>Environment and Housing Department (Housing Services to be established as separate department)</li> <li>Health and Social Care</li> <li>Regeneration Department (to transfer to Deputy Chief Executive November 2010).</li> </ul>
<b>Asset Holdings</b>	<ul style="list-style-type: none"> <li>Aggregate value of £3 Billion on the basis of valuations conducted for disposal, Asset Register and Housing Resource Accounting purposes.</li> <li>Approximately 96% of this value is concentrated in operational assets (primarily our housing stock) used by the council to deliver services in direct support of our Community Priorities.</li> <li>The remainder is invested in infrastructure, shops, business premises and other non-operational properties used to produce rental income, and in surplus properties that are no longer appropriate to Southwark's portfolio and are being actively disposed of.</li> <li>See Composition of Portfolio (p7)</li> </ul>

## 2. HIGH LEVEL CORPORATE OBJECTIVES FOR ASSETS

1	Achieve a corporate portfolio that is appropriate, fit for purpose, affordable and which contributes to improving operational and service delivery outcomes (sustainable; efficient; fit for purpose; value for money) through review & challenge;
2	Act proactively to mitigate the effects of the economic downturn whilst reconciling this with the strategic objectives of the Council
3	Contribute to key regeneration projects through acquisition and disposal activity and use of CPO powers where appropriate.
4	Effective strategic planning of the estate fully integrated into the Council's business planning processes, developing this further with partner and neighbouring agencies.
5	Constantly review and monitor the operational estate to keep the objectives for portfolio relevant to fulfilling corporate goals
6	Manage operational demand for corporate accommodation arising from extensive restructuring across the organisation and the ongoing drive to modernisation
7	Provide flexible solutions to operational requirements to allow for changing future demands in the operational estate (including exit strategy)
8	Respond to changing demand for assets from all parts of the organisation; balancing those demands against resources available
9	Include consideration of external factors in all strategic decision making
10	To promote collaborative/partnership working to provide efficiencies, either through shared occupational, operational or procurement arrangements
11	Promote high environmental sustainability in both existing buildings and in procurement of new assets in order to minimise costs in use and emissions
12	Deliver challenging capital receipt targets whilst maintaining best consideration principles and balancing revenue requirements
13	Improve stock condition and minimise back log maintenance
14	Ensure statutory compliance and minimise risk exposure
15	Consolidate property management arrangements at strategic and operational levels
16	Maintain a sustainable corporate estate and preserving its inherent investment and utility value through comprehensive facilities management arrangements and a planned preventative maintenance programme.
17	Raise the profile of asset management planning corporately and operationally across the authority and reinforcing the role of the Corporate Property Officer
18	Renew and reinforce structures for asset management planning at corporate level

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19	Review and refining systems, data, and performance management arrangements in order to fulfil the growing expectations of them
20	Safeguard the Council's legal position with regard to its land holdings by completing a comprehensive review and registration of title programme
21	Implement a comprehensive and sustainable strategy for community premises (including asset transfer arrangements), underwritten by sound asset management practices. Consider a range of approaches to heritage properties and their conservation, including facilities management, management agreements with third party organisations and other forms of asset transfer (subject to finalisation of protocol) where appropriate
22	Manage rent reviews and lease renewals to maximise revenue income, and Take appropriate action to minimise the arrears of rent
23	Proactively managing the investment portfolio to ensure compliance with lease terms and protect/enhance value
24	Challenge reasons for holding investment property and monitor investment returns and performance
25	Provide effective, professional property advice in support of departmental strategic objectives

### 3. CRITICAL SUCCESS FACTORS

ASSET TYPE	ASSET OBJECTIVES
All Assets (including IT systems)	<p><b>To develop an appropriate portfolio of assets to meet the Council's corporate operational and service delivery requirements (optimum use; sustainable; efficient; fit for purpose; value for money):</b></p> <ul style="list-style-type: none"> <li>• Use land holdings to lever in investment through regeneration;</li> <li>• To maintain and ensure the accuracy of the asset information, and to maintain and develop the systems used to hold this information including the modernisation of the Council's ownership terrier with a GIS based system and registration of all titles;</li> <li>• Identification of surplus and underperforming assets through review and challenge process;</li> <li>• Build in flexibility for future change, acknowledging illiquidity of property assets and option of alternative accommodation models</li> <li>• To develop and implement whole life costing/options appraisal methodology into corporate decision making</li> </ul>
Operational Assets Generally	<p><b>Enabling modernisation and adoption of new working practices, co-location and cross-departmental efficiencies;</b></p> <ul style="list-style-type: none"> <li>• Increased access and range of services in optimum locations</li> <li>• Identify opportunities for collaboration with partner organisations</li> <li>• To safeguard the inherent investment value and service delivery potential of the operational estate through: <ul style="list-style-type: none"> <li>• Comprehensive facilities management arrangements including achieving compliance;</li> <li>• Controlling and reducing the maintenance backlog</li> <li>• An effective Planned Preventative Maintenance Programme for the operational estate;</li> <li>• Minimise cost in use and environmental impact;</li> <li>• Thematic and cross-cutting programmes of review, consolidation and rationalisation;</li> <li>• Supporting service outsourcing.</li> </ul> </li> </ul>
Operational Office and Administrative Assets	<p><b>Continual review of corporate office and administrative accommodation requirements within the context of an overall programme of optimising use, consolidation and rationalisation;</b></p> <ul style="list-style-type: none"> <li>• All accommodation changes subject to approval by Asset Management Steering Group</li> <li>• Improvement of retained accommodation through the adoption and application of Council-wide space standards, and accommodation quality standards;</li> <li>• Reduction of running costs through more efficient utilisation and building efficiency;</li> <li>• Improved service delivery by redirecting accommodation costs into service improvements;</li> <li>• Explore opportunities for accommodation sharing with partners and benefiting from organisational proximity and economies of scale.</li> </ul>
Assets Used by Third Parties for Operational Purposes	<p><b>Formalisation of all third party arrangements with agreements that are proportional to the period, purpose and extent of occupation;</b></p> <ul style="list-style-type: none"> <li>• The property agreement explicitly separated from (but annexed to) a wider service agreement;</li> <li>• Charging of financially appropriate rental levels (Market Value), by way of a clear and transparent mechanism;</li> <li>• Incorporation of any necessary capital expenditure into the agreement;</li> <li>• Co-ordination of all agreements by the Corporate Property Officer ;</li> <li>• Involvement of Corporate Property Officer or his nominee in negotiations with third parties;</li> <li>• Provision made that any third party arrangement will not have an undue impact on the authority's future flexibility.</li> </ul>
Non-operational Investment Assets / the Tenanted Non-Residential Estate	<p><b>Apply explicit criteria for retention/disposal e.g. freehold commercial premises with residential upper parts to sitting tenants;</b></p> <ul style="list-style-type: none"> <li>• Preserve and proactively enhance the value of the investment estate including active portfolio review processes;</li> <li>• Secure maximum annual return through commercial rents – lettings, rent reviews, lease renewals and rent collection;</li> <li>• Address lack of investment in the estate by a programme of improvements to enhance the performance of the portfolio and its sustainability where there is a business case to do so;</li> <li>• To ensure that day to day management reflects local demand and encourages tenant mix, including flexible lease terms;</li> <li>• A VCS Strategy adopting the above principles and including an Asset Transfer Policy has now been adopted giving clear protocols for dealing with the management of the portfolio and any asset transfer requests (to be finalised).</li> <li>• Identify additional opportunities for income maximisation;</li> <li>• Actively preventing, monitoring and enforcing against immoral and illegal uses though use of lease provisions and working with enforcement agencies.</li> </ul>
Surplus Land and Buildings (including Regeneration areas)	<ul style="list-style-type: none"> <li>• Dispose of Surplus Property to achieve the best consideration / best value for the Council in support of the capital programme;</li> <li>• Dispose of (and acquire) property in pursuit of strategic and regenerative initiatives and commercial opportunities.</li> </ul>

## APPENDIX 4 - PORTFOLIO PERFORMANCE DATA

### 1. Condition & Maintenance (operational assets excluding dwellings)

To measure the condition of the assets for their current use, changes in condition and annual spend on required maintenance:

No.	Indicator	Category/Level	Results
PMI. 1 A	% Gross Internal floor space in condition categories A-D	Cond. Cat A	38%
		Cond. Cat B	41%
		Cond. Cat C	19%
		Cond. Cat D	2%
PMI. 1 B(i)	Required maintenance as total cost In priority levels 1-3	Priority Level 1	£17.8 million
		Priority Level 2	£28.0 million
		Priority Level 3	£81.0 million
PMI. 1 B(ii)	Required Maintenance as a % in priority levels 1-3	Priority Level 1	14%
		Priority Level 2	23%
		Priority Level 3	63%
PMI. 1 B(iii)	Overall cost per square metre GIA per annum	-	£44
PMI. 1 C	Annual percentage change to total required maintenance figure over previous year	-	Previous years based on historic survey and not comparable
PMI. 1 D(i)	Total spend on maintenance in previous financial year (incl. day to day repairs and compliance)	-	£7.2 million
PMI. 1 D(ii)	Total spend on maintenance per square metre GIA per annum	-	£20.2
PMI. 1 D(iii)	Percentage split of total spend on maintenance between planned and reactive maintenance	-	16% : 84%



## 2. Environmental Property Issues

To encourage efficient use of assets over time and year-on-year improvements in energy efficiency:

No.	Indicator	Results
PMI. 2 A(i)	Energy Costs / Consumption (gas, electricity, oil, solid fuel) - £ spend m2 / GIA	£9.86
PMI. 2 A(ii)	Energy Costs / Consumption (gas, electricity, oil, solid fuel) - kwh / m2 GIA	173 kwh / m2
PMI. 2 B(i)	Water Costs / Consumption - £ spend per m2 GIA	£1.47
PMI. 2 B(ii)	Water Costs / Consumption - volume m3 per m2 GIA	0.82 m3 / m2
PMI. 2 C	CO2 emissions in tonnes of carbon dioxide per m2 GIA	0.05

## 3. Suitability Surveys (operational assets excluding dwellings)

To encourage the carrying out of suitability surveys to help identify how assets support and contribute to the effectiveness of frontline service delivery i.e. are they fit for purpose:

No.	Indicator	Results
PMI. 3 A	% of portfolio by GIA m2 for which a suitability survey has been undertaken over the last 5 years ~	90%
PMI. 3 B	Number of properties for which a suitability survey has been undertaken over the last 5 years	167

## 4. Building Accessibility Surveys (operational assets excluding dwellings)

To monitor progress in providing access to buildings for people with disabilities:

No.	Indicator	Results
PMI. 4 A	% of portfolio by m2 GIA for which an access audit has been undertaken by a competent person	89%
PMI. 4 B	Number of properties for which an access audit has been undertaken by a competent person	176
PMI. 4 C	% of portfolio by m2 GIA for which there is an Accessibility Plan in place	88%
PMI. 4 D	Number of properties for which there is an Accessibility Plan in place	174

## 5. Sufficiency (Capacity & Utilisation) of the Office Portfolio

To measure the capacity and utilisation of the office portfolio:

No.	Indicator	Results
PMI. 5 A(i)a	Operational office property as a percentage of total portfolio based on GIA	25%
PMI. 5 A(i)b	Office space per head of population based on GIA	0.4 m2
PMI. 5 A(ii)	Office space as a percentage of total floor space in operational office buildings using Net Office Space to NIA	77%
PMI. 5 A(iii)a	The number of office or operational buildings shared with other public agencies	12
PMI. 5 A(iii)b	Percentage of office or operational buildings shared with other public agencies	8%
PMI. 5 B(i)	Average office floor space per number of staff in office based teams (NIA per FTE)	12 m2
PMI. 5 B(ii)	Average floor space per workstation NIA	14 m2
PMI. 5 B(iii)	Annual property cost per workstation (not FTE)	£3,340

**Note:** the offices portfolio is in a state of transition and this is reflected in the results reported above. Change will continue over the immediate future, with some buildings being partially occupied pending decant, disposal, re-use etc and potentially distorting statistics based on occupier numbers in particular.

## 6. Spend

To measure overall property costs and changes over time (excludes housing):

No.	Indicator	Results
PMI. 6 A	Gross property costs of the operational estate as a percentage of the Gross Revenue Budget	11%
PMI. 6 B	Gross property costs per m2 GIA	£245

## 7. Time & Cost Predictability

To measure time and cost predictability pre- and post- contract:

No.	Indicator	Results
PMI. 7 A	Time predictability, Design - the percentage of projects where the actual time between Commit to Design and Commit to Construct is within, or not more than 5% above the time predicted at Commit to Design	60%
PMI. 7 B	Time predictability, Post-Contract - the percentage of projects where the actual time between Commit to Construct and Available for Use is within, or not more than 5% above the time predicted at Commit to Construct	53%
PMI. 7 C	Cost Predictability, Design - the percentage of projects where the actual Cost at Commit to Construct is within +/- 5% of the cost predicted at Commit to Design	47%
PMI. 7 D	Cost Predictability, Post Contract - the percentage of projects where the actual Cost at Available for Use is within +/- 5% of the cost predicted at Commit to Construct	93%



<b>Item No.</b> 15.	<b>Classification</b> Open	<b>Date:</b> 14 December 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Housing Revenue Account – Indicative Rent-Setting and Budget Report 2011/12	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing	

### **FOREWORD - COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING**

1. Housing finance stands at a crossroads, having to cope simultaneously with the Coalition Government's Spending Review, the impact of proposed welfare reforms and the imminent publication of the Localism Bill, which will bring about the biggest changes to the structure of how councils account for their housing spend in a generation. Since May we have created a new post of Director of Housing Services, with a brief to re-establish a dedicated Housing department within Southwark, and intend, through the budget for next year and onward, to reshape service delivery to the benefit of tenants and leaseholders across the borough. To all intents and purposes rent levels are nationally, not locally-set, and are heavily dependent on inflation in the wider economy. Southwark Council has adhered closely to rent guidelines for a number of years in order to maximise the support that we receive in the form of subsidy. But this support is falling, and the effects of the Spending Review mean that we have to take some difficult decisions about the HRA budget for next year. We will be consulting widely on what this might mean for our residents, and officers will bring a final report back to Cabinet in the new year on that basis.

### **RECOMMENDATIONS**

Cabinet is recommended to:

2. Note a provisional average rent increase of 7.08% in accordance with the Government's required formula rent guidance (as set out in paragraphs 14 – 19). This is equivalent to an increase of £5.71 per week on average, to be applied to all HRA dwellings (including estate voids and hostels), with effect from 4 April 2011. Average budgeted dwelling rent for 2011/12 will be £86.31 per week.
3. Note provisional changes in tenant service charges as set out in paragraphs 28 – 32 with effect from 4 April 2011.
4. Note a provisional increase in rents and charges for all non-residential property of 50% as set out in paragraphs 33 – 35 with effect from 4 April 2011.
5. Note a provisional standstill in heating and hot water charges such that each charge remains at the rate determined for 2009/10 and 2010/11 (as set out in paragraphs 36 – 38) with effect from 4 April 2011.

6. Instruct officers to provide a final report on Rent-Setting and the HRA Budget for 2011/12 after due consultation processes have been followed for consideration at their meeting on 25 January 2011.
7. Instruct officers to write to the Secretary of State for Communities and Local Government, highlighting the size of the provisional rent increase in comparison with those of recent years, where Government has intervened to place a national ceiling on average rent rises, and to ask that a similar ceiling be considered for 2011/12.

## **BACKGROUND INFORMATION**

### **Context**

8. The Spending Review undertaken by the Coalition Government published on 20 October 2010 contained significant financial issues for local government, as well as the entire public sector. The HRA, despite being ring-fenced from the rest of the General Fund is not immune from the fall-out from this, and officers were instructed to identify a savings package in line with that required for the rest of the council. Current projections identify a "budget gap" of some £7.8m for 2011/12. The level of savings that this would entail presupposes certain other financial decisions which the council is minded to make on HRA finances, such as maintaining a prudent and necessary level of reserves and the degree to which capital investment may be supported from revenue.
9. There is no direct link between rent increase levels, given that they are almost entirely predicated on national decisions and service expenditure locally, aside from rental income contributing to the overall total within which the HRA at Southwark must operate. The council has a statutory responsibility to provide a balanced HRA budget (i.e. all budgeted expenditure must be matched by income and/or the application of reserves).
10. It is important to place any proposals for the HRA budget for 2011/12 and future years in context. It is noted later in this report that major reform of HRA Finance from April 2012, including the establishment of a self-financing relationship between local government housing providers and central government will lead to very substantial changes in the way in which the HRA is financed, and this makes the budget horizon for income very problematic. More detailed work will become possible once the Government publish hypothecated projections for individual local authorities in early 2011.
11. The council is consulting on its proposals for efficiency savings on General Fund services throughout January, and intends to do the same with regard to those provided by the HRA. To this end, and in order not to pre-empt this consultation process, this Indicative Report only presents a position on expenditure in terms of achieving a balanced budget for the HRA, as is the council's statutory responsibility. Proposed efficiency savings will be consulted on separately.

### **Statutory framework**

12. The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, housing subsidy, leaseholder service charges and other income.

13. Whilst there is no statutory requirement to consult, the council is committed to engaging with stakeholders, particularly under the terms of the Tenancy Agreement, and so this report will be subject to consultation with Tenant Council, Area Forums and Home Owner Council before the final version is presented to Cabinet. This process will commence before Christmas 2010.

## KEY ISSUES FOR CONSIDERATION

### Annual Rent Guideline and Formula Rent

14. Government housing subsidy rules ensure that councils are financially penalised if they vary rents, either up or down, from the prescribed guideline rent. Under the Government's policy of rent restructuring, the capacity to set an increase below the guideline is limited by the annual withdrawal of housing subsidy at least equal to the guideline increase (rent clawback). Any increase beyond the guideline would contravene the Government's rent restructuring framework – specifically the affordability criteria implicit within caps and limits. In addition, housing benefit limitation arrangements within the subsidy rules means the Government reduces the amount payable to Southwark if the rent increase exceeds the HB limit, such that the HRA would ultimately receive c.40% of the additional increase above the prescribed guideline.
15. Government implemented its review of rent restructuring in 2006/07. In Southwark this had an impact on rent levels and had the effect of accelerating convergence with housing association rents.
16. In the normal course of events, there are 3 separate drivers for rent inflation under rent restructuring: the underlying inflation rate (the Retail Price Index at September 2010 is used as specified by the Government); the 0.5% top-up added to hasten comparability with RSL rent levels and the effect of phasing the move between Southwark's actual and target rents. This final percentage is mainly influenced by the 'convergence date' determined by the Government – i.e. the year by which actual rents are assumed to have reached the formula rent level. The Draft Determination continues with revised assumptions made under the HRA Review exemplifications, and the assumed date of convergence has therefore been eased from 2012/13 to 2015/16. The 2011/12 Determination utilised the September 2010 RPI of 4.6%. The effect of each of these drivers is summarised in the table below.

Average Rent Inflation	2010/11 Final	2011/12 Draft	2011/12 Final*
Inflation Uplift (RPI @ September)	(1.40%)	4.60%	4.60%
Top-Up Element	0.50%	0.50%	0.50%
= Increase in Formula Rent	(0.90%)	5.10%	5.10%
plus national convergence element	4.00%	1.70%	tbc
= Increase in National Guideline Rent	3.10%	6.80%	tbc
plus local convergence element	1.28%	1.25%	tbc
less annual affordability limits	(3.05%)	(0.97%)	tbc
<b>= Total Increase in Actual Rents</b>	<b>1.33%</b>	<b>7.08%</b>	<b>tbc</b>

\*Final Determination expected January 2011.

17. The previous Government's intention was that rent restructuring would be complete (or rents would have 'converged') after 10 years (i.e. in the forthcoming year – 2011/12). However, they intervened on a number of occasions during the operation of the policy in order to alleviate the actual rent rises that would otherwise have resulted, most notably two years ago, when the final Determination was amended 3 months after publication in order to reduce the national guideline rent increase. A chronology of the national changes made since 2002/03 is attached as Appendix A.
18. The average guideline rent, though calculated on an individual authority basis by the Government, does not take account of local rental history, nor of the Government's intention that rents be restructured on an individual basis, rather than a blanket increase being imposed on tenants. As rent restructuring is property-related, actual rent increases (in line with government guidance) will depend on the formula rent for each property (which relates to the value, size and location) and the existing actual rent. This generally adds around 1¼% to the average rent increase each year. Without the application of annual affordability limits (RPI + ½% + £2.00) for individual rent rises, the average increase would be higher than the guideline figure. In 2010/11 this led to a drop in the average rent increase for Southwark of 1.77% (+1.28% – 3.05% in the table above), but the extension of the convergence date means that in 2011/12 fewer tenants will benefit from the application of the affordability limit, reducing its dampening effect on the average increase.
19. Appendix B is a collated list of average and formula (or 'target') rents across London Boroughs. In 2010/11 Southwark's average rent ranked 8<sup>th</sup> lowest of the 29 London Boroughs that manage their housing stock, either directly or via an ALMO (the London Borough of Merton divested itself of its housing stock during 2010/11). Appendix B also indicates how far each authority has to travel before reaching the target rent level demanded under this system. Southwark is one of ten London Boroughs where this gap still exceeds 10%, meaning that the local inflationary convergence pressure will take some years to be fully realised.

### **Management and Maintenance Allowances**

20. The Government's draft Determination was issued on 5 November 2010; and consultation for this ends on 16 December 2010. This is a reversion to the timetable previously employed (albeit with a slight delay still in evidence), since last year's draft was not issued in time for the final Determination to be incorporated within our rent-setting report.
21. The proposal in the draft Determination is that allowances nationally rise by 1.9% in line with the GDP inflation indicator used. Movement in local weightings for costs, crime and dwelling types mean Southwark's allowances rise by another 0.57% in 2011/12, making the total proposed rise 2.47%, taking management and maintenance allowances together. The modest rise in Management Allowance does not translate into an increase in cash for that element of subsidy, once stock losses are factored in. The larger increase in Maintenance Allowance does give us a subsidy increase in cash terms.



22. However, due to the loss we incur on rent clawback overall revenue support per property falls in 2011/12. Rent clawback (the amount Government assumes Southwark's rent income to be) has increased by an underlying 6.8%. The table below provides comparative subsidy allowances per property for 2011/12 compared to 2010/11 allowances. This shows that Southwark will receive £184.90 less per property in 2011/12 for revenue purposes than the current year.

	<b>2010/11*</b> £	<b>2011/12</b> £	<b>(gain)/loss</b> £	<b>%</b>
Management	(1,107.38)	(1,113.90)	(6.52)	0.59
Maintenance	(1,478.18)	(1,535.43)	(57.25)	3.87
Rent Clawback	4,228.80	4,477.47	248.67	5.88
<b>Net Clawback</b>	<b>1,643.24</b>	<b>1,828.14</b>	<b>184.90</b>	<b>11.25</b>

*\* since the Final Determination was issued after the deadline for last year's rent-setting report, these figures differ slightly from those published last year.*

### Major Repairs Allowance and Debt Charges

23. Major Repairs Allowance (MRA) represents the estimated long-term average amount of capital spending required to maintain the stock in its current condition. MRA funds are ring-fenced for HRA asset investment and play no part in the determination of rent levels or revenue budgets.
24. Nationally a 1.9% inflation uplift has been applied to allowances, which in the past has not adequately reflected building cost pressures in London and the South East. This has been exacerbated by the application of regional cost weightings (Geographical Adjustment Factor), which re-distributed resources nationally. This equates to a proposed increase in MRA for Southwark from £37.6m to £38.6m in 2011/12.
25. This increase in MRA, which on a per property basis is a rise from £943.46 in 2010/11 to £980.84 in 2011/12, when taken with the fall in net revenue resources due to rent clawback of £184.90 noted above results in an overall loss in resources per property for 2011/12 of £147.42.
26. The effect of lower interest rates and premia means that whilst gross debt charge subsidy fell by £2.7m (£57.5m in 2010/11 to £54.8m), related movement in the depreciation element of £1.7m gives a likely net movement in 2011/12 of £1.0m, as reflected in the table above.

27. The total effect of the allowance and stock changes on subsidy is shown in the table below.

2011/12 Movement (gain)/loss	Draft Subsidy Determination	
	£m	£m
Loss of Management Allowance	0.3	
Gain in Maintenance Allowance	(1.5)	
Gain in Major Repairs Allowance	(1.0)	
Total change in Allowances		(2.2)
Increased Rent Clawback		7.5
Fall in Subsidy Debt Charges	2.7	
Fall in Depreciation Charge	(1.7)	
Net fall in Debt Charge Subsidy		1.0
<b>Total loss of Subsidy</b>		<b>6.3</b>

### Tenant Service Charges

28. Tenant service charges were separated out from the rent as part of the Government's rent restructuring regime in 2002/03. This was to enable greater consistency and transparency between local authority and RSL sectors. Charges were frozen in 2010/11. Increases are normally capped nationally at September RPI @ 4.6% + 0.5%, which would equate to an overall increase of 5.1% for 2011/12. However, given the substantial changes that have taken place in the provision of these four services in the last few years, and as prefaced in last year's HRA Budget report, they are reviewed individually below.
29. Estate Cleaning is based upon the cost of that element of the integrated cleaning contract. The inflation rates applied to the cleaning contract are in no way linked to the Government's subsidy-related cap, and so over the years charges and costs have diverged. However, given recent changes to the relevant contracts, and revised service levels for this area, the last couple of years have seen a much closer match between income and costs for Estate Cleaning, to the extent that the maximum increase under the Government cap in 2011/12 would result in an over-recovery of costs. It is proposed to rebase this service charge at the level necessary to match anticipated costs next year, which translates into an increase of £0.15 to £4.60 per week, which is less than that allowable under Government policy.
30. Grounds Maintenance is similar to the Estate Cleaning service charge in many ways, and covers both grounds and tree maintenance. However, early under-recovery of costs has been addressed due to changes in service provision, and a continuation of this approach will result in costs and income becoming aligned in 2011/12 if an increase of the order of previous Government ceiling levels were to be agreed. It is therefore proposed to increase this charge by the Government cap of 5.1% for 2011/12.

31. The underlying discrepancy in inflation rates is at its most obvious when considering Communal Lighting, as this charge is intended to recover only relevant electricity supply costs. As may be seen from district heating charges over the past few years, utilities inflation has greatly outpaced that across the economy as a whole, and has been considerably higher than the RPI + 0.5% cap imposed by Government on service charges. The Government's own HRA Manual notes that fuel inflation is a legitimate reason for revisiting charging levels even without consideration of other general inflationary factors or levels of service, and on that basis, in order to once more recover costs, this charge must increase to £1.17 per week.
32. Door Entry charges were originally based on the contractual costs of maintenance of the various systems across the borough – with a specific exemption from liability for tenants occupying ground-floor properties. The cost of this contract has been falling in recent years, and it is therefore right that the charge to tenants is also reviewed in this light. On that basis, this service charge can be reduced to 68p per week.

	2010/11 £ per week	2011/12 inflated charge	2011/12 Proposed new charge	%age change
Estate Cleaning	4.45	4.68	4.60	3.4%
Grounds Maintenance	1.03	1.09	1.09	5.1%
Communal Lighting	0.93	0.97	1.17	24.7%
Door Entry	1.09	1.15	0.68	(37.6%)
<b>Total</b>	<b>7.50</b>	<b>7.89</b>	<b>7.54</b>	<b>0.6%</b>

### Non-Residential Rents and Charges

33. Non-residential rents and charges were last increased in 2009/10. The report to the then Executive on 27 January 2009 that proposed this increase contained a section setting out Southwark's charging level relative to other comparable London Boroughs. It was further stated:
- “With regard to 2010/11, it is intended that Southwark introduce a differential charging policy, based on different levels of demand in different parts of the borough. In order to do this, work is required to assess which garages will attract premium rates, which need refurbishment work to bring them up to a lettable standard and which should be disposed of, to generate funds to re-invest in the remaining garage stock”.*
34. On consultation with tenants and other stakeholders, strong opposition to a differential charging policy was expressed, and as a result the council opted not to increase non-dwelling charges in 2010/11 in order to consider likely alternatives. Any increase for 2011/12 therefore needs to be considered in the context of a freeze in charges for the previous twelve months.
35. The council intends to introduce a concessionary charge of £5.00 per week for blue badge holders, those in receipt of a mobility or disability allowance and any council tenant over 70 years of age. This decision, alongside the need to generate income to undertake necessary improvements to the non-dwelling stock to increase its availability for re-letting mean that a flat rate increase of 50% is required. Even with this increase Southwark's charges remain extremely competitive, both in terms of other London boroughs, and privately-held alternatives.

### **District Heating Charges**

36. Heating and hot water charges increased by 14.5% in 2009/10, as the council was in the process of procuring an extended, 4-year flexibly-priced contract for the provision of gas for 'large sites'. The former Executive considered a Gateway 1 and 2 report on this at their meeting on 16 December 2008. Flexible pricing means that the council is not tied to a given price at the time of procurement, and that (in conjunction with other members of the consortium agreement) we are able to follow the wholesale market in order to better deliver sub-premium prices to tenants.
37. In last year's rent-setting report, it was recommended that heating charges be kept at previously-set levels, but that the review process be maintained on an annual basis to assess the possibility of future changes to charges where merited.
38. The performance of the flexible price contract has been updated and re-examined, and despite recent retail price increases, the advantageous operation of the contract means that cost of District Heating can be maintained at previous levels once again. However, it should be noted that continuing market price volatility means that the council cannot commit to maintaining this position beyond next year at this stage, but the operation of the Heating Account as 'ring-fenced' within the HRA will enable the offsetting of potential price increases in future years to continue as an ongoing policy objective.

### **Thames Water**

39. Water and sewerage charges applicable to council dwellings will be subject to an increase from April 2011. Notification of the increase will be advised in the next few weeks by Thames Water, on whose behalf the council act as agent for billing and collection.

### **Budget Consultation**

40. The administration at Southwark has set out seven over-arching budget principles, covering both the HRA and the General Fund, and these are attached as Appendix C.
41. The adoption of these principles means that the council has looked anew at its consultation processes for the HRA, and has commenced the process earlier, with an interim report to Cabinet in December 2010, setting out the provisional budget scenario in terms of HRA finances. This will enable the commencement of consultation with tenants and leaseholders before Christmas, instead of waiting until January. Notwithstanding this, the report will also be presented to Tenant Council in early January in order for formal remission to Area Housing Forums during the month to take place. Home Owner Council will also consider this report during January.
42. Since finalised information from central Government will not be available until after this process has begun, there will still be a need to refine HRA budget information during January, and officers will be asking Cabinet to set rents accordingly at their meeting in late January 2011. As normal, the results of the consultation processes will also be reported to Cabinet at that time.

43. The changing financial circumstances which all local authorities find themselves in require significant changes to the levels of service likely to be able to be afforded by local government, and despite the ring-fence, the HRA is no exception to this.
44. In its simplest form, the HRA may be represented on a service basis within the following table – details regarding expenditure and income for each service are contained in Appendix D. Revised budget figures for 2010/11 have been used.

<b>£'000</b>	<b>Exp.</b>	<b>Inc.</b>	<b>Net</b>
Housing Management	72,230	185,525	-113,295
Home Ownership Unit	14,509	43,441	-28,932
Sustainable Services	27,561	–	27,561
Public Realm	1,275	698	577
Community Safety	2,368	–	2,368
HQ Functions	538	–	538
Housing Strategy & Options	7,651	4,155	3,496
HRA Financing	138,569	30,882	107,687
<b>TOTAL HRA</b>	<b>264,701</b>	<b>264,701</b>	<b>–</b>

### Financial implications

45. The HRA continues to be under pressure, as subsidy resources continue to decline. The Government effectively operates control over rent policy, through the rent restructuring regime and reduces Southwark's subsidy (through rent clawback) based on notional data, which is divergent from the actual position as it relates to Southwark.
46. For 2011/12, the HRA indicative budget includes a range of measures, including increases in rents, improved collection and voids management generating higher income and lower debt provisions. As indicated in Appendix F, this leaves a gap of £7.8m which for the purpose of presenting a balanced budget, will have to be met by a package of efficiency savings. It is anticipated that these may be delivered through revised and more efficient working across housing services, together with further contract and supply chain improvements. Re-profiling and re-direction of resources provides the flexibility to target those areas of highest priority/greatest need. In order to prudently manage the scarce resources available, the council also intends to contribute sums into reserves to cover exceptional cost items now and in the future.
47. The final HRA Rent-Setting and Budget Report will set out an indicative base budget for the HRA in 2011/12, including appendices to present the indicative budgeted expenditure and income of the HRA for 2011/12. The revised position for 2010/11 is attached as Appendix E for reference.

### Commitments/Unavoidable Demands

48. Housing Subsidy and Debt Financing – paragraphs 20 – 27 above refer.
49. General Inflation – allowance for inflationary pressures in the cost of supplies, services and contracts assumed at an average of 2% across the board, zero uplift on employees (excludes expected uplift in Thames Water charges directly chargeable to tenants).

50. Fire Risk Assessment Works Programme – a wide-ranging programme of works is being developed to address risks identified through the FRA surveys. The extent and cost of the works necessary are still being refined, but there is an expectation that the bulk of these works will take place over the next 18 months, with costs largely falling in 2011/12.
51. Realignment of Base Budget – over time budgets are subject to variation and movement due to changes in service provision or changes in volumes/ activity. For 2011/12 there are number of budget anomalies that require re-alignment. These comprise:
- Reduction of the garage income budget due to the withdrawal of the proposed differential charging policy assumed for 2010/11;
  - Increase in the budget for temporary accommodation where it is necessary to relocate secure tenants on the grounds of: domestic violence, gang or neighbour threat, disrepair requiring vacant possession, etc.; and
  - Reduction in the value of costs chargeable against the investment programme relating to the asset management function within housing management, together with a reduction in the amount able to be offset against capital receipts payable to central government.
52. Service Improvements and Enhancements – comprising:
- Handypersons;
  - Housing Options – customer service officers;
  - Pest Control contract;
  - Estate Parking;
  - Estate Feasibility studies;
  - Document management and handheld technology; and
  - Housing Management mobile area office.
53. Contribution to HRA Reserves – reserves and working balances are needed as a matter of course due to the size, scale and complexity of housing services, particularly to protect against financial risks and exceptional events. Maintaining an adequate level of reserves and working balances to mitigate risk is a key factor in the Finance Director's assessment of the robustness of the HRA budget and a target of £20m has been set in the medium term. Reserves currently stand at £14.1m as stated in the audited statement of accounts for 2009/10.
54. Major Projects/Regeneration Initiatives – the operational revenue costs of large-scale housing redevelopment, such as Heygate and Aylesbury is rightly deemed to fall to the HRA, together with other major cost and project commitments, e.g. severance and redundancy and the impending Lakanal Inquest/Public Enquiry. For 2011/12 the base budget needs to be closely matched against the likely scale of commitments arising next year.
55. Guideline Rent Increase – paragraphs 14 – 19 above refer.
56. Tenant Service Charges – paragraphs 28 – 32 above refer.
57. Non-Residential Rents (Garages) – paragraphs 33 – 35 above refer.

58. Leaseholder Service Charges and Major Works – Service charges (annual & capital) represent a share of our costs of providing housing management services, and are recoverable under the terms of lease agreements. The value of leaseholder major works billing is driven by the investment programme and the extent of landlord commitments and decent homes works undertaken. Year on year this can fluctuate and requires regular review and alignment with the programme to ensure that budgeted income is realistic and achievable.

### **Efficiency Savings**

59. The largest part of the annual revenue allocation will always be to the Housing Management Division which provides all core management services including repairs, engineering, tenancy management and resident involvement. The revenue budget for these services for 2010/11 is £72m. The extent of current pressures make a fundamental review of these core services essential. As part of the budget-setting process, a full review of all landlord services has been conducted, and savings to the tune of £16.4m or 23% have been identified (over the three-year budget planning horizon). Savings at this level are necessary to allow the council to divert HRA funds to areas of greatest need, such as fire-related repairs, and to ensure that capital works are fully supported through appropriate revenue funding. In addition to cost pressures, the council has been working to ensure that the commitments made by the new administration can be delivered, particularly those that relate to improved access to services. The proposals for change in outline are to:
- Maintain current contract services levels on all major repairs and engineering contracts;
  - Continue with the efficiency programme in relation to contract management, in effect reducing costs by better contract management;
  - Restructure client-side services to a commercial client model to deliver savings on staffing and management costs;
  - Create a professionally staffed housing advice line that delivers on the spot advice and intervention on all tenancy and leasehold management services;
  - Restructure the area service to provide a tenancy and leasehold management service delivering excellence in key statutory areas such as management of anti social behaviour, income collection and day to day estate management;
  - Provide a locally based resident's advocacy service within the tenancy and leasehold management service;
  - Maintain a physical presence in all localities;
  - Maintain current levels of support to vulnerable tenants through the tenancy management service and SUSTAIN; and
  - Review all services to deliver efficiency savings through service alignment within the new Housing Department.

## Spending Review

60. The majority of headlines generated by the Government's Spending Review, published on 20 October 2010, in a housing context, have related to the rules around housing benefits and associated welfare provision, which are accounted for outside the Housing Revenue Account. There are several specific areas impacting on the HRA, but it should be borne in mind that much of the detail awaits confirmation/amplification by CLG.
61. The Government had already indicated that they wished to press on with HRA reform, and this was confirmed within the Spending Review. The likely commencement date is April 2012. There will be no facility for authorities to leave the system voluntarily a year earlier as previously envisaged.
62. Social Rent policy is likely to be unchanged by the Spending Review, although provision is to be made to allow the creation of "intermediate" rents, set at 80% of the Local Housing Allowance for new social housing tenancies. It is thought that this will primarily affect other providers (such as Housing Associations), but the possibility that it could be extended to cover local authority provision ought not to be discounted. To place in context, the '80% level' would involve very substantial increases in rents for properties across Southwark (which falls under the 'Inner South-East London' LHA banding).
63. The Government have stated that the proposed relaxation of capital receipt pooling rules, whereby local government has to remit 75% of Right-to-Buy receipts centrally will be postponed until at least the end of the Spending Review period (i.e. 2014/15). At the moment, these receipts are relatively minor; however, there will be an impact on the sustainability of self-financing over the long-term whenever income-generation avenues such as these receipts are constrained.
64. The Spending Review also indicated that the likely sums available to address Decent Homes backlogs would not be as high as previously understood – the section on Self-Financing below addresses this in more detail.
65. On a positive note, the Spending Review assumes that aids and adaptation provision; which was excluded from the HRA Review Prospectus; was done so in error, and therefore should form part of the overall debt settlement, which is an outcome lobbied for by local government.

## Self-Financing

66. Cabinet received a report on 22 June 2010 regarding progress on the HRA Review, and Southwark's response to the consultation conducted by CLG over Summer 2010.
67. The Coalition Government has indicated that they intend to legislate on the matter of HRA reform and self-financing, with details being made available as part of the Decentralisation and Localism Bill. There is, at this time, little in concrete terms around this, other than one or two aspects of the Spending Review, which indicate that the likely devolved debt position to the LA sector as a whole will not be as advantageous as outlined in the 'Prospectus', nor that the full amount of Decent Homes monies previously identified will be forthcoming. The Minister for Housing and Local Government has written to local authorities, mentioning a figure of around £2bn to be allocated, which would "*more than halve*" the national backlog – this compares with £3.2bn which was estimated to be necessary (within the Prospectus) to address the whole backlog of Decent Homes works.



68. On 11 November 2010 the Homes and Communities Agency issued a consultation paper on behalf of CLG, inviting those authorities with an identified Decent Homes backlog of more than 10% non-decent stock to bid for resources totalling £2.1bn, of which £500m is to be earmarked for large-scale voluntary transfer support. The remaining pot of £1.6bn is profiled over the currency of the Spending Review as set out below, meaning that we will be able to bid against a national total of £260m for 2011/12. Under the proposed allocations, all authorities are expected to fund the final 10% of Decent Homes backlog themselves.

	2011/12	2012/13	2013/14	2014/15
DH Backlog Capital Funding	£260m	£352m	£389m	£594m

Source: HCA

69. It is the council's current understanding that the Bill will not be published by CLG until mid-December 2010.
70. Local authorities have been told that CLG will issue indicative debt settlement figures around the end of January, updating the debt figures produced as part of the consultation process last year, and reported to Cabinet on 22 June 2010. As the framework will be subject to legislative agreement as noted above, these figures will be for guidance only, but it is anticipated that they will be reasonably close to the final debt settlement "offer" from Government to enable self-financing to commence.

### Welfare reforms and community impact statement

71. In parallel with announcements directly relevant to the HRA as a means of accounting for local authority social housing, and the macro-economic picture within which the national Spending Review must be viewed, the Government has also made a number of announcements on welfare reforms, some of which have a direct impact on Southwark tenants and leaseholders. The council formally responded to the Government's consultation on this area '21<sup>st</sup> Century Welfare' earlier this year, and Appendix H comprises relevant extracts from that response, and an indication of the measures intended to be introduced as a consequence.
72. Since this report is based on an "Indicative" HRA balanced budget, the precise composition of efficiency savings required to set that budget has not yet been determined, and will be influenced by the consultation exercises that the council is undertaking in order to inform the Final HRA Rent-Setting and Budget Report in January (as noted below). A thorough equalities assessment will therefore be conducted in parallel with this exercise, and the results will be reported in the final report.

### Consultation and notification

73. As noted above, one of the intentions of presenting financial information to Cabinet in December, is to enable the consultation process to commence prior to the Christmas break, rather than the New Year. All figures in this report are flagged as "Indicative" and further work will be undertaken by officers, both in tandem with the consultation process, and independently of it in order to generate a "Final" report for Cabinet on 25 January 2011.

74. Following the adoption of the overarching budget principles (see Appendix C), the council already intends to consult more widely on likely budget options regarding the General Fund budget for 2011/12 and beyond during January 2011, and it is anticipated that HRA proposals will follow a similar process.

#### **Tenant Council**

75. Representatives having received early notification of the Indicative HRA Rent-Setting and Budget Report, Tenant Council will meet in early January to discuss this approach, and to refer the report on to Area Housing Forums. They will reconvene on 24 January 2011 to consider any recommendations arising from the Area Forum consultation, and wider HRA budget consultation outcomes, where available; and make consolidated recommendations to Cabinet, which will be reported at the 25 January meeting.

#### **Home Owner Council**

76. Home Owner Council are unable to make recommendations in the matter of tenant rents and service charges, but may do so in terms of any proposals regarding non-dwellings rents and other charges and in terms of the rest of the HRA Budget; and so this report has been referred to their meeting of 19 January 2011, and any comments made will also be reported to Cabinet at the 25 January meeting.

#### **Statutory and Contractual Notifications**

77. Subsequent to the approval of the Final Report on 25 January, either as set out or as amended by Cabinet, and the passing of the necessary date for its implementation, the council will issue a statutory and contractual notification of variation in rents and other charges to all tenants, not less than 28 days prior to the commencement of the new rents and charges referred to above.

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

#### **Strategic Director of Communities, Law and Governance**

78. Statutory requirements as to the keeping of a Housing Revenue Account are contained in the Local Government and Housing Act 1989. The provisions include a duty, under Section 76 of the Act, to budget to prevent a debit balance on the Housing Revenue Account and to implement and review the budget. Under Section 80 of the Act, the amount of the Housing Revenue Account subsidy payable to a local authority by Central Government is to be calculated in accordance with such formulae as the Secretary of State may from time to time determine. This report covers the formulae contained in the Department for Communities and Local Government Housing Revenue Subsidy Determination 2011/12.
79. Under Section 24 of the Housing Act 1985, local housing authorities have the power to "make such reasonable charges as they may determine for the tenancy or occupation of their houses". Section 24 also requires local authorities, from time to time, to review rents and make such changes as circumstances may require. The section confers a broad discretion as to rents and charges made to occupiers, however Cabinet will note the effective limitation of discretion provided by the housing subsidy rules referred to in this report.

80. Rent and other charges are excluded from the statutory definition of matters of housing management in respect of which local authorities are required to consult their tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996 in relation to secure, introductory and demoted tenants respectively. As a term of the tenancy agreement with its tenants however, Southwark Council has undertaken to consult with the Tenant Council, "before seeking to vary the sums payable for rents and other charges". The report indicates consultation will take place in order to comply with this term.
81. It is further provided by Section 103 of the Housing Act 1985 in relation to secure tenancies, which also applies in respect of introductory tenancies by virtue of Section 111A of the Housing Act 1985, together with the council's agreement with its tenants, that they are notified of variation of rent and other charges at least 28 days before the variation takes effect by service of a notice of variation. The report indicates the notice of variation will be served in time to comply with this requirement.

#### Finance Director

82. The financial implications arising from the Subsidy Determination and movements in expenditure/income on the HRA are covered within this report.

#### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Draft Housing Subsidy Determination 2011-12 (Communities Department)	160 Tooley Street London SE1 2TZ	Shaun Regan 020 7525 7771
Letter from Rt. Hon. Grant Shapps MP 'Spending Review – Settlement for Housing'; 20 October 2010	As above	As above
Decent Homes Backlog Funding for Council Landlords 11-15 Proposals (Homes and Communities Agency)	As above	As above
LB Southwark response to DWP proposals on welfare reforms	As above	Graham Sutton 020 7525 5456

#### APPENDICES

No.	Title
Appendix A	Rent Restructuring Chronology
Appendix B	Average Rents across London Boroughs 2011/11
Appendix C	Southwark Budget Principles
Appendix D	HRA Southwark Expenditure and Income 2010/11 by Service
Appendix E	HRA Revised Base Budget 2010/11
Appendix F	HRA Indicative Budget Movements 2010/11 to 2011/12
Appendix G	Welfare Reform Summary Impact on Southwark

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	
<b>Lead Officer</b>	Duncan Whitfield, Finance Director	
<b>Report Author</b>	Ian Young, Head of Housing Finance	
<b>Version</b>	Final	
<b>Dated</b>	2 December 2010	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law and Governance	Yes	Yes
Finance Director	N/a	N/a
<b>Date final report sent to Constitutional Team</b>		2 December 2010

**RENT RESTRUCTURING CHRONOLOGY**

2002/03	Rent restructuring introduced; convergence date set at 2011/12
2003/04	Tenant service charges unpooled from main rent
2004/05	–
2005/06	Formal 3-year review of policy (implementation delayed by 1 year)
2006/07	Restructuring formula amended; average rent increase capped at 5%
2007/08	Average rent increase capped at 5% again
2008/09	Convergence date extended to 2016/17
2009/10	Convergence date extended to 2023/24; amending Determination issued*
2010/11	Convergence date reduced to 2012/13
2011/12	[ <i>Original convergence date</i> ] Convergence date extended to 2015/16 (to match the HRA Review exemplification used earlier in 2010)

\* The amending Determination reduced the national average guideline rent increase from 6.2% to 3.1% by adjusting subsidy levels to compensate councils for their rent income foregone as a result.

## APPENDIX B

## AVERAGE RENTS ACROSS LONDON BOROUGHES 2010/11

	Average Rent 2010/11 (A) £	Target Rent 2010/11 (T) £	Gap between (A) and (T) %	Guideline Rent 2011/12 £	Target Rent 2011/12 £
Barking and Dagenham	73.97	82.41	11.4%	80.91	86.74
Barnet	83.17	90.21	8.5%	89.62	94.82
Bexley	–	–	–	–	–
Brent	88.85	95.81	7.8%	94.38	101.05
Bromley	–	–	–	–	–
Camden	85.68	101.17	18.1%	98.79	106.50
City of London	76.64	91.74	19.7%	90.57	96.41
Croydon	85.12	89.54	5.2%	89.27	94.12
Ealing	82.02	86.69	5.7%	86.55	91.21
Enfield	81.33	85.45	5.1%	84.94	89.39
Greenwich	81.52	85.98	5.5%	85.43	90.71
Hackney	79.75	84.50	6.0%	83.58	88.80
Hammersmith and Fulham	86.42	98.05	13.5%	97.24	103.04
Haringey	83.18	89.56	7.7%	89.31	94.14
Harrow	86.60	93.27	7.7%	92.90	98.01
Havering	69.71	81.41	16.8%	81.23	85.57
Hillingdon	89.95	91.79	2.0%	90.97	96.52
Hounslow	78.90	87.81	11.3%	86.95	92.29
Islington	85.52	96.97	13.4%	95.53	101.93
Kensington and Chelsea	90.89	107.98	18.8%	107.37	113.54
Kingston-upon-Thames	90.14	94.83	5.2%	94.15	99.66
Lambeth	85.34	91.46	7.2%	89.65	96.26
Lewisham	77.71	81.43	4.8%	81.11	85.72
Merton	–	–	–	–	–
Newham	74.29	81.00	9.0%	80.37	85.08
Redbridge	83.81	86.61	3.3%	86.31	91.04
Richmond-upon-Thames	–	–	–	–	–
<b>Southwark</b>	<b>80.60</b>	<b>91.00</b>	<b>12.9%</b>	<b>89.74</b>	<b>95.63</b>
Sutton	81.21	89.94	10.7%	89.04	94.69
Tower Hamlets	86.46	93.42	8.0%	91.44	98.35
Waltham Forest	80.95	86.19	6.5%	85.12	90.64
Wandsworth	104.65	105.07	0.4%	102.67	110.37
Westminster	97.72	105.30	7.8%	103.50	110.83
<b>London Average</b>	<b>83.40</b>	<b>90.26</b>	<b>8.2%</b>	<b>90.16</b>	<b>95.64</b>

Source: Department for Communities and Local Government (CLG)

## Notes:

- Southwark's average rent (adjusted mid-year stock position) for 2010/11 ranks 8<sup>th</sup> lowest of the 29 London Boroughs that manage their housing stock either directly or via an ALMO.
- Average Rent figures exclude tenant service charges.
- The London Borough of Merton divested its housing stock during 2010/11.

**SOUTHWARK BUDGET PRINCIPLES**

1. At a time of unprecedented cuts proposed by central government, the 2011 Southwark budget should continue to prioritise the commitments made by the cabinet at its first meeting as a new administration in June and its vision to create a fairer future for all by promoting social and economic equality in an economically vibrant borough.
2. We recognise that some services currently provided by the council may be lost, and some may change. However, we will do all that we can to protect our front-line services and support our most vulnerable residents.
3. We will ensure that the services which the council delivers provide value for money, value for council tax payers and contribute towards delivering our vision of creating a fairer future for all in Southwark.
4. We will explore alternative ways of providing a service prior to proposing any cut or reduction. This will include talking to partner organisations, the voluntary sector, the trade unions, the business community and other local authorities.
5. We will be transparent with any specific group or groups of users who may be affected by any cut or reduction in service provision as soon as possible and explore with them other ways to provide the service. We will conduct an equalities impact assessment for our budget proposals.
6. Before proposing any cut or reduction we will have a clear and comprehensive explanation for why that service should be cut, reduced or no longer provided by the council, and this explanation should be capable of being subject to robust challenge.
7. Budget proposals should be based on a three year approach and should have regard to innovative ways of providing services and maintaining employment in the borough.

*Agreed by Cabinet on 21 September 2010*

## HRA EXPENDITURE AND INCOME 2010/11 BY SERVICE

<b>Housing Management</b>	
Expenditure: £72.2m	Income: £185.5m
Provision of "front-line" tenant-related services across the borough, including estate property management; repairs; asset management and inspection; business support and resident involvement	Rental and service charge income District Heating charges Thames Water charges Investment and other asset related income
<b>Home Ownership Unit</b>	
Expenditure: £14.5m	Income: £43.4m
Provision of "front-line" leaseholder-related services across the borough Tenant Management Organisations exp. Commercial property portfolio	Leaseholder variable service charge and major works income Tenant Management Organisations income Commercial rent income
<b>Sustainable Services</b>	
Expenditure: £27.6m	Income: –
Grounds maintenance, pest control; estate cleaning; refuse collection and energy management (incl. Heating Account exp.)	
<b>Public Realm</b>	
Expenditure: £1.3m	Income: £0.7m
Parking control and abandoned vehicles	Parking income
<b>Community Safety</b>	
Expenditure: £2.4m	Income: –
Wardens and enforcement; noise reduction; anti-social behaviour; CCTV and special investigations	
<b>HQ Functions</b>	
Expenditure: £0.5m	Income: –
Provision of senior management and commissioning support for the housing function	<i>Aspects relating to Housing General Fund services are netted-off from expenditure</i>
<b>Housing Strategy &amp; Options</b>	
Expenditure: £7.7m	Income: £4.2m
Temporary accommodation and related costs Investment Programme and other strategic management	Hostel rents and charges
<b>HRA Finance</b>	
Expenditure: £138.5m	Income: £30.9m
Central support costs and debt charges Contribution to Investment Programme Thames Water charges	Housing Subsidy income

*N.B. Revised 2010/11 budget figures used*



## APPENDIX E

## HOUSING REVENUE ACCOUNT REVISED BASE BUDGET 2010/11 (for reference)

	<b>Revised Base Budget 2010/11</b>
	<b>£m</b>
<b><u>Expenditure:</u></b>	
Employees	30.3
Running Costs	21.3
Thames Water Charges	10.9
Contingency Reserve	1.4
Grounds Maintenance & Estate Cleaning	14.4
Responsive Repairs & Heating Repairs	46.3
Revenue Contribution to Investment Programme	6.3
Regeneration Landlord Commitments	6.0
Planned Maintenance	7.7
Service Level Agreements	12.9
Corporate Support Costs	6.2
Asset Rents (Debt Charges)	86.4
Co-Op's, TMO's etc.	2.4
Heating Account	12.2
<b>Sub-total</b>	<b>264.7</b>
<b><u>Income:</u></b>	
Rents – Dwellings	(156.1)
Rents – Non Dwellings	(4.2)
Heating/Hot Water Charges	(9.7)
Tenant Service Charges	(12.0)
Thames Water Charges	(10.5)
Commission Receivable	(2.4)
Leaseholders – Major Works	(8.0)
Leaseholders – Service Charges	(16.4)
Housing Subsidy & Grants	(33.2)
Interest on Balances	(0.3)
Commercial Property Rents	(6.7)
Fees & Charges	(1.7)
Capitalisation (Repairs)	(3.0)
Recharges	(0.5)
<b>Sub-total</b>	<b>(264.7)</b>
<b>TOTAL</b>	<b>0.0</b>

## APPENDIX F

## HRA INDICATIVE BUDGET MOVEMENTS 2010/11 TO 2011/12

	Paragraphs	£m
<b>Commitments/ Unavoidable Demands:</b>		
Housing Subsidy and Debt Financing (net)	20 – 27	6.3
General Inflation	49	2.4
Fire Risk Assessment Works Programme	50	3.5
Realignment of Base Budget	51	3.1
Service Improvements and Enhancements	52	1.1
Contribution to HRA Reserves	53	2.0
Major Projects/Regeneration Initiatives	54	1.8
<b>Gross Deficit/ (Surplus)</b>		<b>20.2</b>
<b>Rents and Charges:</b>		
Guideline Rent Increase	14 – 19	(10.2)
Tenant Service Charges	28 – 32	(0.4)
Non-Residential Rents (Garages)	33 – 35	(0.9)
Leaseholder Service Charges and Major Works	58	(0.9)
<b>Sub-total</b>		<b>(12.4)</b>
<b>NET DEFICIT BEFORE EFFICIENCY SAVINGS</b>		<b>7.8</b>
<b>Proposed Efficiency Savings:</b>		
Savings required to meet net deficit*	59	(7.8)
<b>Sub-total</b>		<b>(7.8)</b>
<b>NET DEFICIT / (SURPLUS)</b>		<b>(0.0)</b>

*\*detailed proposals regarding this are the subject of a separate consultation process*

## WELFARE REFORM SUMMARY IMPACT ON SOUTHWARK

*Extract from response to Department for Work and Pensions consultation during Summer/Autumn 2010*

### Background

Reducing welfare dependency and poverty is a priority for Southwark Council. More than 40,000 Southwark residents are in receipt of Housing Benefit/Council Tax Benefit (HB/CTB) of whom 33,000 are social housing tenants. Rented social housing makes up a much larger proportion of the total housing stock in Southwark by tenure type than is typical elsewhere in the United Kingdom. This means that the impact of the widely recognised disincentives to enter paid work, or increase hours of paid work, that are characteristic of the current tax and benefit system – particularly when HB/CTB is included – would tend to be greater in Southwark than elsewhere. The current (welfare) system has been widely criticised as excessively complex, burdensome and confusing for claimants, expensive to administer and prone to high levels of fraud and error. Southwark supports the principle of simplification of the system, but would want to ensure that a reformed system continues to ensure fairness for all whilst providing a ‘safety net’ for those in need.

Housing costs and a lack of affordable housing in London is already a challenge for low income households in Southwark and the recent Housing Benefit (HB) reforms will have a significant impact for low income households and residents claiming HB. Proposals for welfare reform also need to consider a localised approach which takes into account the region’s higher living cost in respect of housing. It is recognised that the complexity of the current welfare system is driven by the need to offer fairness and contain costs while meeting a wide range of individual needs. These tensions are unlikely to diminish and in fact the imperative to control costs is likely to increase further at least in the short to medium-term.

### Systemic Reform

The Government’s plans for welfare reform were published on 11 November 2010 in a White Paper *‘Universal Credit: Welfare that Works’*. This commits to retaining the link between social housing rents charged and the housing element of the new Universal Credit, a continuation of the current system under HB. The Government is very keen to see people managing their own budgets and taking individual responsibility for bills. However it recognises the importance of stable rental income for landlords to support the delivery of new affordable homes. The council is pleased to see that the option of direct payments in some form is left open and there is a commitment to working with the sector and lenders in developing the practical aspects of the new system.

In terms of future changes, the Government still wants to go ahead with measures previously announced to limit the amount of housing benefit paid to social housing tenants who under occupy their properties. Other than these changes the Government does not anticipate further changes to Housing Benefit in the short to medium term. It is envisaged that the administration of help with housing costs will move away from local authorities though they may retain responsibility for housing costs in temporary and supported housing.

## Implications for New Housing & Affordable Homes

In Southwark, there is a large social housing stock, low income levels and high HB dependency and this all contributes to a disproportionate impact of the proposed changes. This may result in a financial dilemma for housing management – increased evictions leading to a higher number of temporarily void properties versus acceptance of higher arrears levels in the 'can't pay' category. In addition social housing authorities are tasked with ensuring their current stock meets the Decent Homes standard – and there may be tensions between this target and the delivery of affordable housing at a time of reduced availability of resources to fund both key priorities.

There is concern about how HB reform proposals will impact on the deliverability of new homes and whether they will remain affordable to people on a range of incomes. Southwark's policy is to develop mixed and balanced communities and the new changes may limit who will actually be living in these homes. As new homes are likely to have quite high rents in comparison to current council rents, RSLs may want to impose more checks on the ability of prospective tenants to pay this. Indeed it is possible that prospective tenants will rule themselves out because of concerns around this (for example, in the case of people claiming JSA for more than 12 months who will then have a 10% reduction in HB imposed).

More de-regulation by the government around target rents/service charges may help to encourage affordability. Otherwise there is a risk of a shift back to a two-tier rent regime the GLC used to have in the 1970's. Lenders may now be less inclined to support RSL schemes where previously there was confidence in say 80% of tenants being able to pay their rent via Housing Benefit.

Some housing schemes e.g. temporary to permanent, are dependent on long-term availability and stability of LHA to develop affordable housing in the longer term and which are used as Temporary Accommodation in the shorter term and on the assumption that many of the tenants will not be in work on a long-term basis. The sub-regional 'temp to perm' scheme model is based on slightly below LHA level rents so hopefully this will not be affected as much but other schemes may be dependent on the highest rates of LHA and these are at more of a risk.

The shortage of affordable housing in London in particular will become more acute following the proposed changes to Housing Benefit announced in the emergency budget in June 2010. Our assessment of impacts for Southwark residents concluded there will be an increase in the number of households threatened with homelessness due to rent arrears as Housing Benefit will cease to cover rent charges over the 30<sup>th</sup> percentile from private landlords. Most existing private tenants claiming HB will have their benefits fall under the new changes resulting in greater hardship as tenants struggle to bridge the gap between the reduced HB payment and the rent. Some tenants will be unable to make up the difference, and may lose their home, leading to an increased demand for rehousing to either the affordable housing sector or to the lower end of the private rented sector. At the same time, there may be increased competition for housing from tenants coming into the borough from areas where the gap is greater. All of our prevention schemes are similarly set at the same LHA rates.

Using information from Southwark's PRS HB caseload and the Valuation Office Agency estimates, it is estimated that just over half (1,738) of the 3,429 LHA HB cases would lose HB from April 2011, by an average of £12.33 per week.

It is estimated that the reduction in LHA from the 50<sup>th</sup> to the 30<sup>th</sup> percentile from October 2011 will result in a greater reduction in HB payments for LHA HB claimants. The council's housing benefit service estimate that the combined April and October 2011 changes would result in reduced HB payments for nearly all of the LHA HB claimant households, with an average loss of £17.39 in weekly HB. This represents a substantial loss in income for households who are already financially hard pressed and is likely to have the effect of reducing the accessibility to private rented accommodation for those on low incomes.

Officers directly involved with the delivery of homelessness prevention initiatives currently estimate that up to 1,000 households may be at risk of homelessness as a result of this change.

Although the Government plans to increase the budget for Housing Discretionary Payments, Southwark's current allocation of £140,000 even with proportionate growth, is very unlikely to be sufficient to top up rents on the scale that is required when the new changes are introduced. This yearly budget is fully spent at Southwark dealing with current activity.

At present however we are not certain as to which way landlords will react to the changes. Should the above estimate be realised however and these households present to the council as homeless, there will be increased pressure on social housing. There are already 16,937 applicants registered on Southwark's Housing Register, with over 8,000 having some form of priority for rehousing.

Aside from an increase in homelessness there is an increased risk of higher levels of bad debt in existing temporary accommodation. Additionally, Housing Benefit reductions are proposed for working age people who are currently under-occupying their social housing tenancy. There is a risk here that some of these affected households would be unable to pay their rent once the HB is reduced, but at the same time may not necessarily be able to move to a smaller property due to possible lack of supply. Even if a smaller property were available, there might be a delay in the tenant being able to move during which time rent arrears may build up. The proposed reduction in HB may also have implications for Southwark's under-occupation scheme in general and for under-occupiers being re-housed on regeneration schemes as some of these initiatives in Southwark currently allow for an extra bedroom above the household's needs.

Southwark continues to offer an enhanced housing options service with customers being offered access to employment advice via our Homesearch Centre. For those in employment, in practice it is difficult to deliver intermediate housing for households with incomes close to a target social rent of £15,400. Currently there are no intermediate housing products available in Southwark for households with incomes of less than £29,000 pa. On the basis that intermediate rents are set at 75% of market rents in Southwark, a household would require an annual income of £25,900 to be able to afford a 1 bedroom dwelling on the assumption they spend 25% of their gross income on rent.

In reviewing the impact of HB reform, Southwark's housing strategy team have assessed that there will be an increase in the number of Southwark households threatened with homelessness due to rent arrears as HB will cease to cover rent charges over the 30<sup>th</sup> percentile from private landlords, and also lead to an increased risk of higher levels of bad debt in existing temporary accommodation. Additionally, Housing Benefit reductions are proposed for working age people who are currently under-occupying their social housing tenancy. There is a risk here that some of these affected households would be unable to pay their rent.

It appears that there may be micro-managing of HB/LHA, but simultaneously the government is looking to simplify welfare benefits in such a way that presumably it will be up to the individual how much of their universal credit etc. they use to fund their housing costs.

Overall housing organisations would welcome more flexibility in HB tapers as the current arrangement does penalise those going back to work on low incomes, and more protection for those returning to work as many of the clients we work with have a history of going in and out of low paid work, with rent arrears building up which are not always cleared by backdated HB.

*Additional material sourced from National Housing Federation Briefing (18 November 2010)*

<b>Item No.</b> 16.	<b>Classification:</b> Open	<b>Date:</b> 14 December 2010	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Quarter 2 Revenue Monitoring Report – 2010/11	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance and Resources	

### **FOREWORD - COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE AND RESOURCES**

1. The report below sets out the current forecast for the general fund and the housing revenue account for 2010/11 based on the first half of the year.
2. There has been some improvement in the projected adverse variance in the general fund since the quarter 1 report, from the £4.189m reported in September to £2.765m. Cabinet members will recall that the unprecedented in-year budget reduction of £5.1m from government has had an impact on this figure. The recommendations below ask that officers continue to work to reduce this adverse variance. The report sets out explanations for the figures for each department.
3. Similarly, the projected adverse variance in the housing revenue account has decreased from the quarter 1 report, from £4.215m to £3.675m. The continued adverse variance arises from one-off pressures including the on-going costs arising from the fires at Lakanal and Carisbrooke Gardens and major regeneration initiatives.
4. Cabinet members should also note the projected net reduction in reserves as described in the report.
5. Cabinet are also asked to note the treasury management activity in the last quarter. No new borrowing was taken in this period and debt to fund past capital spending remains at £762m. No debt is due to mature in this financial year. The council's investments total £224.3m.

### **RECOMMENDATIONS**

6. That the cabinet notes:
  - the general fund outturn forecast for 2010/11 and the forecast net movement in reserves;
  - the housing revenue account's (HRA) forecast outturn for 2010/11 and movement in reserves.
7. That the cabinet notes the treasury management activity for the second quarter of 2010/11.

8. That the cabinet notes and approves the general fund budget adjustments as required, as detailed in Appendix A.
9. That cabinet instructs strategic directors to continue to take further action to manage the cost of services within agreed budgets.

### **BACKGROUND INFORMATION**

10. This report provides a quarter 2 update on the Council's 2010/11 outturn forecast for the general fund, HRA and collection fund based on the most current information available. Explanations for key variances are presented along with the action planned or taken by managers to address these variances.
11. There is an overall improvement in both the General Fund and the Housing Revenue Account compared to the position reported at quarter 1.
12. The report also identifies key variances in the council's savings plans for 2010/11 and reports on the movement expected on the council's reserves.
13. Information with regard to the council's treasury management activity is also presented in this report.

### **KEY ISSUES FOR CONSIDERATION**

#### **Current forecast position**

14. The overall forecast position for the general fund, housing revenue account and collection fund is as follows:

Table 1: Summary forecast outturn

<b>Account/Fund</b>	<b>Forecast outturn variance unfavourable / (favourable) £'000</b>	<b>Forecast outturn variance reported at Quarter 1 £'000</b>
General fund	2,765	4,189
HRA	3,675	4,215
Collection fund	366	1,135

#### **General fund**

15. There is an overall improvement of £1.424m compared to the position reported at quarter 1 which is due to more favourable forecasts in a number of departments including environment and housing, health and community services and regeneration & neighbourhoods and major projects.



## Quarter 2 general fund departmental monitor

16. The forecast outturn position for quarter 2 by department is presented in Table 2 below.

Table 2: General Fund forecast outturn

General fund	2010/11 Original budget £'000	Budget adjustments £'000	2010/11 revised budget as at month 6 £'000	2010/11 Forecast outturn at month 6 £'000	Variance - over / (under) £'000	Variance reported at Q1 £'000
Children's services	99,674	(257)	99,417	100,217	800	400
Health and community services	118,810	(196)	118,614	120,309	1,695	2,412
Environment and housing Regeneration & neighbourhood and major projects	76,074	(35)	76,039	76,246	207	1,068
Deputy chief executive	30,296	0	30,296	30,459	163	399
Communities, law and governance	46,271	2,921	49,192	49,192	0	0
Finance and resources	13,070	(269)	12,801	12,801	0	0
SCR income	34,727	(3,264)	31,463	31,363	(100)	(90)
Strategic and corporate	(58,858)	48	(58,810)	(58,810)	0	0
	1,606	1,821	3,427	3,427	0	0
<b>Total general fund before appropriations</b>	<b>361,670</b>	<b>769</b>	<b>362,439</b>	<b>365,204</b>	<b>2,765</b>	<b>4,189</b>
Appropriations to/(from) reserves	2,195	(769)	1,426	1,426	0	0
<b>General fund total</b>	<b>363,865</b>	<b>(0)</b>	<b>363,865</b>	<b>366,630</b>	<b>2,765</b>	<b>4,189</b>
Area based grant	(43,956)	0	(43,956)	(43,956)	0	0
<b>Net total</b>	<b>319,909</b>	<b>(0)</b>	<b>319,909</b>	<b>322,674</b>	<b>2,765</b>	<b>4,189</b>
Schools budget	0	0	0		0	0
Appropriation to/(from) DSG reserves	0	0	0		0	0
<b>Total</b>	<b>319,909</b>	<b>(0)</b>	<b>319,909</b>	<b>322,674</b>	<b>2,765</b>	<b>4,189</b>

17. The key reasons for this improved position are as follows:

- Health and community services

The position has improved from the previous quarter with a reduction in the adverse variance forecast from £2.41m to £1.69m. Main pressure areas include placements for younger disabled people and delays to the transfer of residential to community based care.

Management action is being taken across department to contain cost pressures, including;

- Close review of new placements made to minimise the use of expensive residential care
- Better procurement of all purchased care to ensure lowest possible price
- Holding staff vacancies and limiting use of agency staff
- Re-assessing existing care packages, both in and out of Borough
- Maximising all potential income streams

Whilst the budget is still under pressure the forecast position is prudent. The success of existing action plans and further work should see continued reduction in costs over the remainder of the year, with an aim to achieving as

close to a balanced budget as possible by March 2011.

- Environment and housing  
Discussions with the leisure contractor are close to finalisation, and the director is confident of a satisfactory outcome for the Council. This will have a positive effect on the outturn variance. The community safety forecast position has improved considerably. There are three factors behind this improvement. Firstly a robust action plan has been put into place by the head of service. Secondly, agreement has been reached with regard to costs that can be recharged to the HRA for the warden and enforcement service on the Heygate Estate. Thirdly, the contract has now been signed for the warden service at Better Bankside. As a result income is now recognised in the outturn forecast. For the department as a whole, robust management action has dealt with a number of pressures e.g. in year loss of grant, such that the previously reported adverse variance position has been successfully managed down. This trend will be embedded through further management actions that are currently underway.
  - Regeneration & neighbourhood and major projects  
The reduction in costs for vacant posts for the director and support division within major projects are the main reasons for the overall improvement in the projections now reported. However, management action is being taken in regeneration and neighbourhood to address the areas of adverse variance by scrutinising and reducing expenditure where possible and updating all income projections based on latest available information. It is expected that these actions should result in an improvement in the forecast and lead towards a balanced budget position for the department at year end.
18. Children's services cost pressures have resulted in an increase in the forecast adverse variance from £400k in quarter 1 to £800k in quarter 2; the increase can be attributed to the increasing activity in SEN transport as well as cost pressures due to delays in implementing the reorganisation of the after school service. This adverse variance is in the context of a £2.7m reduction in grants in year; some of the grant cuts have been met by known favourable variances in year which has reduced the service's flexibility to absorb cost pressures. Although the majority of the in year budget cuts are on track; £100k of the area based grant (ABG) budget cut has not been able to be absorbed in year.
  19. Children's services have realised in year savings of £100k through the ongoing process of renegotiating semi-independent placement contracts; this work is going to be extended to all placement contracts over the coming months. There are plans to reduce the transport variance through a revision of the policies and contract re-tender, however, this is unlikely to be fully realised until the next financial year. In the short-term, a review of individual pupil journeys is underway. Children's services continue to be committed to reduce this predicted variance in year by identifying areas where management action can be taken to reduce spending. The dedicated schools grant (DSG) is currently balanced. However, the final DSG allocation will not be known until mid-November when a budget pressure of around £200k is anticipated as a result of a DSG recoument in year as a result of new academies.
  20. The overall outturn position will continue to be closely monitored and all strategic directors are working to ensure that by the end of the year the budget, as agreed through the policy and resources strategy in February 2010 by council assembly will be delivered on target.

21. This level of unfavourable variance is higher than projections at this point in previous years, although there has been an unprecedented cut of £3.2m in ABG in year which is being managed. Quarter 2 monitors for 2007/08, 2008/09 and 2009/10 showed unfavourable variances of £1.625m, £2.867m (includes extraordinary items e.g. de Menezes inquest) and £1.275m respectively. This does remain a cause for concern and management action continues to be taken to address this.

### Housing revenue account

22. The latest forecast shows improvement over the quarter 1 position and is an indication that the actions taken by management in recent months are delivering the improvements necessary. The position has stabilised and there is evidence to suggest that the downward spend profile on repairs can continue, subject to continued adherence to the new procedures introduced, such that the variance in this area may be largely eliminated by year-end.
23. As previously reported there are also a number of exceptional items, outside the normal day to day activity that give rise to additional pressure on the HRA, e.g. major regeneration initiatives and the on-going costs arising from the fires at Lakanal and Carisbrooke Gardens, which are forecast to exceed the resources available. The goal remains to return a balanced position by March 2011 and minimise the call on HRA reserves.

Table 3: Estimated projection of HRA outturn position for 2010/11 as at quarter 2

	Net Expenditure			
	Full Year Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Forecast Variance at Q1 £'000
<b><u>Regeneration &amp; Neighbourhoods</u></b>				
Housing Strategy & Options - Community Housing Services	1,767	1,741	(26)	1
Housing Strategy & Options - Strategy & Regeneration	1,728	1,747	19	69
<b><u>Strategic Services</u></b>				
Debt Charges & Financing	101,110	101,168	58	30
Major Project Costs	6,000	7,038	1,038	1,200
<b><u>Environment &amp; Housing</u></b>				
Housing Management	(96,343)	(93,666)	2,677	2,540
Home Ownership Unit	(28,290)	(28,047)	243	385
Other Services	14,028	13,967	(61)	(10)
<b><u>HRA Carry Forward</u></b>	0	(273)	(273)	0
<b>Housing Total</b>	<b>0</b>	<b>3,675</b>	<b>3,675</b>	<b>4,215</b>
<b>Contribution from Reserves</b>			<b>(3,675)</b>	<b>(4,215)</b>

### Collection fund

24. As a billing authority the council is required to maintain a collection fund account, which shows the transactions of the billing authority in relation to non-domestic rates and the council tax, and demonstrate the way in which these have been distributed to preceptors and the general fund. The council must take into account the estimated surplus or deficit on the collection fund balance when setting the council tax for the following year.
25. The latest calculations estimate the balance on the collection fund to be a deficit of £366k as at 31 March 2011. The estimate is based on September system reports adjusted for the level of 'reliefs and exemptions' applied, which are assumed to be at a level similar to the 2009/10 outturn proportion. This therefore takes into account the sharp increase in exemptions that were applied late on in 2009/10 that resulted in a significant unfavourable difference of £696k between the projected and outturn position in 2009/10.
26. The forecast deficit for this quarter has been revised downwards from the first quarter by £769k. This is attributable to a change in the council tax base between reporting periods, which will increase income due.

### Savings and efficiencies - 2010/11 budget - Quarter 2

27. The council targeted £20.8m combined savings and efficiencies for the general fund and housing revenue account in 2010/11. At the end of quarter 2, £17.3m of these targeted savings were forecast to be achieved. The main shortfall being within the HRA where £2.3m of the £7.3m savings are now forecast not to be achieved.

Table 4: Forecast of savings achieved

	Agreed by Council £'000	Total Forecast Savings £'000	Variance as at Q2 £'000	Variance as at Q1 £'000
Children's Services	(2,200)	(2,050)	150	0
Health and Community Services	(3,280)	(2,262)	1,018	870
Environment and Housing	(1,528)	(1,528)	0	0
Regeneration & neighbourhoods and major projects	(1,127)	(1,027)	100	100
Finance & Resources	(893)	(873)	20	0
Deputy Chief Executive	(820)	(820)	0	0
Communities, Law and Governance	(583)	(583)	0	15
Corporate	(3,000)	(3,000)	0	0
<b>Total General Fund</b>	<b>(13,431)</b>	<b>(12,143)</b>	<b>1,288</b>	<b>985</b>
HRA	(7,328)	(4,995)	2,333	1,599
<b>Total Savings 2010/11</b>	<b>(20,759)</b>	<b>(17,288)</b>	<b>3,621</b>	<b>2,584</b>

28. The Children's Services shortfall in meeting these savings is due to unexpected delays in the implementation of the transfer of the operation of the after school services to schools. However, this transformational change is now progressing

well, with positive buy in from schools and the impact will be fully realised next year.

29. In health and community services, there is a shortfall forecast of £1m against the budgeted savings of £3.3m. This shortfall has increased from the position reported at quarter 1 by £148k and is due to the following:
  - learning disabilities - £292k (£300k at Q1) slippage due to CQC delays in de-registration, homecare and £26k slippage due to delays in the completion of a review of provision in the Southwark outreach service.
  - older People (OP) and physical disabilities (PD) commissioning - £100k (nil at Q1) slippage on this saving relates to issues with the retendering of the ICES service.
  - OP & PD - £500k (£370k at Q1) slippage is due to difficulties in the negotiations to date on service re-design and contract change in relation to residential placements.
  - welfare rights – no movement from Q1, £100k slippage is due to the corporate approach to welfare rights service being delayed.
30. In response to the above, a management action plan within health and community services has identified alternative savings of £1m against care and non care expenditure.
31. In regeneration & neighbourhoods and major projects, there remains a £100k variance due to a shortfall in the expected income from advertising boards. Officers are exploring other savings options to enable all budgeted savings to be achieved during 2010/11.
32. In finance and resources a variance of £20k is due to residential properties at Tooley Street being let out later than was expected. It is expected that some of this variance will be mitigated through insurance premiums which will be added to rents.
33. There are a number of factors that contribute to the reported variance against the proposed savings target within the HRA at this point.
  - The anticipated contract savings of £1m proposed through the re-organisation of the quantity surveying function within the wider asset management & investment programme team will not be fully realised in the current year. The forecast at quarter 2 is necessarily prudent, reflecting activity levels over the initial months of this financial year, but there are tentative signs that the new management and operational arrangements are becoming embedded and should now start to deliver cost reductions. A concerted effort on engineering, voids and R&M contracts have identified and rectified control weaknesses and revised expenditure profiles and the recoupment of contract sums from contractors should mitigate the reported position by year-end. Quarter 3 should give a more realistic assessment of progress and likely outturn.
  - Plans to introduce a differential charging policy for garages has not progressed as originally planned, therefore income assumptions predicated on the basis of a July increase, then subsequently November will not now be achieved. This accounts for the deterioration in the position reported previously which now assumes that implementation of

the new charging policy will not occur during 2010/11. The shortfall against budget is £1.25m.

- Savings arising from the accommodation review will not now be fully realised during 2010/11. It is estimated that around half of the £200k savings identified can be delivered in year one, with a further £50k from other facilities related activity, giving rise to a £50k shortfall against the target. It is anticipated that the full sum will be achievable from year two onwards.
- The commercial property portfolio is showing a shortfall against both the 2010/11 savings target (£33k) and the base rental income budget overall. The income target was predicated on prior-year activity which is being adversely affected by current economic conditions. This function is subject to review during 2010/11 with a view to improving the net revenue contribution to the HRA.

### **Reserves**

34. The Council's 2010/11 general fund revenue budget includes funding for planned contributions to reserves of some £2.2m in total. These include:
  - £900k contribution to the modernisation reserve held for investment in modern ways of working and process re-engineering and that allow for efficiency savings to be delivered in the future,
  - £300k set aside for the future costs that will arise through changes in the council's management structure as the modernisation agenda is taken forward, and
  - £1m contribution to reserves to support the ongoing regeneration and development agenda within the borough.
35. During the course of the year approval is given for additional movements to and from earmarked reserves. These include:
  - effecting a technical accounting requirement by a contribution to reserves for reasons in relation to smoothing the rental charge for Tooley Street over the first five years. This effectively allows the council to reflect the average rent charge over this period taking into account the rent free period,
  - a release of reserves in respect of the new horizons project on revenues and benefits,
  - a planned use of reserves in respect of the regeneration projects around Canada Water and Bermondsey Spa of £246k, and
  - a planned use of reserves of £393k in respect of Southwark schools for the future.

36. Table 5 below summarises the projected movements in reserves.

Table 5: Summary of projected reserve movements in 2010/11

	<b>2010/11 opening balance</b>	<b>Projected change in reserves</b>	<b>Release of reserve for capital</b>	<b>2010/11 forecast closing balance</b>
<b>Reserve</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General fund earmarked	(61,377)	(1,426)		(62,803)
DSG reserve	(4,010)			(4,010)
Schools Balances	(10,114)			(10,114)
HRA earmarked	(14,124)	3,675		(10,449)
<b>Total</b>	<b>(89,625)</b>	<b>2,249</b>	<b>0</b>	<b>(87,376)</b>

### Treasury management

37. The council's treasury management activity relates to both cash and debt balances. The cash earns interest until it is needed in spending and the debt funds current and past capital spend met through borrowing. In managing these activities local authorities should, under the Local Government Act 2003, have regard to guidance on investments and sums set aside to repay debt issued by the Government and the Treasury Management in the Public Services Code of Practice and the Prudential Code for Capital Finance in Local Authorities, issued by the Chartered Institute of Public Finance and Accountancy CIPFA.
38. At 30 September 2010, the council's debt and cash balances were £762m and £224m respectively. The debt funds past capital expenditure not otherwise met from capital receipts, grants or revenue, and the cash is invested until it is used in spending.
39. Three investment firms (AllianceBernstein, Aberdeen Fund Management and Invesco Asset Management) manage the council's exposure to certificates of deposits (liquid bank deposits) and bonds and an in-house operation focuses on meeting day to day cash volatility using money market funds, call accounts and short term deposits.
40. In September the sums managed externally was reduced by £20.9m and brought in house to ensure that the council can meet cash requirements in the second half of the year. The sum managed externally now stands at £150m, with £74m held internally.
41. The sum invested with each counterparty at 30 September 2010 is set out in Table 6 below. The part-year return to September 2010 is 0.67% reflecting the very low level that money market rates have been at since last year.

Table 6: Investment counterparty exposure

INVESTMENT COUNTERPARTY EXPOSURE £m & RATING at 30 SEP 2010						
COUNTERPARTY		LONG TERM RATING	SHORT TERM RATING	SUPPORT RATING	COUNTRY	COUNTRY RATING
BARCLAYS BK	8.5	AA-	F1+	1	UK	AAA
BANQUE NATIONAL de PARIS	0.5	AA-	F1+	1	FRANCE	AAA
CREDIT AGRIC CIB	12.4	AA-	F1+	1	FRANCE	AAA
EUROPEAN INV BK	15.4	AAA	F1+	0	SUPRANATIONAL	AAA
FORTIS BK	5.1	A+	F1+	1	BELGIUM	AA+
GLOBAL TREAS FUNDS-MMF	13.5	AAA	F1+	0	GLOBAL	0
HSBC	0.7	AA	F1+	1	UK	AAA
ING BK	12.5	A+	F1+	1	NETHERLANDS	AAA
INT BK RECONST DEVT	1.2	AAA	F1+	0	SUPRANATIONAL	AAA
LCR FINANCE-UK GUARANTD	8.3	AAA	F1+	1	UK	AAA
LLOYDS TSB/BK SCOTLAND	24.6	AA-	F1+	1	UK	AAA
NATIONWIDE BSOC	13.8	AA-	F1+	1	UK	AAA
NORDEA BK FINLAND	7.5	AA-	F1+	1	FINLAND	AAA
RABOBANK	0.5	AA+	F1+	1	NETHERLANDS	AAA
RBS/NATWEST	25.5	AA-	F1+	1	UK	AAA
SANTANDER UK	15.0	AA-	F1+	1	UK	AAA
SOCGEN	7.0	A+	F1+	1	FRANCE	AAA
SVENSKA	0.6	AA-	F1+	1	SWEDEN	AAA
UBS	2.6	A+	F1+	1	SWITZERLAND	AAA
UK TREASURY	49.2	AAA	F1+	0	UK	AAA
<b>Grand Total</b>	<b>224.3</b>					

42. No new borrowing was taken this quarter and debt to fund past capital spending remains at £762m, the level it was at throughout 2009/10. All debts are at fixed rates from the Public Works Loans Board (a division of HM Treasury and a competitive source of funds). There is no debt maturing this year so no replacement finance is needed. However funds may be needed to pay for future capital expenditure ahead of receipts or other funding.
43. As part of the government's actions under the comprehensive spending review (CSR), the Public Works Loans Board (PWLB) raised the cost of borrowing for councils by 1% across the board. There are no immediate cost consequences for the council from this rise. However, if borrowing rates stay at this level the council could be exposed to additional costs than would otherwise be incurred from:
- the cost of new supported or prudential borrowing will be higher
  - some £200m of debt falls due to be refinanced in 2013/14 - 2015/16. Although the existing debt is much higher than prevailing rates (loans range between 8% and 10%), the gain from refinancing at lower rates will be reduced (and after assuming long term rates do not escalate in the next three years)
  - the change in rates could affect the communities and local government's (CLG's) national model of debt financing under the HRA subsidy reform, which could adversely affect the amount of Southwark debt CLG is prepared to redeem, leading to a greater cost burden on the HRA after the reform. CLG are now expecting to issue revised consultation in January which will identify the impact the PWLB action has had.



### Community impact statement

44. This report monitors expenditure on council services, compared to the planned budget agreed in February 2010. Although this report has been judged to have no or a very small impact on local people and communities, the projected expenditure it is reporting reflects plans designed to have an impact on local people and communities, which will have been considered at the time the services and programmes were agreed. It is important that resources are efficiently and effectively utilised to support the council's policies and objectives.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
2010/11 departmental revenue monitoring submissions	160 Tooley Street	Vernon Smith 0207 525 57355
2010/11 treasury activity	160 Tooley Street	Karsan Varsani 0207 525 54301

### APPENDICES

No.	Title
Appendix A	General Fund Budget Adjustments

### AUDIT TRAIL

<b>Cabinet member</b>	Councillor Richard Livingstone, Finance and Resources	
<b>Lead officer</b>	Duncan Whitfield, Finance director	
<b>Report author</b>	Cathy Doran, Finance and resources	
<b>Version</b>	Final	
<b>Dated</b>	2 December 2010	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	No	No
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
<b>Date final report sent to constitutional team</b>		2 December 2010

Detail of budget adjustments shown in Table 2

**Departmental summary of budget adjustments**

<b>Total of departmental movement</b>	<b>Credits</b>	<b>Debits</b>	<b>Net movements</b>
Children's	(257)	0	(257)
Health and community services	(196)	0	(196)
Environment and housing	(223)	188	(35)
Regeneration & neighbourhood and major projects	(698)	698	0
Deputy Chief Executive	(561)	3,483	2,922
Communities, Law and Governance	(269)	0	(269)
Finance and resources	(3,993)	727	(3,266)
SCR income	0	48	48
Strategic and corporate	(1,528)	3,350	1,822
Appropriations	(3,108)	2,339	(769)
<b>Total</b>	<b>(10,833)</b>	<b>10,833</b>	<b>0</b>

Detail of budget adjustments shown in Table 2

**Budget adjustments to be approved**

Department from	Amount £'000	Department to	Amount £'000	Reason
Appropriations	(2,469)	Deputy Chief Executive	2,469	Revenues and benefits new horizons project
Finance and resources	(2,339)	Appropriations	2,339	Technical adjustment to smooth the rental cost for the Council's offices at Tooley Street.
Finance and resources	(1,500)	Strategic and corporate	1,500	Transfer of FSS savings
Strategic and corporate	(986)	Deputy Chief Executive	986	Estimated bonus budget transfer
Regeneration & neighbourhood and major projects	(545)	Strategic and corporate	545	Variation of contracts within community housing services.
Strategic and corporate	(468)	Finance and resources	468	Agency contract income
Deputy Chief Executive	(419)	Strategic and corporate	419	Transfer of human resources savings budgets.
Appropriations	(393)	Regeneration & neighbourhood and major projects	393	Planned release of reserve for Southwark schools for the future.
Children's	(257)	Strategic and corporate	257	Claw back of inflation provided on employee budgets in anticipation of the proposed pay freeze in 2010/11.

Detail of budget adjustments shown in Table 2

**Budget adjustments to be noted**

Department from	Amount £'000	Department to	Amount £'000	Reason
Appropriations	(246)	Regeneration & neighbourhood and major projects	246	Planned release of reserve for Canada Water and Bermondsey Spa.
Environment and housing	(223)	Strategic and corporate	223	Claw back of inflation provided on employee budgets in anticipation of the proposed pay freeze in 2010/11.
Communities, Law and Governance	(136)	Environment and housing	136	Transfer of salary budgets for Peckham programme from CLG- community engagement to Env - Public Realm
Health and community services	(104)	Strategic and corporate	104	Claw back of inflation provided on employee budgets in anticipation of the proposed pay freeze in 2010/11.
Regeneration & neighbourhood and major projects	(92)	Strategic and corporate	92	Claw back of inflation provided on employee budgets in anticipation of the proposed pay freeze in 2010/11.
Finance and resources	(78)	Strategic and corporate	78	Claw back of inflation provided on employee budgets in anticipation of the proposed pay freeze in 2010/11.
Deputy Chief Executive	(64)	Strategic and corporate	64	Claw back of inflation provided on employee budgets in anticipation of the proposed pay freeze in 2010/11.
Regeneration & neighbourhoods and major projects	(61)	Finance and resources	61	Transfer of TSS posts
Communities, Law and Governance	(59)	Regeneration & neighbourhoods and major projects	59	Responsibility for performance and monitoring of grants transferred from CLG back to planning and policy team in regeneration
Strategic and corporate	(52)	Environment and housing	52	Adjustment to the claw back of inflation provided on employee budgets in anticipation of the proposed pay freeze in 2010/11.
Finance and resources	(48)	SCR income	48	Transfer of salaries budgets for Finance Officer (YT) from former Income Accounting Team to HRA Finance Team.
Communities, Law and Governance	(46)	Strategic and corporate	46	Claw back of inflation provided on employee budgets in anticipation of the proposed pay freeze in 2010/11.

Detail of budget adjustments shown in Table 2

Department from	Amount £'000	Department to	Amount £'000	Reason
Deputy Chief Executive	(45)	Finance and resources	45	Transfer of TSS posts
Health and community services	(33)	Finance and resources	33	Transfer of TSS posts
Deputy Chief Executive	(33)	Finance and resources	33	Transfer of corporate programme unit
Health and community services	(32)	Finance and resources	32	Transfer of FSS budgets from HCS to F&R
Finance and resources	(28)	Deputy Chief Executive	28	Transfer of health and safety officer post to human resources
Communities, Law and Governance	(28)	Finance and resources	28	Transfer of TSS posts
Health and community services	(27)	Finance and resources	27	To set up a new post to clear down part payment of non residential invoices on SAP and other support work in relation to non residential care debt
Strategic and corporate	(22)	Strategic and corporate	22	Claw back of inflation provided on employee budgets in anticipation of the proposed pay freeze in 2010/11.

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**NOTE:** Original held by Constitutional Team; all amendments/queries to  
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