

Cabinet

Tuesday 25 January 2011
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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Webpage: <http://www.southwark.gov.uk>

Members of the committee are summoned to attend this meeting

Councillor Peter John
Leader of the Council
Date: 17 January 2011



Cabinet

Tuesday 25 January 2011
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 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 dispensation 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.	
5.	MINUTES	1 - 11
	To approve as a correct record the minutes of the open section of the meetings held on 14 and 21 December 2010.	

Item No.	Title	Page No.
6.	DEPUTATION REQUESTS	12 - 13
	To consider any deputation requests.	
7.	HOUSING REVENUE ACCOUNT - FINAL RENT-SETTING AND BUDGET REPORT 2011/12	14 - 23
	To approve an average rent increase of 7.08% in accordance with the Government's required formula rent guidance. Additionally to approve revised tenant services charges, increase in rents and charges for all non-residential property and a further standstill in heating and hot water charges for 2011/12.	
8.	DEMOCRACY COMMISSION - IMPLEMENTATION PLAN	24 - 49
	To approve the Democracy Commission Implementation plan and to task the Democracy Commission with phase 2 of their work.	
9.	SHARED SERVICE WITH OTHER BOROUGHES	50 - 77
	To welcome the current discussions taking place on shared services with neighbouring boroughs and to note the current and developing arrangements for sub-regional collaboration through the South East London Housing Partnership, South East Libraries Performance Improvement Group and the South East London Shared Service Partnership. To also agree in principle to sharing a communications service with Westminster City Council subject to consultation with affected staff and the agreement of a detailed business case by the Leader of the Council.	
10.	LONDON COUNCILS GRANTS SCHEME 2011/12	78 - 94
	To note the issues arising from the London Councils Grants Review and agree the proposed levy subject to the budget proposals to be submitted to the council assembly in February 2011. To also agree that officers continue to explore the options for continuation/discontinuation of commissioned services in consultation with relevant boroughs and London Councils.	
11.	APPROVAL TO EXTEND THE LIFE OF THE EXISTING RENEWAL AREAS	95 - 102
	To note the proposal to extend the life of the renewal areas of East Peckham and Nunhead by four years to 2015.	

Item No.	Title	Page No.
12.	AUTHORISATION OF A DEBT WRITE- OFF OF MORE THAN £50,000 IN ENVIRONMENT AND HOUSING	103 - 105
	To authorise a debt write-off.	
13.	DISPOSAL OF FORMER ACORN NEIGHBOURHOOD HOUSING OFFICE AND LAND AT GOLDSMITH ROAD/MARMONT ROAD	106 - 114
	To agree to dispose with The Peckham Settlement, a site situated at Goldsmith Road/Marmont Road part owned by the Council and part owned by the Peckham Settlement for a consideration (to the Council).	
14.	GATEWAY 2 - CONTRACT AWARD APPROVAL - HOME CARE SERVICES IN SOUTHWARK	115 - 131
	To approve the award of Home Care Service contracts to the following suppliers for a period of 3 years from 6 April 2011.	
15.	GATEWAY 1 - SOUTHWARK MARKETS AND STREET TRADING MANAGEMENT ARRANGEMENTS AND LEGISLATIVE OPERATING FRAMEWORK	132 - 144
	To consider the options put forward in the report and approve a preferred option to operate street markets in Southwark.	
16.	MULTI UTILITIES SERVICES COMPANY (MUSCO) COMMERCIAL PARTNER	145 - 160
	To note the progress made to finalise the Dalkia consortium's Best and Final Offer (BAFO) for a Multi Utilities Services Company (MUSCo) Commercial Partner since the Major Projects Board meeting of 19 June 2008 and seeking approval to a number of recommendations including the termination of Dalkia consortium as preferred bidder.	
17.	GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - SOUTHWARK COMBINED HEAT & POWER FROM SELCHP: ADDITIONAL SERVICES CONTRACT	161 - 172
	To approve the procurement strategy for the additional services contract for Southwark Combined Heat and Power.	
18.	DISPOSAL OF PROPERTY IN THE SE1 AREA	173 - 178
	To agree in principle to seek vacant possession of an occupied housing unit in the SE1 area and to dispose of the wider property together with an adjoining property.	

Item No.	Title	Page No.
19.	MOTIONS REFERRED FROM COUNCIL ASSEMBLY	179 - 187

To consider motions referred from the 20 October council assembly on the following:

- Housing solutions for Southwark
- Southwark Life
- Committing to localism
- Withdrawal of private finance initiative (pfi) funding for regenerating the Aylesbury Estate
- King's Stairs Gardens site of importance for nature conservation (SINC) status

OTHER REPORTS

The following item is also scheduled to be considered at this meeting:

- 20. POLICY AND RESOURCES STRATEGY 2011/12 - 2013/14: SCENE SETTING**

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

- 21. AUTHORISATION OF A DEBT WRITE- OFF OF MORE THAN £50,000 IN ENVIRONMENT AND HOUSING**

Item No.	Title	Page No.
22.	DISPOSAL OF FORMER ACORN NEIGHBOURHOOD HOUSING OFFICE AND LAND AT GOLDSMITH ROAD/MARMONT ROAD	
23.	GATEWAY 2 - CONTRACT AWARD APPROVAL - HOME CARE SERVICES IN SOUTHWARK	
24.	GATEWAY 1 - SOUTHWARK MARKETS AND STREET TRADING MANAGEMENT ARRANGEMENTS AND LEGISLATIVE OPERATING FRAMEWORK	
25.	MULTI UTILITIES SERVICES COMPANY (MUSCO) COMMERCIAL PARTNER	
26.	GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL - SOUTHWARK COMBINED HEAT & POWER FROM SELCHP: ADDITIONAL SERVICES CONTRACT	
27.	DISPOSAL OF PROPERTY IN THE SE1 AREA	

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

Date: 17 January 2011



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 14 December 2010 at 4.00 pm at Town Hall, Peckham Road, London SE5 8UB

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.

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

The chair gave notice that the following late item would be considered for reasons of urgency, to be specified in the relevant minute:

Item 17a – Decent Homes Funding – Homes and Communities Agency

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 meeting held on 23 November 2010 be approved as a correct record and signed by the Chair.

6. DEPUTATION REQUESTS

The deputation (Southwark Trades Council) asked for this request to be deferred to a future meeting of cabinet.

7. SOUTHWARK VIOLENT CRIME STRATEGY

RESOLVED:

1. That the 2010-15 Safer Southwark Partnership (SSP) violent crime strategy be adopted.
2. That the five priorities and key recommendations of the violent crime strategy as set out below be adopted:

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.
3. That the commitment to submit an annual report to cabinet on the progress of the strategy be noted.

8. AYLESBURY PRIVATE FINANCE INITIATIVE HOUSING PROJECT - OUTLINE BUSINESS CASE

RESOLVED:

Decisions of the Cabinet

1. That the government decision to withdraw funding from the Aylesbury Private Finance Initiative (PFI) Housing Project, along with all other housing PFI pipeline projects be noted.
2. That the commitment to regenerating the Aylesbury Estate and to delivering the Aylesbury Area Action Plan be reaffirmed.
3. That officers complete the Outline Business Case (OBC) for the PFI project and submit this to the Homes and Communities Agency (HCA) as a position statement, to be considered in the event of further resources becoming available.
4. That officers 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/March 2011.
5. That council officers proceed with 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 of the report.

Decision of the Leader of the Council

6. That the responsibility for agreeing the detail of the OBC be delegated to the cabinet member for regeneration and corporate strategy.

9. AMENDING THE REHOUSING POLICY FOR HOMEOWNERS AFFECTED BY THE REGENERATION OF THE AYLESBURY ESTATE

RESOLVED:

That the set of rehousing options for all resident homeowners with limited capital and/or income affected by the regeneration of the Aylesbury Estate be amended and that the current rehousing policies for homeowners on the Heygate Estate be applied.

10. THE TRANSPORT PLAN AND SUSTAINABLE MODES OF TRAVEL STRATEGY

RESOLVED:

1. That public consultation of the draft transport plan and the sustainable modes of travel strategy be agreed.
2. That the draft transport plan incorporating the requirements of Southwark's local implementation plan be submitted to Transport for London (TfL) by 20 December 2010.

11. RESPONSE TO CONSULTATION BY THAMES WATER ON THE PROPOSED THAMES TIDEWAY TUNNEL ROUTES AND SITES

RESOLVED:

Decision of the Cabinet

1. That the response to the consultation by Thames Water on the proposed Thames Tideway Tunnel routes and sites (appendix 1 of the report), 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 be agreed.

Decision of the Leader of the Council

2. That the leader make any final amendments to and sign the council's response to Thames Water (appendix 1 of the report).

12. REVIEW OF HOUSING INVESTMENT STRATEGY

RESOLVED:

Decisions of the Cabinet

1. That the commitment to making every home warm, dry and safe be confirmed.
2. That the findings of the housing stock condition survey and the significant

investment needs identified be noted.

3. That 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 be noted.
4. That those commitments already made to residents in the two year programme be continued and officers review the specification for work packages where contracts have yet to be committed.
5. That further reports are brought back to cabinet by February/March 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.
6. That officers to consider all those options to increase the funding available to the council, set out in paragraphs 62 to 74 of the report, and report back to cabinet with a view to agreeing a new approach which will achieve warm, dry and safe homes.
7. That the consultation arrangements as set out in paragraphs 82 to 84 of the report be agreed and officers 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.
8. That it be agreed that for homeowners, administration charges are levied in accordance with the terms of the lease to recover costs from homeowners but capped at 10% and subject to 9 below.

Decision of the Leader of the Council

9. That further to 8 above, authority be delegated to the cabinet member for housing management to periodically review the costs and recharge rate.

13. GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL: CONSOLIDATED FACILITIES MANAGEMENT CONTRACT FOR 160 TOOLEY STREET

RESOLVED:

1. That the use of the procurement strategy outlined in the 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 be approved.
2. That it be noted that suppliers will be asked to submit both standard and variant bids (as set out in paragraphs 14 to 15 and 25 to 26 of the report) specifically to address the options for the provision of the service desk and operational facilities management (FM) services.
3. That the option to incorporate other council and partner properties as set out in paragraphs 34 to 35 of the report be noted.

14. CORPORATE ASSET MANAGEMENT STRATEGY 2010 - PLANNING FOR A SMALLER SUSTAINABLE OPERATIONAL ESTATE**RESOLVED:**

1. That the refreshed asset management plan ("AMP 2010") contained in Appendix 1 of the report be approved 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.
2. That the objective of reducing the estate by approximately 30% of its present size (excluding dwellings and schools), and the means of achieving this be noted.

15. HOUSING REVENUE ACCOUNT - INDICATIVE RENT-SETTING AND BUDGET REPORT 2011/12**RESOLVED:**

1. That 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 of the report) be noted. This is equivalent to an increase of £5.71 per week on average, to be applied to all housing revenue account (HRA) dwellings (including estate voids and hostels), with effect from 4 April 2011. The average budgeted dwelling rent for 2011/12 will be £86.31 per week.
2. That the provisional changes in tenant service charges as set out in paragraphs 28 – 32 of the report with effect from 4 April 2011 be noted.
3. That the provisional increase in rents and charges for all non-residential property of 50% as set out in paragraphs 33 – 35 of the report with effect from 4 April 2011 be noted.
4. That the 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 of the report) with effect from 4 April 2011 be noted.
5. That officers provide a final report on rent-setting and the housing revenue account (HRA) budget for 2011/12 after due consultation processes have been followed for consideration at the cabinet meeting on 25 January 2011.
6. That officers 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.

16. QUARTER 2 REVENUE MONITORING REPORT - 2010/11

RESOLVED:

1. That the following be noted:
 - 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.
2. That the treasury management activity for the second quarter of 2010/11 be noted.
3. That the general fund budget adjustments as required, as detailed in Appendix A of the report be noted and approved.
4. That strategic directors be instructed to continue to take further action to manage the cost of services within agreed budgets.
5. That references to the fire at Carisbrooke Gardens in reports and other relevant documentation should in future be amended to read 'Sumner Road'.

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

The cabinet member for finance and resources, Councillor Richard Livingstone updated the cabinet with the headlines from the provisional grant settlement. A report on the settlement will be considered by a special cabinet meeting on 21 December 2010.

17(A). DECENT HOMES FUNDING - HOMES AND COMMUNITIES AGENCY

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item for reasons of urgency because the council was required to provide a decent homes submission to the Homes and Communities Agency decent homes funding by the published deadline of 11 January 2011.

RESOLVED:

Decisions of the Cabinet

1. That the council's response to the proposals for funding backlog investment in decent homes issued by the Homes and Communities Agency and Communities and Local Government be noted.
2. That a submission for decent homes funding is made to the Homes and Communities Agency by the published deadline of 11 January 2011.

Decision of the Leader

3. That the authority to develop and submit the bid for funding be delegated to the cabinet member for finance and resources in consultation with the deputy chief executive and the finance director.

EXCLUSION OF PRESS AND PUBLIC

It was moved, seconded and

RESOLVED:

That the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of the exempt information as defined in paragraphs 3 and 5 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.

18. MINUTES

The closed minutes of the meeting held on 23 November 2010 were approved as a correct record and signed by the chair.

The meeting ended at 5.55pm

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 22 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.



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 21 December 2010 at 4.00 pm at 160 Tooley Street, London SE1 2TZ

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

1. APOLOGIES

Apologies for absence were received from Councillors John Friary and Catherine McDonald.

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

The chair gave notice that the following late item of business would be considered for reasons of urgency to be specified in the relevant minute.

Item 5 – Policy and Resources 2011/12 to 2013/14 – provisional local government settlement and draft medium term resources strategy.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures of interests or dispensations.

4. DEPUTATION REQUEST - SOUTHWARK TRADES COUNCIL

The deputation request had been withdrawn prior to the meeting.

5. POLICY AND RESOURCES STRATEGY 2011/12 TO 2013/14 - PROVISIONAL LOCAL GOVERNMENT SETTLEMENT AND DRAFT MEDIUM TERM RESOURCES STRATEGY

This item had not been circulated 5 clear working days in advance of the meeting. The chair agreed to accept the item as urgent because of the significant impact of the provisional settlement 2011/12 to 2012/13 on the council's budget and resource planning process.

RESOLVED:

1. That the provisional local government settlement for 2011/12 and 2012/13 which was published on 13 December 2010 be noted.
2. That it be noted that the issues in the report and subsequent analysis form the basis of a formal response to the consultation on the provisional local government settlement which must be submitted to government by 17 January 2011.
3. That it be noted that the Leader is writing to the Right Honourable Eric Pickles, MP, the Secretary of State for Communities and Local Government (CLG) to request a meeting to discuss the proposals set out in the provisional settlement.
4. That it be confirmed that the budget principles agreed by cabinet on 21 September 2010 continue to guide and underpin the work of officers in arriving at a balanced budget in February 2011.
5. That taking all the issues in the report, the finance director report back to the cabinet at its meeting on 25 January 2011, and in advance of the 31 January overview and scrutiny meeting, on the budget for 2011/12, and indicative budgets for 2012/13 and 2013/14.
6. That the updated draft medium term resources strategy (Appendix 1 of the report) be noted and the finance director present a final version at the 25 January 2011 cabinet meeting.
7. That the three Southwark MPs be requested to make representations on behalf of constituents to the Secretary of State for Communities and Local Government on the provisional local government settlement.
8. That the finance director circulate a briefing note on the local government settlement to all elected Members.

The meeting ended at 4.45pm

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, 5 JANUARY 2011.

THE ABOVE DECISIONS WILL NOT BE IMPLEMENTABLE UNTIL AFTER THAT DATE. SHOULD A DECISION OF THE CABINET BE CALLED-IN FOR SCRUTINY, THEN THE RELEVANT DECISION WILL BE HELD IN ABEYANCE PENDING THE OUTCOME OF SCRUTINY CONSIDERATION.

Item No. 6.	Classification: Open	Date: 25 January 2011	Meeting Name: Cabinet
Report title:		Deputation Request – Southwark Trades Council	
Ward(s) or groups affected:		All	
From:		Strategic Director of Communities, Law & Governance	

RECOMMENDATION

1. That the cabinet consider whether to hear a deputation from the Southwark Trades Council in respect of the item to be considered “policy and resources strategy 2011/12 – 2013/14 revenue budget.”

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

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

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

AUDIT TRAIL

Lead Officer	Ian Millichap, Constitutional Manager	
Report Author	Everton Roberts, Constitutional Officer	
Version	Final	
Dated	17 January 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	No	No
Finance Director	No	No
Date final report sent to Constitutional/Community Council/Scrutiny Team	17 January 2011	

Agenda Item 7

Item No. 7.	Classification Open	Date: 25 January 2011	Meeting Name: Cabinet
Report title:		Housing Revenue Account – Final Rent-Setting and Budget Report 2011/12	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

FOREWORD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT

1. In December I told Cabinet that housing finance was at a crossroads. Since then local authorities have begun to receive further information from Government as to the likely future of social housing provision, and it's financing, not least through the Localism Bill, but there is still much detail to be provided to us. Officers will continue to assess this detail as and when it is issued by the Communities and Local Government Department and will provide us with an impact assessment in due course. I also noted that housing was not immune from savings demanded of other council services, and this remains true. We have embarked on the widest range of consultation exercises with residents for some years in order to provide openness to them on the difficult decisions that we face, and to enable them to guide us in setting service priorities and thus influence the composition of those decisions.

RECOMMENDATIONS

Cabinet is recommended to:

2. Approve an average rent increase of 7.08% in accordance with the Government's required formula rent guidance (as set out in paragraph 11). 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. Approve revised tenant service charges following the rebasing exercise as set out in paragraph 14 with effect from 4 April 2011.
4. Approve an increase in rents and charges for all non-residential property of 50% as set out in paragraph 15 with effect from 4 April 2011.
5. Approve a further standstill in heating and hot water charges for 2011/12 such that each charge remains at the rate determined for 2009/10 and 2010/11 (as set out in paragraph 16).

BACKGROUND INFORMATION

Context

6. Cabinet on 14 December 2010 considered the Indicative HRA Rent-Setting and Budget position for 2011/12. This report contained all of the background information necessary to consider the reasons behind the proposed changes to rents and other charges. It is not proposed to repeat this detail here, but where further and updated information has been received from central Government that is germane to this process it is outlined below. The consultation process is not yet complete (as at the time of compilation of this report), but officers will provide a formal report of any resolutions from Tenant Council, Home Owner Council and Area Housing Forums at the Cabinet meeting.
7. The purpose of this report is to seek formal approval of the recommendations in respect of rents and other charges outlined at paragraphs 2 to 5 above.

Statutory Framework

8. 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. The HRA forms a specific part of the council's accounts, and a report regarding the general fund budget is being considered separately at this Cabinet meeting.
9. 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 the Indicative Report (14 December 2010) formed the basis of early consultation with Tenant Council, Area Housing Forums and Home Owner Council before this Final Report is considered by Cabinet. This process commenced before Christmas 2010, and continued throughout January 2011.
10. The council is obliged by statute to agree a balanced HRA budget, whereby income and expenditure levels for the forthcoming year match. In order to meet this requirement, this report uses a number of assumptions regarding income and expenditure levels, and Appendix A summarises this position. A key assumption is that unavoidable expenditure and other commitments, together with additional income generated by means of the rent and charges proposals elsewhere in this report will have to be supplemented by efficiency savings to the tune of £7.0m in order to balance. This does not, however, pre-empt the consultation exercise on budgets that the council is currently undertaking. The Finance Director and Director of Housing Services will present jointly a report setting out the detail of the required efficiency savings for Cabinet endorsement before the end of the current financial year, and this report will encompass consultation outcomes.

KEY ISSUES FOR CONSIDERATION

Annual Rent Guideline and Formula Rent

11. The Indicative Report (14 December 2010) set out existing arrangements for national rent-setting under the Government's rent restructuring policy, and the rent increase likely to result under the terms of the Draft HRA determination. This Determination was finalised on 10 January 2011, with no resultant changes to rental inflation. This exercise also affects Government housing subsidy levels (which have changed), and hence the relevant tables in the sections headed 'Management and Maintenance Allowances' and 'Major Repairs Allowance and Debt Charges' have been updated accordingly.

Average Rent Inflation	2010/11 Final	2011/12 Draft	2011/12 Final
Inflation Uplift (RPI @ September) Top-Up Element	(1.40%) 0.50%	4.60% 0.50%	4.60% 0.50%
= Increase in Formula Rent	(0.90%)	5.10%	5.10%
plus national convergence element	4.00%	1.70%	1.70%
= Increase in National Guideline Rent	3.10%	6.80%	6.80%
plus local convergence element less annual affordability limits	1.28% (3.05%)	1.25% (0.97%)	1.25% (0.97%)
= Total Increase in Actual Rents	1.33%	7.08%	7.08%

Management and Maintenance Allowances

12. Updated management and maintenance data on a per property basis for Southwark is contained in the table below. These allowances have increased in comparison with the Draft Determination data used in the Indicative Report.

	2010/11* £	2011/12 £	(gain)/loss £	%
Management	(1,107.38)	(1,122.30)	(14.92)	(1.35)
Maintenance	(1,478.18)	(1,548.17)	(69.99)	(4.73)
Rent Clawback	4,228.80	4,477.47	248.67	5.88
Net Clawback	1,643.24	1,807.00	163.76	9.97

* since the Final Determination for 2010/11 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

13. As with the other allowances that make up the overall calculation of subsidy, the Major Repairs Allowance (MRA) and net debt charges are dependent on both individual local authority data returns and Governmental assumptions. The Draft MRA figure of £980.84 per property has been increased to £986.72 per property for 2011/12 as part of the Final Determination. The debt charge position is unchanged. The effect of these changes on the total loss of subsidy expected for 2011/12 is set out in the updated table below, where it can be seen that the expected reduction has fallen to £5.5m. Since MRA is a capital element of subsidy, the shortfall in revenue terms is £6.7m (see Appendix A).

2011/12 Movement (gain)/loss	Draft Subsidy Determination		Final Subsidy Determination	
	£m	£m	£m	£m
Management Allowance	0.3		-	
Gain in Maintenance Allowance	(1.5)		(2.0)	
Gain in Major Repairs Allowance	(1.0)		(1.2)	
Total gain in allowances		(2.2)		(3.2)
Increased Rent Clawback		7.5		7.5
Fall in Subsidy Debt Charges	2.7		2.7	
Fall in Depreciation Charge	(1.7)		(1.5)	
Net fall in Debt Charge Subsidy		1.0		1.2
Total loss of Subsidy		6.3		5.5

Tenant Service Charges

14. The council does not, at this time, intend to change tenant service charges further from the position set out in the Indicative Report in December 2010. As part of the budget consultation process, officers are exploring with residents the potential for varying service provision with a consequent variation in charges. However, in order to present a balanced budget tenant service charges for 2011/12 are as set out in the table below.

	2010/11 £ per week	2011/12 Proposed new charge	% change
Estate Cleaning	4.45	4.60	3.4%
Grounds Maintenance	1.03	1.09	5.1%
Communal Lighting	0.93	1.17	24.7%
Door Entry	1.09	0.68	(37.6%)
Total	7.50	7.54	0.6%

Non-Residential Rents and Charges

15. Non-residential rents and charges were last increased in April 2009. This is an area on which consultation has taken place in recent months, with stakeholders giving a very clear message regarding their opposition to a proposed differential charging policy. The level of increase proposed in the Indicative Report remains unchanged at a flat-rate 50% from April 2011.

District Heating Charges

16. Charges for heating and hot water were last increased in April 2009. Despite continuing high volatility in the markets for energy supply the Indicative Report (14 December 2010) anticipated another year of no increases in this regard. The council reviews charges annually to ensure that within the context of the current four-year flexibly-priced gas supply contracts, charges are set at a level which is likely to be maintained within the currency of the contract. This may not always be the case – particularly in the latter stages of the contract period – but the council is able to maintain this position for 2011/12, and so no increase in these charges is recommended.

Thames Water

17. 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.

Financial implications

18. 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.
19. For 2011/12, the HRA final 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 A, this leaves a gap of £7.0m 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.

Commitments/Unavoidable Demands

20. These elements of expenditure, which broadly speaking fall outside the capacity of officers to directly influence in terms of varying service levels provided by the council as a landlord were explored in some detail within the Indicative Report. Where they have changed due to more timely information becoming available, this has been incorporated into Appendix A as appropriate.

Efficiency Savings

21. In order to present a balanced HRA budget under statute, the assumption has been made that the "gap" between likely income and expenditure levels identified within Appendix A will be met by a programme of efficiency savings. The precise composition of this package is dependent in part on consultation outcomes, though the Indicative Report set out the broad direction of travel required to meet the budget gap.

Localism Bill and Self-Financing

22. The Indicative Report contained sections setting out the broad impact on HRA services of the Spending Review, and the intention of the Coalition Government to legislate to introduce the 'self-financing' system to fund local authority social housing provision, as previewed in 2010 by the 'Prospectus' consultation paper, which Cabinet considered on 22 June. The legislative intentions became clearer when the Localism Bill was published on 13 December 2010.

23. The Bill covers a wide range of local authority activity and arrangements regarding the sector's relationship both with central government and residents, but there are provisions specific to HRA reform.
24. 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. Officers will report to Cabinet on the specific implications arising from further CLG communications on HRA reform at the earliest opportunity.
25. Regarding Decent Homes, Cabinet received a separate report from the Deputy Chief Executive at their 14 December 2010 meeting setting out the bidding process between local housing authorities and the Homes and Communities Agency for the first tranche of DH backlog monies. The council's bid was submitted to the HCA on 11 January 2011.

Community impact statement

26. The council works in accordance with the general equality duties which are set out in section 71 of the Race Relations Act 1976, 49A(i) of the Disability Discrimination Act 1995 and 76A of the Sex Discrimination Act 1975. This means the council must have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between different groups; and foster good relations between different groups. Guidance on the implications of the Equality Act and the duties it imposes on the council has been issued to service departments and members.
27. In September 2010, Cabinet agreed seven principles that will guide its decision making on the budget, and these were appended to the Indicative Report in December for reference.
28. This report is primarily to set rents and associated charges. There is no differential effect on rents or associated charges for any community or group, and therefore the recommended decisions in paragraphs 2 – 5 above have no particular equalities impact. It is recognised however that increases in rents and charges may present particular difficulties for people on low incomes.
29. The intention of this report is to provide Cabinet with a balanced HRA budget for statutory purposes, however, 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 throughout January 2011 and beyond. A thorough equalities assessment will therefore be prepared in parallel with this exercise, and the results will be reported as part of the budget update referred to at paragraph 10.

Consultation and Notification

30. The purpose of presenting rent-setting and budget information to Cabinet in two stages was to facilitate the early commencement of consultation with residents (i.e. before the Christmas break). To that end, the first report was labelled 'Indicative' and figures therein were all subject to change. The sections in this Final Report have set out such changes as are required to provide the HRA with a balanced budget for 2011/12. Specific feedback has been reflected in the relevant sections earlier in the report, where time constraints have allowed.

Savings Panel

31. Tenant Council has established a working party to look at savings proposals in more detail, and following a scoping meeting in December 2010, several meetings are scheduled in order to further explore particular issues.

Tenant Council

32. Tenant Council met on 10 January to consider the Indicative Rent-Setting and Budget Report, and to refer it on to Area Housing Forums. They reconvened 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 are reported under separate cover.

Home Owner Council

33. 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 the Indicative Report was considered at their meeting of 19 January 2011, and any comments made will be reported to Cabinet at the 25 January meeting alongside those of Tenant Council.

Statutory and Contractual Notifications

34. 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**

35. 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.
36. 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.

37. 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.
38. 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

39. 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
HRA Indicative Rent-Setting and Budget Report 2011-12 (<i>Cabinet 14 December 2010, item 15</i>)	160 Tooley Street SE1 2TZ	Shaun Regan 020 7525 7771
Final Housing Subsidy Determination 2011-12 (<i>Communities and Local Government Department (CLG)</i>)	As above	As above
Localism Bill (<i>CLG</i>)	As above	As above

APPENDICES

No.	Title
Appendix A	HRA final budget movements 2010/11 to 2011/12

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	
Lead Officer	Duncan Whitfield, Finance Director	
Report Author	Ian Young, Head of Housing Finance	
Version	Final	
Dated	13 January 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law and Governance	Yes	Yes
Finance Director	n/a	n/a
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		13 January 2011

HRA PROPOSED BUDGET MOVEMENTS 2010/11 TO 2011/12

	Paragraphs	£m
<u>Commitments/ Unavoidable Demands:*</u>	20	
Housing Subsidy and Debt Financing (net)		6.7
General Inflation		1.6
Fire Risk Assessment Works Programme		3.5
Realignment of Base Budget		3.1
Service Improvements and Enhancements		1.1
Contribution to HRA Reserves		2.0
Major Projects/Regeneration Initiatives		1.4
Gross Deficit/ (Surplus)		19.4
<u>Rents and Charges:</u>	11 – 15	
Guideline Rent Increase		(10.2)
Tenant Service Charges		(0.4)
Non-Residential Rents (Garages)		(0.9)
Leaseholder Service Charges and Major Works		(0.9)
Sub-total		(12.4)
NET DEFICIT BEFORE EFFICIENCY SAVINGS		7.0
<u>Proposed Efficiency Savings:**</u>	21	
Savings required to meet net deficit		(7.0)
Sub-total		(7.0)
NET DEFICIT / (SURPLUS)		0.0

* Please refer to the Indicative Rent-Setting and Budget Report (Cabinet 14 December 2010) for a detailed analysis of the items in this section.

** Detailed proposals regarding this are the subject of a separate consultation process.

Item No. 8.	Classification: Open	Date: 25 January 2011	Meeting Name: Cabinet
Report title:		Democracy Commission – Implementation Plan	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Abdul Mohamed, Equalities and Community Engagement	

FOREWORD - COUNCILLOR ABDUL MOHAMED, CABINET MEMBER FOR EQUALITIES AND COMMUNITY ENGAGEMENT

1. It is always useful to recall our pledge to make a change and invigorate the state and relevance of the Council for Local people.
2. The Democracy Commission was set up to work on these issues and was set to reform the council assembly as a first step. The commission worked hard and thoroughly, ensuring that all due care and attention was taken to review the issues involved, establish and propose those necessary changes to make the council assembly more relevant to local people. Over the past six months the commission ensured that citizens and members of the borough were as fully involved as possible in this review from which a robust set of recommendations were compiled. These were accepted by the council assembly last October.
3. The constitutional amendments required to implement the recommendations were approved by Council Assembly in December 2010.
4. At the same time the cabinet was charged with the implementation of the other recommendations. This report outlines the Implementation plan and resource implications. It is clear that the cabinet would be concerned that these changes are as cost effective as possible in the current financial climate and the report sets out the cost options for these changes. The cabinet would require that there be a maximum benefit from any expenditure on council assembly and these would be justified on the basis of effectiveness of council assembly debates, its assistance to better decision making and involvement of Southwark’s citizens and relevance to local issues.
5. The implementation plan also sets out the process for starting phase 2 of the Democracy Commission and the report suggests that this is focused on the role and powers of community councils. The cabinet are asked to task the Democracy Commission with suggesting terms of reference for phase 2 to council assembly in April 2011.

RECOMMENDATIONS

6. That the cabinet approves the Democracy Commission Implementation plan set out in Appendix 1.
7. That the cabinet note the resource implications of the implementation plan and

approve the principle that the budget required to implement the recommendations is transferred from Facilities Management to Communities, Law and Governance.

8. That the Cabinet tasks the Democracy Commission with phase 2 of their work, focusing on the role and powers of community councils in the context of budgetary savings. The Democracy Commission will report their progress to council assembly in April 2011 and make their final recommendations in December 2011.

BACKGROUND INFORMATION

9. The Council Assembly at its meeting on 19 May 2010 agreed that the cabinet be tasked with establishing a democracy commission with the following aims:
 - To consider the avenues of democratic engagement with the council for local residents.
 - Specifically to fully review how council assembly can be changed to increase democratic engagement with local people.
10. On 15 June 2010 the cabinet agreed to establish a democracy commission with the following key recommendations :
 - Consider changes to the council's constitution to make the council's democratic functions more open and engaging.
 - Be focused and task-based to increase its ability to deliver recommendations for substantive change and so that it can be delivered within existing budgets.
 - That the first task should be to consider reforms to Council Assembly,
11. After considering the evidence the main areas that the commission made recommendations on were:
 - The content and format of council assembly meetings to ensure that they are more relevant to residents concerns; more clearly demonstrate the council's community leadership role and strengthen the role of members and residents in holding the Administration to account.
 - The establishment of a Council Assembly Business Panel to improve how agendas are planned.
 - How the residents, the community and members can more easily bring topical issues to assembly meetings by making it easier to bring deputations and petitions and through strengthening links with community councils.
 - The concept of themed meetings and debates to inform plans, priorities and strategies at an early stage.
 - Plans to involve the community and residents in themed debate by holding early discussions in community councils and other fora prior to

council assembly.

- Making better use of new technology and established communication channels, including local media, to engage and communicate with residents and elicit opinion and questions on debates held at Council Assembly on themes and plans.
 - Improving how outcomes of debates and decisions at council assembly are communicated to residents and other stakeholders.
 - The location and timing of meetings.
12. The Democracy Commission recommendations were approved by Council Assembly on 20 October 2010. The implementation plan identifies the actions required to implement the recommendations and the expected costs. The implementation plan suggests that the first themed meeting could be held in April 2011. Council Assembly agreed the constitutional amendments required to implement the Democracy Commission recommendations on 1 December 2010.

KEY ISSUES FOR CONSIDERATION

Constitutional amendments

13. The constitutional amendments required to implement the Democracy Commission recommendations were agreed by council assembly on 1 December 2010. The amendments included changes to the council assembly procedure rules, lowering the threshold for petitions to council assembly and creating terms of reference for the Council Assembly Business Panel.

Delivering themed meetings

14. The implementation plan suggests that the first themed meeting of council assembly is held in April 2011. Supporting themed meetings will require additional staff resources. This will impact on the teams which a specific theme relates to but more regularly on Community Engagement, Communications and the Constitutional Team. The community council model provides an example of the level of work involved in delivering meetings which are on a theme basis and engage successfully with the local community.
15. The Democracy Commission report recommends that cabinet lead members are called to present annual reports on their work, vision, priorities and plans for the future at themed meetings. Officers from particular departments will need to support cabinet members in the preparation of these reports and will need to be available at the meeting to support the cabinet members and answer questions. It is likely that work for cabinet members and their supporting departments will be created from the outcomes of the themed meetings.

Webcasting meetings

16. The Democracy Commission recommended that the costs for webcasting and broadcasting meetings are investigated. The cost of webcasting meetings would be approximately £15,000 for a two year lease. Members may wish to consider whether webcasting has a positive effect on meeting engagement or whether the relaxation of the rules for audio recording of council assembly meetings (agreed

by council on 1 December 2010) covers the aims of the Democracy Commission. The resource implications section of the report identifies a more cost effective option of making digital audio recordings of council assembly meetings and posting on the council's website. The costs associated with this would be for the digital recording equipment, which have been included in the specification for a PA system and an impact on staff priorities in preparing and publishing the recordings.

17. Relaxation of the council assembly procedures rules for audio recording meetings means that individuals can make sound recordings of the meeting without the prior agreement of the chair. These recordings are not subject to copyright rules and individuals can make the recordings publically available on mechanisms outside the control of the council such as community forums and social networking sites. Guidance on the recording of meetings was produced for council assembly to consider alongside the recommendation to relax the rules and is attached at Appendix 3.

The future of the town hall

18. Many of the recommendations agreed by Council can be delivered within existing budgets such as: making better use of new technology, making the content and format of council assembly meetings more relevant to residents concerns and the establishment of a Council Assembly Business Panel. The main costs associated with implementing the recommendations relate to holding council assembly meetings outside of the town hall and throughout the Borough. However, these costs need to be considered in the context of the office accommodation strategy and the future of the town hall. The Cabinet agreed on the 23 November 2010 that officers investigate the opportunities for a long lease option and the possibility of retaining access to the town hall chamber is under consideration.
19. It is difficult to produce a precise calculation of the cost of holding council assembly meetings in the town hall as no internal re-charges are made to the constitutional team for use of the council chamber. However, it is important to note that the most significant function that remains at the town hall is council assembly meetings. The annual facilities management cost for the town hall is £742,000. As more committee meetings are held at Tooley Street, the proportion of this cost attributable to council assembly meetings increases. Under the strategy already approved by cabinet, meetings using the council chamber will become the only meetings and functions hosted at the Town Hall. Ultimately it could effectively cost the council approx £106,000 per council meeting, compared to approx £7,000 per meeting (plus one off costs of £81,000) if the implementation plan is agreed.
20. Therefore, although there is a cost to holding council assembly meetings at venues other than the town hall, on the information we have this is predicted to be a more cost effective option than the current arrangements if the council chamber is no longer maintained. Officers will continue to work closely with Property as the terms of the disposal of the Town Hall are developed to consider the costs of various options.
21. The town hall chamber has been assessed against the venue specification set out in Appendix 2, and scores 47 out of a possible 61. The town hall scores low against capacity (particularly against the public gallery requirement as it only

allows 50 members of the public) and access requirements (there is no mobility access to the public gallery). If access to the town hall chamber is retained the chamber would need significant refurbishment to bring it to the required access standards. Therefore retaining access would not be cost effective as it would not only reduce the value of the receipt for the disposal of the town hall but the chamber would require refurbishment to meet the recommendations of the democracy commission.

Venues

22. The Democracy Commission recommended that council assembly meetings are held in venues throughout the borough. The implementation plan suggests that the first meeting outside of the town hall is held in July 2011. A venues specification has been developed to assess potential venues. The specification has been developed with the aim of increasing community participation and involvement in mind. Some potential venues have been visited by officers and assessed against the specification, and the results of the site visits are attached to the report at Appendix 2.
23. There are other costs associated with holding meetings outside of the town hall in addition to venue hire. None of the potential venues are designed for council assembly meetings in the way the chamber in the town hall is. Additional equipment is required to support council assembly meetings at other venues such as: a mobile office, portable PA system and portable webcasting facilities. The estimated costs have been outlined in paragraphs 30 - 32.

Security

24. Additional security requirements have not been included in the venue specification as the constitutional team are currently responsible for arranging security for council assembly meetings and this will not change if meetings are held outside the town hall. Door supervisors are used at council assembly meetings at the town hall and will be used at other venues. As is currently the case for council assembly meetings ticketing will be in place and the number of people entering a meeting venue will be controlled. The ticket system, which operates on a 'first come, first served basis', ensures that the number of public attending meetings does not exceed capacity. The venues currently being considered to host council assembly meetings have a larger capacity than the public gallery in the town hall, so although a ticket system will be in place the alternative venues allow for increased public access to the meetings.
25. The constitutional team risk assess each meeting and make additional security arrangements when necessary such as notifying the police and arranging additional door supervision, this process will continue.

Phase 2

26. The implementation plan notes the commencement of phase 2 of the Democracy Commission and Cabinet are asked to task the Democracy Commission with commencing their work on phase 2. It is suggested that terms of reference are developed by the Democracy Commission to consider the role and decision making powers of community councils and the possibilities of contributing toward the budgetary savings required over the next three years. On the 15 June 2010 cabinet established the Democracy Commission to make the

council's democratic functions more open and engaging. The Democracy Commission are required to take the recommendations agreed by Council on 15 June 2010 into account when developing their terms of reference and conducting phase 2. The implementation plan suggests that the Democracy Commission reports their progress on phase 2 to council assembly in April 2011 and makes final recommendation in December 2011.

Policy implications

27. The implementation plan outlines the processes for implementing the Democracy Commission recommendations which were agreed by Council Assembly on 20 October 2010. The themed meetings will be driven by council policies, plans and strategies. The themed meetings will provide opportunities for the council to engage in debate with residents and stakeholders and will potentially provide decision makers with new information when developing council policy.

Community impact statement

28. The work of the Democracy Commission has received significant feedback from the community which was empowered with the aim of increasing public engagement with the council and enhancing the community leadership role of the council. An Equalities and Human Rights Impact Assessment of the Democracy Commission recommendations has been completed and is attached at appendix 4. There are some cost implications from this as the impact assessment suggests targeted outreach to increase participation in council assembly as set out in paragraph 31 below.

Resource implications

29. The estimated costs identified are set out below. There are no existing budgets for these costs, but the annual costs relating to the use of other venues are in effect only making transparent costs which are currently borne by Facilities Management.
30. An annual budget of £25,000 will need to be allocated to the Constitutional Team to meet the costs of holding meetings outside the Town Hall. This would cover: venue hire £15,000, and transport and security services £10,000. As has been set out above, this contrasts with the continuing costs of maintaining the Town Hall. No new resource would be required for this, as it would be taken from the saving from no longer maintaining the Town Hall. It should be noted that it would be impossible to take that saving if alternative arrangements were not made for council assembly meetings.
31. It is also proposed that a budget of £25,000 is allocated to community engagement for targeted promotion of themed meetings and meeting the requirements of the Equalities and Human Rights Impact Assessment. The £25,000 is split: £10,000 for equality impact and £15,000 for community outreach. This equates to approx £2,000 per themed meeting for outreach and meeting publicity. The community engagement activities will include targeted promotion of themed meetings through established forums, community councils and voluntary sector organisations and engagement activities for themed meetings including consultation exercises and promotion of council assembly meetings including posters and flyers. The equality access allocation will cover translation services, transport requests, carers' allowance requests and signing

services.

32. A further £81,000 needs to be allocated on a one off basis to make the purchases necessary to support council assembly meetings (PA system £78,000, signage £500 and mobile office £2,500). It is suggested that the costs are met by savings created by the office accommodation strategy and the revised use of the town hall and that the budget required is transferred from Facilities Management to Communities, Law and Governance. The implementation plan does not require new funding but does require this transfer of budgets.
33. Additional resource implications relate to staff resources. Implementation of the recommendations does not require additional posts but will impact on staff work prioritisation. The costs identified in this report are estimated and officers will continue to work to reduce the costs associated with the recommendation and seek the most cost effective solutions.

Consultation

34. The work of the commission has included public consultation and involvement: public meetings and conferences, questionnaires, focus group and recording vox pops

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

35. Pursuant to para 4 Sch.12 Local Government Act 1972 ('the 1972 Act') meetings of a principal council must be held 'at such place, either within or without their areas as they may direct'. In the circumstances the Democracy Commission recommendation that council assembly meetings are alternated between suitable venues throughout Southwark accords with this legislative provision. The time of meeting is not specifically prescribed by statute. In the case of a principal council however the 'annual meeting...shall be held at such hour as the council may fix, or if no hour is so fixed at 12 noon' as specified in para 1 (4) Sch. 12 of the 1972 Act. This would enable a degree of flexibility to accommodate the Democracy Commission recommendation on the timing for meetings although there may be both practical and other reasons why certain days and times should be regarded as undesirable.
36. Publicity produced or funded by the council is restricted at all times by the Local Government Act 1986, the Code of Recommended Practice and the general powers of the council. Section 2 of the Local Government Act 1986 prohibits any publicity, which appears to be designed to affect public support for a political party. This may need to be borne in mind in implementation of the Democracy Commission recommendation to improve how the outcomes of debates and decisions at council assembly are communicated to residents and other stakeholders. A Government consultation on a new 'Code of Recommended Practice on Local Authority Publicity' ended on 25 November 2010. The proposed new code will be underpinned by seven guiding principles. In addition to give effect to the Government's commitment to stop unfair competition by local authority newspapers, the proposed new Code now contains specific guidance on the frequency, content and appearance of local authority newspapers or magazines. It also proposes to prohibit the use of lobbyists where the expenditure is intended to

influence local people on political issues. However the full implications of this consultation are not yet known. The legal implications of relaxing the recording/broadcasting of council assembly meetings are addressed separately in Appendix 3 to this Report.

Finance Director

- 37 The report outlines several direct costs related to the proposal of varying the location of council assembly and introducing changes to the content and format of the meeting. The current budget for operating the town hall is approximately £660,000 and is maintained by Corporate Facilities Management (CFM). The budget transfer from CFM to Communities, Law and Governance of the continuing costs, estimated at £50,000, has been agreed in principle.
- 38 The identification of the funding stream for the one-off start up costs, estimated at £81,000, is crucial to the viability of the proposal. The office accommodation strategy will deliver savings when buildings earmarked for closure are vacated. Recycling an element of the efficiencies achieved to deliver a more sustainable approach to hosting council assembly meetings is a logical approach. Finance are also exploring the opportunity of using the capital programme to fund the majority of the estimated cost.
- 39 The report makes clear there are unquantified impacts on existing staffing resources and prioritisations. Effective management of the new operations and processes is required to prevent other work areas being negatively impacted and incurring additional associated costs.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Democracy Commission reports and agenda	Tooley Street, London SE1 2TZ	Julie Timbrell 020 7525 0514
Council assembly reports, agenda and minutes	Tooley Street, London SE1 2TZ	Ian Millichap
Cabinet report, agenda and minutes	Tooley Street, London SE1 2TZ	Paula Thornton

APPENDICES

No.	Title
Appendix 1	Implementation Plan
Appendix 2	Venue Specification and venue assessment results
Appendix 3	Briefing note on broadcasting meetings
Appendix 4	Democracy Commission – Equalities and Human Rights Impact Assessment

AUDIT TRAIL

Cabinet Member	Councillor Abdul Mohamed, Cabinet Member for Equalities and Community Engagement	
Lead Officer	Deborah Collins, Strategic Director of Communities, Law & Governance	
Report Author	Stephen Douglass, Head of Community Engagement	
Version	Final	
Dated	14 January 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional/Community Council/Scrutiny Team	14 January 2011	

Democracy Commission Implementation Plan

Status code



Complete









In progress



To Commence

Action	Tasks	By When	Who	Status
Constitutional Amendments Constitutional requirements to implement recommendations of the Democracy Commission – mainly to council assembly procedure rules	Report to Constitutional Steering Panel Report to Council Assembly	15 Nov 2010 1 Dec 2010	Constitutional Team	
Council Assembly Business Panel Terms of reference	Report to Constitutional Steering Panel Report to Council Assembly (Part of constitutional amendments report)	15 Nov 2010 1 Dec 2010	Constitutional Team	
Revised Order of Business	Report to Constitutional Steering Panel Report to Council Assembly (Part of constitutional amendments report)	15 Nov 2010 1 Dec 2010	Constitutional Team	

Action	Tasks	By When	Who	Status
Community Councils Amend terms of reference and procedure rules <ul style="list-style-type: none"> • Questions • Input into themes 	Community Council chairs and vice chairs	February 2011	Head of community engagement	☺
Petitions Recommend reduction of threshold to trigger council assembly debate	Report to Constitutional Steering Panel Report to Council Assembly (Part of e-petitions report)	15 Nov 2010 1 Dec 2010	Governance Team	☺
Venues Cost and options for holding council assembly meeting at different venues throughout Southwark. Including the cost of holding at the Town Hall	Report to cabinet	Jan 2010	Head of Community Engagement supported by Constitutional Team	☺
Developing communications Investigate options with communications/governance/constitutional/community engagement teams	Report to Council Assembly Business Panel	Jan 2010	Head of Community Engagement/Head of Communications	☹
Developing themed meetings Plan for developing themed meetings	Report to council assembly business panel	End of Jan 2011	Head of Community Engagement	☹
Meeting practicalities Information sessions Revised agenda	Report to council assembly business panel	End of Jan 2011	Constitutional Team	☹

Action	Tasks	By When	Who	Status
Simplifying paperwork Info on councillors and how council assembly works Constitutional support				
Community Education Increase awareness of council assembly	Provide information on council assembly and the role of councillors to the Active Citizens Hub		Head of Community Engagement	
First meeting of the Council Assembly Business Panel Make recommendations to the Mayor on themes for April 2011 – Sep 2011		End Jan 2011 (allows for 2 month notice of theme)	Council Assembly Business Panel	
First themed meeting of council assembly • Set terms of reference for Phase 2 of the Democracy Commission	Report to Council Assembly	April 2011	Democracy Commission	
First meeting outside of the Town Hall		July 2011		
Second meeting of the Council Assembly Business Panel Make recommendations to the Mayor: Themes for Oct 2011 – Mar 2012		End of July 2011 (allows for 2 month notice of theme)	Council Assembly Business Panel	
Report of phase 2 of the Democracy Commission		December 2011		

Alternative venues for council assembly

The Democracy Commission recommended that council assembly meetings are alternated between suitable venues throughout Southwark, the commission recommended that when assessing venue suitability, maximum participation and involvement by the community be considered. The following specification has been developed.

It is suggested that further investigations be undertaken to venue suitability and that a suitability scoring system for venues be developed using the categories set out in the specification. It is suggested that some categories carry more weight as they are more crucial to ensuring maximum participation and involvement. For example capacity will be scored out of 10 and availability out of 5. Using this system would give each venue a suitability score out of a maximum of 61

Note: there are some aspects which the constitutional team have responsibility for arranging/providing so these have not been included in the specification.

- Security
- Sign-in desk
- Printing facilities
- Refreshments for group meetings
- Tea and coffee for councillors and members of the public
- Hearing aid system

Venue Specification

Requirement	Scoring Weight
Capacity <ul style="list-style-type: none"> • Tables and chairs for 63 members • Table and chairs for staff – approx 10 supporting constitutional elements, approx 10 presenting items • Table for press • Additional room/space for informal session • Large area for public able to view meetings • Space for ‘top table’ – mayor, chief executive, monitoring officer, clerk • Visibility of councillors • Suitable access time to building for meeting set up • Additional rooms for group meetings 	10
Room Layout <ul style="list-style-type: none"> • Horseshoe – 10 • Theatre – 8 • Pit - 5 	10
Transport and Location <ul style="list-style-type: none"> • Parking for transport of equipment and meeting set up requirements • Good transport links 	10
Access requirements <ul style="list-style-type: none"> • Mobility access • Disabled parking bay 	10

Facilities <ul style="list-style-type: none"> • Toilets • Water cooler • Cloak room • Meeting clean up 	8
Cost Less than £500 – 8 £500-800 - 5 Above £800 - 3	8
Availability	5
TOTAL	61

Notes:

Meeting layout

Most suitable venues will follow one of three set ups (the horseshoe set up is preferred for the reasons set out below):

Horseshoe

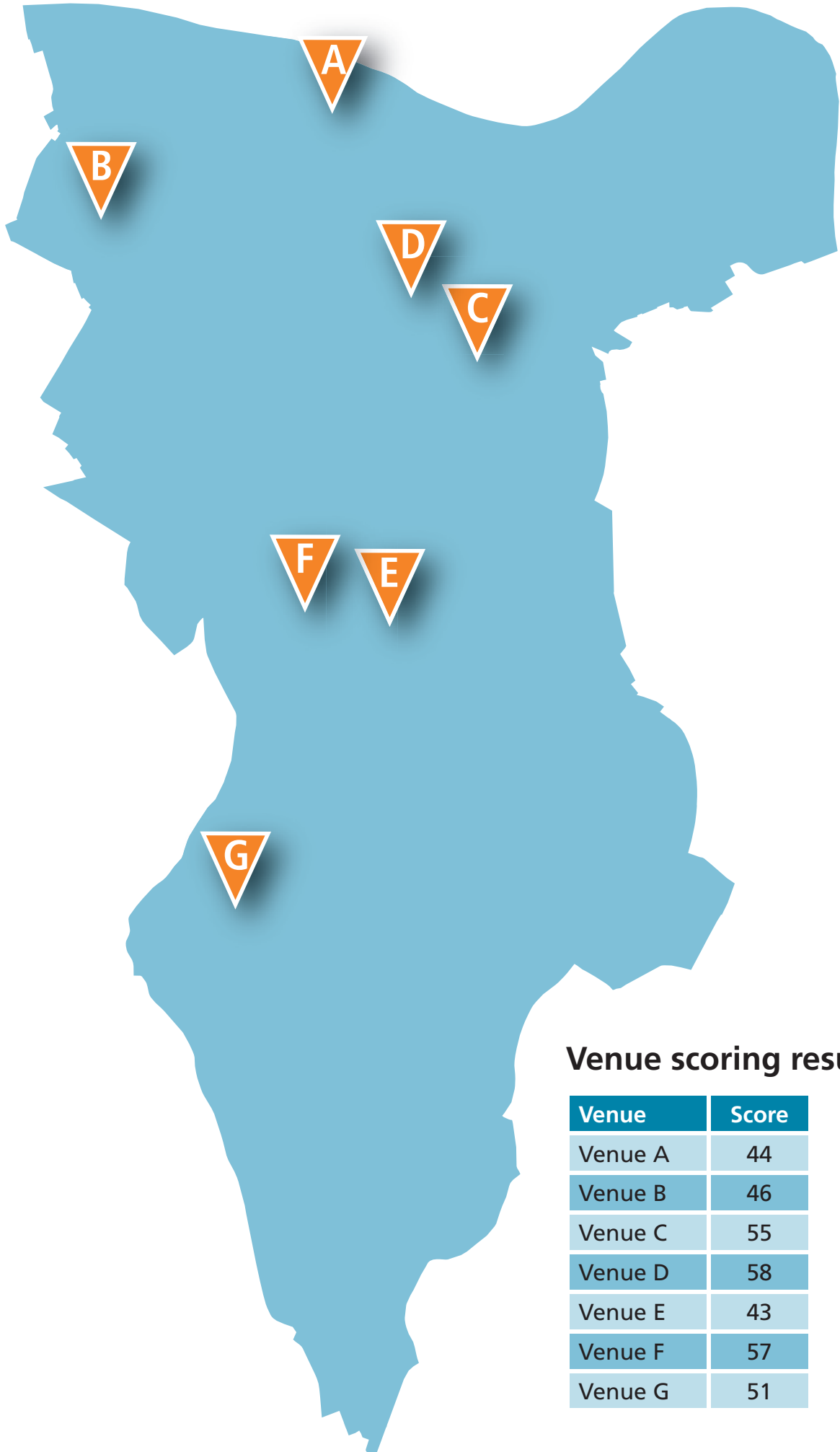
- Shape facilitate debates
- All members on one level
- Most suitable for school halls (lower costs)
- Tends to allow for tables for member paperwork and microphone
- Halls would allow space to create a public gallery
- PA system would work well in this set up, could allow for webcasting, speakers in the public gallery and individual members microphones (costs pending)

Theatre

- Members of the public would either be to the side or above councillors
- Theatre style tends to lack tables so members would not have their own microphone and would be limited to a roving microphone

Pit

- Members would be a different levels some in the pit and some around the side
- Members of the public would either be to the side or above councillors
- Pit style tends to lack tables for all councillors, so members would not have their own microphone and would be limited to a roving microphone



Venue scoring results

Venue	Score
Venue A	44
Venue B	46
Venue C	55
Venue D	58
Venue E	43
Venue F	57
Venue G	51

Briefing for members on legal implications of relaxing recording/broadcasting of Council Assembly meetings

Background

The general position with regard to meetings is that the Council is not required “to permit the taking of photographs of any proceedings or the use of any means to enable persons not present to see or hear any proceedings (whether at the time or later) or the making of any oral report on any proceedings as they take place” (Section 100A Local Government Act 1972).

In short, no form of photography, filming, recording or broadcasting of Council Assembly meetings can take place unless the Council gives permission. Such permission is given through the Mayor at the meeting.

If the Council decides to relax the recording/broadcasting of Council Assembly meetings to include, for example, webcasting consideration needs to be given to the following:

- The provisions of the Data Protection Act 1998.
- The Human Rights Act 1998.
- A number of procedural matters.
- Aspects of the law on defamation.
- Copyright for usage of any footage.

Data Protection Act 1998 ('DPA 1998')

Images of members of the public that may be captured by, for example, webcasting cameras are potentially 'personal information' and therefore subject to the requirements of the DPA 1998. Under the DPA 1998 personal information must be used fairly and, ordinarily, only for purposes for which the individual has given their consent.

Care must therefore be taken to ensure that there has been compliance with data protection requirements and that members of the public have given effective consent to their own appearance in any webcasts etc.

The Council could take the following steps to ensure such compliance:

- Using communications with members of the public who are likely to be filmed, for example deputations and questioners, to make them aware that the meeting is to be webcast/recorded.
- Putting notices on the order of business for Council Assembly meetings to make members of the public aware that the meeting is being webcast/recorded.
- Using appropriate signage to be displayed inside and outside the Council Chamber.
- Making the public aware of the webcast/recording during the informal session which it has been proposed takes place prior to the formal Council Assembly meetings.

In addition, the current practice whereby the Mayor makes a formal announcement at the start of the meeting should be continued.

By remaining in the Council Chamber members of the public will then be deemed to have given their consent (impliedly) for any images etc of themselves that may be taken to be used for broadcast and any other appropriate purposes e.g. training purposes within the Council.

Anyone wishing to make a deputation, present a petition or ask a public question who had concerns about broadcasting/webcasting could be directed to a designated officer on the Constitutional Team. However the expectation is that this would only happen in exceptional circumstances as members of the public making a deputation, presenting a petition or asking a question are likely to be seeking maximum publicity.

There may also be a requirement to address the responsibilities of members of the public who record or photograph Council Assembly proceedings towards other individuals who are in attendance. This would include coverage by media outlets and citizens journalists for example on twitter.

Human Rights Act 1998/European Convention on Human Rights

The recording and broadcasting of images of individuals might also engage Article 8 of the European Convention. That is, the Right to respect for private and family life. However, Council Assembly meetings are required by law to be held in public (section 100A Local Government Act 1972) and individuals will, if as proposed above, be made aware that a meeting is being webcast/recorded. Consequently, insofar as images of the public may be recorded, it is likely any interference with Article 8 Rights would have a lawful basis, and can be considered proportionate with regard to the rights and freedom of others to engage in the democratic process.

General procedural provisions

The Mayor would retain the discretion to request the termination or suspension of the recording/webcast, if in the opinion of the Mayor, continuing to record/webcast the meeting would prejudice the proceedings of the meeting.

The circumstances in which termination or suspension might occur could include:

- Public disturbance or suspension of the meeting.
- Exclusion of public and press being moved and supported.
- The Mayor, on advice, considering that continued recording/filming might infringe the rights of any individual.
- The Mayor, on advice, considering that a defamatory statement has been made.

No exempt or confidential agenda items would be recorded/webcast.

Defamation

It is important that members appreciate that statements made at Council Assembly meetings are subject to the law of defamation. Extending the reporting/recording of Council Assembly meetings will therefore bring any defamatory statement into the public domain more quickly and potentially to a much wider audience.

What is defamation? A person is entitled to his/her reputation and good name: particularly if they hold public or professional office and their position and reputation depends on a large degree of public trust and confidence. Accordingly, communication of a matter which is untrue and likely to disparage substantially a person's reputation is, on the face of it, defamation. Defamation is defined as the publication to another person of an oral or written statement which:-

- Exposes a person to hatred, ridicule or contempt; or
- Causes him/her to be shunned or avoided; or
- Has the effect of lowering his/her reputation in the estimation of right-thinking members of the public generally; or
- Injures him/her in their office, profession or trade.

A defamatory spoken word or gesture will usually amount to a slander whereas a libel may be contained in a written or printed statement, or in a painting, talking film, caricature,

advertisement or any disparaging object. Reading out a defamatory document in a Council Assembly meeting would not be slander but the publication of a libel. A defamatory statement broadcast on radio, television the internet or a social networking site is treated as the publication of a libel and not slander.

There are a number of defences available to an action for defamation. The defence most commonly available to a defamatory statement made in local authority proceedings is known as privilege. It is a complete defence to an action for defamation to show that the statement was made on a privileged occasion. Privilege may be absolute or qualified, however absolute privilege does not attach to Council Assembly meetings. Qualified privilege exists where:-

- the person who makes a communication has an interest or duty (whether legal, social or moral) to make it to the person to whom it is made; and
- the person to whom it is made has a corresponding interest or duty to receive it; and
- the person who makes the communication is not motivated by malice.

Qualified Privilege will attach to statements made at Council Assembly whether contained in a report or spoken. It will be a complete defence to prove that the person had a duty or interest to make the statement, that there was a corresponding duty or interest on the part of the recipient to receive it and that he was not motivated by malice. So long as a person believes in the truth of what is said malice cannot normally be inferred. Malice may be inferred however, if it can be shown that he or she was motivated by a purpose other than their interest or duty to make the statement.

Under the Local Government Act 1972 the press and public must on request be allowed access to or in certain circumstances be supplied with the agenda and certain other documentation relating to matters to be considered by the Council or a Committee. The 1972 Act provides that where such matter is made available to the press or to the public, the agenda and other documents are privileged unless publication is proved to have been made with malice. However, further publication by the press and/or public will not be privileged unless it satisfies the usual conditions for Qualified Privilege to attach.

Other defences include:-

- Justification - i.e. the defamatory statement is true and if so provides a complete defence.
- Fair Comment - this defence is intended to allow any person (but in particular the press) to express their views honestly and fearlessly on matters of public interest even though that may involve "strong" criticism of the conduct of persons in the public arena or who hold public office. In this connection the administration of local affairs by the Council is a matter of public interest.
- Unintentional Defamation - in cases of unintentional and non-negligent defamations, a defendant may avoid liability to pay damages if he is willing to publish a reasonable correction and apology and to pay the claimants costs and expenses reasonably incurred as a consequence of the publication in question (e.g. costs of consulting a solicitor, obtaining Counsel's opinion etc.)

The existing checks which are in place to ensure that any potentially defamatory statement is removed from reports etc prior to publication of the agenda will need to be re-enforced. The Council will also need to ensure that it does not (or appear to) endorse any defamatory statement made by a member of the public at the meeting itself. As stated above it would be prudent for the Mayor, on advice, to terminate or suspend the recording/filming of a meeting where a defamatory statement is made. In addition consideration ought to be given to the Monitoring Officer having appropriate powers to remove, for example, webcasts or parts of webcasts from the Council's website where a breach of any legal provision is likely to arise.

A defamatory statement made by a member could also constitute a breach of the Code of Conduct and webcasts may be used as evidence in any subsequent investigation.

Copyright

If the Council wishes to enforce copyright it would need to publish appropriate terms and conditions for the use of footage of any webcasts including a statement that the footage is the copyright of the Council and that any download or upload of the footage is not permitted without the written permission of the Council and those featured in the same. Any terms and conditions of use would also need to contain a reminder that video sharing sites such as YouTube and Google Video, state under their terms and conditions that in order to upload videos onto their sites you must be the copyright owner and have the permission of all those involved.

EQUALITIES AND HUMAN RIGHTS IMPACT ASSESSMENT

STAGE ONE: INITIAL SCREENING

1	Basic information	
1.1	Name of service/function	Democracy Commission
1.2	What is being assessed?	<p>The Democracy Commission has made a series of recommendations aimed at making Council Assembly more responsive and accountable to local people. Here is a brief summary of the recommendations:</p> <ul style="list-style-type: none"> • Explore suitable alternative venues for housing Council Assembly meetings through out the borough in different locations. • Hold an annual State of the Borough meeting • Be more flexible on timing of meetings. For example a meeting on Health and Social Care that would particularly affect older people might be scheduled earlier in the evening or a 'State of the Borough' debate might be better held in the daytime. • Hold new informal sessions at the beginning of the meeting for informal dialogue and to allow residents to mix with members, to give information out about debates, explain the paperwork and meeting rules. • Make it easier for residents, the community and members to bring topical issues to assembly meetings by making it easier to bring deputations & petitions and through strengthening links with community councils. It has been decided that: <ul style="list-style-type: none"> ○ The amount of signatures that a resident needs to bring a petition to council assembly and trigger a debate is lowered from 2,500 to 1,500 ○ Up to three deputations are allowed at a meeting on "first come, first served" basis ○ During members questions one member of community council will be allowed to submit a question on behalf the community council • Introduce new themed meetings and debates to inform plans at an early stage. These will be on issues like housing, social care, budget cuts, services for young people etc. • Involve the community and residents in themed debate by holding early discussions in community councils and local forums prior to council assembly, as has been done recently with the budget. These will be led by the relevant Cabinet member. • Make better use of new technology, Southwark Life, local newspapers, notices board and bulletins to engage and communicate with residents and gather opinion and questions on debates held at Council Assembly on themes and plans. • Improve feedback • Work with of community partners to plan debates: for example the Youth Council might be involved in planning a themed debate on Families, children's and young people.
1.3	Is this a new/existing function?	The recommendations of the Democracy Commission will result in changes in the way the Council Assembly is organised (e.g. themed meetings) and run (e.g. use of alternate venues). It is therefore regarded as a new function for the purposes of this impact assessment.

1.4	Has this function previously been impact assessed?	No
1.5	If no, what other evidence is there regarding the impact (positive/negative) of the service on equality groups?	<p>The recommended changes to the Council Assembly reflect a broad community consultation process examining the state of democracy in Southwark and barriers and enablers to community participation.</p> <p>They were specifically designed to promote inclusion, community empowerment and greater accountability of elected representatives to local people.</p> <p>Community consultation</p> <p>The work of the commission has included extensive public consultation and involvement and has carried out specific work to consider the different access and equality needs across the six strands of the council's equality agenda: age, disability, faith/religion, gender, race and ethnicity and sexual orientation. Specifically, the Commission has:</p> <ul style="list-style-type: none"> • Published information on the council website (www.southwark.gov.uk/democracy) and encouraged people to fill out an online questionnaire. • Sent information by post and email to around 2,000 people that invited them to complete a paper questionnaire. • Analyzed the 262 questionnaires returned. • Held two focus groups with members of the public on Council Assembly. Members of the public viewed the 14 July Assembly meeting and then gave their comments on how public participation could be improved via two recorded discussions and written questionnaires. • Conducted a questionnaire with Members and held two focus groups with 4 Members in August. • Held a focus group with community leaders from the voluntary sector. • Recorded vox pops of the public out and about in Southwark. Around 100 voices of elected members, residents, and community leaders have been recorded so far (including recorded focus groups). • Held a conference attended by around 120 people with speakers from the Young Foundation and Birmingham University, a panel discussion, workshops and 'cafe conversations' on 'involving older people'; 'increasing access for disabled people' & 'involving new & BME communities'. • Officers contacted members of the LGBT Forum, the Multi-faith Forum and BME groups to invite members to participate to in focus groups, complete questionnaires and attend events. At the conference the Chairs of the Disability and Pensioners Forum were invited to attend and help facilitate these conversations. <p>Each strand of the consultation work was monitored to measure which equality groups participated most in each engagement activity to help interpret the result, inform further work and gap analysis. Here are examples of some of the feedback received from specific groups</p> <p><u>Cafe conversation on BME engagement</u></p> <ul style="list-style-type: none"> • Language needs are also accessibility needs • Use of jargon – to be explained, carefully, bearing in mind that the explanations are being made to non-English speakers • Explain what the procedures are, e.g. for the Council Assembly • Formal documents should be translated also, e.g. Rent statements <p><u>Cafe conversation with Older people</u></p> <ul style="list-style-type: none"> • Hold 1 council meeting in the afternoon a year because pensioners tend not to turn up if meetings are held late

		<ul style="list-style-type: none"> • Have meetings at Housing Neighbourhood Offices, to encourage people who would not otherwise attend because meeting venue is too far a distance to travel • Have themed meetings for older people • Councillors not listening enough • Cater more for people with disabilities – including wheelchair users <p><u>Cafe conversation on accessibility issues for disabled people</u></p> <ul style="list-style-type: none"> • Participants especially those with hearing impairments found it difficult to contribute and hear due to open plan area and noise levels • People need to know what facilities are available in advance of the meetings e.g. public transport, blue badge parking facilities, disabled toilets • Need timely documents in advance in accessible format – not everyone has access to the internet. You can use IT for disabled people e.g. audio text for blind/partially sighted/hearing impairments <p>Issues that were repeatedly mentioned across groups from several equality strands were:</p> <ul style="list-style-type: none"> • Use of plain, un-jargonised English • Provision of translation into other languages • Need to explain structures and processes of local democracy (rules and procedures of Council Assembly, relation to central government etc.) • Ensure full physical accessibility • Importance of using appropriate communication channels and networks (not just the internet) to inform people about debates and how to get involved <p>It is proposed that a period of further consultation will inform how to go about addressing these potentially negative impacts.</p> <p>Next steps: Stage 2 community consultation</p> <p>In order to complete the consultation process and further inform this equalities impact assessment, it is proposed that the Commission's recommendations are disseminated through the following channels or groups. This will be accompanied by a specific call for feedback related to the equality strands, and suggestions on how to address known areas of concern (within budget constraints):</p> <ul style="list-style-type: none"> • Council website • Community Councils email database • To the 262 local people who completed questionnaires • Members of the Youth Council, Pensioners Forum, Disability Forum, Multi-Faith Forum, LGBT Forum and BME groups • Newer communities in Southwark – e.g. Polish, Latin American and French-speaking African groups
2	Establishing Relevance	

<p>Indicate on the following grid whether the proposed changes will have an adverse impact on communities related to <u>each</u> of the equality areas listed below. Where possible, address each equality strand in turn. Will it contribute to <u>inequality</u> or have a negative impact on:</p> <ul style="list-style-type: none"> ▪ equal opportunities i.e. will it benefit or disadvantage certain groups on the basis of the grounds listed below?¹ ▪ the elimination of discrimination i.e. will it have a disproportionate impact on any of the groups listed below? ▪ promoting good relations i.e. is there are risk that it will lead to worsening relations between members of different groups or exacerbate tensions between communities? 	
EQUALITY STRAND	MIGHT THERE BE AN ADVERSE IMPACT? Briefly explain why
Race (please add more categories as required)	
Asian	No. The recommendations should have a positive impact (see section 1.4) provided they are accompanied by targeted promotion and outreach into local communities with specific attention to addressing the race equality strands.
Black	As above.
White	As above.
Mixed	As above.
Other (including gypsies and travellers, refugees and asylum seekers)	<p>As above.</p> <p>For those whose first language is not English, the use of technical language and jargon has been highlighted as a barrier. There have been requests for plain English to be used. Whilst being mindful of the fact that the business of the Council is rooted in constitutional and legislative provisions, we propose to take this suggestion to the Council Assembly Business Panel to consider in their meeting in late January 2011. The Democracy Commission has recommended simplifying Council Assembly paperwork and this also needs to be addressed.</p> <p>Translation is offered at Council Assembly and Community Council meetings however there is no specific budget for this. If we are going to publicise these services more widely we will need to consider the impact they on engagement and crucially how they will be funded.</p>
Gender	
Female	No. The recommendations should have a positive impact (see section 1.4) provided they are accompanied by targeted promotion and outreach into local communities with specific attention to addressing the gender equality strands.
Male	As above.
Transgender	As above.
Disability	
Learning disability	No. The recommendations should have a positive impact (see section 1.4) provided they are accompanied by targeted promotion and outreach into local communities with specific attention to addressing the disability equality strands.
Physical disability	As above.
Mental health	As above.
Deaf or hard of hearing	<p>As above.</p> <p>Additionally, a new PA system is being requesting which will include an infra red-hearing aid system.</p> <p>Signing is offered at Council Assembly and Community Council meetings however there is no specific budget for this. To increase engagement we will need to publicise these services we will need to consider the impact on engagement and how they will be funded.</p>
Visually-impaired	<p>No. The recommendations should have a positive impact (see section 1.4) provided they are accompanied by targeted promotion and outreach into local communities with specific attention to addressing the disability equality strands.</p> <p>Additionally, It is important to ensure that information displayed on visual equipment (e.g. plasma screens) is clearly visible from public areas of the venue. Papers should be made easily available in large font and audio recordings of the meetings made available.</p>
Other, including	No. The recommendations should have a positive impact (see section 1.4) provided they are

¹ Special consideration is also to be given to Gypsies and Travellers, refugees and asylum seekers and people living on low incomes.

carers	<p>accompanied by targeted promotion and outreach into local communities with specific attention to addressing the disability equality strands.</p> <p>A carer's allowance is offered at Council Assembly and Community Council meetings however there is no specific budget for this. To increase engagement we will need to publicise these services and consider the impact on engagement and how they will be funded.</p>
Religion/belief	
Buddhist	No. The recommendations should have a positive impact (see section 1.4) provided they are accompanied by targeted promotion and outreach into local communities with specific attention to addressing the religion/belief equality strands.
Christian	As above.
Hindu	As above.
Jewish	As above.
Muslim	As above.
Sikh	As above.
No religion/faith	As above.
Other	As above.
Sexual Orientation	
Heterosexual	
Lesbian	
Gay	
Bisexual	
Age	
0-18	<p>The recommendations should have a positive impact (see section 1.4) provided they are accompanied by appropriate outreach into local communities with specific attention to addressing the age equality strands.</p> <p>The use of jargon has been highlighted as a potential barrier. Whilst being mindful of the fact that the business of the Council is rooted in constitutional and legislative provisions, we propose to take this suggestion to the Council Assembly Business Panel to consider in their meeting in late January 2011. The Democracy Commission has recommended simplifying Council Assembly paperwork and this also needs to be addressed.</p>
19-35	As above.
35-65	As above.
65 and over	As above.
Human Rights²	<p>The recommendations should have a positive impact (see section 1.4) on the human rights of local people.</p> <p>However, due regard needs to be given to a person's right to hold and express views as protected by Article 10 of the Human Rights Act, Freedom of Expression. The changes proposed to Council Assembly are designed to "increase democratic engagement with local people" and provide people with the opportunity to contribute directly to informal debates and bring deputations. This obviously opens up the possibility of views being expressed that may be unpopular or disturbing to others. As a public authority, the Council has obligations in relation to both those that may express such views, and those that may find them offensive or upsetting.</p> <p>The right to Freedom of Expression is protected by the Human Rights Act, but Article 10 also allows for this right to have conditions or restrictions placed upon it, provided that this is a proportionate response that has a legal basis (e.g. through constitutional provisions).</p>
Gender re-assignment³	The recommendations should have a positive impact (see section 1.4)
Pregnancy and Maternity⁴	The recommendations should have a positive impact (see section 1.4). Please see Venue Suitability framework which specifically addresses potential impacts in this area.

² The following two links provide useful guidance on the relevance of human rights generally, and specifically within the public sector: www.justice.gov.uk/guidance/docs/human-rights-making-sense-human-rights.pdf, www.justice.gov.uk/guidance/docs/human-rights-handbook-for-public-authorities.pdf

³ This strand or 'protected characteristic' is part of the new 2010 Equality Act and requires consideration

⁴ Ibid.

The following areas are not formal equality strands but are important considerations in the context of this equality impact assessment:

Community cohesion	It is envisaged that the changes to Council Assembly will also have a positive impact on community cohesion. They involve specific measures to enable greater community-level influence and input into debates and meetings, greater flexibility around timings and location of meetings, the integration of technology and new media and an emphasis on greater informality. The community engagement division will play a crucial role in delivering on community cohesion objectives.
Socio-economic exclusion	It is envisaged that the changes to Council Assembly will also have a positive impact on reaching out to groups experiencing socio-economic exclusion. They involve specific measures to enable greater community-level influence and input into debates and meetings, greater flexibility around timings and location of meetings, the integration of technology and new media and an emphasis on greater informality. The community engagement division will play a crucial role in delivering on socio-economic inclusion objectives.

If you have answered **NO** in relation to any of the equality areas:

1. Provide evidence of your assessment (e.g. monitoring data, consultations, surveys)
2. Check your service rating in the schedule of relevance⁵, if your rating is:
 - **LOW - Confirm with Corporate Policy** that no further action to be taken
 - **MEDIUM/HIGH - Present report to Equality and Diversity Panel**

If you have answered **YES** in relation to any of the equality areas:

1. **Contact Legal Services for their feedback**
2. **Present report to Equality and Diversity Panel**

Assessment completed by:	
Name & Division	
Date	

Executive Member/IDM (individual decision making) authorisation ⁶ :	
Name	
Date	

⁵ www.southwark.gov.uk/download/548/equalities_and_human_rights_scheme_2008_to_2011-schedule_of_relevance

⁶ All EqlAs must be signed off by the executive Member with the portfolio of your service (individual decision making/IDM). Refer to constitutional guidelines for submitting the report:
<http://thesource/SectionLandingPage.asp?id=3771&cat=1055>

Item No. 9.	Classification: Open	Date: 25 January 2010	Meeting Name: Cabinet
Report title:		Shared services with other boroughs	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD - COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

1. Following the local elections in May 2010 we committed ourselves to working with neighbouring local authorities in order to reduce some of our back office costs and maximise our front-line delivery of services.
2. Since the elections and the announcement by the government that funding for local government is to be reduced by 29% over the next four years, the need for us to work in cooperation with other local authorities has become an imperative, and one which we are determined to deliver. I have already had constructive meetings with Cllr Steve Reed of Lambeth and Mayor Steve Bullock of Lewisham, and the majority of this report deals with the progress which we have made so far with Lambeth and Lewisham.
3. But we have also been working with another central London neighbour, Westminster, in order to develop a shared communications service for our two boroughs. This exciting proposal will deliver first rate communications services for our two boroughs by the means of a Social Enterprise company.
4. Sharing services is a concept which remains fairly new for local government. But it is a concept which we need to embrace and fully explore.

RECOMMENDATIONS

5. That Cabinet:
 - welcomes the current discussions taking place on shared services with neighbouring boroughs, including the service areas under active consideration for sharing with Lambeth and/or Lewisham set out at paragraph 17.
 - notes the current and developing arrangements for sub-regional collaboration through the South East London Housing Partnership, South East Libraries Performance Improvement Group and the South East London Shared Service Partnership.
 - agrees in principle to sharing a Communications service with Westminster City Council, as set out at paragraphs 27-34 and in the appendix to this report, subject to consultation with affected staff and the agreement of a detailed business case by the Leader of the Council.

BACKGROUND INFORMATION

6. Following national and local elections in May 2010, the Leaders of Southwark and Lambeth and the elected Mayor of Lewisham asked the Chief Executives of the three boroughs to consider where the potential existed for efficient and effective joint working between them. Since then, senior officers have held exploratory discussions with colleagues in Lambeth and Lewisham to identify the most promising opportunities to be taken forward for further evaluation. This process is ongoing.
7. Sub-regional collaboration has been a feature of housing strategy for several years. The emergence of sub-regions in London was formally prompted in response to the system for making capital allocations instigated by the Housing Corporation from 2003. In common with the other sub-regions, the South East London Housing Partnership (SELHP), comprising Southwark, Lewisham, Greenwich, Bromley, Bexley and the main housing associations operating in the area, was established in 2004/05. In that year SELHP had fully functioning sub-groups producing their own work plans and the SELHP coordinator was in post. Since then, the range of activities has continued to expand, with the five boroughs pooling resources and sharing tasks and expertise.
8. The Future Libraries Programme, formed by a partnership between national and local government and driven by councils themselves, aims to help the library service during the current challenging financial situation, with an ambition to ensure libraries play a central role for communities. Ten proposals for innovative collaborations and initiatives by different groups of authorities are being taken forward as a first phase of the programme, including a proposal from Bexley, Bromley, Croydon, Greenwich, Lambeth, Lewisham, and Southwark, through the South East Libraries Performance Improvement Group (SELPIG).
9. The South East London Shared Service Partnership (SELSSP), comprising Lambeth, Southwark, Lewisham, Greenwich, Bromley and Bexley, exists to identify and pursue opportunities for collaborative working between authorities on a sub-regional basis. The partnership has recently secured funding from Capital Ambition, London's Regional Improvement and Efficiency Partnership, to kick-start the implementation of a sub-regional approach to procurement, in order to rationalise external contracts and deliver greater value from procurement spend across the sub-region.
10. A specific opportunity has been identified to develop a shared Communications service with Westminster City Council. This opportunity arises out of the authorities' shared commitment to innovation, the very high degree of alignment existing between the services and a shared ambition to maximise the efficiency of corporate support functions.

KEY ISSUES FOR CONSIDERATION

General approach to shared services in Southwark

11. In Southwark the policy imperative to explore sharing services with other boroughs is based on the premise that:
 - cash savings could be delivered through economies of scale, reduction in management overhead and/or more efficient use of assets;

- a service could be preserved, although its budget has had to be reduced to the point where it is no longer viable on a standalone basis;
 - investment that would otherwise be required by a service could be avoided; or
 - service standards could be improved at no additional cost.
12. Opportunities for sharing services are being identified on a case by case basis. Officer contact with other authorities is agreed and overseen by Strategic Directors, with the endorsement of the relevant Cabinet Member. The most attractive options for early consideration are either those that are relatively simple and low cost to achieve (e.g. sharing a service manager, where one authority has a vacancy) or those that offer a potentially high return on investment (e.g. by transforming and sharing a high cost service or jointly procuring a high cost contract). Equally, where similar levels of expenditure on a given service are producing markedly different levels of performance across two or more authorities, there will be a clear case for sharing knowledge and good practice, which may lead to consideration being given to sharing the service.
13. There are broadly three models for sharing services: administrative (or “federated”), where a senior manager might be shared and/or staff seconded from one authority to another; contractual, where two or more authorities jointly procure a service from a third party; and corporate, where two or more authorities establish a company to deliver a service on their behalf. Each model presents different benefits and risks. The most appropriate model for sharing a service will need to be individually assessed, taking into account the current and targeted configuration of that service.
14. Every proposal for sharing a service will need to be rigorously evaluated and can only be entered into on the basis of a detailed business case and the mutual understanding and expectations of the authorities involved. Key criteria include the following:-
- Clear statement of accountabilities for progressing the proposal across the authorities.
 - Detailed understanding of the services under consideration, including location, budget, number of FTE staff and relevant third party contracts for each authority.
 - Appropriate degree of alignment between the services, including size, scope, processes, external regulation and systems.
 - Appropriate balance of level of investment and/or additional costs required against level of efficiencies and/or additional income anticipated, with return on investment normally to be achieved within a three year period.
 - Identification and appropriate mitigation of risks and issues.

Sharing services with Lambeth and/or Lewisham

15. There are a number of service areas where sharing is already taking place with neighbouring authorities, as follows:
- Barristers’ framework contract (jointly procuring with Lambeth)
 - Pest control (Southwark delivers for Croydon)
 - Coroners (Southwark provides administrative support and accommodation for this sub-regional service)
 - Bereavement Support Service (Southwark and Lambeth deliver reciprocal service to each others’ residents)
 - Supporting People (with Lewisham to end 2010/11)

- Mental Health (with Lambeth, Lewisham and Croydon, through South London and Maudsley NHS Foundation Trust)
16. It should be noted that there are also extensive joint commissioning and management arrangements between Southwark Council and Southwark PCT across health and social care. These are subject to a due diligence exercise, as part of the council's response to changes in the health sector nationally, regionally and locally.
17. Services that are currently under active consideration for potential sharing with neighbouring authorities are as follows:
- Electoral Services (sharing the service manager post and management of the electoral registration process with Lambeth)
 - Waste management and street cleaning (working with other Veolia clients to enhance street cleanliness at reduced cost, with Westminster, City of London and Tower Hamlets)
 - Street cleaning inspections (replacing externally procured assessments with peer inspection assessments, with Lambeth, Lewisham and Greenwich)
 - Highway maintenance (joint procurement of a highways maintenance contract with other London boroughs)
 - Parking enforcement (joint procurement of a parking enforcement contract, with Lewisham and Hackney)
 - CCTV (sharing CCTV monitoring, repair and maintenance contracts and control room infrastructure with neighbouring boroughs)
 - Cemetery and cremation services (sharing management and joint procurement for grounds maintenance and grave digging services with Lewisham)
 - Substance misuse treatment services (joint review and re-commissioning of substance misuse services with Lambeth)
 - Market and street trading (joint procurement of markets management with Lewisham)
 - Tenant management organisations (sharing management with Lewisham and Lambeth)
 - Legal services administration (specifically the opportunity to share a business manager with Lambeth, reducing costs and sharing best practice)
 - Home to school transport (sharing full operational/management functions with Lambeth with potential to expand to sharing a procurement framework of vehicles/support staff with both Lambeth and Lewisham).

18. This list represents a snapshot of activity as at 14 January 2011. A live register of active projects is being maintained on behalf of the council by the Head of Corporate Strategy. It is expected that new opportunities will arise over time, as existing opportunities are evaluated and, where appropriate, taken forward.
19. Discussions with other boroughs are mostly at an exploratory stage. When services are formally proposed for sharing, the proposal will be subject to the council's standard decision making procedures, including a full business case.

Sub-regional working

South East London Housing Partnership

20. Over the last five years, SELHP has been able to add value to the work of partners in a number of ways: achieving greater value for money through joint working, pooling of resources and sharing of tasks at a sub-regional level; improving working practices through sharing and pooling of information and good practice; increasing mobility and choice to residents of the sub-region; and giving a single, collective voice to boroughs and their partners both in consultations by public agencies and in discussion with key partners such as developers and registered social landlords (RSLs).
21. The core rationale for sub-regional working remains to give the boroughs, RSLs and communities greater leverage in securing housing investment into the sub-region and adding value to the overall process by directing investment towards priority needs and to projects that best meet national, regional and local objectives. SELHP is perceived to be one of the most effective of London's sub-regional housing partnerships. Its perceived strengths, as reported by regional partners, include being effective at delivery, good at securing engagement between boroughs and RSLs, innovative in promoting new initiatives, and able to secure a high level of consensus amongst its constituent boroughs despite the significant differences between them in terms of politics and housing issues.
22. The SELHP Strategy 2010-14 guides the work of the partnership. It has four overarching strategic objectives: deliver greater efficiency by working together; provide good quality homes in all tenures; improve choice and meet housing needs; provide safer, healthier, working communities.

South East Libraries Performance Improvement Group

23. With the support of the Future Libraries Programme, the participating authorities will look at options and opportunities for improving quality and reducing costs by working more closely together. The aim is to build on the individual strengths and distinctive features of the existing library services in South East London, to retain and improve best practice models and introduce new solutions.

South East London Shared Service Partnership

24. Individual local authorities can struggle to deliver large scale and sustainable savings from their current third party spend and are often unable to address commercial advantages. A research report commissioned by Capital Ambition on Modernising Local Authority Procurement identified that, while there are many excellent examples of successful outcomes and negotiations achieved through collaboration, there is significant scope for extending this. It also set out issues identified including:
- widespread duplication of effort on contracting – often with individual authorities competing for the same resources
 - poor contract and relationship management
 - inappropriate levels of supplier and market engagement
 - poor use of scarce officer resources
 - too much focus on process rather than outcomes
 - huge variation in terms of unit costs and quality of outcomes in all spend areas – mostly where requirements and suppliers / providers are common
 - little post contract cost control – resulting in significant price-up- lifts on many occasions
 - market conditioning by major providers exploiting the lack of commercial awareness and fragmented organisational structures
25. With the support of funding from Capital Ambition, SELSSP is working to create a single, auditable and robust source for information about existing contracts across the sub-region, as well as a clear understanding of the future needs and opportunities for the boroughs. The objectives of the project are to: agree the categories for a sub-regional approach to procurement; map existing procurement arrangements (e.g. contracts, specifications) to the categories; clarify the future needs and demands of the boroughs against the categories; and set out arrangements for shared procurement against the categories and commence appropriate procurement activity.
26. There is the potential for significant savings on both the cost of the procurement process and the level of payments to suppliers. Existing duplication of procurement activity across the six authorities could be reduced, saving up to two thirds of the aggregate cost of a typical procurement exercise. The total of all third party spend by local authorities across South East London is conservatively estimated at £2bn, of which it is estimated some £600m could potentially be procured at a sub-regional level. Even a small saving against this level of spend, for example 1%, would yield a £6m saving.

Communications

27. A proposal for sharing a communications service between Southwark and Westminster Councils is appended to this report. The proposal has been developed by a working group of senior officers drawn from across the strategy, communications, finance and HR functions of the two authorities.

28. The proposed target operating model shows how one function could bring benefits to the two authorities in terms of improved communications and a more efficient service. It outlines how the new organisation will be accountable to the two authorities and how the new function will achieve agreed service standards. In short, how it would deliver better for less.
29. Although the service is not currently shared, there is a high degree of alignment between Southwark and Westminster. Southwark's Head of Communications is provided under contract with Westminster Council and the operational planning and delivery of the communications function follows the model developed and used by Westminster. As central London authorities, the communications context is also very similar.
30. The proposal is to create a social enterprise, provisionally named SW Communications, which will deliver a communications service to both Southwark and Westminster. Initially, it would perform all the activities currently delivered by the corporate communications teams plus print design work (which is currently contracted out) and public affairs. There would be the potential over time for it to broaden its scope to include delivery of the council's research and insight functions (which are currently dispersed across the organisation) and events. A further stage of development for the social enterprise would be to extend the offer to other London councils, with the eventual aim of establishing a public sector communications hub in central London.
31. The communications operations of both Westminster and Southwark are being reorganised and reduced in order to meet the challenging budget targets for 2011/12 onwards. The potential savings from sharing the service outlined in the proposal are based on the operations for 2010/11 and will therefore need to be updated. A detailed business case will be developed, based on the 2011/12 position. Whilst savings on staffing costs may be below original expectations (as already realised to some extent by each authority individually), there are substantial efficiencies to be gained by pooling campaigns and publications budgets and reviewing overheads.
32. In order to maintain a fast pace of development with appropriate risk management, a twin track approach to developing the shared service is proposed.
33. From April 2011, the shared service would be established in shadow form by delegating Southwark's communication function to Westminster and transferring the staff who deliver the function to Westminster. A communications plan for 2011/12 would be agreed and resourced through the centralisation of existing communications budgets. At least initially, a media and digital team would remain present within each authority; the campaigns, creative and internal communications teams could be placed more flexibly, in whichever location provided best value in preparation for the creation of the shadow shared service.
34. At the same time as the shadow shared service comes into being, work would be underway to create the social enterprise that will be the ultimate delivery vehicle. This would include developing and agreeing its articles of establishment and governance principles. The social enterprise would be fully operational by the end of 2011/12, with all the communications staff delivering for both Southwark and Westminster transferring into the new organization from April 2012.

Savings

35. The policy and resources strategy (to be agreed by Council Assembly on 22 February) will include a number of proposals for budget reductions relating to shared services, each with a specific savings target. In addition, a programme of shared procurement initiatives with local authorities and other relevant bodies will be established, with a savings target of £1m over the next three years, £200k in 2012/13 and £800k in 2013/14.

Community impact statement

36. There is no direct impact on local communities arising from the proposals in this paper. The proposed approach to sharing services seeks to maximise the efficiency of the council's operations and so protect investment in front line services for the benefit of residents.
37. Staff directly affected by the proposal for a shared communications service with Westminster and the relevant trades unions will be fully consulted.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

38. The report before Cabinet explains the discussions which are taking place with other boroughs to share services and the developing arrangements for sub-regional collaborations in Housing and Library Services. The report also seeks an in principle decision by Cabinet to agree a shared communications service with Westminster City Council subject to a detailed business case.

Legislative Framework

39. There is no specific power which permits the council to enter into a shared service with another authority. The legal powers are contained in a variety of legislation, including s101 of the Local Government Act 1972, s19&20 of the Local Government Act 2000 and the 'welling being' powers and the Local Authorities (Goods and services) Act 1970. The combined effect of this legislation is to give local authorities the powers to second staff to other organisations and to do anything which will improve the economic, social and environmental wellbeing of the area.
40. Appendix 1 of the report details the proposals for the joint communications service with Westminster. This will involve the transfer of the Council's staff to Westminster and a further transfer to the new company which is created to deliver the service. As these proposals progress, further detailed legal advice will be required in relation to the following issues:
- The 'Legal Vehicle' to deliver the communications service. A Social Enterprise company can take a number of legal forms, the council must agree with Westminster which form is best to deliver the joint service.
 - The interim governance arrangements leading up to the transfer of the service and or staff to Westminster
 - The governance arrangements for the Company, including advice on the Memorandum and Articles of Association.

- Contract and Procurement advice
 - TUPE advice in relation to the transfer of the council's staff to Westminster or any other organisation.
41. To minimise the risk to the Council of employment tribunal claims arising from the reorganisation of the communications team the Council should follow its policies and procedures in relation to Reorganisation and Redundancy, Managing the TUPE Regulations, and its Secondment Scheme.
42. The decision to enter into the shared communications service will be taken by the Leader (as permitted under Section 14 of the Local Government Act 2000) following a detailed business case, this business case will take the form of a Gateway 1/2 report.

Finance Director

43. The finance director notes the need for all local authorities to pursue opportunities to share services with other relevant bodies in order to contribute to the challenging financial objectives facing all local government bodies in the future planning period. The finance director also notes initial progress and achievement, and that savings from the communications shared service will be included in the savings proposals due before the Council Assembly in 2011 as part of the council tax setting process.
44. It is noted that there has been limited success in recent years with London authorities' achieving success within shared services outcomes and delivering cashable savings, although much work is being undertaken to progress various projects.
45. To ensure that limited council resources are allocated adequately to achieve success of future projects with which we wish to engage, clear governance arrangements are needed both internally and with other participating organisations. Robust business cases and benefit sharing agreements must form part of the governance process.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Proposal for A Shared Communications Service for the London Borough of Southwark and Westminster City Council

AUDIT TRAIL

Cabinet member	Peter John, Leader of the Council	
Lead officer	Graeme Gordon, Head of Corporate Strategy	
Report author	Graeme Gordon, Head of Corporate Strategy	
Version	Final	
Dated	14 January 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Date final report sent to Constitutional Team		14 January 2011

**PROPOSAL FOR A SHARED COMMUNICATIONS SERVICE FOR THE LONDON
BOROUGH OF SOUTHWARK AND WESTMINSTER CITY COUNCIL**

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Introduction

Both Westminster and Southwark Councils have agreed that in the current climate of public sector spending we have an opportunity to radically rethink service design.

There is a strong business case for sharing communications services, and those that lead the way will attract the reputational and potential commercial benefits from being in the first wave.

The Leader of Southwark has already made clear his commitment to shared services:

“The challenges we face as inner city authorities will continue to grow in importance as the coming decade unfolds. More often than not they transcend borough boundaries. We need to work collaboratively and believe that there is significant potential for cross border working in order to make significant savings.”

This paper sets out how we could go about delivering a shared communications service between the London Borough of Southwark and the City of Westminster from April 2011. The proposed target operating model shows how one function could bring benefits to the two authorities in terms of improved communications and a more efficient service. It outlines how the new organisation will be accountable to the two authorities and how the new function will achieve agreed service standards. In short, how we will deliver better for less.

It is proposed that the new service will be delivered by a new Social Enterprise Company, provisionally called SW Communications (SWComms). This entity, with a single team, will deliver first class communications on behalf of both authorities.

The overriding purpose of SWComms is to provide a high quality, flexible function that offers a range of services to both organisations. By taking a phased approach to implementation, it will allow for capacity building to bring in additional services currently delivered by each authority, and then to look outwards to develop shared services with other local authorities or public sector bodies.

A vision for first class public sector communications

The sharing of communications resources between the two councils should not be seen merely as a short-term response to saving money to deal with the current spending restrictions. This would be an opportunity missed.

We have a long-term vision for shared communications that moves beyond delivering immediate objectives and moves to a fundamental change in the way the public sector engages with its publics and customers.

We will start locally and then bring other local authorities on board before moving towards the establishment of a public sector communications hub.

The Purpose

The purpose of a shared communication service would be to provide a higher quality of communications work across the two central London authorities by utilising the best staff, most effective campaigns and combined lobbying power of the councils.

This is possible because of the similarities between the two authorities in terms of their geography (central London), historic role in the capital, aspirations and concern over issues such as tourism, licensing, housing regeneration and crime and safety.

This is evidenced through the concerns expressed by residents of both areas in the Place Survey. The second question of the survey asks what residents' top priorities for improvement are in their local area. Respondents are asked to tick two or three boxes from the list of twenty provided, so if something is not on the list it is far less likely to be selected by the respondent and written in.

	Southwark order of priority	Southwark	Westminster	Westminster order of priority
The level of crime	1 st	45	35	1 st
Activities for teenagers	2 nd	36	25	5 th
The level of traffic congestion	3 rd	30	35	2 nd
Clean streets	4 th	29	22	7 th
Road and pavement repairs	5 th	28	24	6 th
The level of pollution	14 th	14	30	3 rd
Affordable decent housing	6 th	27	29	4 th

The top priority for residents in both areas is the same (the level of crime), with activities for teenagers and the level of traffic congestion in the top five for both. There is more of a priority in Southwark on the need for clean streets and better road and pavement repairs, while in Westminster there is more concern about pollution and affordable decent housing.

Overall, apart from the level of pollution, residents in Southwark and Westminster are in agreement on what the top seven priorities are.

Objectives

The new shared service will build on, develop and improve the current work of the two separate communications teams.

Its overall aim will be to inform and promote as follows:

REPUTATION: Build resident understanding to improve satisfaction ratings

RETENTION: Retain and recruit good staff by improving understanding of how and why the Council does things

RESOURCES: Win resources for the authority through public affairs work, and win inward investment by promoting the place

The new shared function must improve upon and add value to the current approach:

- deliver best value for both councils through economies of scale, shared campaigns and pooling resources
- by sharing professional expertise and knowledge, provide better outcomes for each authority than can be achieved acting alone
- while making the most from coming together as one team, ensure the team recognises and responds to local requirements for each council
- put in place proper governance and management controls to ensure proper accountability to the individual authorities
- provide a scalable model, if the participating authorities want to extend the reach of its work at a future date.

Shared service activities

The shared service would deliver activities within two major areas of work:

Corporate communications: media relations, website, internal communications, corporate publications and some public affairs work.

Campaign communications: Campaigns aimed at the main audiences that Westminster and Southwark serve. The starting point for this would be the fifteen audiences that Westminster identified as part of its 2010-11 planning process.

It would have the potential also to deliver two further areas of work:

Research: as a minimum the tracker of resident and stakeholder opinion, with the option of extending to all survey-based and opinion research.

Events: two major and four minor events delivered across both authorities every year.

Requirements

A shared service would require the following:

- A robust evidence base using Westminster's Reputation Tracker – regular polls of residents, staff and stakeholders to track progress.
- Strong core corporate campaigns (currently Living City and Fairer Future) to promote the story that the political leadership of Westminster and Southwark are trying to tell to demonstrate operational independence.
- Regular political and managerial dialogue to ensure that the project remains on track.

For this approach to work it will require:

- Clear political backing
- A clear work plan which recognises the need for greater efficiency from service departments in dealing with communications
- A highly organised approach with daily reporting and regular reviews with the political and managerial leadership on each side to avoid problems developing

We see the shared service developing in three distinct phases:

- 1) The two councils' communications resources come together as one team and deliver on agreed campaign outcomes. This will be achieved through the implementation of the proposed Target Operating Model, which we have called SW Communications (SWComms) for the purpose of this paper.
- 2) Extending the offer to other London councils, if this brings benefits to the two lead authorities and new members in terms of increased efficiencies and better communications.
- 3) Extending the model to the wider public sector, particularly in line with the new policy framework, such as place based budgets or changing health responsibilities in the capital. The goal would be to establish a public sector communications hub in central London.

Target Operating Model

The target operating model (TOM) describes how the communications function should be configured to deliver the communications remit defined by each authority.

The operational structure

The TOM we are proposing assumes that we have one team to serve the needs of both councils. One team can provide economies of scale in terms of cost but also depth of expertise and resources to ensure that requirements are met.

The proposed structure is based on a total combined team of 38 staff providing expertise across specialist areas but with a campaign team at its heart to lead on the new, audience-focussed campaign approach. This approach is summarised at Appendix 1.1.

It is important to note that it may be necessary to have some flexibility around staff numbers as both authorities move in to the shared service, and there may be more than 38 staff at the target start date. Conversely, there may be less than 38 in future years, depending on the communications needs of the two councils and the continuing efficiency drive.

A flat structure would ensure that resources are primarily focussed on delivering the communications outputs to generate the outcomes identified in the communications planning process at the beginning of each new financial year.

This requires internal discipline on behalf of both authorities to ensure that the planning process is right first time and that non commissioned and unauthorised communications is curtailed. There will be flexibility within the team and the workplan, but currently a significant amount of time is expended recalculating the objectives and tactics of individual campaigns. This will have to cease to ensure maximum efficiency from the shared service.

The proposed shared service would be structured as follows:

Senior Management

FUNCTION: Lead advisor for Westminster and Southwark, including public affairs. Cover will be provided by the Director of Communications and Strategy at WCC or the MD of Westco.

Campaigns Team

FUNCTION: Deliver audience based campaigns that change behaviour for the public good. We deploy marketing communications to inform and increase access to services.

Media and Digital

FUNCTION: Deliver a proactive media relations and e comms service to build or protect reputation and to support the audience led campaigns.

Internal Communications

FUNCTION: Improve customer satisfaction by supporting the transformation within each organisation, improving advocacy by explaining the vision and values of the authorities and keeping people informed about the issues that concern them the most.

Administration

FUNCTION: Providing administrative support to the communications service, including a new dedicated 'forward planner' that would ensure the work is efficiently coordinated and delivered across both authorities.

Creative and design

FUNCTION: Provide a full service from generating concepts, visualising ideas and project management through to design, layout and provision of print-ready and web-ready artwork. It will support both audience-led campaigns as well as core communications.

The operational approach

There are a number of key principles for the way we will work in the new TOM:

- (i) With a team of 38 we can broadly deliver the current requirements of both councils, within an agreed and closely-managed programme of campaigns. If further financial savings are necessary then the team's capacity to deliver will be affected and priorities will have to be reviewed.
- (ii) Resources will be directed to wherever they are needed by management to deliver an agreed communications workplan. There will no longer be a dedicated Southwark or Westminster communications team, but specialists working to agreed objectives across both authorities.

- (iii) For the proposal to deliver the tangible communications benefits that both authorities want, at a time of diminishing resources, it will be necessary not only to change the structure, but to change the way the team will work.
- (iv) We will build our campaigns around specific audiences, rather than around services. The shift will benefit our customers and our organisation as it will not only increase the relevance of the information our audiences receive but also improve the efficiency with which we deliver it. For instance, rather than running a campaign to promote library services we could include this activity in the campaign for council tax payers.
- (v) The service would also utilise the same sources for media monitoring, campaign evaluation, framework for internal communications campaigns, staff development (negotiating packages with suppliers), media buying, media training and publication production to achieve efficiencies. This should offer further scope for efficiencies. For example, Southwark currently spends around £30,000 per year on media monitoring and licensing services.
- (vi) In delivering better for less, the communications service should be situated at whatever practical location can offer the best value. This does not necessarily mean either within Victoria Street or Tooley Street.
- (vii) Initially it is proposed that there is a media and digital team present within each authority. In our experience, it is the media team who are likely to have daily contact with members and are often in the front line of a communications response to an emergency or crisis situation. For this reason we have allowed for the creation of two media relations manager posts.
- (viii) The campaigns, creative and internal communications teams should be based in whichever location provides the best value. It is less important these teams are based in any particular local place and more important they are working closely together to deliver campaign outcomes (and communication with client contact in planned face to face meeting, or by phone/email).

Client account management

We understand that moving to a shared service model does demand an even greater focus on accountability and client account management to ensure that each authority is content with the level of service it is receiving from the new joint organisation and that the function remains responsive to local requirements. It is important that there is openness and transparency and that both organisations are able to see that the service is offering value for money.

There will be a number of important mechanisms and processes to ensure that the required service is delivered:

- (i) A service level agreement will be drawn up and agreed between all parties to identify the delivery standards for SW Communications. This will include an agreed resolution process for any disputes, however unlikely, and how each authority could withdraw. A notice period (to be agreed e.g.

six months) if one authority wished to terminate the agreement will be incorporated into the memorandum and articles of the new operation.

- (ii) The authorities should set up a client management board of senior officers from both councils that will provide overall operational direction for the new team.
- (iii) The annual communications workplan will be the vehicle that will enable total transparency in terms of communications outputs and outcomes and also budget. Delivery against the workplan will be the method that the management board will hold the shared service to account. It will detail all major agreed communications activities that the team will deliver over a twelve month period, as well as the agreed communications outcomes (such as informed levels).
- (iv) The overall strategy and strategic outcomes will be reviewed quarterly by the management board, but will be monitored weekly and monthly by the Lead officer, who will produce monthly reports for each client.
- (v) The communications planning process will run simultaneously within both authorities and will be coordinated by the senior management. There will be one workplan which will identify the strategy and overall objectives of the shared service communications team and the audience led campaigns. There will then be an appendix for each authority with the agreed corporate communications outputs and the tailored campaigns specific to each council.
- (vi) The budget will be clearly identified and no work will be undertaken unless there is an established budget. The workplan will be signed off by the management board in March each year, in addition to signing off an annual delivery report prepared by the senior managers.
- (vii) A joint planning grid will be maintained to ensure coordination of activities and no duplication or clashes. Effective planning will be critical in ensuring the shared service works well.
- (viii) The daily issues will be sent out each morning by senior management to the Cabinet and CMT of each council, identifying the main communications outputs for each day. It will only identify activities relevant to the individual authority.
- (ix) A weekly meeting (either on line or conference call) will take place with senior management and the media relations managers, senior campaign officers, studio manager, senior internal communications officer and the forward planner to agree a schedule of weekly outputs. Delivery against this checklist will be monitored at a weekly wrap up conference call. The managers and senior officers will be responsible for the day to day supervision of the team to deliver the agreed communications outputs.
- (x) All work will be undertaken in line with the Code of Recommended Practice on Local Authority Publicity, a revised version of which is currently out for consultation.

Other operational issues

Unplanned communications work

We recognise that there will always be more demand for communications support than there is capacity. However, through our organisational push on 'more for less' it should be agreed that the focus will remain on agreed campaign work and that additional projects should be the exception rather than the norm.

We envisage that around 80% of communications activity should be planned, having been identified by both councils through the organisational business planning process and in discussion with members. Where unforeseen projects arise and there is a clear case for communications support, we aim to absorb them within our built-in contingency allowance. For example, we estimate the Westminster marketing team undertook around 70 ad hoc projects in the 2008/09 business year and billed £24,000 of staff time.

Our experience tells us that during the year services may require support with straightforward information provision (as distinct from campaign activity). We believe that the majority of this type of work should be delivered through our existing channels such as the magazines, corporate website and other e comms or printed channels.

It is only in exceptional cases, where there is a clear case and the support of the management board, will we agree to deliver additional projects. In order to keep this to a minimum, we will develop a proforma that asks the submitting officer to provide information including a clear rationale, objective, and budget for the work, as well as approval from a strategic director. We will review these criteria, and if we agree to take on the piece of work but cannot absorb it within our contingency allowance we will levy a charge for communications staff time and services.

Additional capacity

The communications challenge for local authorities is likely to be exceedingly difficult over the coming months due to the pressure being placed upon council finances and services. Therefore it would seem sensible to plan and seek agreement that additional capacity could be provided to both authorities, should they need it, through the Westco trading company. Westco has already been operating successfully for several years and provides communications advice and services to numerous local authorities. It is highly expert in deploying resources quickly and effectively to deal with any emerging issue or changing priorities for local councils. This service would be supplied at very competitive rates to both councils.

Emergency scenarios

In an emergency or crisis situation, each authority will have the ability to draw on the resources of the full SW Communications team to support the emergency and recovery response to any incident. There will sometimes need to be a short suspension of 'normal' campaign communications in these times, which will be agreed with the management board.

HR issues

Regardless of the shared service proposal, both communications teams will be reducing in size in response to public sector spending cuts. Westminster City Council is already in the process of reorganisation and Southwark plans to move on its budget reductions within the DCE department over the coming weeks, including the communications division.

SWComms would offer staff the potential for career opportunities that would be difficult for the individual councils to match with reduced services. Staff would move to SWComms under TUPE arrangements. Whilst there are differences, Westminster and Southwark's terms and conditions of employment have a level of commonality which means that there are unlikely to be significant problems for people operating on Westminster conditions alongside Southwark TUPE'd staff and vice versa. Westminster's broad grading structure in particular has the potential to offer career opportunities.

This proposal does not envisage either Westminster or Southwark being the lead authority in a shared service, rather it advocates the creation of a new body to run communications on behalf of both councils, i.e. a Social Enterprise Company (SEC). This offers clarity to staff in terms of lines of management and clarity to both councils in terms of accountability. It is felt that as a Social Enterprise Company (SEC), a future SWComms would have the ability to re-look at terms and conditions that suited the operations and the market. This could help to attract and retain the best staff whilst offering both authorities the flexibility to drive maximum efficiency from their communications.

The establishment of the final staffing structure in the SEC would be achieved through appropriate reorganisation and consultation processes under the overall direction of the Management Board.

Savings from the shared service

Phase 1 Saving

The cost of the proposed new structure, based on a total combined team of 38 staff, would be approximately £1.6m. Combined staff expenditure across both organisations is currently £2.3m (based on current 2010/11 establishments). Not including start-up costs, this would give each council a saving of £350k per annum.

It would be reasonable to expect further savings on operational costs, once both organisations have fully identified their annual communications expenditure on publications etc. In terms of achieving these savings it will be up to each organisation to identify the relevant expenditure, centralise it and achieve the reduction.

For example, the total corporate communications spend in Southwark is projected to be £2.65m in 2010/2011. Whilst we have already identified substantial savings in staff costs in a shared service, there are further efficiencies to be gained by pooling campaigns, publications budgets and looking at overheads.

A realistic future scenario would see Southwark contributing £750k per annum to SWComms for staff costs and a further £1m per annum for its campaigns and publications budget. This would total £1.75m, compared to £2.65m for the projected corporate communications spend for 2010/2011. Clearly, for these additional savings

to be realised, there would need to be a centralisation of the councils' communications budgets.

Phase 2 Saving

There are potential further savings for both authorities on overheads, such as accommodation, which are relatively expensive. There is certainly scope to reduce this by identifying alternatives to achieve most from the new operation in terms of economies of scale, with the team co-located in the most cost effective location.

The current overheads for the Westminster Council communications team are £1m per annum. This suggests that there are potentially significant savings to be made, but this will need to be balanced against support for the fledgling SEC.

It should also be recognised that both authorities are aware of spend on communications related issues outside the allocated budgets, although these have not yet been fully quantified.

Potential to broaden the scope

Public Affairs

Not only is there a big overlap in many of the issues that concern local residents between the two authorities, there is also an overlap in issues that both councils would want to influence amongst regional or national government politicians or their agencies.

As key central London authorities, both councils wish to ensure that there is the right infrastructure in the economic climate to drive the capital out of recession and to maintain the city's place as the engine room of economic activity and prosperity. One proposal to deliver a joined up programme of work would be to employ a public affairs officer for the shared service, coordinating activity and horizon scanning for prospects and opportunities or threats. The cost of this work would be £80,000 which would be split evenly across the two councils. This would pay for the cost of the post and £40,000 for project costs.

Research and events

It is clear that there is the potential for developing further efficiencies and savings in phase one by drawing in services such as events and research in to SWComms.

We already continuously monitor outcomes and undertake meaningful evaluation that helps us refine our methods. This will be embedded within the shared service.

Southwark Council's residents' research is currently conducted by Westminster City Council in an ongoing arrangement to deliver a regular tracker of resident opinion. There are no current proposals to change this arrangement as this provides a robust and meaningful way to monitor performance across both councils and identify individual authority issues or general trends for inner London authorities.

The shared service will have access to the resident opinion research generated through the tracker. This will be used to evaluate the team's delivery against the workplan, but can also be used to drive performance within each authority by identifying and tracking issues.

It would make sense to include resident research activity within the shared service, as this would allow the authorities to make a saving in this area, whilst ensuring that both authorities had access to frequently update data and strong data analysis and insight that Westminster City Council currently provides to Southwark for a fee.

A shared research and insight team

Westminster's Research and Customer Insight Team have established themselves at the forefront of local government research. They seek to understand the reasons behind public opinion, rather than just benchmark and report it, and actively drive communications and council activities by using insight from their research. As we have said, Southwark has commissioned work from the Westminster team, through Westco, in the form of the Southwark reputation tracker.

The team is organised on the structure of a market research agency so can be scaled up or down depending on the number of projects to be managed. A shared service between Westminster and Southwark could at its core consist of a Head of Research and Customer Insight, a R&CI Manager, a Senior R&CI officer and three R&CI officers.

Core work could include ad hoc online staff; stakeholder and business surveys; stakeholder database management; insight/investigative reports on key topics of interest to both councils; working to extract value from Southwark's MOSAIC license; analysis or initiation of any call-back survey of customers calling the call centre and analysis of call centre data; presentations to senior manager/members meetings; and advice on consultations and facilitation of strategic working with local partners such as the NHS.

The agreement as to the exact nature of some of the ad hoc work, for example surveys or focus groups among an audience group such as parents, would be agreed within the annual communications plan.

This staff structure would also include running existing Westminster projects in the form of the City Survey (2,500 residents interviewed face-to-face) the quarterly reputation tracker (500 interviews by telephone) and the Safer Westminster Partnership survey (1,000 interviews by telephone). If Southwark wished to commission surveys of this nature the staff cost would have to increase. Our assumption for our costs on additional projects are that Southwark would be looking to commission two waves of the face-to-face reputation tracker each year.

The proposed staff budget for a research and insight shared team is £275,500. There would likely need to be a shared research team budget of £50,000 to cover resources such as SPSS, online survey hosting and small ad hoc research projects of joint interest. Southwark's reputation tracker budget for external fieldwork would be £25,000. Westminster's budget for the City Survey and Reputation Tracker fieldwork would be £160,000.

The budget for the Safer Westminster Partnership survey is not held by the current team. As the team might necessarily be doing more work for Westminster than Southwark (due to the greater amount of survey data to process) the balance in staff costs could be 30% Southwark to 70% Westminster, with half the shared research team budget. Obviously this would need to be subject of further detailed discussion, should it prove attractive to both councils. But moving forward, the balance would then be reviewed on an annual basis. Therefore Southwark's total cost could be

£132,650 and Westminster's £377,850. The total projected cost in this scenario would potentially be £510,500.

It should be noted that the first activity of a new function being developed in Southwark through this team will be to identify any research work within the council which could be brought under the responsibility of the team. This should also offer up the prospect of further efficiency savings by avoiding duplication or improving the way it is done.

Events

There are similar opportunities to make savings within the events offer of both councils. For example, the LBS budget book identifies a budget of £188,000 for culture "services" in 2010/2011 and that "these costs are associated with running a programme of events that runs throughout the year including The Event at Southwark Park, and Carnaval del Pueblo and The Mix (for young people) during the Burgess Park Weekend." In addition, there is estimated film income of £208k and £43k from events hire.

One proposal for events would see both councils contribute £100,000 each to a shared events team. With this budget, it is felt that the shared service events team would be equipped to deliver two major events (one each) and four minor events (two each) every year. As we have identified from the Southwark budget book, this could generate an initial saving to Southwark of £88,000 pa.

Before events could be brought in to a shared service it will be vital to seek agreement from both authorities as to what parts of the service are to be included. For example, for the purposes of this paper, when we are talking about events, we are talking about the role of event organisers for a limited number of corporate council events, as agreed in the annual workplan. What is not being considered is the development and governance of any council's event policy (e.g. see LBS Events Policy at www.southwark.gov.uk) or any kind of monitoring or licensing activity on events that do not form part of the shared service's workplan.

However, by including events within SWComms, it would allow for a rationalisation of the offer to focus on some core, high quality, outputs, that support the councils' overall communications objectives, whilst also delivering savings. It would also be possible to do some joint marketing of the events and filming offer from these iconic central London locations, which is likely to be particularly attractive in the run up to 2012. The link with the research and insight team would be invaluable to ensure that all events are properly evaluated so that successful events can be supported and events which have little impact can be retired.

Another area for consideration is the respective film offices of the two authorities as there are clear advantages in joint marketing and promotion of two key central London boroughs.

Financial risks

A Social Enterprise Company is unlikely to be cash rich in the first years of operation. There is a potential risk that it would not have sufficient reserves if the company suffered from any loss of work, however unlikely that may seem at the current time.

The mitigation is that the risks and liabilities would be jointly shared by the two authorities, which would need to be clearly articulated in the company's Articles of Establishment.

The Articles would also need to include the mechanism through which either, or both, authorities wished to reduce (or increase) their expenditure in SWComms in future years. This would include the amelioration, for example, of unplanned staffing costs, which would have to be shared by both councils.

As we have said, in setting up a SEC, there is a need to quantify the savings that can be made in support costs. These would arise by disassociating SW Comms from the local authorities in due course.

Legal vehicle

We have examined a number of options for delivering the Target Operating Model of the proposed shared service, and the option being recommended is a Social Enterprise Company (SEC). These are bodies (which can be of various legal structure, including charities, unincorporated bodies, trusts and limited liability companies) whose primary function are to deliver social objectives, with the body being run for the benefit of the community, and where profits (if any) are put back into the community, rather than being used for the benefit of the shareholders.

A summary of the different types of model that have been considered are included in the table below:

TYPE	COMMENT	RECOMMENDED
Joint working	With the existing connections and similarities in ways of working between both teams, there is already a constant drive towards better and joint workings to improve communications outcomes.	NO – although this has been an effective approach in the short term, in the medium to long term this does not deliver the maximum efficiencies and flexibilities that both authorities require.
Shared service, two (existing) employers	Merging the teams, whilst retaining existing employers would be very difficult to manage, with blurred lines of accountability and officers in the same post with different T&Cs and with different working cultures and practices.	NO – too much time would be devoted to highly complex management arrangements, rather than nimble delivery of quality communications.
Shared service, one (existing) employer	This is the proposed interim stage to bridge the existing arrangement and the formation of the social enterprise company. It will ensure a continuity of	MAYBE – as an interim stage before the transfer of staff and budget to the SEC this is recommended to both councils as a staging post.

TYPE	COMMENT	RECOMMENDED
	service, making for a smoother transition to the SEC.	
Limited Liability Company	<p>A Community Interest Company (CIC) is a limited liability company which is subject to additional regulation and a commitment to a social purpose.</p> <p>A company can only become a CIC if it passes the community interest tests of the CIC regulator.</p> <p>To become a CIC the company is restricted in the use of assets and issuing shares, and must file an additional public report once a year. There is also a restriction on having a CIC carrying out political activities.</p> <p>Insofar as it may be relevant, there is no preferential tax treatment for limited liability companies. To the extent that a 'profit' was generated, this would be subject to corporation tax in the usual way.</p>	NO – This vehicle does not reflect the non-profit aims of the service, nor would it emphasise the social benefit to be gained from the company's work.
Social Enterprise Company	<p>This structure better reflects the fact that the vehicle will be acting for the benefit of the communities of Westminster and Southwark, and that no profit will be arising from it.</p> <p>It will merely be performing the required services on the basis of the contributions of LBS and WCC – if there are surplus funds beyond those needed for basic services, then additional services can be provided,</p>	<p>YES - Its primary function are social objectives, with the body being run for the benefit of the community, and where profits (if any) are put back into the community, rather than being used for the benefit of the shareholder.</p> <p>It also offers opportunities for councils, or other public bodies, to join in the future.</p>

TYPE	COMMENT	RECOMMENDED
	<p>rather than a dividend to shareholders.</p> <p>A social enterprise company may also prove more inviting to any potential future partners, regardless of political affiliation.</p> <p>Due to essentially being a limited liability company, the company would still be subject to the normal tax regime, albeit that there should be no profits of the company subject to tax where the monies are all invested in the provision of services. Other taxes may apply.</p> <p>In addition to the benefits above for being a social enterprise company, CICs have an additional level of regulation, and so are likely to be an acceptable vehicle to all parties. The restriction on the use of assets gives third parties the reassurance that funds cannot be misapplied.</p>	

Establishing the Social Enterprise Company

It is felt that a phased approach should be taken to establish the Social Enterprise Company. This will allow for a good transition to the new way of working that minimises any effect upon the delivery of communications outputs. This is critical as all local authorities face very challenging communications landscapes, where the need to maintain two way communication and trust with our respective audiences has never been so important.

Consideration also needs to be given to the support functions which will no longer be available to SW Comms were the SEC route followed; in terms of financial demands, and timing. There are dangers in withdrawing support functions at a period when SWComms is newly established so both authorities would need to share these costs (and risks) in an equitable fashion. This should however release a further saving at a future date as both council's corporate overheads are reasonably high as a percentage of the cost of the actual service.

In order to ensure that this is done in a totally transparent fashion, it was felt that a phased approach is best:

Proposed Timeline for the creation of SWComms

January 2011 – April 2011

- Start to prepare the Articles of Establishment for the SEC.
- Develop and agree detailed business case.
- Identify joint budgets for communications, including identifying all communications budgets within directorates so they can be centralised.
- Develop the first combined LBS/WCC communications workplan.
- Begin to look at the governance principles, including the management board.

April 2011 – March 2012

- SW Communications runs as a shadow organisation in preparation for the SEC being established and fully funded.
- In this interim phase, communications is delivered by a team who are all solely employed by one of the councils entering in to the shared service.
- Consideration is to be given to broadening the scope and sharing additional services, namely events and research functions, as appropriate; develop a business case with a view to bring these functions in to the SEC by the end of the financial year.

January 2012 – March 2012

SW Communications is fully established as a social enterprise company. The annual workplan is agreed by the newly installed management board.

Other deliverables during this phase include:

- Agree the Articles of Establishment.
- Agree the governance principles.
- Establish the budget.
- Complete any outstanding recruitment to SWComms

April 2012 – March 2013

SW Communications delivers communications (and additional services, as agreed) for the London Borough of Southwark and the City of Westminster.

April 2013 to March 2014

It is during this year that further savings could be delivered through locating the team in new accommodation and with the back office support functions, which provides the best value. Invites will be extended to other local authorities and public bodies to join.

Conclusion

The proposed Target Operating Model, operating as a Social Enterprise Company, offers an immediate and exciting opportunity to meet the financial challenges of the new era of austerity, provide value for money to our residents and provide a better service to each council. It also gives us an opportunity to innovate and pioneer a new approach to public sector communications.

Appendix 1.1

Audience based campaigning

In 2010-11 Westminster changed its approach from running campaigns based on requests from service departments to an approach which analysed the needs of citizens and customers and then directed council activity towards addressing those needs. Our research identified 15 audiences, listed below whose needs the campaigns address. A shared service would require agreement that campaigns to encourage inactive people to live healthier lives, engage older people and divert younger people from crime were common audiences.

The fifteen audiences identified by Westminster are:

- Council tax payers and their families
- Staff
- Older people
- Parents and guardians
- Young people
- Healthier people
- Key influencers
- Visitors
- Planning community
- Businesses
- Unemployed
- Motorists
- Engaged citizens
- Tenants and lessees
- Adult social care users

Item No. 10.	Classification: Open	Date: 25 January 2010	Meeting Name: Cabinet
Report title:		London Councils Grants Scheme 2011/2012	
Ward(s) or groups affected:		All	
Cabinet Member		Councillor Abdul Mohamed, Equalities and Community Engagement	

FOREWORD - COUNCILLOR ABDUL MOHAMED, CABINET MEMBER FOR EQUALITIES AND COMMUNITY ENGAGEMENT

1. The London Councils grants scheme previously funded community and voluntary sector organisations that provided London wide services. As a result of the devolution of powers and the squeeze on public sector finances there is a need to change the way that the London Councils Scheme provides support.
2. In December, the London Council Leaders Committee took the decision to reduce the levy that all authorities previously paid by 43 per cent. This means Southwark is to be 'repatriated' some £475,007 of the levy paid in 2009-10. This effectively reduces the amount to be paid to London Councils by £475,007.
3. We need to formally agree the new reduced levy and consider the factors set out in this report as a result of these changes. We also need to agree that officers explore the possibility of ring fencing these repatriated funds for the community and voluntary sector in Southwark before a decision can be made on the use of the rest of the repatriated funds if any. This particularly applies to those unfunded groups that have a large number of Southwark beneficiaries.

RECOMMENDATIONS

4. That the Cabinet note the issues arising from the London Councils Grants Review
5. That the Cabinet agree the proposed levy of £485,614 subject to the budget proposals to be submitted to the Council Assembly in February 2011.
6. That the Cabinet agree that officers continue to explore the options for continuation/discontinuation of commissioned services in consultation with relevant boroughs and London Councils. Attached as Appendix 1 is a list of Southwark based London Councils funded organisations and Appendix 2 is a list of organisations with beneficiaries in Southwark.

BACKGROUND INFORMATION

7. The London Council Grants Scheme was created following the abolition of the Greater London Council as a means of maintaining support to voluntary organisations providing London-wide services. Organisations supported by the scheme are required to provide services across at least two London boroughs in order to qualify for support.

8. Since the first grants commenced in April 1986, the funding provided by the Scheme has addressed a range of social issues such as discrimination, domestic violence, homelessness and creating opportunities for all those living in London.
9. The Scheme was reviewed in 2005 as a consequence of concerns in many boroughs that, whilst accepting that benefits should be targeted on need, the actual benefits were not distributed across London in proportion to those needs. That review resulted in a complete change in approach of the Scheme and adoption of revised themes.
10. London Councils Leaders' Committee agreed the revised funding priorities in November 2006 based upon 12 broad themes and an annual budget of £26.4 million for each of the four years starting in 2007/8. The first funding decisions under the revised scheme were taken in spring 2007, and the final funding decisions were taken in late 2008; these have four-year end dates ranging from July 2011 to March 2013.
11. With current commissioned services beginning to expire from July 2011 and in anticipation of a further four-year funding programme for 2011-15, Leaders Committee undertook a scoping consultation with boroughs, voluntary sector organisations and other stakeholders on potential future priorities from 2011 onwards. The results of this were reported to London Councils Grants executive and London Councils Executive in March 2010. Whilst the funding approach was welcomed, the consultation showed that: some changes in the priorities could be justified; covering fewer service areas in more depth was considered to be better than covering a wide range of priorities; and a number of the priorities could be dealt with more effectively at a sub-regional rather than London-wide level. Members agreed that it would be for the new Leaders' Committee formed after the May 2010 elections to determine what the future approach and priorities would be.
12. Following the May 2010 London local council elections, borough leaders also suggested that given the increasing devolution of powers and services by government to the local level, a significant proportion of the grants scheme could be better spent by individual boroughs on locally determined priorities. This, together with the squeeze on public sector finances triggered a review of the grants scheme that was announced at the London Councils Annual General Meeting on 8 June 2010 with a view to repatriation or reduction of the levy. The timescale agreed for completion of the review and approval of recommendations was December 2010.
13. The review of the London Boroughs' Grants Scheme focused on three main issues:
 - What funded activity, if any, should be delivered locally by individual London boroughs in the future;
 - What London-wide activities/programme should be funded in the future, together with budget and priorities for this;
 - The timetable and processes to achieve the resulting changes.
14. At its meeting of July 2010 Grants Committee determined what issues needed to be resolved in helping determine the future of the grants scheme and an

extensive consultation was carried out involving key stakeholders which informed the proposals subsequently put forward to the Grants committee in November 2010.

15. The following re-categorisation of services for future funding purposes emerged from the review:

Category A – London-wide services

The funded services included in Category A are mainly those which satisfy one or more of the following conditions:

- Those where the frontline service is in the true sense London-wide, such as London-wide sporting competitions and child helpline; and/or
- Those which provide capacity building and support to the third sector; and/or
- Those which provide a London-wide voice to different sectors of the community.

Category B – Sub-regional services delivered across more than one London Borough.

Those included in Category B are mainly services that are currently organised sub-regionally, or services which are piloted in parts of London, such as services to tackle child poverty.

Category C – Services that are local in nature - delivered within a single London Borough

Those included in this category are funded services where services are local in nature, and where they could potentially be carried out at a local level if boroughs have the resources available to do so. These include services such as day centres and drop-in for homeless people and those which reduce bullying and its impact.

16. The issues and concerns raised during the consultation process with regard to the speed of change and the capacity to quickly transfer commissioning responsibility to boroughs has shaped 3 broad options on how to progress change whilst minimising disruption.
- **Option 1 - De-commission B and C services from 1 April 2011** providing a clean break and enabling the maximum amount of resources to be available for boroughs. However this approach would also likely cause the maximum amount of disruption, with many services that boroughs individually or collectively having to be re-commissioned in haste; there would also be concerns about the risk of legal challenge.
 - **Option 2 - Allow all B and C services to run their full course** this would cause the minimum disruption, and allow boroughs to develop their local or sub-regional priorities and commissioning arrangements. However, this would slow the transfer of control over decisions to boroughs, and bring only limited change to the Grants Scheme budget in 2011/12 (the majority of change then impacting in 2012/13).

- **Option 3 – Allow a managed process of transition for B and C services.** Boroughs would need to decide, on a borough by borough and service by service basis, which services they wished to see continue. In the meantime, London Councils could continue to manage existing commissions, in those relevant boroughs alone, to ensure no break in agreed provision. Funding for these managed commissions would be agreed on a borough by borough basis and would be outside the scope of the s.48 scheme.
17. The Grants Committee met on 25 November 2010 to consider the key issues arising from the review process and the key issues and principles that emerged from the consultation, the categorisation of services, the timing of the proposed changes and to make recommendations to Leaders Committee on which proposal to take forward for approval. Grants Committee opted for Option 3 (a managed transition) and these recommendations were approved by Leaders Committee on 14 December 2010. This means that individual boroughs will need to come to a conclusion as to which commissioned services will continue on a borough by borough and commission by commission basis.
 18. It was recognised that boroughs could not all come to conclusions as to which, if any, services they would like to be managed on an interim basis before 31 December 2010 which is when notice of early termination would have to be given if commissions were to end on 31 March 2011. It was also therefore agreed that all commissions would continue until 30 June 2011 to give all boroughs time to agree their own options. In the meantime it will be a matter for individual boroughs to make decisions as to what services they wish to continue to run and how they will be managed in the future
 19. It was considered that the benefits of this approach would allow more time to consider and establish transitional arrangements for category B and C services with each borough, maximising the flexibility in dealing with current commissioned services if some or all boroughs wish them to continue, but limits boroughs binding financial commitments to the statutory Grants Scheme.

KEY ISSUES FOR CONSIDERATION.

20. As agreed by the Leaders Committee on 14 December 2010 the levy required to be contributed by Southwark totals **£485,614** (a reduction of £475,007 on the 2010/2011 levy of £960,621). Overall this comprises a reduction in the level of total borough contributions of 49.7%. The proposal for expenditure in 2011/12 is set out as follows:

Overall level of expenditure of **£17,691,000** comprising:

Grants - **£16,793,000** (made up of £13.175 million continuing funding to category A pan-London Services April 2011-March 2012 plus £3.16 million as the cost of extending funding to Category B and C services for the 3 months April – June 2011 transitional period)

Administrative Expenditure - **£838,000**

London Funders Membership Fees - **£60,000**

Income would comprise:

European Social Fund grant - **£2,070,000**

Interest and balances - **£2,380,000**

Borough contributions - **£13,241,000**

21. Further to the Grants to Voluntary Organisations (Specified Date) Order 1992 (which came into effect on 2 November 1992 and remains in force), the budget must be agreed by two-thirds of constituent Councils before 1 February 2011. If it is not, the overall level of expenditure will be deemed to be the same as that approved for 2010/11 (i.e. £30,116,000). Boroughs are required to provide a formal response to the recommendation as soon as possible; ideally by **Friday 21 January 2011** (as required under section 7.5 of the Grants Scheme), but no later than 31 January 2011.

22. Each borough must now decide which services it wishes to terminate or continue to provide with the balance of funding and in the case of the latter how they envisage these commissions could be managed in the future e.g. at the borough level or working with neighbours to develop sub-regional solutions. Given the tight timescales it is recognised that boroughs may be unable to arrive at conclusions as to which, if any, services they would like to continue to be provided within this timescale. The Chief Executive of London Councils wrote to all boroughs on 8 December 2010 requesting a preliminary indication as to:
 - whether boroughs are content to see services from Category B and C cease
 - or alternatively if they wish to come to an agreement with London Councils to continue to manage these services for a further limited period in order to allow more time for the development of alternative arrangements.

23. Arriving at conclusions as to which, if any, services the council would like to continue to be provided is complex, challenging and carries significant risk for the council for a number of reasons. London Councils is one of the largest funders of the voluntary and community sector in London, the current scheme funds over 360 individual voluntary sector organisations, almost 200 of which have beneficiaries who are residents of Southwark. The existing priorities for commissioned services are very wide ranging and include:
 - Children and Young People
 - Crime Reduction
 - Culture, Tourism and London 2012
 - Environment, Transport, Planning and Sustainability
 - Generic Second Tier
 - Health and Social Care
 - Health and Safety
 - Homelessness
 - Legal and Advice
 - Policy and Voice
 - Poverty
 - Violent Crime

24. The grants form a substantial part of the total turnover of some of the organisations and a significant part of their service delivery. Terminating commissions early could seriously affect the sustainability of these organisations at a time when funding from other sources is also under threat. Early termination could also result in the loss of match or other funding for the organisations involved.
25. The scheme is focused on addressing disadvantage and it is therefore inevitable that change to the organisations funded will have an impact on the community. Full equalities impact assessments will need to be carried out before any decision to terminate funding is made. There could be significant risks associated with discontinuing the support for a range of services for some of Southwark's most deprived and vulnerable communities.
26. The picture is extremely complex and of the almost 200 organisations that have beneficiaries within Southwark many of these have beneficiaries in a number of other boroughs. Taking these decisions is likely to mean complex discussion with all other London boroughs in different combinations on an organisation by organisation basis. This will also mean a full consideration of the impact of any decisions and what if any expectation there is that funding continues.
27. Throughout the course of the review London Councils have reported that they have obtained legal advice from their London Councils advisor on the relationship between London Councils and constituent councils and the legal implications of these proposals. The Grants Scheme is governed by Section 48 of the Local Government Act 1985. The London Councils report to Leaders Committee states that grants to voluntary organisations are approved "in principle and subject to annual review" and that "where a grant is approved for a period of more than one year, this approval is subject to adequate funding being provided by the constituent councils to London Councils to meet the cost of the on-going grant.
28. Where approval is not given by the appropriate majority (two thirds of constituent councils) the amount of expenditure in the previous year is deemed to have been approved i.e. remaining at 2009/10 levels. However if constituent councils do not approve the budget recommended by the Grants Committee, they can agree an alternative level of expenditure. The constituent councils are not therefore constrained by the proposed budget of the Grants Committee. Given that it is possible for constituent councils to agree an alternative level of expenditure it is appropriate for the Grants Committee to seek to ascertain what level of expenditure would be acceptable to the appropriate majority and then to propose that level of expenditure for approval.
29. It is possible that the Funding Agreement in place between London Councils and a Funded Organisation would be treated as having contractual force. However, even if the funding agreement is treated as contractual, the duration of the Agreement is time limited by the terms of Clause 14.5: "approval is subject to adequate funding being provided by the constituent councils to London Councils to meet the costs of the ongoing Grant".

Where, therefore, funding is not "adequate", the Funding Agreement will come to an end as a matter of private law. There is no obligation, therefore, on London Councils as a matter of private law to continue the operation of the Funding Agreement where it is unable to afford to pay the Grants. Therefore, individual funded organisations have a legitimate expectation that funding will

continue so long as London Councils has sufficient funds to meet the costs. If there are insufficient funds for this, then the funded organisation cannot complain that a substantive legitimate expectation is defeated. Further advice states that even if there was 'substantive' legitimate expectation not to cease funding where money is available but is allocated elsewhere, so long as the decision making is transparent and well-reasoned it is likely that legitimate expectation could be defeated if available money was allocated elsewhere.

30. The Chair of London Councils Grants Committee wrote to all funded voluntary organisations on 20th July 2010 informing them that because of the uncertainties caused by the review and the forthcoming financial position in 2011/12, the Committee was unable to guarantee any funding beyond 31st March 2010.
31. Grants Committee Members were also advised to consider the equalities impacts on affected groups when making recommendations to the Leaders Committee and to be aware that, without a commitment from individual boroughs to continue the funding, then the equalities impacts of those services not being funded will need to be taken into account.

Community impact statement

32. London Councils funding is awarded to voluntary organisations based throughout London to carry out various services and activities covering legal advice, health & social care, citizenship & human rights, support for women, support for children and young people, arts and culture, sustainable forms of transport, quality childcare provisions, support for the elderly, support for migrant communities, facilities for homeless persons, tackling homelessness, development of social enterprise across London, social cohesion, etc. Southwark Council influences the pattern of the London Councils support through its representation on both the Grants and Leaders Committees as a constituent council.
33. A list of organisations based in Southwark that are currently funded through the Scheme is attached as **Appendix 1**. This funding is based on levels of deprivation and need. Residents in Southwark benefit from a wider range of services from organisations than those simply based within the borough. Organisations based in Southwark also serve the populations of other London boroughs.
34. Given Southwark's demographics a number of these organisations are providing services which have a beneficial effect on the local community. Examples of these are Afro-Asian Advisory Service, Southwark Law Centre, Southwark Citizens Advice Bureaux Service, Southwark Refugee Project Limited, Age Concern London, Homeless Link and Victim Support.
35. A number of these organisations are currently funded by the council and the equalities impacts of London councils decisions on affected groups will need to be addressed in the coming months through discussion with London councils and other boroughs.

Resource implications

36. Southwark Council's contribution to the 2010/11 budget was £960,621 (based on a population of 274,400). If the proposed budget is approved the

contribution in 2011/12 will be **£485,614** based on the removal of Category B and C services which will cease in June 2011.

37. There are sufficient resources within the Community Support budget to meet the Council's required levy of **£485,614** for 2011/12 based on last years resource allocation. However, this will need to be considered within the council's normal budget-setting process.

Consultation

38. London councils have carried out an extensive consultation exercise in relation to the review of the future role and scope of the London Councils Grants Scheme. All responses were summarised and reported to Grants & Leaders Committee.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

39. The London Borough Grants Scheme is, as set out in paragraph 27 of the report is governed by section 48 of the Local Government Act 1985.
40. The Council is required under section 48(3) of the Act to contribute to any expenditure that has been incurred with the approval of two-thirds of the constituent council's. This council's contribution is determined by reference to the size of the council's population.
41. By virtue of section 48(4)(A) of the Act and the Grants to Voluntary Organisations (Specified Date) Order 1992, the constituent councils are required to agree the scheme's expenditure by the 1st of February in the year preceding the financial year in which the expenditure is incurred. If at least two-thirds of Constituent Councils do not agree the expenditure by that date, then, the level of expenditure will remain at the same level as that applied in the previous financial year.
42. The council is bound to contribute to the scheme and cannot unilaterally withdraw from it. However, where the Constituent Councils do not agree the level of expenditure, the Grants Committee can agree an alternative level of expenditure and the agreement to opt for option 3 of the three funding alternatives set out in paragraph 16 of the report falls within the provisions of the scheme.
43. The legal implications of defunding individual voluntary organisations are set out in paragraphs 27 - 31 of the Report. When members are deciding on which voluntary organisations to continue funding and which not to, regard will need to be had to public sector equalities duties.
44. The Equalities Act 2010 which introduces additional protected characteristics does not come into effect in relation to public sector equalities duties until April 2011. Until then we are governed by the existing legislation and our Equalities and Human Rights Scheme (2008-2011).
45. Section 71 of the Race Relations Act 1976, 49A(i) of the Disability Discrimination Act 1995 and 76A of the Sex Discrimination Act 1975, require local authorities to act in accordance with equalities duties and have due regard

to these duties when we are carrying out our functions, which includes making decisions in the current context.

46. The report author at paragraph 31 refers to the need to carry out an equalities and human rights impact assessment before a decision is taken. Equality impact assessments are an essential tool to assist councils to comply with our equalities duties and to make decisions fairly. The council's equalities and human rights impact assessment process goes beyond current equalities duties (relating to race, disability and gender) to incorporate religion/belief, sexual orientation and age.

Finance Director

47. Earmarked resources within the Community Engagement budget exist for funding the London Councils Grants Scheme commitment for 2011/12. The service will need to consider the implications of the proposal to change the funding mechanism of sub-regional and local objectives whilst still operating within the, as yet undetermined, service budget for 2011/12.
48. There is the potential to release savings of up to £474k but the work needs to be done to identify which organisations will be affected by the change; this will take time and discussion with London Councils. At this stage a prudent estimate of a 25% savings is considered appropriate across years one and two and hence £118k is built into budget process. This may be reviewed on completion of the required work.

BACKGROUND DOCUMENTS

Background papers	Held At	Contact
Correspondence from London Councils	Communities, Law & Governance, 160 Tooley Street, London SE1 2TZ	Triumphant Oghre 0207 525 7418

APPENDICES

No.	Title
1	List of Southwark based organisations funded by London Councils
2	List of organisations with beneficiaries in Southwark

AUDIT TRAIL

Lead Officer	Stephen Douglass, Head of Community Engagement	
Report Author	Bonnie Royal, Commissioning & Voluntary Sector Support Manager	
Version	Final	
Dated	12 January 2011	
Key Decision	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law and Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	14 January 2011	

Southwark Based Organisations funded by London Councils

Appendix 1	Organisation Name	Commissioning Service	Grant Amount	From - To	Project Title	Post review category	Priority
	Action for Advocacy	Sector Specific Second Tier Services to Health & Social Care	320,000.00	01/02/2009 - 31/01/2013		A	Yes
	Age Concern London	Sector Specific Second Tier Services to Health & Social Care	624,000.00	1/02/2009 - 31/10/2012	Access all areas	B	Yes
	London Sustainability Exchange	Sector Specific Second Tier Services to Health & Social Care	162,500.00	01/10/2009 - 31/01/2013	Health & Social Care - 2nd tier support specs 24 and 75	A	Yes
	Homeless Link	Sector Specific Second Tier Services to Homelessness	240,000.00	01/02/2009 - 31/01/2013		A	Yes
	Audiences London Ltd	Sector Specific Second Tier Services to Culture, Tourism & London 2012 services	160,000.00	01/02/2009 - 31/01/2013		A	No - 2013
	Independent Theatre Council	Sector Specific Second Tier Services to Tourism & London 2012 services	320,000.00	01/02/2009 - 31/01/2013		A	No - 2103
	Greater London Enterprise	Sector Specific Second Tier Services to Poverty services	410,300.00	01/11/2008 - 31/07/2010	Unlocking ESF Potential	A	No - commission ended already?
	London Youth Games Ltd	Pan-London programme-competitive sport/physical activities for child & young ppl. linking with LB sports participation programmes	520,000.00	01/04/2008 - 31/03/2012	London Youth Games Ltd	A	No - 2012
	London Cycling Campaign	Promote more sustainable forms of transport, including cycling & walking	497,780.00	01/09/2008 - 31/08/2012	Cycling Development Project	A	No - 2012
	London Deaf & Disability CIC (Inclusion London)	Disability second tier policy and voice	1,140,000.00	01/10/2008 - 30/09/2012		A	Yes
	Daycare Trust	2nd tier - increased access to affordable, quality childcare thru supporting orgs working with employers, childcare providers & children & parents. Engage with local authorities & share best practice	480,000.00	01/09/2008 - 31/08/2012	London Childcare Assistance	A	Yes
	Age Concern London	Older ppl 2nd tier policy & voice	920,000.00	01/09/2008 - 31/08/2012	Older Londoners Speaking Out	A	Yes
	Respect	Reduction of violent behaviour thru domestic violence perpetrator programmes	318,424.00	01/09/2008 - 31/08/2012	Engaging men in ending domestic violence	A	Yes
	Social Enterprise London	Developing Social Enterprise	1,800,000.00	01/01/2008-21/12/2011	Social Enterprise - Transforming the lives of londoners (SETLL)	B	n/a
	Stroke Care	Enable improvements in health, working with disadvantaged communities to support local action	60,000.00	01/11/2008 - 31/10/2012	Stroke Advocacy Project	B	n/a
	Age Concern London	Enable ppl aged 50+ & carers to access good quality care thru direct pymts, individual budgets, advocacy & discretionary care services	624,000.00	01/11/2008 - 31/10/2012		B	n/a
	Victim Support London	2012 Olympic/Paralympic Games - volunteering	119,332.00	01/02/2009 - 31/01/2012	Volunteer Recruitment and Training	C	n/a
	Tamasha Theatre Company	Promote access to cultural activities across London	164,560.00	01/11/2008 - 31/10/2012	Tamasha Theatre Company	C	n/a
	The Film and Video Umbrella	Promote access to cultural activities across London	232,616.00	01/11/2008 - 31/10/2012	Voice in the Crowd	C	n/a
	Sound Connections	Provide educational & participatory programmes/activities in all art & culture forms for disadvantaged children and young ppl	313,736.00	01/09/2008 - 31/08/2012	Sounds of the City (Sound Connections and Members)	C	n/a

Southwark Based Organisations funded by London Councils

Organisation Name	Commissioning Service	Grant Amount	From - To	Project Title	Post review category	Priority
Afro-Asian Advisory Service	Improve access to advice for BME & migrant communities, in the fields of welfare rights, housing, immigration & asylum, health, education & employment	131,652.00	01/11/2008 - 31/10/2012	Afro-Asian Advisory Service South East London CAB	C	n/a
Southwark Citizens Advice Bureau Service	Improve access to advice for BME & migrant communities, in the fields of welfare rights, housing, immigration & asylum, health, education & employment	336,776.00	01/11/2008 - 31/10/2012	Asylum, Migrant Outreach Advice	C	n/a
Southwark Law Centre	Improve access to advice for BME & migrant communities, in the fields of welfare rights, housing, immigration & asylum, health, education & employment	310,048.00	01/11/2008 - 31/10/2012	South London BAME Legal Advice Project	C	n/a
Southwark Refugee Project Ltd	Improve access to advice for BME & migrant communities, in the fields of welfare rights, housing, immigration & asylum, health, education & employment	114,796.00	01/11/2008 - 31/10/2012	SRP Advice, Advocacy and Information Project	C	n/a
ARP Charitable Services	Day centre facilities for homeless ppl & ppl at risk of homelessness	895,844.00	01/07/2008 - 30/06/2012	ARP Direct Access Service	C	n/a
Broadway Homelessness and Support ARP Charitable Services	Day centre facilities for homeless ppl & ppl at risk of homelessness	284,428.00	01/07/2008 - 30/06/2012	ABC Step Up	C	n/a
Barnardo's Families in Temporary Accommodation Project	Tackling homelessness	578,217.00	01/01/2008 - 31/12/2011	Barnardo's Families in Temporary Accommodation (FITA) Project	C	n/a
Southwark Law Centre	Provide legal advice and representation across the various areas of social welfare law	560,589.00	01/01/2008 - 31/12/2011	South East and South Central London Legal Advice Service	C	n/a
The Depaul Trust	Reduce youth homelessness through targeted prevention activities with at risk groups	374,400.00	01/11/2008 - 31/10/2012	Depaul Trust SPOKES programme	C	n/a Consortium of providers
Barnardo's	Interventions - children & young ppl involved or at risk of sexual exploitation	661,000.00	01/07/2008 - 30/06/2012	Barnardo's London Sexual Exploitation Preventative Education Programme	C	n/a
The London Magistrates' Courts Support & Information Service	Engagement & involvement of disadvantaged groups that experience high victimisation levels, to reduce crime and its impact.	647,284.00	01/07/2008 - 30/06/2012	Volunteer Development Programme	C	n/a
Victim Support London	Engagement & involvement of disadvantaged groups that experience high victimisation levels, to reduce crime and its impact.	61,960.00	01/09/2008 - 31/08/2012	Reaching Communities: Support After Crime.	C	n/a
Organisation of Blind Africans and Caribbeans	Support, advocacy schemes and legal advice to promote take up of direct payments and benefits for people with disabilities and their carers	121,227.00	01/09/2008 - 31/08/2012	Organisation of Blind Africans and Caribbeans	B	
Consortium of LGBT Voluntary and Community Organisations	Policy work and campaigning / lobbying for the LGBT community	307,692.00	1/07/2008 - 30/06/2012	Consortium of LGBT VCOs	A	
Interactive	2nd tier - support to increasing sporting opportunities for disabled people	240,000.00	1/07/2008 - 30/06/2012	Interactive	B	
		520,000.00	1/04/2008 - 30/03/2012			

Appendix 2 - List of organisations with beneficiaries in Southwark				
Theme: Children & Young People				
Funded Organisation	Total Southwark users per Year	Total London Councils Grant for all boroughs	Category	Expiry date of London Councils original award
Barnardo's	6	£506,932	C	31/03/13
Barnardo's	117	£647,284	C	30/06/12
Beatbullying	989	£325,252	C	30/06/12
Brook London	13	£216,336	C	31/10/12
Brook London	24	£108,816	C	30/06/12
Business in the Community	33	£519,447	C	31/10/12
Daycare Trust	490	£480,000	A	31/08/12
Ebony Education Community Interest Company	84	£297,584	B	31/10/12
Fairbridge in London	5	£235,367	C	31/10/12
London Play	11,508	£600,000	A	30/06/12
Mosac	8	£208,339	C	31/10/12
Muslim Aid	72	£570,160	A	31/08/12
Muslim Youth Helpline	34	£296,044	A	31/08/12
My Voice London	21	£520,797	C	31/10/12
NSPCC (ChildLine)	644	£920,000	A	31/07/11
PACE	4	£152,716	C	30/06/12
PACE	85	£190,475	C	30/06/12
Refuge	43	£418,372	A	31/08/12
Respond	29	£213,569	C	31/10/12
The Comedy School	2,663	£134,499	C	31/10/12
Volunteer Reading Help	7	£145,935	C	31/10/12
Sub Total	16,879	£7,707,924		
Theme: Crime Reduction				
Artefacts Edutainment	126	£41,684	B	30/09/12
Brandon Centre for Counselling & Psychotherapy f	2	£96,960	B	30/09/12
Catch 22	9	£175,572	C	31/08/12
Fairbridge in London	2	£95,300	B	30/09/12
Galop	16	£300,000	C	31/08/12
London Action Trust	7	£233,092	B	30/09/12
London Action Trust	16	£304,839	C	31/08/12
Race on the Agenda	18	£311,972	C	31/08/12
The London Magistrates' Courts Support & Informa	3,500	£61,960	C	31/08/12
The Peace Alliance	8	£112,432	B	30/09/12
The Prince's Trust	1	£125,416	B	30/09/12
Victim Support London	3,276	£121,227	C	31/08/12
Victim Support London	18,000	£583,298	A non priority	31/07/11
Sub Total	24,981	£2,563,752		
Theme: Culture, Tourism & London 2012				
Akademi	1,200	£163,980	C	31/10/12
Akademi	400	£126,820	C	31/10/12
Apples and Snakes	240	£140,224	C	31/10/12
Apples and Snakes	232	£179,624	C	31/10/12
ATTIC Theatre Company (London) Ltd	170	£106,760	C	31/10/12
ATTIC Theatre Company (London) Ltd	38	£106,116	C	31/10/12
Central London Arts Ltd	242	£222,016	C	31/10/12
Clean Break Theatre Company	2	£229,964	C	31/10/12
Core Arts	8,000	£67,100	C	31/10/12
Creative Lewisham Agency	500	£223,900	C	31/10/12
Cultural Co-operation	1,400	£198,260	A non priority	31/01/13
Deafinitely Theatre	75	£117,051	C	31/01/12
DeafPLUS	2	£96,843	C	31/01/12
Emergency Exit Arts	2,521	£226,312	C	31/10/12

Funded Organisation	Total Southwark users per Year	Total London Councils Grant for all boroughs	Category	Expiry date of London Councils original award
Eye Music Trust (formerly Nettlefold Festival Trust)	487	£73,395	C	31/01/12
Face Front Inclusive Theatre	100	£83,067	C	31/01/12
Greenwich & Lewisham Young People's Theatre	149	£171,452	C	31/10/12
Greenwich and Docklands Festivals	82	£129,040	C	31/10/12
Heart n Soul	400	£69,552	C	31/10/12
Heart n Soul	440	£127,492	C	31/10/12
Hi8us South	640	£199,800	C	31/10/12
IARS	20	£92,937	C	31/01/12
Interactive, formerly London Sports Forum for Disa	15	£520,000	B	31/03/12
IROKO Theatre Company	249	£82,560	C	31/01/12
London Notting Hill Carnival Limited	60,564	£243,904	A non priority	31/08/12
London Youth Games Ltd	879	£520,000	A non priority	31/03/12
Oily Cart	75	£64,040	C	31/10/12
Orange Tree Theatre	300	£253,524	C	31/10/12
Oval House	41	£125,068	C	31/10/12
Polka Theatre for Children	599	£314,432	C	31/10/12
Polka Theatre for Children	73	£65,460	C	31/01/12
Serpentine Gallery	1,500	£113,480	C	31/10/12
Shape	160	£440,000	B	31/08/12
Sound Connections	202	£313,736	C	31/8 or 10/2012
Spare Tyre	205	£126,288	C	31/10/12
Street League	3	£96,759	C	31/01/12
Tamasha Theatre Company	447	£164,560	C	31/10/12
Tara Arts Group Ltd	1,184	£109,452	C	31/01/12
The Albany	244	£216,748	C	31/10/12
The Arts Depot Trust	10	£199,504	C	31/10/12
The Film and Video Umbrella	386	£232,616	C	31/10/12
Theatre Royal Stratford East	480	£339,464	C	31/10/12
Tricycle Theatre Company Ltd	1,058	£226,232	C	31/10/12
Victim Support London	10	£119,332	C	31/01/12
Visit London	1	£400,000	A non priority	31/08/12
Warehouse Theatre	37	£223,620	C	31/10/12
Sub Total	86,062	£8,662,484		
Theme: Environment, Transport, Planning & Sustainability				
BioRegional Development Group	212	£60,060	B	30/06/12
Creative Environment Networks	446	£207,537	B	30/06/12
Creative Environment Networks	199	£194,316	A non priority	31/08/12
Freecycle UK	2,500	£82,432	B	30/06/12
Living Streets	230	£547,904	A non priority	31/08/12
London Community Recycling Network	6	£356,724	B	30/06/12
London Cycling Campaign	1,434	£497,780	A non priority	31/08/12
London Sustainability Exchange	18,651	£799,812	B	30/06/12
Planning Aid for London	12	£480,000	A	31/08/12
Transport For All	90	£400,000	A non priority	31/08/12
Women's Design Service	6	£160,000	A	31/08/12
Sub Total	23,786	£3,786,565		
Theme: Generic Second Tier				
Central London CVS Network	1	£417,452	B	31/10/11
Voluntary Action Lewisham	50	£286,064	B	30/06/12
Sub Total	51	£703,516		
Theme: Health & Safety				
London Hazards Centre	183	£440,000	A non priority	31/08/12
Sub Total	183	£440,000		

Funded Organisation	Total Southwark users per Year	Total London Councils Grant for all boroughs	Category	Expiry date of London Councils original award
Theme: Health & Social Care				
Advocacy Partners	2	£316,712	A	30/06/12
Age Concern London	236	£624,000	B	31/10/12
Casa de la Salud Hispano Americana	20	£180,352	B	31/10/12
Organisation of Blind African and Caribbeans	68	£307,692	B	30/06/12
Stroke Care	60	£60,000	B	31/10/12
Terrence Higgins Trust	19	£330,336	C	31/10/12
The British Polio Fellowship	31	£99,700	B	31/10/12
The Disability Law Service	23	£466,652	B	30/06/12
The Food Chain	27	£141,696	B	31/12/12
The Minster Centre	6	£234,784	C	31/10/12
The Sickle Cell Society	25	£313,036	B	30/06/12
Women in Prison	25	£283,792	C	31/10/12
Women's Therapy Centre	4	£382,172	C	31/10/12
Sub Total	546	£3,740,924		
Theme: Homelessness				
Alone in London Service	27	£639,460	C	30/06/12
ARP Charitable Services	50	£578,217	C	30/12/11
ARP Charitable Services	280	£895,844	C	30/06/12
Barnardo's Families in Temporary Accommodation	43	£560,589	C	30/12/11
Cardboard Citizens	30	£76,788	C	30/06/12
Eaves Housing for Women	351	£207,648	C	30/06/12
Eaves Housing for Women	109	£480,556	C	30/06/12
Jewish Womens Aid	15	£180,724	C	30/06/12
London Irish Women's Centre	6	£245,547	C	30/12/11
New Horizon Youth Centre	52	£386,744	C	30/06/12
Shelter	130	£996,292	C	31/12/11
Solace Women's Aid	6	£613,740	C	30/06/12
Stonewall Housing	12	£300,436	C	30/06/12
Stonewall Housing	50	£310,355	C	31/12/11
Streetwise Community Law Centre	50	£535,875	C	31/12/11
Thames Reach	11	£830,504	C	31/12/11
The Connection at St Martin's	35	£926,104	C	30/06/12
The Depaul Trust	2	£661,000	C	30/06/12
West London Day Centre	157	£574,536	C	30/06/12
Sub Total	1,416	£10,000,959		
Theme: Legal & Advice				
Advice UK	180	£2,736,936	C	31/10/12
Afro-Asian Advisory Service	234	£131,652	C	31/10/12
Asylum Aid	25	£238,248	C	31/10/12
Asylum Support Appeals Project	2	£143,230	C	30/06/12
Central London Community Law Centre	1	£166,379	C	30/06/12
Chinese Community Centre	70	£147,312	C	31/10/12
Detention Advice Service	41	£176,688	C	31/10/12
Holy Cross Centre Trust	1	£85,944	C	31/10/12
Inquest Charitable Trust	20	£240,000	C	30/06/12
Islington Law Centre	1	£274,364	C	31/10/12
Lambeth Law Centre - London Discrimination Unit	4	£381,806	C	30/06/12
Law Centres Federation	30	£901,078	C	30/06/12
London Advice Services Alliance	409	£296,004	C	31/10/12
Mary Ward Legal Centre	13	£332,566	C	30/06/12
Royal Association for the Deaf	3	£383,828	C	31/10/12
Royal Courts of Justice Advice Bureau	82	£346,880	C	31/10/12
Southwark Citizens Advice Bureaux Service	188	£336,776	C	31/10/12

Funded Organisation	Total Southwark users per Year	Total London Councils Grant for all boroughs	Category	Expiry date of London Councils original award
Southwark Law Centre	965	£374,400	C	31/10/12
Southwark Law Centre	18	£310,048	C	31/10/12
Southwark Refugee Project Ltd	94	£114,796	C	31/10/12
Terrence Higgins Trust	13	£209,471	C	31/10/12
The Disability Law Service	10	£408,725	C	30/06/12

Funded Organisation	Total Southwark users per Year	Total London Councils Grant for all boroughs	Category	Expiry date of London Councils original award
Tower Hamlets Law Centre	3	£384,860	C	30/06/12
Tower Hamlets Law Centre	4	£346,871	C	30/06/12
Women in Prison	14	£209,884	C	31/10/12
Sub Total	2,425	£9,678,746		
Theme: Policy & Voice				
Advice UK	254,652	£714,588	A	30/06/12
Age Concern London	1	£920,000	A	31/08/12
Black Neighbourhood Renewal and Regeneration	33	£332,469	A	30/06/12
Camden Federation of Tenants and Residents Ass	1	£137,462	A	30/09/12
Consortium of Lesbian, Gay and Bisexual Voluntar	368	£240,000	A	30/06/12
Eaves Housing for Women	21	£357,144	A	31/08/12
Education Action	5	£307,731	A	30/06/12
Irish Travellers Movement	173	£200,000	A	30/06/12
Kairos in Soho	368	£160,000	A	30/06/12
London Advice Services Alliance	254,652	£285,412	A	30/06/12
London Civic Forum	11	£393,148	A	30/06/12
London Deaf & Disability CIC (Inclusion London)	1	£1,140,000	A	30/09/12
London Voluntary Service Council	160,841	£806,852	A	30/12/12
Migrant and Refugee Communities Forum	194	£169,447	A	30/12/12
Race on the Agenda	33	£546,604	A	30/12/12
Rights of Women	30	£85,904	A	31/08/12
Social Enterprise London	36	£1,800,000	B	31/12/11
The Asian Health Agency	3	£443,748	A	30/06/12
The Fawcett Society	2	£71,860	A	31/08/12
Women in Prison	43	£197,736	A	31/08/12
Women's Resource Centre	15	£487,356	A	31/08/12
Sub Total	671,483	£9,797,461		
Theme: Violent Crime				
Asian Women's Resource Centre	45	£633,100	A	31/10/12
Eaves Housing for Women	6	£443,200	A	31/08/12
Eaves Housing for Women	22	£798,858	A	31/10/12
Eaves Housing for Women	3	£692,899	A	31/10/12
Foundation for Women's Health Research and Dev	26	£124,288	C	31/10/12
Galop	11	£256,116	C	31/10/12
Mosac	5	£160,368	C	31/10/12
New Horizon Youth Centre	1	£178,400	C	31/08/12
Rape & Sexual Abuse Support Centre	14	£424,161	C	31/10/12
Refuge	497	£444,578	C	31/10/12
Respect	23	£318,424	A	31/10/12
Rights of Women	99	£274,063	C	31/10/12
Solace Women's Aid	14	£571,163	C	31/10/12
Solace Women's Aid	1	£335,732	C	31/10/12
Southall Black Sisters Trust	5	£360,000	C	31/08/12
The London Centre for Personal Safety	3	£214,387	C	31/10/12
Until the Violence Stops	245	£305,314	C	31/10/12
Women and Girls Network	155	£451,172	C	31/10/12
Women and Girls Network	16	£314,956	C	31/10/12
Sub Total	1,191	£7,301,179		
TOTAL		£64,383,510		

Item No. 11.	Classification: Open	Date: 25 January 2011	Meeting Name: Cabinet
Report title:		Approval to Extend the Life of the Existing Renewal Areas	
Ward(s) or groups affected:		Livesey, Nunhead, Peckham, Peckham Rye, The Lane	
Cabinet Member:		Councillor Fiona Colley, Regeneration and Corporate Strategy	

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY

1. It has been more than five years since the East Peckham & Nunhead Renewal Areas were declared. The objective of the Renewal Area is to improve living conditions in these deprived areas.
2. Whilst there have been some significant successes – including many home improvement grant and loans to low income and vulnerable homeowners, the street renewal of Astbury Road and Colls Road and new lighting south of Evelina Road. Long promised new shop fronts, lighting and other improvements on Meeting House Lane, Queens Road and Evelina Road haven't been delivered. Indeed the project has been delayed to such an extent that its original five year life has expired.
3. This report asks Cabinet to agree to consult residents on extending the life of project (a statutory requirement). Over the next few months we will also consult on and complete delivery and implementation plans for the project which will link in to our administration's pledge to ensure that regeneration projects deliver for local people and to help deliver our Economic Development Strategy vision to create a strong sustainable economy, with a thriving network of town centres.

RECOMMENDATIONS

Recommendations for the Cabinet

That the Cabinet agrees:

4. To note the proposal to extend the life of the renewal areas of East Peckham and Nunhead by four years to 2015.
5. The consultation arrangements as set out in paragraphs 21-23.
6. To link Renewal Area Measured Deliverables into:
 - the Corporate Plan
 - the Community Strategy
 - the Peckham and Nunhead Area Action Plan
 - the Economic Development Strategy – Developing Town Centres.

7. To the implementation of outstanding schemes to be delivered within the first two years of the extended timeframe, subject to corporate cash flow constraints and consultation with Peckham and Nunhead & Peckham Rye Community Councils In February/March 2011 to refresh / double check community priorities.

Recommendations for the Leader of the Council

That the Leader delegates to the Cabinet Member for Regeneration and Corporate Strategy:

8. The allocation of unallocated resources from the original budget following consultation with relevant stakeholders and Community Council agreement. There will be no further call on corporate resources.
9. The agreement of a detailed implementation programme.
10. The decision to extend the Renewal Area following statutory consultation.

BACKGROUND INFORMATION

Extending the life of the Renewal Area

11. Before extending the life of a renewal area the council must bring to the attention of persons residing in the area or owning property in the area any outstanding proposals originally proposed when the renewal area was declared and inform those persons of the name and addresses of the person to whom enquiries and representations concerning those proposals should be made. Accordingly a full consultation exercise would require to be carried out as detailed in paragraphs 18 to 20.
12. The two renewal areas of East Peckham and Nunhead (EP&N) were declared by the council in May 2005 with a proposed five year life span. The aim was to deliver a range of housing and environmental improvements across the two areas whilst encouraging housing maintenance and to transform East Peckham and Nunhead (EP&N) into vibrant revitalised neighbourhoods and visitor destinations.

Renewal Areas – what are they?

13. Renewal Areas are a recognised area-based intervention tool and widely applied where there are poor living conditions. Area Renewal Status allows assistance to a wider section of the community, subject to financial status, than existing Council aid provision solely for the over 65s and individuals with medical needs.

KEY ISSUES FOR CONSIDERATION

14. The 2008 private sector stock condition survey has confirmed that EP&N contain the worst private sector housing in the borough and that this housing is occupied by some of the boroughs poorest residents.
15. Some key facts will illustrate this:
 - 55% of dwellings fail the decent homes standard (44% borough wide)
 - 77% of residents have no savings (55% borough wide)

- 7% of private sector dwellings in East Peckham are vacant (3% borough wide)
16. Work in the renewal areas links directly to the community strategy and the corporate plan. Several council strategies benefit directly from these schemes including tackling climate change, reducing crime and the fear of crime, increasing community safety and making the borough a better place for people. Environmental improvements are linked to places identified as areas of concern both by residents and the community safety unit, Meeting House Lane being an example. The aim is to work with the community on a range of environmental and housing improvements in order to transform these areas.
17. The main environmental improvement schemes planned are:
- Improvements to Nunhead Lane and Evelina Roads
 - Improvements to Meeting House Lane
 - Improvements to Queens Road
 - Improvements to Lighting
18. All of the major schemes (with the exception of Queens Road) have been the subject of significant public consultation in 2008. An example being the two-day weekend event held at Nunhead Green to consult on the plans for Nunhead Lane and Evelina Road in September 2008. Presentations regarding these projects have been made to Nunhead and Peckham Rye Community Council. Significant work has been undertaken with the Nunhead Community Forum and schemes have been detailed on the council's website. Minor scheme elements at Meeting House Lane and Nunhead and Evelina Roads are already on site.

Extending the life of the Renewal Area

19. Renewal Area Extension by four years will allow the council to complete projects started in 2008 (within the first two years), re-consult and deliver community and arts based projects and repeat the successes of the Bellenden Renewal Area in East Peckham and Nunhead. When housing and environmental improvements are delivered together the environmental improvements make the housing improvements sustainable by creating a situation in which stakeholders are willing to invest in the area themselves. Homeowners and other stakeholders see the area as "on the up" and recognise the value of investment. The tools to deliver this success include :

Project Works

- a) **Street Renewal** – Works to private, council owned and housing association properties have been completed under a single contract in Astbury and Colls Roads. Two feasibility studies have been undertaken to assess further schemes. The decision as to where these will take place needs to take into account the cost/benefit for each element of work.
- b) **Energy Efficiency** and the council's climate change strategy – Over £400,000 has already been awarded to the council by the GLA in respect of energy efficiency / solar hot water works specifically within the renewal areas. In addition to this, part of the renewal area has now been confirmed as a Low Carbon Zone by the GLA, attracting a further £300,000. The zone is supported by British Gas

and the Council are working with them to deliver substantial investment through a Community Energy Savings Programme (CESP) scheme.

Investment Projects

- c) **Shop Fronts** – working in partnership with Independent Retail Local Environmental (IRLE) scheme works have commenced to improve shop fronts in Meeting House Lane. Pilots are being developed in consultation with local traders and residents to extend shop front improvement schemes to Queens Road and Nunhead Lane / Evelina Road.
- d) **Lighting** – working in partnership with public realm and Low Carbon Zone initiatives to improve street lighting and install LED / low maintenance lamps to address resident concerns about personal safety, crime prevention and to try to reduce traffic related incidents by improving visibility.
- e) **Tree planting** – in partnership with public realm/planning (trees) working to improve the area amenity by soft landscaping. This also has a positive impact on Carbon Emission targets as young trees and sapling growth absorbs CO2. It should be noted that these works will be executed in accordance with the Council's Tree planting Strategy and that no projects will start on site unless maintenance provision has been made via revenue budgets or a community maintenance scheme has been established and is deemed viable.
- f) **Environmental Improvements** – Before the renewal areas were declared residents told us that crime and anti-social behaviour were their key concerns. This needs a two tiered approach:
 - Tier 1 – physical improvements to buildings, walls, lighting, roads etc show that the council is willing to invest in the area. This would include outstanding projects from the initial Renewal Area timeframes
 - Tier 2 is more subjective and is aimed at giving residents pride in their locality. This is carried out in the following ways:
 - a) **Client based** – concentrating on the needs of particular groups such as older or disabled people (grants and loans)
 - b) **Based on property type** - taking action on particular kinds of property (empty properties, Houses in Multiple Occupation)
 - c) **Area improvements** – targeted environmental improvements aimed at providing a strong visual impact and improve confidence within the area

Community Projects

- g) **Community** Projects will address this by targeting 3 areas that have been identified as suffering from significant levels of crime and anti-social behaviour. All three sites currently under consideration are amongst the top five “Peckham hotspots” identified by Community Safety and the police. It is anticipated that the Council will consult to identify the priorities for these areas however previous consultation highlighted community support for the following :
 - Street Lighting and lighting to public open spaces
 - Accident Reduction
 - Paving

- Security Improvements / linked and monitored CCTV (in accordance with the Council's CCTV Strategy)
- Estate and Residential Area Lighting
- Improvements to the Queens Road Station
- Pedestrian Safety to Queens Road Bridge

Art and Culture Projects

- h) Previous Area Renewal Projects highlight that improvements to areas can be achieved by using artists to harness the imagination of local people whilst attracting private investment. These projects will depend on external funding via agencies such as Arts Council and Art for Architecture and will only be commissioned where a comprehensive cost/benefit or value for money exercise has been carried out.

Policy implications

20. The renewal areas directly support other council strategies and initiatives. These include:
- a. the Corporate Plan
 - b. the Community Strategy
 - c. the Peckham and Nunhead Area Action plan
 - d. the Economic Development Strategy – Developing Town Centres

Consultation

21. Consultation will be carried out in accordance with statutory requirements. The Council needs to consult all 12,000 households on extending the life of the renewal area, however the council can build upon consultation exercises already carried out by other departments, i.e. Public Realm and tie this exercise into other planned consultation exercises to minimise cost to the council. However it should be noted that there will be an associated cost to do this.
22. In addition it is anticipated that the following consultation will be carried out during this period: -
- Meeting with the Resident reps in the Group Repair Scheme early in the New Year
 - Meeting with all the residents in the Group Repair Scheme in order that they can design their own garden walls
 - Launch of the Low Carbon Zone. There will be a meeting with Laura early in the New Year to look at the details of this launch
 - Attendance at Community Council Meetings
 - Neighbour Days at Local Schools – in partnership with Low Carbon Zone

23. Consultation timetable

January 2011	Cabinet note the proposal to extend Renewal Area Delivery Period until 2015 and consider proposed consultation arrangements
February 2011	Consultation letter sent out
Feb / March 2011	Community Council meetings to obtain feedback and to link into other council consultation programmes

March /April 2011	Report to Cabinet Member for Regeneration and Corporate Strategy to consider the outcome of consultation
April 2011	Area Renewal Status reinstated, subject to the above

Community impact statement

24. Works procured to date within the Housing Renewal Areas have been the subject to extensive community and wider stakeholder consultation carried out in 2008.
25. Delivery has recommenced in 2010 to deliver projects where a clear consultation mandate had been previously achieved, however several sections of the community have expressed concern over the length of time it has taken to see end results. Schemes will therefore be represented to the Nunhead & Peckham Rye and Peckham Community Councils.
26. Extension of the Renewal Areas will allow the council to complete an additional street renewal scheme and properly consult on the unallocated renewal area resources.

Legal implications

27. The rules on Renewal Areas are laid out in the Local Government and Housing Act 1989 Part VII, Section 89.
28. Section 89 sub-section 4 states that *"an area which is declared to be a renewal area shall be such an area*
 - a) *Until the end of the period specified in the declaration or*
 - b) *If at any time during that period the local authority by resolution extend the period for which the area is to be a renewal area, until the end of the period specified in the resolution".*
29. This would indicate that a report that is agreed by an appropriate body is sufficient to extend the life of the renewal areas. The Act goes on to state *"before exercising the power,*
 - a) *To declare an area to be a renewal area or*
 - b) *To extend (or further extend) the period to which an area is to be a renewal area. a local authority shall take the steps required by sub-section 7.*
30. Sub-section 7 states that *"where the authority are considering the extension of the period for which an area is to be a renewal area, such of those proposals as remain to be implemented are brought to the attention of persons residing or owning properties in the area and that those persons are informed of the name and address of the persons to whom should be addressed inquiries and representations concerning those proposals".*

Financial implications

31. The financial resources for this scheme are included in the council's capital programme. Any projects undertaken as a result of the extension of the renewal area life will be resourced from these budgets and there will therefore be no additional call on capital resources.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

32. The report asks Cabinet to note the proposal to extend the life of the renewal areas of East Peckham and Nunhead by four years. As indicated in the report the council's power to declare a renewal area is set out in section 89 of the Local Government and Housing Act 1989. This power was exercised in respect of areas in East Peckham and Nunhead in May 2005 when renewal areas were declared for 5 years.
33. There are a number of powers at the council's disposal that may be exercised in relation to a renewal area to support the renewal strategy. Such powers include:
- The specific powers conferred by section 93 of the LGHA 1989 upon declaration of a renewal area. These include acquisition of land, provision of housing accommodation on land acquired, carrying out of works on land owned by the authority and entering into certain agreements; these powers are additional powers and are without prejudice to other powers available to the council.
 - A general power that enables the council to provide assistance for housing renewal in accordance with its published housing renewal policy provided by article 3 of the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002.
 - A general power that enables local authorities to do anything they consider likely to promote or improve the economic, social or environmental well being of their area provided by section 2 of the Local Government Act 2000.
34. The provisions of the LGHA 1989 enable the council to extend the period for which an area is to be a renewal area. However, as indicated in the report, before exercising its power in this regard the council is required to consult with persons residing or owning property in the area. The proposed consultation arrangements are set out in the report; the report recommends that officers are requested to report back to the Cabinet Member for Regeneration & Corporate Strategy following consultation for a decision on the proposed extension of the renewal areas. The Cabinet Member should take into account the outcome of consultation when taking a decision on the proposal.
35. In the event of a decision to extend the renewal areas, there are post extension requirements set out in the LGHA 1989 that include bringing the decision to the attention of residents and persons owning property in the area and the publication from time to time of information about what is proposed and existing action in the area and assistance available for the carrying out of works

Finance Director

36. The extension of the Area Renewal timeframes will take place within current budget framework provisions.
37. It is recognised that expenditure will be contained within existing budgets and that no additional call on capital resources will be required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Executive Report – May 2005	Regeneration and Neighbourhoods, Tooley Street, London	Clare Gibb on 020 7525 1851

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration and Corporate Strategy	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
Report Author	Clare Gibb, Housing Renewal Manager	
Version	Final	
Dated	14 January 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional/Community Council/Scrutiny Team	14 January 2011	

Item No. 12.	Classification: Open	Date: 25 January 2011	Meeting Name: Cabinet
Report title:		Authorisation of a debt write-off of more than £50,000 in Environment and Housing	
Ward(s) or groups affected:		Riverside	
Cabinet Member:		Councillor Veronica Ward, Culture, Leisure, Sports and the Olympics	

FOREWORD – COUNCILLOR VERONICA WARD, CABINET MEMBER FOR CULTURE, LEISURE, SPORTS AND THE OLYMPICS

1. This debt was incurred as a result of a major event contractor going into liquidation and the Council being responsible for clearing the site. The debt has been pursued through the normal channels but the Council is only one of a number of creditors. A sum of £1,000 has been awarded to the Council by the liquidators and this report now requests that the debt be written off, as there is no prospect of any further recovery.

RECOMMENDATION

2. That approval is given to write-off a debt of £69,077.88 within Environment and Housing (Events Unit).

BACKGROUND INFORMATION

3. Under the Council's constitution the write-off of any debt over £50,000 must be referred to Cabinet for authorisation.
4. There are a number of key reasons why the Council may wish to write-off a debt, one of them being insolvency, where the organisation has gone into bankruptcy and there are no assets to claim against and no likelihood of settlement.
5. It is Council procedure that the debt of an organisation that is in the process of being liquidated, be kept within the accounts until the liquidation process has been completed. This debt has thus remained within the accounts since 2006.

KEY ISSUES FOR CONSIDERATION

6. During March and May 2006 the Council invoiced a company for the use of Potter's Field Coach Park in hosting an event. The event was planned as a major cultural attraction that was to draw a significant numbers of visitors and create positive national press coverage. As the event was scheduled to run for a total of 3 months, the amount was substantial, equalling £95,140.00. It was agreed that payment would take place in three instalments. The first instalment of £25,000.00 was received in April 2006, subsequent payments of a further £25,000.00 and a final £45,140.00 were never received. The company went into liquidation on 5 June 2006 by way of a voluntary creditor's liquidation, owing the Council a total of £70,140.00.

7. The event was scheduled to run from 27 March to 30 June 2006, which means that the company went into liquidation during the period that the event was scheduled to run. Thereafter the Council's only remedy was to submit its claim to the liquidators and await the outcome of the process.
8. A proof of debt form was formally submitted by the Council to the Insolvency Practitioner on 30 October 2006. In August 2010 the liquidators announced that a first and final dividend of 1.51p in the pound would be paid to unsecured creditors during that month. A cheque for £1,062.12 was subsequently received by the Council.
9. Subsequent to this incident the events team implemented a procedure to prevent or at the worst reduce future bad debts arising. Invoices are now issued as early as possible and as a rule the full amount is demanded before the event takes place for invoices greater than £5,000.00. This new procedure was implemented in mid-2007; since then no bad debt incidents greater than £2,000.00 have occurred.

Policy implications

10. This write-off has been considered in accordance with the Council's agreed write-off policies and procedures.

Community impact statement

11. All write-offs are considered with due regard to any potential community impact and on their own merits. This decision has been judged to have no or a very small impact on local people and communities

Resource implications

12. The amount to be written off is £69 077.88, as £1 062.12 of the £70,140.00 original debt has been received from the liquidators as a final dividend. A bad debt provision for the full amount of £70,140.00 was created in 2007/08, which means that this write-off will have no impact on the Council's outturn for 2010/11.

Legal Implications

13. As a final liquidation payment has been received, and the liquidation process has been completed, the Council is now in a position to write-off the debt.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance (FR/1210)

14. The strategic director of communities, law & governance notes the contents of this report and agrees that this debt can be now written off in accordance with the Council's write-off policy. As this debt is above £50,000 authorisation for the write-off is needed from the Cabinet.

Finance Director (ET/1210)

15. The proposed write-off as set out in the Appendix to this report have been compiled in accordance with the Council's agreed policy and procedures.
16. The total recommended write-off of £69,077.88 will be charged against the provision set aside for this purpose. Therefore it will not have any impact on current year (2010-11) revenue accounts.

17. The debts are recommended for write-off because they are deemed as irrecoverable due to bankruptcy of the company.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Liquidator's final report to the creditors	CLLL, 3 rd Floor, 160 Tooley Street, London SE1 2TZ	Deon Kritzinger (0207 525 3754)

AUDIT TRAIL

Cabinet Member	Veronica Ward, Culture, Leisure, Sports and the Olympics	
Lead Officer	Gill Davies, Strategic Director of Environment & Housing	
Report Author	Adrian Whittle, Head of Culture Libraries Learning and Leisure (E&H)	
Version	Final	
Dated	13 January 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Support Services	14 January 2011	

Item No. 13.	Classification: Open	Date: January 2011	Meeting Name: Cabinet
Report title:		Disposal of Former Acorn Neighbourhood Housing Office, 95a Meeting House Lane, London SE15 and of land at Goldsmith Road/Marmont Road, London SE15	
Ward(s) or groups affected:		Livesey Ward	
Cabinet Member:		Councillor Richard Livingstone, Finance and Resources	

FOREWORD - RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE AND RESOURCES

1. This report proposes to grant a building lease for the former Acorn Housing Office to the Peckham Settlement and to transfer ownership of the freehold interest on this site to them on completion of the work. The site has a D1 (community use) user restriction and the Settlement propose to develop the site into a new community centre to replace their current dilapidated premises. A restrictive covenant in title will form part of the freehold disposal to safeguard this community use.
2. The site has some significant challenges resulting in sizable abnormal costs for any work, together with a D1 user restriction. As a result, independent valuation advice has verified that it would be appropriate for the council to dispose of this property for nil consideration.
3. The council owns land adjacent to the Settlement's current building that is used by the Settlement as a play area. This land will be included in the sale of the Settlement's current site and the council will receive not less than £400,000 for this land. An overage agreement will be put in place to secure a greater receipt if the value of the total sale exceeds £1.75m. The council would be unable to realise the value of this land if the Settlement were not relocating to the Acorn Housing Office site.

RECOMMENDATIONS

That the Cabinet

4. Agrees to dispose with The Peckham Settlement, a site situated at Goldsmith Road/Marmont Road part owned by the council and part owned by the Peckham Settlement for a consideration (to the council) detailed in the closed report. The Peckham Settlement's site (outlined in green on the attached plan) is situated at 44-50 Goldsmith Road London SE15 and is currently used by them. The adjoining land at Goldsmith Road/Marmont Road outlined in blue on the attached plan ("the council's Adjoining Land") is owned by the council. Both sites are referred to in this report as "the Existing Sites".
5. Agrees to grant a 125 year building lease to the Peckham Settlement of the former Acorn Neighbourhood Housing Office situate at Meeting House Lane

London SE15 (referred to as “the Property”) (outlined in red on the attached plan) restricted to a D1 community use. The grant of the lease to be subject to exchange of contracts for the disposal of the Existing Sites.

6. Agrees to transfers the freehold interest of the Property on completion of the building works to the Peckham Settlement, subject to a restrictive covenant limiting the use to a D1 community centre.
7. Agrees the disposal of the Property be subject to The Peckham Settlement obtaining a satisfactory planning consent for a new D1 community facility.
8. Authorises the Head of Property to approve the detailed terms on which the council’s adjoining land is sold.
9. Authorises the capital receipt from the sale of the property to be allocated to the council’s Housing Investment Programme.

BACKGROUND INFORMATION

10. The Peckham Settlement provides a base for a wide range of organisations that tackle issues relevant to the local community, such as tackling drugs, physical and mental health issues. Its coverage includes the Southwark Travellers Action Group, Pensions Group, and a highly popular All Nations Nursery. The Settlement also hires out its hall to local churches and education groups.
11. The Peckham Settlement’s mission statement is:

“To help those living in the vicinity of the settlement, both as a community and as individuals, to develop their own potential, enrich their own lives, and solve their own problems. It does this by providing practical supportive services, advice, consultancy, leadership and a channel of communication to agencies and authorities concerned in the area”
12. The Peckham Settlement’s current building at 44-50 Goldsmith Road is falling beyond economic repair and is becoming increasingly unfit for purpose as a community centre. A feasibility study in 1996 highlighted the ‘problems of an ageing and neglected building where only 63% of the gross floor area was useable’. The report concluded that it was cheaper to demolish and rebuild rather than refurbish the existing collection of buildings. In light of this, the Peckham Settlement has engaged with the council with the intention of seeking available land/D1 accommodation. The Peckham Settlement were keen to obtain space within the Wooddene Development, however recent changes in planning policy relating to the requirement to re-provide D1 space and the downturn in the property market have forced them to look elsewhere. In 2008 the Peckham Area Housing Management vacated the Property which was used as the Acorn Neighbourhood Housing Office (NHO) due to persistent flooding from sub level drainage. The building has been vacant ever since.
13. The Property comprises office accommodation formed out of a converted 1970’s car park, which used to serve as parking for the immediately adjacent Acorn Estate. The building is a single storey brick built structure with a predominantly flat roof. It is unattractive and has reached the end of its economic life. Throughout the area housing management’s occupation the building had been prone to flooding from a sub basement drain, which is, connected to the Acorn

Estate hence their relocation to Sumner Road.

14. The value of the Property is adversely affected by the costs required to be spent to make it useable, namely to divert the sub basement level drains and to demolish the existing structure and re build a new facility.
15. The council owns the freehold of the council's adjoining land, which adjoins the Peckham Settlement's existing premises. This land currently serves as amenity space for the centre but there is no formal written agreement between the council and the Peckham Settlement for their occupation of the council's adjoining land.
16. The freehold of the Property is owned by the council and was declared surplus to requirements by the Strategic Director of Regeneration and Neighbourhoods on 15 April 2010.
17. The council has obtained several surveys for the Property which provides advice on flood risk, details of the drainage including advice on how to deal with it, costs of demolition and a topographical survey.
18. The council has obtained an independent valuation of the Property and the Existing Sites.

KEY ISSUES FOR CONSIDERATION

19. The Property has been vacant for over two years and is not considered appropriate for residential development. The high costs to redirect the Acorn drainage and demolition costs reduce its marketability as a development opportunity.
20. The Peckham Settlement would be required under the terms of the building lease to provide a brand new community facility at the Property, which would be beneficial to the local community and contribute to the regeneration of Peckham without direct financial cost to the council.
21. Alternative users that may attract a positive capital receipt would not be considered favourable to local residents, as they would create noise and parking issues.
22. If the proposed agreement with the Peckham Settlement does proceed the council would be in a position to realise a capital receipt from the Council's Adjoining Land (Goldsmith Road Site) which would not otherwise be available until such time as the Peckham Settlement agree to sell their site and indeed at that time there would be no guarantee that the Peckham Settlement would want to sell their site together with the Council's Adjoining Land.
23. An overage provision will be factored in on the disposal of the Existing Sites – refer to the closed report for details.
24. The disposal of the Property would allow for a reinstatement of the existing D1 provision whilst releasing the Existing Sites for disposal and residential development and which would generate a capital receipt for the council's Housing Investment Programme and contribute to the council's affordable housing targets.

25. The capital receipt obtainable by undertaking a joint disposal of the Existing Sites is higher than it would be if the council was to dispose of its interest individually. The two sites combined give rise to a marriage value. This has been verified by independent valuation advice.
26. The sale of the Property has, in principle, been agreed at a value specified in the closed report due to the D1 user restriction and the abnormal costs associated with demolishing the existing structure, redirecting the sub basement level drainage and high costs to build a high quality D1 facility. The value has been verified by independent valuation advice.
27. The freehold disposal of the Property will be subject to a D1 community centre user restriction by way of a restrictive covenant on the title which would prohibit the new owner from changing the use of the Property. Should they intend to redevelop for any other use in the future, consent will need to be obtained from the council which the council would not be obliged to give. However if it was so minded to give such consent it could do so on the basis that it obtained a proportion of any uplift in the value of the Property due to the change of use.
28. The sale of the Property at the consideration referred to in the closed Report is considered to be acceptable on the basis that a currently vacant and largely unusable building will be demolished and a new facility will be provided for the community, against the downside of nothing happening.
29. Should authority for this disposal be granted it is intended that the lease will be completed following (1) the Peckham Settlements obtaining planning permission for D1 use for the Property and (2) an exchange of contracts for the sale of the Existing Sites. It is estimated that the development will take approximately two years from receipt of planning permission.
30. Following exchange of contracts for the grant of the building lease at the Property, the Peckham Settlement and the council will immediately commence the marketing of the Existing Sites with a view to securing a conditional sale. Completion will be delayed until such time as the Peckham Settlement can vacate their existing premises and move into their new facility at the Property.
31. The Peckham Settlement has provisionally secured funding from Community Builders in order to part fund the development of the new facility at the Property. The development is also reliant on the revenue obtained from the apportioned capital receipt resulting from the sale of the existing sites.
32. In order to secure the funding from Community Builders, the Peckham Settlement is required to obtain a planning consent and be in agreement with the council to take a building lease of the Property by the end of the current financial year.
33. It is recognised that, the positive impact on the community that the sale of the Property will have in conjunction with the joint sale of the Existing Sites, will be beneficial for the council. It is further recognised that the sale of the council's adjoining land at a minimum value specified in the closed report meets the requirement to obtain best consideration.
34. The successful outcome of this proposal will contribute to an improvement of the economic and environmental well-being of the area overall.

Policy implications

35. The redevelopment of the Property will remove a visual eyesore and help reduce opportunities for squatting, anti-social behaviour and fly-tipping thus assisting the council in meeting its cleaner, greener and safer agenda.
36. This proposal meets with the council's key objective of making the borough 'a better place for people' as set out in Southwark 2016 – Sustainable Community Strategy. The anticipated outcome is that the Property is brought back into use through the injection of external resources leading to increased satisfaction within the local community generally.
37. In re-providing D1 facilities elsewhere within the local vicinity, the Existing Sites will be released for alternative uses under the council's planning policy framework.

Community impact statement

38. The recommended option will have a positive impact on the local community and borough as a whole. It will enable the regeneration of a strategic site forming part of the Acorn Estate that has remained undeveloped for several years.
39. Once the new facility is built the Peckham Settlement will operate from a modern and fit for purpose facility that will enable them to provide modern and efficient services to the local community and afar. This will be undertaken without any financial commitment from the council.
40. The new building will be fully accessible and DDA compliant.
41. The Peckham Settlement works with a variety of marginalised, vulnerable and minority groups.
42. Overall benefit to the wider community will be gained from the recycling of the capital receipt obtained to the housing investment programme.
43. Allowing the Peckham Settlement to buy the Property will release the Existing Sites for residential development with potential for needed affordable housing.

Resource implications

44. The Property is currently unoccupied and therefore vulnerable to squatters, the removal of whom can involve high legal costs.
45. Property has commissioned several survey reports of the property in order to ascertain the likely abnormal and demolition costs associated with re-developing the property. These were necessary for valuation purposes.
46. In order to market the Existing Sites, the council will need to agree with the Peckham Partnership to share the costs of so doing on a 50:50 basis .

Consultation

47. The council and Peckham Settlement have undertaken consultation with the local community and continued consultation will take place subject to the proposals receiving consent.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

Disposal of the Property

48. As the Property falls within the council's Housing Portfolio, the disposal can only proceed in accordance with Section 32 of the Housing Act 1985, for which purposes the consent of the Secretary of State is required.

49. A number of general consents have been issued in the General Housing Consents 2005.

50. Consent E3.2 states:-

"A local authority may dispose of any land held for the purposes of Part II for a consideration determined by the authority where:

- (a)
- (b) the land is to be used for (i) a purpose, other than use as housing accommodation, which does not involve trading for profit and is beneficial to persons, the majority of whom the authority expects to be inhabitants of the estate or neighbourhood in which the land is situated; or (ii) a highway or part of a highway; or
- (c)"

49. The Report indicates in paragraphs 10 and 11 that the council expects the Property to be used by the Peckham Settlement, a non-profit making organisation, for a wide range of services to be provided for the benefit of the inhabitants of the locality of the Property continuing the services currently provided by the Peckham Settlement from the Existing Sites which are located within 500 metres of the Property

50. The Report indicates in paragraph 16 that a surplus declaration has been obtained from the Strategic Director of Regeneration and Neighbourhoods on 15 April 2010.

51. If the Cabinet is satisfied that the proposed disposal of the Property falls within the requirements of General Consent E3.2 and that the proposed consideration (detailed in the closed report) is appropriate then they may proceed with the approval of the recommendation.

Disposal of the Council's Adjoining Land

52. As the Council's Adjoining Land falls within the council's Housing Portfolio, the disposal can only proceed in accordance with Section 32 of the Housing Act 1985, for which purposes the consent of the Secretary of State is required.

53. A number of general consents have been issued in the General Housing Consents 2005

54. Consent E3.1 states:

“A local authority may dispose of any land held for the purposes of Part II for the best consideration that can reasonably be obtained, provided that any dwelling-house included in the disposal:

- (a) is vacant
- (b) will not be used as housing accommodation; and
- (c) will be demolished”

55. The report indicates in paragraph 25 that the consideration obtainable from the sale of the council’s adjoining land will be enhanced if the sale is made together with the land situated next to it owned by the Peckham Settlement and, as detailed in the closed report, that the proposed consideration is the best consideration reasonably obtainable.

56. In order to meet the requirements of the consent referred to in paragraph 54 it will be necessary to obtain a declaration that the land is surplus to housing requirements. This must either be obtained prior to exchange of contracts for the disposal or such contract will need to be conditional on the surplus declaration being obtained before completion of the sale

57. If the Cabinet is satisfied that the requirements of the consent referred to in paragraph 54 have been satisfied and that the disposal at the consideration referred to in the closed report represents the best consideration reasonably obtainable for the council’s adjoining land it may proceed with the approval of the recommendation for the sale of such land. The report also notes at paragraph 15 that the council’s adjoining land is open space used as amenity space for the Peckham Settlement’s community centre next door. As the land is held in the Housing Portfolio rather than the General Fund it is not necessary to advertise the council’s intention to dispose of it.

Finance Director

51. Comments are detailed in the closed report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
N/A		

APPENDICES

No.	Title
Appendix A	Site map

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance and Resources	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
Report Author	Jeremy Pilgrim, Development Manager	
Version	Final	
Dated	14 January 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional/Community Council/Scrutiny Team	14 January 2011	

Acorn NHO / Goldsmith Road Sites

Appendix A

Date 4/1/2011



Item No. 14.	Classification: Open	Date: 25 January 2011	Meeting Name: Cabinet
Report title:		Gateway 2 – Contract Award Approval Home Care Services in Southwark	
Ward(s) or groups affected:		Vulnerable people receiving a home care package following a Community Care assessment in Southwark	
Cabinet Member:		Councillor Dora Dixon-Fyle, Health and Adult Social Care	

FOREWORD - COUNCILLOR DORA DIXON-FYLE, CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE

1. The Home Care contract re-tendering process, originally started in April 2008, recognises the importance that service users, many of whom are vulnerable, place on this valuable service. The report also recognises the current economic climate following the Government's emergency budget in June 2010, the subsequent Comprehensive Spending Review announced in October 2010, and the change that the personalisation agenda will have.
2. Bringing together a number of smaller contracts (18) into larger ones (3) will make for better value for money, develop stronger and closer working relations with providers and ensure robust monitoring and reviewing of services provided thus leading to a greater focus on meeting the needs of our clients.
3. A dedicated team within Health and Social Care will be established to provide reassurance, a reliable and consistent point of contact to service users and their families to ensure a smooth handover of contracts. In addition a specialist monitoring team within the department will be developed to ensure effective monitoring of overall quality, the safeguarding of vulnerable users and the councils equality agenda.

RECOMMENDATION

Recommendations for the Cabinet

4. That Cabinet approve the award of Home Care Service contracts to the following suppliers for a period of 3 years from 6 April 2011 with an estimated cost between £10,813,500 and £30,680,688. (Contract costs are based on calculations explained in paragraphs 8 - 12 of this report).

Contract	Supplier Name
Universal Contract 1	London Care
Universal Contract 2	Enara Community Care
Specialist Contract 5 – Continuing Drinkers and Acquired Brain Injury	Enara Community Care

5. That Cabinet agrees there will be no contract award for the third universal contract as based on current trends, the Council does not consider there will be sufficient demand for council-arranged care to meet the guaranteed minimum hours for three contracts.

6. That Cabinet agrees that there will be no contract award for the Older Adult Support in Southwark (OASIS) service and the Intermediate Care and Neurological-rehabilitation (Neuro-rehab) service as the bids for these services are not affordable. (Alternative service options have been discussed in this report).

Recommendation for the Leader of the Council

7. That the Leader of the council delegates authority to the cabinet member for Health and Adult Social Care to approve up to 2 single year (1 + 1) extension options that can be operated at the end of the initial term of the contract subject to satisfaction with each supplier's performance and demand for services.

CONTRACT COST CALCULATIONS

8. Universal services have minimum guaranteed hours for years 1, 2 and 3, of 200,000, 150,000 and 100,000 hours respectively. The hours for years 4 and 5 have been calculated at a minimum of 100,000 hours as any extension would be granted on the terms applicable in year 3.
9. The total minimum contract value over 5 years is based on one year at 200,000 hours, one year at 150,000 hours, and three years at 100,000 hours.
10. The maximum contract value has been calculated on estimated hours per annum of 846,363 (which is consistent with scenario planning figures from the Personalisation projects). This has been used across all 5 years of the contract.
11. For the universal services the annual sum is the composite average over the first 3 years based on the minimum and maximum calculations set out above.
12. The cost of the contracts for the first three years ranges from £10.8M to £30.7M. If the extensions are agreed, this will be at an estimated cost of £2.5M to £10.55M per one year extension.

BACKGROUND INFORMATION

13. This is a re-tendering of Home Care cost and volume contracts in Southwark and seeks award of contracts for two Universal Contracts and one Specialist Contract for Continuing Drinkers and Acquired Brain Injury for an initial three-year period.
14. These contracts have a specific extension duration period of two single years (1 + 1) built into the contract (a maximum total extension of two years). Contract extensions will be reviewed annually and be subject to performance and demand for the services.
15. The Gateway 1 report was agreed in April 2008. The following changes have occurred since this report was agreed:
 - a. The Decision Maker has been adjusted to the full Cabinet in recognition of the importance of home care provision to vulnerable service users.
 - b. To ensure affordability of the contracts, the tender approach was revised following completion of the ITT stage in 2010. The following changes were made:
 - i. The quality threshold was adjusted from 60% to 54%.

- ii. Bidders who met the revised quality threshold were invited to review their bid (Council was seeking better prices).
 - iii. The quality to price ratio in the final evaluation was adjusted from 50/50 to 70/30 in favour of price.
 - c. That only two universal contracts will be recommended for award rather than three in recognition of the impact of personalisation on council arranged care.
16. In the wider context, significant changes in the budget were signalled in the June 2010 emergency budget announcements and confirmed in the October 2010 Comprehensive Spending Review. These changes equate to a reduction of approximately 28% in funding for the Council and these contracts will contribute to delivering the required savings.
 17. Contract prices are not index linked, however, tenderers were requested to provide a price for each of the three years of the contract from which a composite pricing has been obtained. Pricing bids from tenderers increase over the three years, reflecting tenderers modelling of business over this time. The remaining two years of the contracts (the extension periods) have been calculated based on the rates and terms applicable at Year 3.
 18. Contracts will all be borough wide. There will be two universal contracts (awarded to separate providers) and one specialist contract. The universal contracts are for Home Care services that provide practical help and support with essential daily tasks to people at home, which they are unable to manage safely for themselves. The specialist contract is for a Home Care service that will provide enhanced help and support.
 19. The universal contracts have guaranteed minimum hours per contract of 200,000 hours in Year 1, 150,000 hours in Year 2 and 100,000 hours in Year 3. This is consistent with expected changes to demand resulting from personalisation and a greater focus on reablement. There are no hour guarantees in the specialist contract but the provider is expected to support a minimum of 40 people.
 20. There is a risk that if a number of service users elect to take up a Personal Budget, the amount of ordering through these contracts may be even less than anticipated. For this reason, only two contracts will be let and usage will be closely monitored and an ordering protocol followed to ensure minimum guaranteed hours are met.
 21. The procurement process initially commenced in April 2008 but experienced some difficulties. The process was suspended and a review carried out. The results confirmed that part of the process was not in line with best practice and increased the risk of challenge to the Council. It was decided that the tender stage of the process be conducted again.
 22. After revising the methodology and documentation surrounding the process the tender process recommenced in November 2009. At the conclusion of this process contracts were found to be unaffordable and following legal advice a further step was introduced which enabled the Council to request a better price from tenderers.
 23. All the existing cost and volume contracts expire on 5 April 2011 and have been re-tendered in accordance with good practice and the requirements of Contract Standing Orders.
 24. In order to comply with good practice for consultation on Transfer of Undertakings (Protection of Employment) Regulations (TUPE) and to facilitate a smooth transition to the new contracts, it has been agreed that further extensions to current contracts, up to a maximum of 4 months will be given to allow a phased service transfer.

Timetable of procurement process followed – Procurement project plan (Key Decision)

Table 1 – Procurement Plan

Activity	Completed by:
Approval of Gateway 1: Procurement Strategy Report	08/04/2008
Pre Qualification Questionnaire (PQQ) issued to 29 bidders	25/04/2008
PQQ stage complete – 18 bidders selected	01/06/2008
First Invitation to tender (ITT) and Evaluation process complete	02/12/2008
Assessment of tender process – concluded re-run tender is necessary	13/02/2009
New ITT documentation and evaluation methodology produced	25/11/2009
Invitation to tenders	04/12/2009
Closing date for return of tenders	22/01/2010
Completion of verification process (interviews, reference checks etc)	25/03/2010
Completion of evaluation of tenders	07/06/2010
Tender approach revised due to affordability, all bidders advised	20/08/2010
Closing date for representations on revised approach	03/09/2010
Qualifying bidders invited to re-submit, non-qualifying bidders stood down	10/09/2010
Closing date for return of new bids	13/10/2010
Tenders re-scored and re-evaluated	20/10/2010
DCRB/CCRB/ Review Gateway 2: Contract award report	23/12/2010
Approval of Gateway 2: Contract Award Report	25/01/2011
Scrutiny Call-in period and notification of implementation	04/02/2011
Stand still period	18/02/2011
Contract award	18/02/2011
End of TUPE consultation period	13/05/2011
Contracts start	16/05/2011
Publication of OJEU Contracts Award Notice	Within 48 days of contract award

Description of procurement outcomes

25. Through this procurement the Council will achieve several outcomes to address unmet need in current service provision. These are:
 - a. To link costs more robustly with quality.
 - b. To obtain better value for money for the Council by seeking lower unit costs for basic domestic support to vulnerable people, such as shopping and laundry, than that paid for more complex personal care and administration of medication.
 - c. To introduce a flatter pricing structure based on standard hourly rates, hours supplied, antisocial hours enhancements, etc.
 - d. To increase levels of expertise and integrated working to meet needs of service users requiring specialist care (people with acquired brain injury and continuing drinkers).
 - e. To provide borough wide services enabling effective matching of service users and suitable care staff.
 - f. To reduce the number of care providers contracting with the council to help guarantee better price and quality.
 - g. To ensure contracted providers use modern monitoring technology, by which the actual time that care workers spend at service user's homes will be electronically recorded.
 - h. To reduce the number of guaranteed hours enabling Home Care provision to respond to policy developments and reshape services in line with the Personalisation Agenda.
 - i. To manage contracts in partnership with providers and maintain service quality and a focus on meeting service user's outcomes.

KEY ISSUES FOR CONSIDERATION

26. The Council will need to work in partnership with contract providers to ensure the most efficient use is made of these contracts and ordering will be closely managed.
27. The reduction to two universal and one specialist contracts (from the current eighteen) and the updating of contracts to reflect a greater focus on outcomes will require a different approach to management. Key elements of this include:
 - a. Developing a bespoke monitoring framework to maximise quality, address performance issues and enable continuous improvement.
 - b. Developing strong working relationships with individual providers which follow a partnership approach to contract management.
 - c. Developing an ordering protocol to ensure that minimums are met, and that hours above the guaranteed minimums are arranged in the most cost effective way, taking into account service user choice and availability.
 - d. Providing regular reports and carrying out reviews of contract performance through the contracts governance arrangements and the Senior Management Team.

Policy implications

28. The demand for Home Care provision is expected to reduce over the life cycle of these contracts as Personalisation takes effect. It is expected that people who receive support, whether provided by statutory services or funded privately, will explore a variety of options to meet their needs. Service users will still be able to obtain home care services through these contracts if they choose to do so. However, the annual reduction in minimum guaranteed hours provides flexibility and enables the Council to promote service user choice and control while reducing financial risk to the Council.

Tender overview

29. Home Care is a 'Part B' service so the Council was not required to follow the full European Union Regulations in respect of publishing a notice in the Official Journal of the European Union (OJEU). However, in line with best practice, the principles of openness, transparency and non-discrimination were adhered to.
30. A Project Board has been set up to oversee the tender and changeover to new contracts.
31. The quality of tender submissions was measured against the following criteria:
 - a. Resources and ability to deliver the contract specification.
 - b. Quality control and ability to provide consistent high standard of service delivery.
 - c. Partnering and collaborative working and ability to deliver Council objectives.
 - d. Service user satisfaction and ability to achieve and maintain service user satisfaction.
32. The pricing evaluation was based on a model that was developed to test the whole-life cost of the contract based on previous spending patterns and modelling of future demand. A schedule of rates was provided by bidders, for each of the three years of the contract. This enabled an average hourly rate to be calculated based on this model and scored in accordance with the pricing methodology.
33. The evaluation process allowed for an assessment of quality and pricing based on a weighted model.
34. The Contract Award criteria stipulated that bidders with the highest combined score based on cost and quality would be accepted to be the 'most economically advantageous tender' (MEAT) and recommended for award.
35. A full description of the process and results are outlined in a background document so the following sections provide a summarised version of the tender process and evaluation.

Tender process

36. A restricted tender process was followed and 41 providers known to Southwark Council were invited to complete Pre-Qualification Questionnaires (PQQs). Following the PQQ stage 18 providers were short-listed.
37. All the providers were regulated and approved for use by the Care Quality Commission (CQC), and the procurement process robustly assessed their organisational viability.

38. An Invitation to Tender (ITT) was issued on 4th December 2009 to the 17 providers still in compliance with the PQQ and during the tender submission period, a clarification process was put in place to deal with questions received from bidders.
39. Fifteen of the 17 providers submitted bids by the deadline of 22nd January 2010. Two providers declined the Invitation to Tender.
40. Bids were opened in the presence of officers from the Communities Law & Governance Department to ensure compliance. Submissions were received for the following contracts.

Table 2 – Number of bids per category

Category	Description	Number of Bids
Universal Contracts 1-3	Generic Home Care	14
Specialist Contract 4	Older Adult Support in Southwark (OASIS)	9
Specialist Contract 5	Continuing Drinkers and Acquired Brain Injury	4
Specialist Contract 6	Intermediate Care and Neurological-rehabilitation (Neuro-rehab) Service	8

Tender Evaluation

41. In February 2010, three Tender Evaluation Panels (TEP) were set up to assess the tender submissions received. The panels were:
 - a. A Universal TEP which conducted quality assessments for the universal services.
 - b. A Specialist TEP which conducted quality assessments for the specialist services:
 - i. Older Adult Support in Southwark (OASIS) service.
 - ii. Continuing Drinkers and Acquired Brain Injury service.
 - iii. Intermediate Care and Neurological-rehabilitation (Neuro-rehab) service.
 - c. A Pricing TEP which completed calculations to determine scores on pricing for all contracts.
42. The TEPs carried out their initial assessment of the submissions and clarification questions were sent out where there were ambiguities, uncertain commitments or conflicts with other information available (for example Care Quality Commission assessments, quality risk alerts or references).
43. On receipt of the clarifications, the TEPs read and evaluated the bidders written responses. This led to some minor adjustments of the quality assessment scores based on the information submitted.
44. In addition to pricing and quality clarifications, a challenge session was hosted by project board members in April 2010 to ensure the criteria had been followed consistently and that there was consensus on the scores.
45. The project board were satisfied with the process so the quality and pricing evaluations were combined and the final cost implications of the contracts was calculated.

Extra Tender Step

46. In light of the Governments emergency budget that signalled significant reductions in funding, the overall cost of contracts was found to be unaffordable. It was agreed that if possible the tender should continue and following legal advice a further stage to the tender was introduced.
47. On 20 August 2010, the 15 remaining bidders were advised about the revised tender approach which made the following adjustments:
 - a. The price and quality weighting was adjusted from 50/50 to 70/30 in favour of price.
 - b. The quality threshold was reduced to 54% (from 60%). Although this was reduced, it was considered that the level was still sufficiently high to ensure quality services will be delivered.
48. On 9 September 2010, the 11 bidders who met the revised quality threshold (for 21 contracts) were invited to resubmit their bid. The remaining four bidders who did not meet the revised quality threshold were not invited to re-submit.
49. The 11 bidders who met the revised quality threshold had the option to:
 - a. resubmit their pricing schedules, and
 - b. resubmit any quality method statements that had been updated (where changes had a demonstrable link to a pricing reduction), or
 - c. confirm they were not updating either their pricing, quality or both.
50. Closing date was set at 13 October 2010 to give sufficient time for bidders to respond. Originally, the return date was two weeks earlier, but this was revised in response to requests from tenderers. This deadline enabled smaller organisations who have more limited resources (and therefore need more time) to be able to participate.
51. Answers to questions raised at individual meetings or provided in writing were circulated to all bidders participating in the extra tender step.
52. Of the 11 bidders, 9 updated their pricing schedules, one advised of a typographical error in their previous submission and one made no changes at all. No bidder made any changes to their quality method statements.

Table 3 – Number of updated bids received per category

Category	Description	Number of Updated Bids
Universal Contracts 1-3	Generic Home Care	8
Specialist Contract 4	Older Adult Support in Southwark (OASIS)	5
Specialist Contract 5	Continuing Drinkers and Acquired Brain Injury	2
Specialist Contract 6	Intermediate Care and Neurological-rehabilitation (Neuro-rehab) Service	4

53. The same pricing TEP scored the revised submissions. The typographical error in the first bid submission from one provider was amended in the scoring calculator, resulting in the bid being rescored. The bid that had not been updated had their original score carried over.
54. Bids were then re-evaluated according to the new weighting of 70% for price and 30% for quality.

Review of guaranteed minimum hours

55. At the final stage of the tender process further information related to the uptake of individually managed personal budgets became available. This demonstrated a significant take-up of individually managed personal budgets during transition in other boroughs where there had been a re-procurement of home care services.
56. Based on this information the council does not consider the guarantees across three contracts are achievable. If guarantees could not be met, the council would be liable to pay for the hours even if the care was not required to be delivered.
57. The council therefore wrote to all bidders for the universal contracts and advised them of the proposal to let two contracts rather than three and time was provided to respond. Some views were received and have been responded to.

Universal Contracts

58. The two top ranking providers for the universal contracts are London Care and Enara Community Care.
59. They are recommended for contract award based on having the best combination scores for quality and price, having passed the minimum quality threshold.
60. The scores in the table below are the weighted scores at 30% for quality and 70% for price.

Table 4 – Universal Contracts

Rank	Provider	Weighted Quality Score (maximum score of 30%)	Contract 1	Contract 2	Contract 3	Combined Score		
			('Lot 1' in tender documents) Score	('Lot 2' in tender documents) Score	('Lot 3' in tender documents) Score	Lot 1	Lot 2	Lot 3
1.	London Care	20.28	53.2	53.2	53.2	73.48	73.48	73.48
2.	Enara Community Care	17.22	51.8	51.8	51.8	69.02	69.02	69.02

Specialist Contracts for Older Adult Support in Southwark (OASIS), and Intermediate Care and Neurological-rehabilitation Service

61. The evaluation criteria outlined that pricing for the specialist contracts would be scored out of 50, with £11.00 being equal to 50 points and £15.00 or more being equal to zero points. The price range was considered reasonable based on benchmarking carried out prior to the tender commencing. No bids for these contracts were within this price range.
62. The recommendations for Contract 4, Older Adult Support in Southwark (OASIS) and Contract 6, Intermediate Care and Neurological-rehabilitation (Neuro-rehab) Service are that no contracts are awarded on the basis that these are not affordable.

63. Given the size of these two contracts, it was hoped that a more competitive price would be obtained through the introduction of the extra tender step but results were still outside this range.
64. Alternative provision has been identified for the Intermediate Care and Neurological-rehabilitation Service. This is a short-term service (6 weeks) that primarily offers a re-ablement service. The current pilot re-ablement service can take on new referrals and commissioning proposals will examine additional requirements to ensure the needs of these groups are met. Alternative service delivery models for the OASIS service will also be examined as part of the commissioning proposals for re-ablement services.

Specialist Contract 5 – Continuing Drinkers and Acquired Brain Injury Service

65. Enara Community Care, having met the minimum quality threshold, offers the best combination score based on quality and price for the Continuing Drinkers and Acquired Brain Injury Service.
66. The evaluation criteria outlined that pricing for the specialist contracts would be scored out of 50, with £11.00 being equal to 50 points and £15.00 or more being equal to zero points. While the best bid for this service is above the identified range, the service is considered affordable based on consideration of the overall contract price set against reduced uptake of more expensive or longer-term services, such as higher long-term packages and increased risk of hospital admissions.
67. A recent cost benefit analysis confirmed this service delivers considerable savings in comparison to the cost of delivery. Given the size of the service and the overall value for money it is recommended for contract award.

Table 5 - Continuing Drinkers & Acquired Brain Injury Service

Rank	Organisation	Weighted Quality Score	Pricing Score	Combined Score
1.	Enara Community Care	19.86	0	19.86

Plans for the transition from the old to the new contract

68. A transition plan has been developed to provide a phased transfer to the new contracts. Once Contract Award has been agreed, a series of meetings with all current providers and the new contract providers will be carried out. These meetings will be used to agree the timetable for transition and discuss key issues such as TUPE, communications and contract management as applicable.
69. Work is already underway to prepare for the transition, including activity to develop a bespoke monitoring system, identification of high risk service users, implementation of a full communications plan, and consideration of an electronic monitoring system interface.
70. The communications strategy is being implemented with support from Corporate Communications to ensure the effective handling of all communications. Service users will be advised about the tender and the Council will continue to ensure they are fully informed and have an opportunity to discuss any concerns they may have.

71. The Council is committed to personalisation and will ensure that service users are advised about Personal Budgets so they can exercise control and choice over their care arrangements.
72. A dedicated team within Health and Social Care will be established to provide a consistent and accessible point of contact for service users, and their families or people who support them.
73. The communications strategy will ensure clear and reassuring messages are relayed to service users and their families. After contract award, this will include notification about any change of provider, a handover date, and how the Council will ensure a smooth transition of homecare provision. As all tenderers have current contracts, some service users will not be affected by the changes.
74. The strategy includes advice to incumbent and new providers to ensure they are fully compliant regarding appropriate communications to service users and that security of information is upheld.
75. The transition will be phased so that each provider can manage staff and service user transfer effectively. Approval has been obtained to extend contracts as required for up to a further 4 months after 5 April 2011 to manage the transition.
76. The Home Care Project Board will oversee the planning and implementation of the transition.

Plans for monitoring and management of the contract

77. The contracts will be managed and monitored by teams in Adult Commissioning, Health and Social Care. Designated contract monitoring officers will establish close links with staff in the commissioning and brokerage teams to ensure that an effective strategy is in place to control ordering of services. This will include a robust system to control ordering once minimum guaranteed hours have been met that will enable the Council take advantage of the most competitive rates.
78. A bespoke monitoring system is being developed for these contracts. This will enable effective monitoring of:
 - a. Outcomes for service users.
 - b. Safeguarding.
 - c. Contract outputs.
 - d. Complaints.
 - e. Overall quality.
79. All contract providers must be registered with the Care Quality Commission (CQC) and meet the new outcomes-based standards of quality and safety.
80. A partnership approach, supported by the contract governance arrangements, will be taken to manage the contracts, with a focus on good communication, maintaining quality, meeting service user's outcomes and ensuring contracts are managed effectively.

81. Monitoring will ensure that contractual terms are adhered to, quality is maintained and the safeguarding of vulnerable users of the service is kept paramount. These assurances are carried out through the Department's safeguarding and "quality alert" procedures.
82. Once the minimum guaranteed hours for each contract are met, the Council will place new packages taking into account service user choice, the unit cost, and availability. This approach will balance the need to be financially prudent with promoting control and choice for service users.
83. Electronic Monitoring Systems (EMS) will be in place at the start of the contracts and this will provide accurate information about the delivery of homecare so that invoicing closely relates to actual care provided. This will also help guide care managers and social workers to ensure packages are appropriate to the service users needs.
84. As there will be fewer contracts to be monitored officers will be able to work more closely with providers, establishing relationships based on partnership working and pro-active management.

Performance bond/Parent company guarantee

85. A performance bond was not needed for these contracts because the Council's solicitors have assessed the financial risk for the lifecycle of the home care contracts as low. A Parent Company Guarantee has been provided by bidders where it applies.

Community impact statement

86. The services being procured will be provided to people affected by all six strands of the Council's equality agenda as care is provided to members of the community according to need and the rich diversity of Southwark residents will be reflected in those requiring care.
87. Under CQC registration all Home Care providers included in this procurement are required to proactively demonstrate their commitment to equal opportunities, and have been assessed to ensure that they have a satisfactory record in relation to diversity.
88. The universal services and the specialist service will be able to meet a wide range of needs sensitivity.
89. Agencies at the PQQ stage were asked to provide evidence of their Equal Opportunities policy as well as a practical statement as to how this is implemented in relation to service delivery and work force development.

Sustainability considerations (Including Economic, Social and Environmental considerations)

90. Environmental – home care workers from each of the providers will be expected to use public transport services wherever practical to travel to service user homes in the borough. Staff roster arrangements should be structured to reduce travel between visits. This mitigates negative implications for the local environment in terms of CO2 emissions.
91. In addition, the use of an electronic monitoring system will reduce reliance on paper records and embed the current 'one invoice' approach.
92. Social – the opportunity to tender was extended to any provider registered in the Borough. There was a high proportion of voluntary, BME and disability specialist groups amongst those invited.

93. Economic – providers recruitment policies target local people, contributing to the economy of the borough.

Market considerations

94. The successful tenderers:
- a. are either private or not for profit organisations and are registered with the Care Quality Commission (CQC)
 - b. One has fewer than 50 employees
 - c. One has between 50 and 250 employees
 - d. Both have a regional area of activity
95. The Gateway 1 Report noted the market was flooded. It was therefore agreed to proceed with a restricted tender and forty-one providers were invited to participate in this procurement.
96. The opportunity to tender was extended to any home care agency registered as based in Southwark and to all existing contracted home care providers. A benchmarking exercise with a number of London boroughs conducted by Health and Community Services (H&SC) Commissioners found:
- a. Southwark had a greater number of directly contracted providers than comparative boroughs.
 - b. There was no additional expertise elsewhere not already represented in Southwark.
97. Prior to PQQ stage, all current providers indicated they were interested in tendering for larger contracts with the Council. They stated that larger guarantees of work would enable them to provide better value for money to the Council.

Resource implications

98. The provision of Home Care is linked to the Department of Health's "Fair access to care" and remains a legal duty for the Council to provide. Therefore both Health and Social Care and Children's Services retain core budgets for the purchase of these statutory services. The expenditure has been included in approved revenue estimates in the Health and Social Care Budget.
99. The universal contracts deliver year on year savings against current expenditure. Savings against current expenditure range from an estimated £1,325,250 in Year 1, and £954,750 in Year 2, to an estimated £589,000 in Year 3.
100. The service is demand-led but increased take up of Personal Budgets and a greater focus on re-ablement is likely to reduce demand for contracted home care over the longer term. This may generate savings over the lifecycle of these contracts, but these costs would then be shifted to Personal Budgets.
101. The lower hourly rate achieved through these contracts provides savings when compared with the average hourly rate across the current group of contracts. This saving has been incorporated in budget planning for 2011/12 but as the average unit cost of contracts increases, this will need to be revisited.

102. Benchmarking with other London Boroughs indicates that Southwark's existing supplier market compares relatively well on cost. This procurement will ensure Southwark continues to benefit from a competitive price for services.

Staffing implications

103. This procurement has significant TUPE implications as part of contract award. However these TUPE implications do not directly affect the Council as an employer. The procurement plan has therefore scheduled time to work with incumbent and successful providers, and ensured there is sufficient time for discussion and agreement prior to contract start.
104. All bidders were provided with TUPE information at the ITT stage to factor into their bid submissions. The implications included:
- a. TUPE information provided highlighted potential arrangements under which staff would be transferred to each contract. This information indicated that for providers currently commissioned to provide home care services in Southwark:
 - i. Approximately 1,151 staff are employed either part time or full time.
 - ii. 861 actual home care staff are employed on zero hours contracts, by which they only establish pro rata employment rights depending upon the hours that they work.
 - iii. 194 actual home care staff are employed on fixed contracts focusing either all or a proportion of their work on Southwark service users.
 - iv. The majority of permanent staff on fixed contracts are employed by the voluntary sector.
 - b. Bidders were advised that the Best Value Code in relation to Pensions and the Code of Practice on Workforce Matters in Local Authority Service Contracts was applicable to this tender.

Financial Implications

105. Pressure exists across adults social care revenue budgets for the provision of care services. In 2009/10 £600,000 was identified as a saving target from this retendering exercise. The recommendations will deliver that savings target as well as contribute to the 2011/12 savings plan.
106. Financial implications are covered in the body of this report. It should be noted that savings in year one are higher than subsequent years. Any growth would need to be built into the budget from 2012/13 onwards if volumes commissioned and contract pricing indicate an increase in cost.
107. To ensure savings are delivered, finance officers will continue to work closely with the operational teams and contract management officers to regularly monitor spend activity against budget provision to ensure that:
- a. excess commissioned hours are deployed to the cheapest provider;
 - b. effective cost management techniques are used to control spend throughout the lifecycle of these contracts.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

108. The Strategic Director of Communities, Law & Governance notes the contents of this report which seeks the approval of the Cabinet to the award of 2 universal contracts and 1 specialist contract for Home Care Services in Southwark to the suppliers named in paragraph 4 of this Report.
109. This service is a Part B service under the Public Contracts Regulations 2006 so there is no requirement to tender these contracts in accordance with the full application of those regulations. It is however necessary for the council to tender the contract in accordance with its own Contract Standing Orders (CSOs), and to comply with the general EU principles regarding transparency and non-discrimination. On the basis of the information contained in this Report Cabinet is advised that the tender process has been conducted in accordance with the council's CSOs and those general EU principles.
110. The council's criteria for the award of these contracts is on the basis of the most economically advantageous tender, details of which are noted in paragraph 31-34 and generally in the report. Paragraphs 58- 66 of this report note the outcome of the evaluation process, and the evaluation panel's view that the tenders recommended for award are the most economically advantageous.
111. No award is recommended for the Older Adult Support in Southwark (OASIS) service and Intermediate Care and Neurological-rehabilitation (Neuro-rehab) service contracts. The cabinet are advised that as part of the tender process, the council reserved the right not to award all or any parts of the contract. The reasons for not awarding these contracts are noted in paragraphs 62-64 of this report.
112. In making these decisions, the Cabinet should satisfy itself that the award of these contracts offers best value.
113. The nature and value of the contracts to be awarded (noted in paragraph 4 of this Report) are such that they are Strategic Procurements under Contract Standing Orders. Approval of the award is therefore required from the Cabinet after taking advice from CCRB. The report was considered by CCRB on 23 December 2010.
114. CSO 4.5.3 requires any possible options to extend the contract to be included as part of the proposed recommendations within the Gateway 2 report and paragraph 5 of this report confirms those options. In accordance with CSO 4.5.3 the Leader is also asked to delegate the decision to exercise those options at a future date, to the Cabinet Member for Health and Adult Social Care. Section 14 of the Local Government Act 2000 (as amended) permits the Leader to delegate this function to a member of the Cabinet.
115. CSO 2.3 provides that a contract may only be awarded if the expenditure has been included in approved revenue or capital estimates or has been otherwise approved by, or on behalf of the Council. Paragraphs 95 to 99 of this Report confirm how the proposed contract will be funded.
116. Advice should be sought from Legal Services in relation to the documentation that is to be used to put in place the contract, the TUPE transfer of staff and the OJEU Contract Award Notice.

Finance Director

- 117. This report asks the cabinet to approve the award of Home Care Service contracts for three years from 6th April 2011.
- 118. The financial implications are fully covered within the main report, it is estimated that the new contract will achieve savings of up to £1,325,250 in Year 1, changes to volumes will reduce these savings to £954,750 in Year 2, and £589,000 in Year 3.
- 119. These savings will need to be reflected in the 2011/12 to 2013/14 budget setting process, and their achievement closely monitored as part of the budget monitoring process.

Head of Procurement

- 120. This report is seeking to award three contracts that will provide a range of homecare services.
- 121. Paragraph 21 confirms that this procurement process was started in 2008, but experienced some difficulties. These difficulties were picked up before the process was completed and a revised process was shaped to secure the best solution for the council. The new contracts were designed to accommodate the personalisation agenda reflecting a predicted reduction in demand with limited guaranteed hours, whilst having the flexibility to accommodate any changes. The tender process captured prices for various volumes of demand to ensure the best rates possible could be secured.
- 122. Paragraph 46 confirms that following the Governments emergency budget announcement, the results of the procurement process were no longer deemed to be affordable. Based on legal advice, a further step in the process was designed and carefully implemented to ensure the integrity of the process was maintained and the Council's position protected. Paragraph 47 describes how the additional step shifted the focus on price whilst maintaining due regard for the quality standard required to deliver these services.
- 123. The final results of the procurement process are mixed with two universal and only one of the three specialist contracts being recommended for award. Paragraph 61 – 64 confirms that two of the specialist contracts are still deemed unaffordable and explains the alternative arrangements that will be in place to deliver these services.
- 124. Para 77 - 84 outlines the monitoring arrangements and describes the benefits of the new monitoring system. There will also be operational changes implemented to support the new contracts. This will include a revised ordering approach with an emphasis on performance and price. These changes will help ensure that the contractual arrangements continue to deliver best value throughout their duration.
- 125. This has been a complex procurement process securing a number of contracts to deliver a range of services. This has been against a backdrop of uncertainty regarding future demand and funding for these services. However with an effective project team set up, service managers worked with technical and legal experts to ensure the procurement process was robust and delivered an affordable solution without compromising on quality standards.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Home Care Project Board: Terms of Reference and Minutes	Adult Commissioning - Southwark	Rochelle Jamieson 020 7525 4720
Home Care Risks & Issues Log	Adult Commissioning - Southwark	Rochelle Jamieson 020 7525 4720
Tender Evaluation - Initial Quality and Pricing Assessment	Adult Commissioning - Southwark	Rochelle Jamieson 020 7525 4720
Gateway 1 Report	Adult Commissioning - Southwark	Rochelle Jamieson 020 7525 4720
Gateway 3 Reports	Adult Commissioning - Southwark	Rochelle Jamieson 020 7525 4720
Tender Process and Evaluation	Adult Commissioning - Southwark	Rochelle Jamieson 020 7525 4720

AUDIT TRAIL

Cabinet Member	Councillor Dora Dixon-Fyle, Health and Adult Social Care		
Lead Officer	Susanna White, Strategic Director Health and Social Care		
Report Author	Rochelle Jamieson, Project Manager Home Care		
Version	Final version of the report		
Dated	14 January 2011		
Key Decision?	Yes	If yes, date appeared on forward plan	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Strategic Director of Communities, Law & Governance	Yes	Yes	
Finance Director	Yes	Yes	
Head of Procurement	Yes	Yes	
Contract Review Boards			
Departmental Contract Review Board	Yes	Yes	
Corporate Contract Review Board	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team			14 January 2011

Item No. 15.	Classification: Open	Date: 25 January 2011	Meeting Name: Cabinet
Report title:		Gateway 1 - Southwark Markets and Street Trading in-house management arrangements and legislative operating framework	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Barrie Hargrove, Environment, Transport and Recycling	

FOREWORD - COUNCILLOR BARRIE HARGROVE, CABINET MEMBER FOR ENVIRONMENT, TRANSPORT AND RECYCLING

1. Following the Cabinet's agreement to the implementation of the Markets and Street Trading Strategy in September 2010, this report seeks Cabinet approval to implement an interim internal operational option for the management arrangements for Southwark Markets.
2. Consultation has taken place with Traders, Private Operators, and Borough Market to ascertain the best value sustainable way forward for Southwark's Markets. These discussions were helpful in coming to a decision on the immediate future provision of the Service.
3. I am therefore proposing an interim in-house option is agreed, with the added provision that discussions continue with Traders, Private Operators and other stakeholders to determine the best external solution for the management of Southwark Markets in the longer term.
4. I am also proposing that following further consultation with Traders the legislative framework is changed from the London Local Authorities Act 1990 as amended to Part 111 of the Food Act 1984, with the assurance that their current terms and conditions contained within the LLA 1990, are as far as is possible protected and enshrined in a new Terms and Conditions schedule.

RECOMMENDATIONS

5. That Cabinet agrees that Southwark Markets and Street Trading be managed in-house as per the timetable in paragraph 23.
6. That Cabinet agrees to further discussions with Traders, Private Operators and other stakeholders to determine the best solution for the management of Southwark Markets in the longer term either through an external License or Trust arrangement.
7. That Cabinet agree that a report be submitted to Council Assembly on the changing the legislative framework from London Local Authorities Act 1990 as amended to Part 111 of the Food Act 1984, with the assurance that all their

current terms and conditions contained within the LLA 1990, are protected and enshrined in a new Terms and Conditions schedule.

BACKGROUND INFORMATION

8. In September 2010 the Cabinet agreed the Markets and Street Trading Strategy that sets out the vision for the future of Southwark's Markets. The aim of the Strategy is to chart the way forward to revitalizing markets and street trading so that they play a full part in the regeneration of Southwark, maximise their economic and employment benefits, promote and sustain independent and small businesses, provide access to high quality affordable food and other commodities and contribute to a vibrant public realm.
9. A key objective set out in the strategy is the modernisation of the management of Southwark Markets. The Strategy outlined a number of options for the future provision of the Service as follows:
 - Private licensed operator with internal monitoring team and market champion. The Council retains the strategic management of the portfolio, and creates a small client team; it then seeks a private operator to manage the day to day operation.
 - Partnership with the private sector. The Council seeks a full strategic and operational partner to transform the markets.
 - Operate the markets in-house. The Council retains the strategic and operational management of the markets by recruiting the necessary staff and skills.
 - Trader managed operations. The Council explores the option of market traders directly managing the day-to-day operation.

KEY ISSUES FOR CONSIDERATION

Management arrangement proposals

10. The Council wishes to modernise how its markets are managed, reviewing policies, procedures and working practices to support thriving markets and encourage entrepreneurship. To succeed we are working closely with traders and have put in place improved consultation and engagement with traders and bring in expertise to transform and modernize the service. The Strategic review of the Service acknowledged that some excellent work was being done across the Council and that there are a great many opportunities to develop and expand the markets service so that it meets the challenges of the future.
11. Historically the management of markets has taken a regulatory/enforcement. This has meant the skills and experience required to successfully manage modern markets have not been applied. Through our partners and key stakeholders, we aim to bring a more commercial approach focused on retail, marketing and customer focus. We will also promote the social value of markets. A notable success in this regard is the recent Camberwell Green

Christmas market which attracted over 40 new traders to the borough and the development of licensed sites at Bankside at a commercial rate.

12. To ensure the Council selects the most appropriate management framework an options appraisal was undertaken (see Appendix 1). This appraisal resulted in two favoured options, namely
 - Private licensed operator with internal monitoring team and market champion. The Council retains the strategic management of the portfolio, and creates a small client team; it then seeks a private operator to manage the day to day operation.
 - Operate the markets in-house. The Council retains the strategic and operational management of the markets by recruiting the necessary staff and skills.

13. Throughout October and November 2010 discussions were held with Traders, Private Operators, and other key stakeholders on these potential management models. The key points from these discussions were:
 - Private operators would not be interested in a Licence to operate Southwark markets unless there were changes to current legislation in London.
 - The current requirement to ring fence income meant that it was difficult to make commercial investment decisions
 - Greater flexibility was needed in the setting of fees and charges to attract new business
 - Southwark Association of Street Traders (SAST) were willing to consider working with a private operator or Trust to operate Markets in the borough.
 - SAST are willing to accept a change in the Legislative framework, so long as they were involved in future decision taking and their existing rights are protected.

14. The key conclusion from the discussions with the market operators sector is therefore that in London there does not currently exist a viable private sector from which Southwark might seek a competitive tender and that for this to be the case in the future, the Council, at the very least would need to go to the sector with an offer similar to that of authorities outside of London operating under the Food Act.

15. Furthermore since the previous discussion at Cabinet the Borough Market trust have indicated that they are willing to discuss how they may assist in developing these options.

Short term management arrangement

16. Given the conclusion set out in paragraph 14 it is therefore proposed that that the temporary Geraud Contract is not renewed at 31st March 2011 and an interim operational model in the form of an in-house provision be established

from April 2011 to take the modernisation process forward. The Structure will contain a specific Marketing post to establish new and improve existing Markets across the borough. A proposed structure is attached at Appendix 2

Summary of the business case/justification for the internalisation

17. The markets service is currently provided through a management contract with Geraud Markets UK Ltd that expires on 31st March 2011. The contract with Geraud Markets (UK) Ltd commenced 3rd September 2007. Geraud Markets (UK) Ltd was awarded a temporary contract following the investigation of allegations involving Street Trading staff.
18. Authority to let this initial contract to Geraud Markets (UK) Ltd was made under Contract Standing Order 4.8 (emergencies) which enables a Chief Officer to take necessary action to deal with an emergency, but only limited to that emergency. Since then, further authority to extend has been sanctioned through normal procurement/contract standing order processes.
19. There is a need to change the legislative framework before we can take the longer term proposals forward. This requires further consultation and ratification at Council Assembly before the next stages of procurement can commence.
20. The In-house Service will be managed through the Council's business planning and performance monitoring processes, key performance indicators are already in place for the operation of the Markets and Street Trading Services.
21. Staff performance will be managed and monitored through work plans and appraisal processes.

Developing a long term proposal

22. Notwithstanding the proposal in paragraph 16 it is considered that externalisation of market management could provide a more sustainable future for market trading in the Borough, by establishing a more commercial approach to investment and marketing. It is therefore proposed that the Cabinet Member for Environment, Transport and Recycling continue discussions with Southwark Traders, Private Operators and other stakeholders to develop a mechanism whereby Southwark Markets could move from direct Local Authority control to operate under a Licence or a Trust arrangement.

23. Project plan

Activity	Complete by:
Gateway 1: Procurement strategy for approval report to Cabinet (this report)	25/01/2011
Advise Geraud of termination of their Contract	04/02/2011

Activity	Complete by:
Commence consultation on TUPE	07/02/2011
Commence in-house delivery	01/04/2011
Adoption of Food Act Report to Council Assembly	15/05/2011
Further discussions with SAST and range of providers to develop longer term external option	May /June/2011

Legislation proposals

24. The Market strategy sets out the clear and significant issues arising from the current regulatory/legislative framework that are having a deleterious effect on the markets and the Strategy suggests changing the legal basis on which the Council operates markets and street trading.
25. It is therefore necessary to put this legislative change in place to ensure that Southwark Markets are able to compete with private markets and protect the existing markets from further private encroachment. This is the case whatever longer term option is chosen for the future operation of the Markets service.
26. Like the majority of London Boroughs the market and street trading operation of Southwark Council is governed by the provisions of the London Local Authorities Act 1990 (as amended). The focus of the London legislation is street trading, which does not fall within the definition of a market that gives rise to market rights.
27. London Boroughs can operate markets on the same basis as local authorities throughout England and Wales. In addition to the various powers available under charter, letters patent, prescription, custom and practice and local legislation it is possible to utilise the provisions of Part 111 of the Food Act 1984.
28. In September 2010 Cabinet agreed that officers seek the views of SAST on moving to the Food Act. SAST have been intensively consulted on this issue and they fully recognise that the markets must change and are willing to accept the move to Food Act provisions, with the proviso that they have similar protections as under the previous legislation.
29. Implementation will require a report to Council Assembly and a notice to be placed in the local press stating date of implementation. All current street markets will be de-designated under London Local Authorities Act 1990 and established under Part 111 of the Food Act 1984.

Policy implications

30. The Markets and Street Trading Strategy supports the Objectives and Priorities of the Sustainable Community Strategy (Southwark 2016) and the Council's Corporate Plan. The Strategy also makes links between markets and street trading and the Southwark Plan, the developing Local

Development Framework and the Council's Regeneration Plan and Policies, including the LDF and Southwark Employment and Enterprise Strategies.

31. The value of street markets and street trading more generally is increasingly recognized for its economic and social benefits. Well managed and supported Street Markets:
- Provide access to high quality affordable food and other goods.
 - Have significant economic and employment benefits.
 - Promote and sustain independent and small businesses and can be a fertile environment for black and minority ethnic entrepreneurs as business start-ups.
 - Contribute to a vibrant public realm that people enjoy and feel safe using.
32. The Council is keen to work with the community to develop markets and street trading in Southwark to ensure that they fulfill their potential to:
- Increase their pull to visitors and destination shoppers.
 - Become successful economic, social and cultural institutions.
 - Encourage more entrepreneurship, independence and innovation.
 - Support an extraordinary range and variety of businesses.
 - Promote distinctiveness and vibrancy in a well managed and maintained public realm.
 - Provide access to affordable, healthy and high quality food and other commodities including to those on low incomes.

Community impact statement

33. The Markets and Street Trading Strategy aims to ensure that markets are inclusive of all residents of the borough and meet all the criteria in the Council's Equalities Policy. An EQIA was carried out in 2006 that identified gaps in equality of opportunity between black and minority ethnic communities and those with disabilities. There have been improvements introduced to address these issues and these have been adopted as part of the Market and Street Trading Strategy. A further review of the EQIA will be completed in 2011 to examine further progress in these areas. The Strategy also seeks to change current Street Trading operational policies and practices that hinder the ability of some new traders to establish themselves on Southwark Markets, to ensure that Markets and street trading have a positive impact on the community.

Resource implications

34. By bringing the Service back in-house for a temporary period, whilst the option of a Licence or operation under a Trust are developed, will result in savings from the present management arrangements. There will be scope to reduce the deficit in the first year of operation, and into future years, should the transfer of the service to an Operator or Trust not be feasible. Geraud staff will transfer to the Council under TUPE arrangements.

35. There are no additional resource requirements other than additional legal advice if a Trust arrangement is preferred. External contract licence can be procured using existing finance and staffing resources.

Staffing/procurement implications

36. This will be completed within the existing internal resources. Examples of other similar type contract arrangements will be used to achieve best solution for Southwark's markets.
37. Any additional bids for Council resources will be made through the Council's policy and resourcing strategy and this report does not attempt to pre-empt that process.
38. The Strategy aims to raise additional income by maximising trader numbers through revitalising existing markets and taking advantage of opportunities for new ones to reduce and over time remove the deficit on the account.
39. The Fees and Charges process would remain the same as at present with levels approved by the Cabinet Member. However, as is the case at present, there would no longer be a requirement to provide traders with a full breakdown of Markets expenditure, although the budget summary and outturn would remain available to SAST.

Legal/financial implications

40. The street trading account is a ring fenced account and this means that all expenditure on the street trading service is met from fees and charges paid by the traders. There is a significant deficit on the account which the service must attempt to reduce and clear. This has arisen because the fees and charges to traders have not been sufficient in the face of declining trader numbers to cover the costs of operating the street trading service. A key objective set out in the strategy is the reduction of the Street trading deficit. A detailed financial recovery plan to reduce the current deficit is in place to bring the 2010/11 trading account back to a break even position, and these recommendations will be able to reduce and clear the existing deficit of £820K over time.
41. Comments by the Finance Director and Strategic Director of Communities, Law & Governance are set out below.

Consultation

42. Consultation was undertaken with Traders, Private Operators, and other key stakeholders on potential management models throughout October and November 2010. Some conclusions drawn were:
- SAST are willing to make a bid alongside a Private Operator or Trust to operate Markets in the borough.

- SAST are willing to accept a change in the Legislative framework, as long as they were involved in future decision taking.
 - Private Operators would not be interested in a Licence to operate unless there was a slackening of Local Authority control, and changes to current legislation, moving to the Food Act 1984
 - Borough Market were interested in commencing discussions in relation to the possibility of extending their Trust arrangement to cover Southwark Markets.
 - They would also be available to advise Southwark Traders, if they wished to consider setting themselves up as a Trust to manage Southwark Markets
43. The Markets and Street Trading Strategy will continue to explore these options for change through the newly established Quarterly Traders Forum mechanism, SAST, Private operators and Borough Market Trust, ensuring the best sustainable solution is pursued to enhance Markets in Southwark for future generations.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance (DC/1210)

Legislation

44. Currently Southwark manages street trading under the provisions of Part III of the London Local Authorities Act 1990 (“the 1990 Act”). By section 24 of the 1990 Act Southwark as designated certain streets as licence streets. This enables applications for street trading licences to be made. Part III of the 1990 Act also allow street to have their designations removed following the procedures in Section 24.
45. This removal will require a resolution by Council Assembly as outlined in recommendation 4, following consultation with the licence holders or a body or bodies representing them. In addition statutory advertisements have to precede such a resolution pursuant to section 24(4).
46. It likely that a street trading licence is a ‘possession’ within the meaning if article 1 of the first protocol to the European Convention on Human Rights. Therefore we must be mindful that any interference is proportionate.
47. By section 50(1) of the Food Act 1984, as amended, (“the 1984 Act”) a local authority, such as the Southwark, may establish a market within their area. Part III of the 1984 Act thereafter provides for certain other matters, which enable such markets to operate and be properly regulated. The local authority establishing a market can appoint an authorised market officer to run it and fix the charges.

In-house Procurement provision

48. Bringing the markets management service back in-house to the Council on the termination of the Geraud contract will amount to a service provision change which is a relevant transfer for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). TUPE will apply to transfer the employment of those Geraud employees assigned to the management contract to the Council. The transfer should be conducted under the Council's TUPE policy and procedure to minimise the risk of employment tribunal claims by affected staff.
49. As they will become Council employees, all transferring Geraud staff will be entitled to LGPS membership (pursuant to the Superannuation Act 1972, LGPS Benefits, Membership & Contribution Regulations 2007, LGPS (Administration) Regulations 2000).
50. To avoid potential claims of discrimination by applicants, the establishment of the Marketing post in the internalised service, including grading, must be conducted in compliance with the Council's relevant procedures and protocols, in particular the Recruitment Policy and Procedure, Job Evaluation protocol and organisational staffing protocol.
51. It is likely that the subsequent tender exercise will also amount to a service provision change under TUPE. As well as TUPE, the Code of Practice on Workforce Matters in Local Government Service Contracts and the Best Value Authorities Staff Transfers (Pensions) Direction 2007 will apply to the externalisation process to protect the employment and pension rights of all those Council employees who are assigned to the markets management service and who transfer to the successful bidder organisation. The transfer should be conducted under the Council's TUPE policy and procedure to minimise the risk of employment tribunal claims by affected staff .

Finance Director (NR/ENV/101210)

52. The Markets and Street Trading Strategy and implementation plan has been developed to recover the trading account deficit and put the trading account in a better financial footing to at least break even in the long term. The method chosen to operate markets and street trading activities is one of main items in the Implementation Plan that will ensure that the most economically advantageous option is chosen that will ensure the deficit is cleared over the term of the contract.
53. The Head of Service has confirmed that the bringing in of the Service in-house will begin to reduce costs and in turn reduce the street trading deficit.
54. Any proposal to take the Service under a Trust arrangement would require a clause that would make a yearly financial contribution to clear the outstanding deficit.

Head of Procurement (MG 20122010)

55. This report seeks the Cabinet's approval of the internalisation of the Southwark Markets and Street Trading Service for an initial period of 15 months commencing 3 months from the implementation of this report and currently scheduled to end June 2011.
59. The period during which the service will be managed in-house will be used by officers to explore options to manage the service through an external Licence or a Trust arrangement.
60. The report details the work that has been undertaken to develop a strategy to take the service forward. However, consultation with key parties has led officers to the view that there is not currently a viable private sector with which to tender a modern, commercial market services hence the need to manage the service in-house on a temporary basis.
61. Internal management of the service will enable the contractual arrangements for the service currently provided by Geraud to be regularised as well as bring savings on present spending levels.
62. Staff employed by Geraud, the incumbent contractor, will be eligible to TUPE transfer to the Council. The report confirms that appropriate legal advice has been sought in order to manage this process and the transition to an in-house service.
63. This report has been to the Environment and Housing Departmental Contract Review Board as well as Corporate Contract Review Board. Changes requested by the Boards to the content of the report have been incorporated into this final draft.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Strategic Review of Southwark Markets & Street Trading Service, October –December 2008. Markets and Street Trading Strategy Document	160 Tooley Street, London SE1 2TZ	John McHenry 020 7525 2105

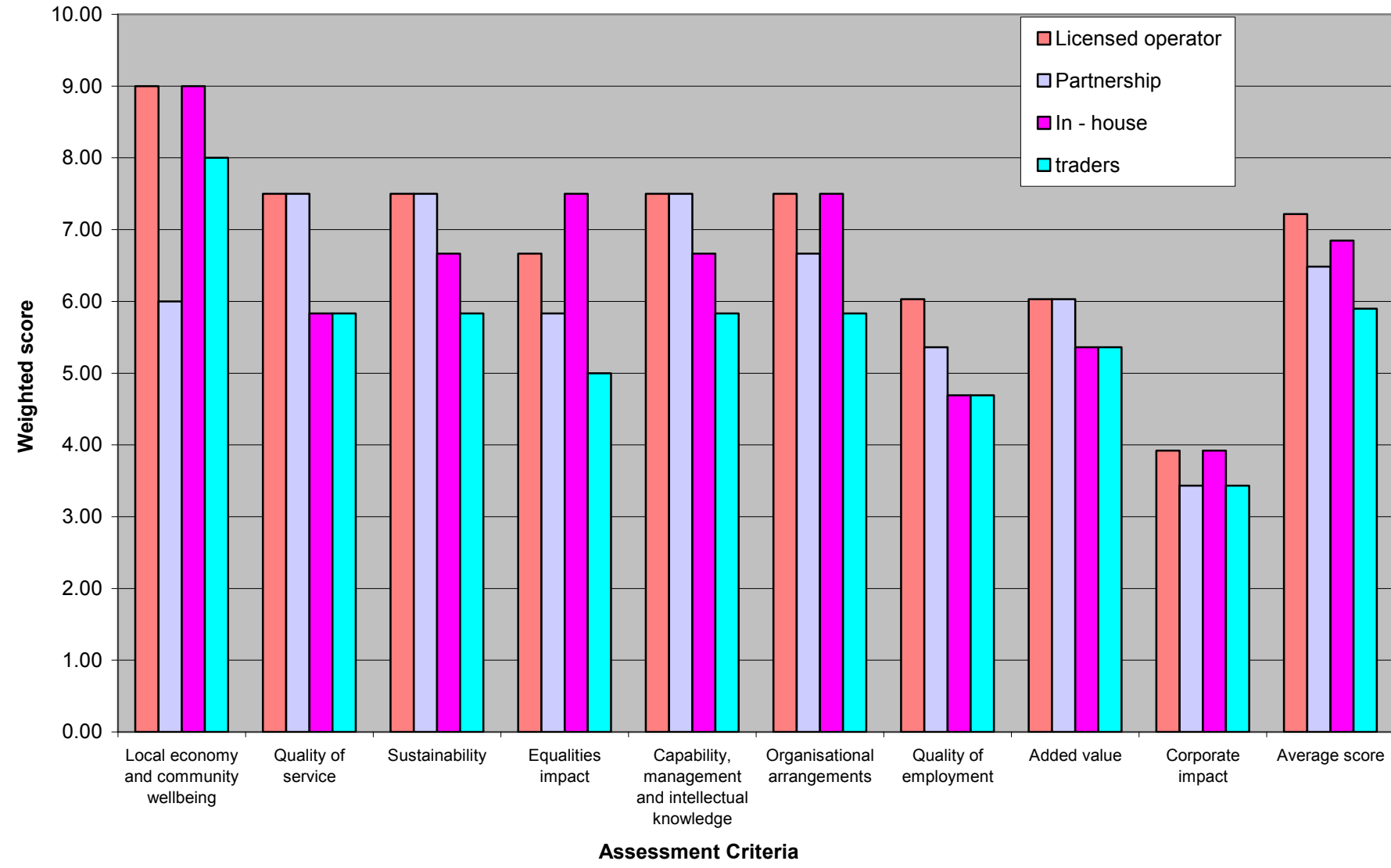
APPENDICES

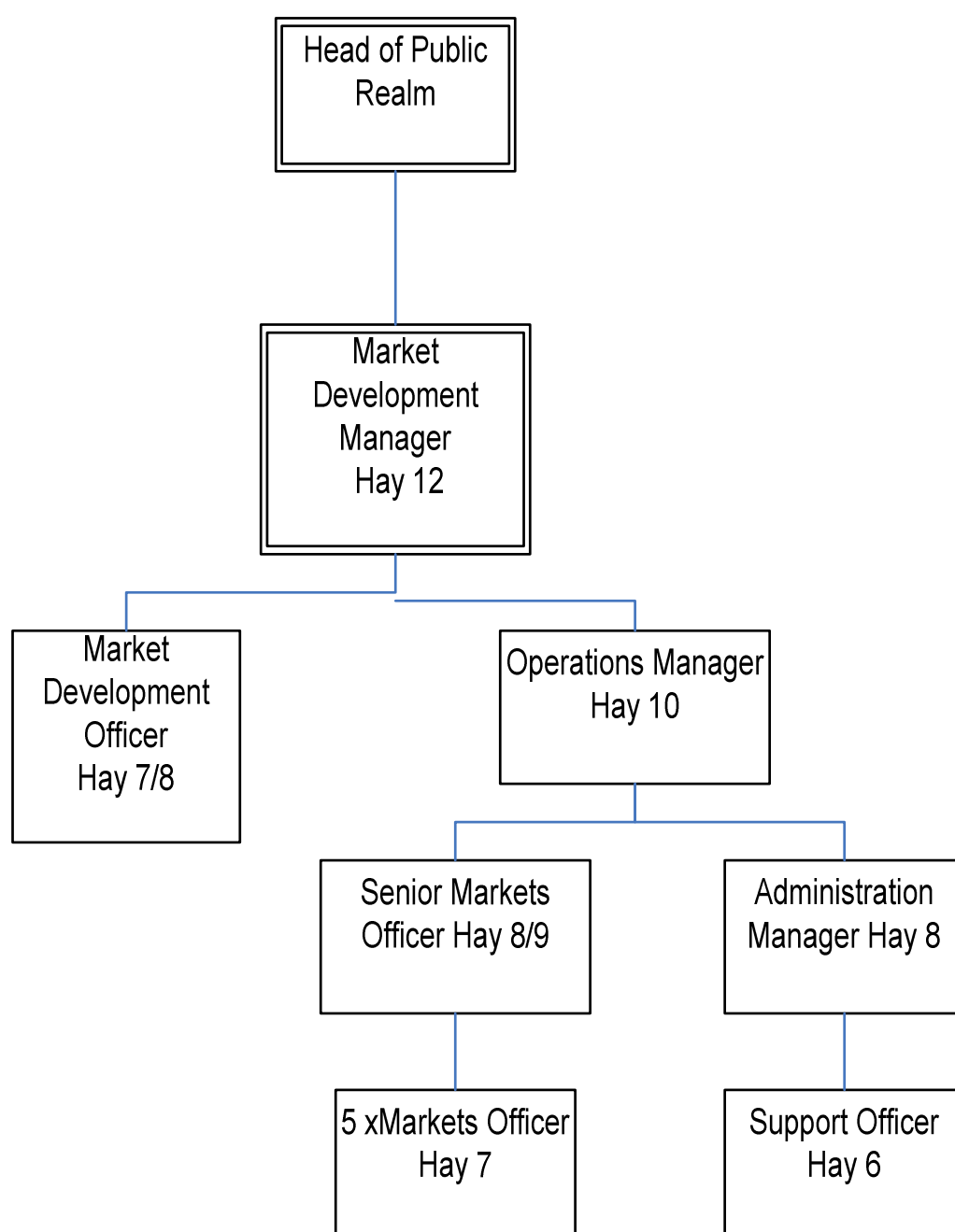
No.	Title
1	Markets Options Appraisal
2	Markets and Street Trading proposed staffing structure

AUDIT TRAIL

Cabinet Member	Councillor Barrie Hargrove, Environment, Transport and Recycling		
Lead Officer	Gill Davies, Strategic Director, Environment and Housing		
Report Author	Des Waters, Head of Public Realm		
Version	Final		
Dated	11 January 2011		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
	Officer Title	Comments Sought	Comments included
	Strategic Director of Communities, Law & Governance	Yes	Yes
	Finance Director	Yes	Yes
	Head of Procurement	Yes	Yes
	Date final report sent to Constitutional/Community Council/Scrutiny Team		11 January 2011

APPENDIX 1 – MARKETS OPTIONS APPRAISAL



APPENDIX 2 - MARKETS AND STREET TRADING PROPOSED STAFFING STRUCTURE

Item No. 16.	Classification: Open	Date: 25 January 2011	Meeting Name: Cabinet
Report title:		Multi Utilities Services Company (MUSCo) Commercial Partner	
Ward(s) or groups affected:		Cathedral, Chaucer, East Walworth, Faraday and Newington	
Cabinet Member:		Councillor Fiona Colley, Regeneration and Corporate Strategy	

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY

1. It is with disappointment I recommend that work should cease on the Multi-Utility Services Company (MUSCo) project.
2. It is regrettable that we are unable to conclude this project with our preferred bidder, but we had to be absolutely certain that their proposal presented best value for the council, was a workable model with which to proceed, and that it presented no material risks to the regeneration projects going ahead. We were not satisfied that this was the case.
3. However, the council remains a committed champion of sustainable development and I remain confident that the schemes which we will put in place for the Elephant and Castle, and the Aylesbury, and those existing elsewhere across our housing stock, incorporate really robust measures to achieve the same results.
4. We retain our zero carbon growth strategy for the Elephant and Castle development and, in accordance with the London Plan, a major part of this must be through the use of renewable sources of energy and low-carbon technology.
5. Elsewhere the council continues with other major carbon reduction schemes such as the proposed SELCHP scheme, the only 'waste into power' facility of its kind in London, which aims to capture the heat currently wasted at the plant to heat up to five nearby estates. The Peckham Low Carbon Zone, which is one of only 10 in London, has an overall target of reducing CO₂ emissions across homes, schools and businesses by 20.12% by 2012.
6. While the termination of the MUSCo process is disappointing I remain confident we can meet our targets through alternative means.

RECOMMENDATIONS

7. Cabinet note the progress made to finalise the Dalkia consortium's Best and Final Offer (BAFO) for a Multi Utilities Services Company (MUSCo) Commercial Partner since the Major Projects Board meeting of 19 June 2008.
8. Cabinet note the contents of the BAFO as described in paragraphs 42 – 55.
9. Cabinet note the conclusions of the evaluation of the BAFO and instructs officers to terminate the Dalkia consortium's position as preferred bidder.

10. Cabinet instructs officers to cease work progressing the procurement of a MUSCo solution and that the Deputy Chief Executive is asked to seek alternative solutions to providing services and reducing carbon for the Elephant and Castle and Aylesbury regeneration projects.
11. Cabinet instruct the Strategic Director of Environment and Housing to look into the feasibility of decentralised energy networks to reduce carbon emissions for Council social housing.

REPORT SUMMARY

12. This report seeks the Cabinet's approval to a number of recommendations in relation to the MUSCo project, including the termination of the Dalkia consortium as preferred bidder.
13. The report describes the background to the development of the MUSCo and the procurement process undertaken leading to the appointment of the Dalkia consortium as preferred commercial partner.
14. Whilst the Dalkia consortium's technical proposal has merit, for the reasons detailed in the closed report, officers are unable to recommend acceptance of the Dalkia consortium's Best and Final Offer.
15. Overall the proposals represent a high degree of uncertainty and potential risk to the Council. There is insufficient evidence, details of which are set out in the closed report, for officers to be in a position to conclude that the proposed arrangements represent value for money. Officers are not persuaded that allocating further time and cost to resolving outstanding issues would result in a satisfactory outcome within a timeframe required to complete the process without impacting negatively on the wider regeneration schemes.

BACKGROUND INFORMATION

Introduction

16. At the time the Dalkia consortium was selected as the preferred bidder for the MUSCo it was recognised that considerable work remained to be done to get to the position where the parties could sign the documentation necessary to record, in detail, the terms and conditions of the project. Since that time, progress with the Dalkia consortium has been slow and some work remains incomplete.
17. In addition, the economic and regulatory landscape has changed significantly since the Council started the MUSCo partner procurement process. This has had an impact on the scope of the MUSCo scheme and the Dalkia's consortium's proposals as well as the Council's financial and economic position.
18. The June 2008 report to the Major Projects Board recommending approval of the Dalkia consortium as preferred bidder for the MUSCo recognised that should there be difficulties in concluding the negotiation of the project agreement the project team should return to the Board to seek guidance for the continuation of the process. In the absence of the Projects Board and as this represents the conclusion of a strategic procurement this report is brought to the Cabinet for decision.

Commercial Partner Process

19. In February 2003 the Council adopted a development framework for the Elephant & Castle in the form of Supplementary Planning Guidance (SPG). The SPG promoted a

mixed use development of 6.5 million sq ft of new development. In the document it is noted that on the basis of a business as usual approach to the redevelopment that CO2 emissions attributable to domestic and non-domestic buildings would more than double. In the SPG the Council proposed to use the redevelopment as an opportunity to introduce and adopt a range of innovative measures to minimise energy consumption. To facilitate this the Council adopted a zero carbon growth strategy within the confines of the Elephant and Castle framework area and proposed the establishment of a private/public joint venture company - Environmental Services Company (ESCo) as it then was - as a special purpose vehicle whose core business would be the provision of heating, cooling and power at a community/district level.

20. Following the decision to adopt the SPG further technical and financial work was undertaken to further investigate how an ESCo at the Elephant and Castle could most practically be implemented. Initially the view taken was that this could best be achieved by integrating the procurement of energy and environmental services into the selection of the commercial partner process. This was the approach taken at the stage 2 of the commercial partner process in June 2005. Parties bidding for that role were required to provide a detailed summary of their funding and technical/management expertise in relation to provision of energy, water and data services.
21. The March 2006 report to the Executive concerning the terms for the Stage 3 commercial partner selection noted however that a review of the available options for delivery had concluded that "a separate procurement exercise for the establishment of a Multi Utility Services Company (MUSCo) is desirable. Such a company would be capable of developing the necessary infrastructure in advance of the main development programme." It was further noted that "The MUSCo proposal is an innovative one. There is no "off the shelf" model that can form the basis of the procurement process and the Elephant MUSCo will therefore need to be established on a basis that meets the demands of local circumstances". Executive were advised that further details on the proposed separate procurement approach will be brought forward as soon as possible.

Gateway 1 Process

22. In July 2006 the Council formally embarked on the process of procuring a commercial partner to form a MUSCo by way of a Gateway 1 report agreed by the Executive. The company was to be set up "to create and operate infrastructure at the Elephant & Castle with particular emphasis on heat and power generation and distribution, area wide data cabling and the supply of non drinking water. It may also extend to the handling of waste products. The general intention is that the company should operate commercially in such a way as to discharge the planning obligations created by the Council's adopted supplementary guidance". The emphasis in the Gateway 1 report was therefore on the provision of a MUSCo for the Elephant and Castle. The report did note that following the decision by the Council's Executive committee in September 2005 to demolish the Aylesbury estate in stages that this redevelopment "could represent an early opportunity for the extension of MUSCo services".
23. The Gateway 1 report stated that the original preference had been for an integrated commercial partner and MUSCo selection process. The report noted however that "given the central importance of the MUSCo to the delivery of the Council's environmental and social objectives, the emerging timescales and complexities associated with the procurement of the Elephant and Castle development commercial partner and the desire to secure connection of the early housing sites and other early private sector developments to the network it has become necessary to decouple the procurement of the MUSCo from the commercial partner selection process". The need to capture early development was identified as an important objective in order to achieve net zero carbon growth for the Elephant and Castle redevelopment. This requirement was reflected in the procurement project plan in the report which set a planned date of May 2007 for the

Gateway 2 report to award the contract and July 2007 for the commencement of the contract.

24. In summary the Gateway 1 report identified the services that were to be provided by the MUSCo were as follows:
- A comprehensive district network delivering heat and electricity to the development.
 - A non-potable water network.
 - An open access fibre optic communications network.
 - The scope to explore the feasibility of the inclusion of other services such as mechanised waste removal and cooling.
 - Delivered as a services concession over thirty-five years.
 - The Council granting leases and way leaves to facilitate the scheme.
- Preferred sites for the location of energy centres were identified as a plot to the north of St Mary's Churchyard and the location of the current Heygate boiler house.
25. In setting out its specific requirements for the scheme the Council noted the "central drivers and objectives of this procurement process and the subsequent delivery of multi-utility services to the Elephant and Castle" and included:
- Maintaining carbon emissions at their current levels, despite almost tripling the quantum of available commercial and residential floor space - i.e. net zero carbon growth.
 - Reducing Carbon emissions from the total energy needs (heating, cooling and power) of the development by at least 10% by a combination of:
 - i. renewable energy generation at the energy centres, using locally derived sources of renewable fuel,
 - ii. Building mounted/integrated renewable energy technology within development plots.
 - Reducing the demand for potable water by 20% at the point of supply and provide an alternative source of untreated water for the non-potable uses associated with construction, operation and maintenance of the development.
 - Delivering a "Fibre to the Unit" network to provide robust, sustainable optical fibre based connectivity to every address point within the core development area, and the early housing sites.
 - Establishing a public/private joint venture vehicle (MUSCo) as a special purpose vehicle whose core business is the provision of low carbon heating, cooling, power, non-potable water and data services at district level.

Response to MUSCo Invitation

26. In response to the publication of an OJEU contract notice the Council received expressions of interest from fifteen organisations. Three consortia subsequently submitted tenders. All three consortia were short-listed and following Executive approval on April 24 2007 each was invited to a third, Best and Final Offer (BAFO) stage of the procurement process.
27. Stage 3 of the MUSCo process was delayed whilst the Council appointed a preferred bidder in July 2007 for Master Development Planner for the Elephant and Castle who would be able to participate in the MUSCo selection process.
28. This stage of the MUSCo bid was an iterative process with a series of briefings and workshops on each of the key subject areas for the submissions. Following the establishment of a set of core principles for the project agreement and joint working between selection and financial close bidders were each requested to submit a Best and Financial Offer (BAFO).

29. BAFO proposals were received on May 6 2008. On June 19 2008 the Major Projects Board agreed to select the Dalkia consortium “as its preferred MUSCo commercial partner to final negotiation stage based on the terms included in the invitation to submit a best and final offer and response to that document”.
30. Technically the Dalkia consortium presented robust and comprehensive proposals that demonstrated a considerable breadth and depth of knowledge and expertise in delivering CHP led production of three energies: electricity, heat and chilled water solutions. It also provided useful additional information on energy centre and networks operation, site monitoring and plant management.
31. The Dalkia consortium bid proposed the establishment of a Special Purpose Vehicle which would subcontract the MUSCo services. Dalkia itself is owned by Veolia Environment as majority shareholder and EDF. Dalkia is a significant company in its own right with over 50,000 employees and annual revenue of £6.8 billion.
32. The Board further instructed officers “to proceed with detailed negotiations to complete the full contractual documentation that would give effect to the proposed joint working arrangements acceptable to the Council subject to final approval of the project agreement and associated documentation at the contract award (Gateway 2) stage”. The report noted that whilst negotiations would continue neither party were obliged to enter into contract.

CHANGES TO ORIGINAL VISION SINCE THE PROCUREMENT PROCESS STARTED

33. The MUSCo procurement process which commenced as a separate entity in 2006 has been significantly delayed by a number of factors including the following:
 - The lengthy negotiations with Lend Lease as the Master Development Planner for the Elephant and Castle regeneration.
 - The impact of the economic downturn leading to Lend Lease delaying both the roll out of their construction programme and significantly reducing their projected build-out rates for new housing have all played a part in reshaping the scheme.
 - The publication of the Area Action Plan for the Aylesbury Estate leading to the reshaping of the MUSCo energy services and water services strategies, resulting in a revised technical and commercial approach to the delivery of plant and infrastructure.
 - Changes in planning policy and building control standards which have led to more demanding carbon reduction targets and building efficiency standards.
34. A summary of the key dates associated with the process illustrating how far it has been set back is shown below:

Background to MUSCo / Outline process to date

Date	Activity
2003	<ul style="list-style-type: none"> • Environmental impact analysis of development of E&C – energy, carbon emissions, water and waste. • Target of zero growth in emissions proposed – with development increasing building floor space by 300%. • Technical options appraisal – district heating and CHP identified as most cost effective route.
2004	<ul style="list-style-type: none"> • Zero carbon growth target adopted for Elephant and Castle along with proposal to establish delivery vehicle 'Energy Services Company' (ESCo)
2005	<ul style="list-style-type: none"> • Master Development Planner selection. ESCo responses from bidders unsatisfactory. • Market testing for potential bidders for separate 'Multi Utility Services Company'.
July 2006	<ul style="list-style-type: none"> • Approval of Gateway 1: Procurement Strategy Report
October 2006	<ul style="list-style-type: none"> • Stage 2 of the procurement process is launched with the focus on the Elephant and Castle and Aylesbury estates with the option of expanding overtime. Two energy centres were to be sourced one at St Mary's Churchyard the other at Heygate.
March 2007	<ul style="list-style-type: none"> • Three bidders chosen to enter Stage 3 - Dalkia, London ESCo and Thamesway.
July 2007	<ul style="list-style-type: none"> • Lend Lease appointed Elephant and Castle preferred Master Development Partner but economic downturn delays progress.
May 2008	<ul style="list-style-type: none"> • Dalkia selected PB with only St Mary's selected as a site
January 2009	<ul style="list-style-type: none"> • Lend Lease inform Council of major delay to Elephant and Castle scheme and revise development phasing. Information passed to Dalkia to update their offer.
September 2009	<ul style="list-style-type: none"> • Dalkia response to move to Heygate and create a "Biomass power station", biomass boiler in Aylesbury and gas fired boilers at Newington.
	<ul style="list-style-type: none"> • Key meeting and decision that Heygate could not accommodate plant of scale and massing as proposed. Mandela Way site suggested by the Council.
November 2009	<ul style="list-style-type: none"> • Proposed move of the Energy Centre to Mandela Way.
February 2010	<ul style="list-style-type: none"> • Outline commercial structure from Dalkia for latest project submitted.
July 2010	<ul style="list-style-type: none"> • Revised BAFO submitted which is now supplying heat to the Elephant and Castle and the new and existing housing estates at Aylesbury, Newington, Salisbury and Heygate.
20 September 2010	<ul style="list-style-type: none"> • Responses submitted to Clarification Questions
14 October 2010	<ul style="list-style-type: none"> • Dalkia presentation to senior managers

KEY ISSUES FOR CONSIDERATION

Current Position / Negotiation process

35. The impact of these events has led to considerable changes in the nature and shape of the MUSCo proposed by the Dalkia consortium as it took stock of its offer and considered the impact on the technical solution and business plan originally proposed as part of its bid. The original approach to the deployment of the MUSCo network was premised on the construction and occupation of new development on both the Heygate and other private/Registered Social Landlord (RSL) schemes close to the centre of the Elephant and Castle by 2010. The delay in bringing forward the critical mass of new development which would have been necessary to support the Dalkia consortium's original proposals during the intervening period is an important underlying factor when considering the future of the procurement process.
36. At this point the Dalkia consortium changed the emphasis of their approach from one which centred on a MUSCo for the Elephant and Castle with the potential to expand to connect to other areas to one more focused on early supply of heat to the Aylesbury which would enable investment to be released for a district wide system that had the capacity to connect to the Elephant and Castle when phases of development were complete.
37. In spring 2009 officers met with the Dalkia consortium to further investigate the proposals. The primary focus of this work was the evaluation of the design of the much larger boiler house for the redevelopment of the Heygate estate. In September 2009 an internal review by Council officers and technical advisers concluded that the scale and potential environmental impacts of the Dalkia consortium's proposal for an energy centre on Heygate would, given the close proximity of existing and proposed residential development, make it unacceptable on planning and commercial grounds. This would be exacerbated by the associated frequency of biomass fuel deliveries.
38. Alternative locations away from the Heygate site were therefore considered and this resulted in a site at Mandela Way being identified as a potentially more suitable location for the energy centre, subject to the usual planning and development control processes. Further technical and design work was undertaken to test the potential of this site to accommodate a biomass energy centre and to evaluate the planning implications and impact on adjoining residents. This identified issues such as noise and vibration that would need to be assessed further to establish whether they could be sufficiently mitigated to meet planning and environmental health policy and standards.
39. In March 2010, the Council issued a "checklist of requirements" requesting further clarity from the Dalkia consortium on its proposed technical and commercial solutions for a MUSCo proposal based on a biomass energy centre based at Mandela Way. In addition the checklist sought to advance negotiations with the consortium towards a full project agreement, with the aim of achieving approval to enter into contract by the end of 2010.
40. The Dalkia consortium submitted a revised technical and commercial offer of services on 2 July 2010. This was followed by a round of clarification questions and technical workshops which concluded on 20 September 2010 with the submission of a co-ordinated clarification response from the Dalkia consortium.
41. The Dalkia consortium gave a presentation on their proposals to a team of senior officers and consultants on 14 October 2010.

DALKIA'S FINAL PROPOSALS

42. The evaluation of the Dalkia consortium's final proposals including its revised BAFO and subsequent responses to the Council's clarification questions was undertaken by a core officer team comprising the Strategic Director of Environment and Housing, Finance Director, Project Director - Elephant and Castle, acting Head of Sustainable Services, and the Head of Environment and Housing Procurement. The Dalkia presentation was also attended by the Head of Property and the Aylesbury Programme Director. The Council was also supported by external legal, technical and financial advisers.

Technical Proposals

43. The Dalkia consortium's technical proposal includes key elements of plant and infrastructure which are detailed more fully in the closed report. The proposals include a number of changes to the technical solution submitted previously including the following:
- A move from heat sales as the commercial driver for the energy model to electricity export sales and renewable obligation certificates.
 - A move from gas-fired combination heat and power (CHP) to biomass CHP.
 - A significant increase in the scale of on-site electricity generation plant.
 - Use of waste wood as the primary fuel for the biomass CHP plant.
 - A significant increase in the number of lorry deliveries to the CHP plant.
 - The extension of MUSCo water services to include potable water and wastewater services.
 - A move from borehole water to treated wastewater as the source of non-potable water across the Elephant and Castle / Aylesbury area.
 - The use of boreholes drilled by the Council as a backup supply for the non-potable system.
44. The technical proposal includes key elements of plant and infrastructure which are discussed in more detail below.

Energy Plant

45. The energy plant would comprise the following:
- A biomass combined heat and power plant (wood chip boiler and steam turbine) would be built at Mandela Way.
 - A new boiler house on the Aylesbury Estate.
 - A new boiler house on the corner of Heygate Street and Rodney Road.
 - Replacement of two existing boilers at Newington boiler house.
46. The revised BAFO delays the deployment of the new gas boilers to the Newington boiler house to 2014 and to the Heygate boiler house to 2020. The completion date for the biomass energy centre is scheduled for commissioning in late 2012.
47. Woodchip would be delivered to Mandela Way by two 24t articulated trucks delivering every hour between 8am and 5pm Monday to Friday. The energy centre would run 24 hours a day. The plans show that the tallest and noisier elements of the plant would be located as far away from neighbouring residential property as possible within the confines of the site.

District Heating Network

48. A low temperature hot water district heating network would be provided with proposed heat charges to the tenants combining both a fixed service charge and a floating

charge based on usage and modelled on the basis that rates are below benchmarkable gas rates obtainable from a recognised energy comparison site.

Potable and Non-Potable Water

49. Veolia Water would provide potable and non-potable water services.
50. They propose to seek OFWAT approval to provide potable water purchased from Thames Water and resold to customers within the area.
51. For non-potable water, provided for toilet flushing, irrigation, public area cleansing and building water, Veolia Water propose to adopt one of two potential wastewater treatment technologies – a more traditional Membrane Bioreactor (MBR) wastewater plant or an Organica plant, which uses metabolic processes of living organisms – plants, animals and microbes - that digest organic pollutants to treat wastewater. The MBR is more energy intensive and less aesthetically pleasing whilst the Organica has a higher capital cost and larger footprint. The location of the wastewater treatment and reuse plant is to be determined though Veolia Water have suggested that Elba Place and some surrounding park land could be utilised.
52. Veolia Water proposes to use a borehole at Brook Drive to supply non-potable water to early housing sites and to provide a back-up supply for the re-use plant once online.
53. Water tariffs would be set below that of the current incumbent e.g. Veolia Water estimate an annual saving of around £90 based on a 2 bedroom flat.

Fibre Optics

54. An integrated, future-proofed telecoms infrastructure would be provided to deliver voice, data and television networks to users. Charges would be at or below current UK prices. Residents would be able to request a BT connection if they are dissatisfied with the price or quality of the service on offer.

Project Co-ordination

55. All utility networks would be designed to occupy a single trench aiming to minimise on-site disruption where practicable.

COUNCIL CONSIDERATION OF DALKIA'S PROPOSALS

56. In April 2010 the Dalkia consortium was sent a comprehensive checklist of the information required to secure Gateway 2 approval for the Council to enter into a Project Agreement for the provision of MUSCo services. This updated the requirements checklist that had been sent to all bidders at the start of the BAFO process in April 2008.
57. The 2010 checklist stated explicitly that the revised BAFO should contain a sufficiently comprehensive and detailed description of the technical, financial and legal operation of the MUSCo, and its contractual relationship with key stakeholders going forward, to conclude contract negotiations in a timely fashion.
58. Clarification was sought from the Dalkia consortium regarding outstanding issues in September 2010.
59. Having reviewed the totality of the Dalkia consortium's BAFO submissions against the information they had been asked to supply, the Council's officer team have a number of outstanding concerns. The details of these concerns are set out in the closed report. In summary the concerns centre around the following issues:

Funding proposal

60. There is a lack of certainty around the Dalkia consortium's financing arrangements which creates uncertainty with respect to the viability of its proposal as a fully funded MUSCo solution.

Risk transfer

61. The Dalkia consortium is no longer willing to take on full commercial, build and load risks it had proposed in its original submission.

Financial model

62. The Dalkia consortium has to date only released a partial financial model with too little information to allow any meaningful analysis to be undertaken.

Heads of Terms/Project Agreement

63. The heads of terms for the project agreement are yet to be agreed.

Parent Company Guarantee

64. There is a lack of certainty regarding the parent company guarantees will ultimately be forthcoming.

Mandela Way proposals

65. On the basis of the information provided, the Council has not been able to conclude that the power plant proposed by the Dalkia consortium on Mandela Way is viable and likely to proceed successfully. There is therefore a risk that the Dalkia consortium will be unable to deliver a viable MUSCo solution to the development area without investing further time and resource into formulating an alternative heat proposal. This is likely to create further delay to the deployment of the MUSCo scheme.

Delivery programme

66. The Dalkia consortium has not supplied a phased development plan setting out key assumptions in relation to activities, interdependencies and anticipated delivery dates for achievement of milestones and facilities coming on stream in relation to the MUSCo project.
67. In the absence of a phased development plan, the Council is not in a position to assess either the reasonableness of any assumptions that have been made in the revised BAFO, or the relationship between the development programme at Aylesbury, Elephant and Castle and the MUSCo. The negotiation of an agreed phase development plan and project agreement is likely to involve further delay to the MUSCo project. There is a risk that this delay may also have a further negative impact on the overall Elephant and Castle development timeline.

Conclusion

68. Whilst the Dalkia consortium's technical proposals have merit, for the reasons set out in the closed report, officers are unable to recommend acceptance of the Dalkia consortium's BAFO.

69. The Dalkia consortium has not provided adequate responses to some critical questions and there is insufficient evidence to be able to conclude the proposed arrangement represents value for money to the Council.
70. Officers consider that further discussions with Dalkia are unlikely to yield an agreement within the timeframe required to complete the process without impacting negatively on the wider regeneration schemes. Overall the proposals represent a high degree of uncertainty and potential risk to the Council. There is insufficient evidence for officers to be able to conclude that the proposed arrangements represent value for money. Officers are not persuaded that allocating further time and cost to resolving outstanding issues would result in a satisfactory outcome within a timeframe required to complete the process without impacting negatively on the wider regeneration schemes.

ALTERNATIVE SOLUTIONS / NEXT STEPS

Elephant and Castle

71. Under the terms of the Regeneration Agreement should the MUSCo not proceed Lend Lease are under an obligation to work together with the Council to establish an alternative solution. An alternative solution would need to satisfy planning policy requirements for sustainability/carbon reduction as set out in the London Plan, Southwark Plan/Core Strategy, relevant SPD's as well as building control requirements for energy efficiency. An opportunity area planning framework is being prepared for the Elephant and Castle and this will provide further guidance on the sustainability requirements that Lend Lease will be expected to comply with. In addition under the Regeneration Agreement a condition precedent is the provision of a MUSCo.
72. Lend Lease remain committed to delivering the sustainability obligations within the Regeneration Agreement and the associated conditions. As part of the master planning process Lend Lease are considering options to deliver a sustainable development. This includes a review of the onsite provision of CHP / District Heating, non-potable water and Enact [mechanical waste removal systems]. These matters need to be considered in terms of the masterplan and the commercial appraisal to determine the viability for the development. A Lend Lease only solution will however be an additional cost to the scheme. Although this will not impact on the base land value that the council is entitled to receive it could have an adverse affect on future profit share.
73. The Lend Lease alternative approach is likely to be a commercially operated energy centre (an Energy Services Company [ESCO] providing heat to buildings within their boundary of their planning consent. Lend Lease will investigate alternative solutions and are seeking an outcome which will aim to achieve Code Level 6 of the Code for Sustainable Homes from 2016. This marks the highest level of sustainability incorporating the Government's zero carbon home standard. Such a plant would only become commercially viable once a critical mass of development has been reached (probably in the region of 800 -1000 units). Early phases of development would therefore have to be designed to have the capacity to connect to the system once it comes on stream.
74. The evidence to date from technical work the Council has undertaken suggests that it is likely that the building footprint for this facility will be larger than that required for the Dalkia consortium's MUSCo proposals. It is possible that the Lend Lease facility may have the capacity to supply other sites outside their planning boundary close to the heart of the redevelopment area including some that were designed to connect to the MUSCo. The heating load arising from these developments could potentially improve the business case for an ESCo located within the Lend Lease site and this might allow the facility to be developed earlier than would be the case if only developments within the

red line boundary of the Lend Lease scheme are connected to it. The extent to which this is practical is being explored with Lend Lease.

75. In addition Lend Lease will need to identify land for water recycling and treatment and also for electrical sub station as part of the reinforcement works necessary to upgrade infrastructure to cope with the demands arising from an increasing population. The land for all these facilities will need to be identified within the planning application. Appropriate measures will need to be put in place to mitigate potential adverse affects arising from noise, vibration, air quality associated with the plant on adjoining land uses.

Aylesbury

76. The MUSCo proposal included siting a new district heating facility on the Amersham development site (Site 10) in the Aylesbury Area Action Plan (AAP). It is understood that this facility was intended to replace the existing district heating plant on an adjacent site immediately south to the Amersham site. The decision to include a new district heating facility on the Amersham site resulted in the Council having to depart from the AAP by relocating the Medical Centre that was due to be included on this site elsewhere. If the MUSCo proposal fails to proceed then the council would be in a position to revert to the AAP and locate a Medical Centre on the Amersham site in addition to the community space/facilities that are prescribed in the AAP for the Amersham site. In addition, it would also allow Council officers to review the options for:

- Continuing to provide heating to the existing homes on the Aylesbury Estate.
- Helping the council's developer partners meet the requirements of Level 6 of the Code for Sustainable Homes.
- Making better use of the current Council owned and operated energy centre.

77. Council officers are currently procuring the services of expert consultants to assist with identifying the range of management options, evaluating them and making recommendations on the best value option and expect to report back to Cabinet on these matters in due course. It should be noted, however, that the options to be brought forward to Cabinet may not necessarily include the broad range of services currently being offered by the MUSCo, such as data, power and water services.

78. An added complication to the delivery of the Aylesbury Regeneration Programme is the recent press announcements by CLG (Department for Local Government & Communities) and the HCA confirming the curtailment of PFI funding for 'pipeline' PFI Housing Projects (i.e. projects that have not had their business cases approved by HM Treasury's Project Review Group). The immediate implications for the Aylesbury Regeneration Programme are that the:

- redevelopment of sites comprising the Aylesbury PFI Housing Project (sites 1b, 1c, 8 & 9) comprising Bradenham, Arklow, Chartridge, Chiltern, Taplow and Northchurch is likely to be delayed
- income to the Council from its Aylesbury Infrastructure Tariff (a charge paid to the council generally on the homes for sale) will be delayed.

79. Delays and/or reductions to the Aylesbury Infrastructure Tariff cash-flow means that the Council may not have the resources to fund the provision of improved district heating and other tariff funded items resulting in the postponement of the implementation of some tariff items, such as district heating solutions.

Southwark CHP (SELCHP Project)

80. Officers are bringing forward a proposal, also on this agenda, to seek to connect almost three thousand Southwark Council properties to the South East London Combined Heat and Power (SELCHP) plant in north Lewisham in order to provide them with a more energy efficient supply of heating and hot water using heat that is currently wasted at the SELCHP plant. Initially the project will work to deliver that heat supply to properties on five estates in the north east of the borough, close to the SELCHP plant. However, after supplying heat through the north eastern branch there will still be a substantial amount of heat still available (and wasted) at SELCHP. Once the heat distribution infrastructure is in place there could be scope for the scheme to expand to link to other housing stock and commercial premises in other parts of Southwark, subject to economic and heat distribution infrastructure constraints. Options could therefore be considered to extend the heat distribution infrastructure as part of, or subsequent to, the current Southwark CHP project.

Policy implications

Other considerations

81. There are no specific leaseholder implications arising from this report.

Sustainability considerations

82. The burning of fuels to generate electricity and heat, or power travel, emit large amounts of carbon dioxide into the atmosphere, which is a key contributor to gradual climate change and an increase in extreme weather conditions around the world.
83. The Climate Change Act 2008 sets binding carbon emission reduction targets for the UK. While the current UK regime of indicators and targets is currently under review, Southwark Council, like all local authorities in the UK, will face challenging carbon reduction targets in the coming years. Through leading partnership plans, developing planning strategies and agreeing sustainability as a corporate objective, the Council has consistently committed to be a champion of sustainable development.
84. 84% of Southwark's carbon emissions are understood to originate from the built environment. The MUSCo had been identified as a significant element of a set of complex projects that would help support reduction of emissions by 60,000 tonnes of CO₂ and develop carbon efficient infrastructure throughout the borough.
85. The Council has adopted a zero carbon growth strategy within the confines of the Elephant and Castle framework area and, in accordance with the London Plan, a major part of this must be through the use of renewable sources of energy and low-carbon technology. Alongside efficient design to reduce energy requirements, the MUSCo represented a major contribution to reducing emissions associated with the development. In addition, the MUSCo scheme would have provided for energy generation of at least 20% renewable by a combination of renewable energy generation at the energy centres and building and locally based renewable technology. It would have also reduced the demand for potable water.
86. The Council remains a committed champion of sustainable development and the 2006 Climate Change Strategy sets out the Council's aims to reduce CO₂ emissions across the borough by 80% by 2050 and to pursue a decentralised energy strategy. The approach taken in the Core Strategy which applies to all development within the borough is in line with London Plan policies which expect development to meet the highest standards of sustainable design and construction and to help tackle climate change by applying the energy hierarchy of implementing energy efficiency measures, ensuring efficient energy supply and making use of renewable and low carbon sources of energy. These policies are being implemented within the Aylesbury

Regeneration Programme. Furthermore, the zero carbon growth strategy within the confines of the Elephant and Castle is retained (subject to the Elephant and Castle SPD) as is the London Plan requirement to reduce carbon emissions by at least 20% through using on-site or local low and zero-carbon sources of energy. Therefore the Council and its partners will have to look at alternative ways to achieve these same outcomes. As with the MUSCo approach, this is likely to be achieved through a mixture of measures including energy efficient design, minimising water use and utilising local sources where possible, local renewable energy generation and combined heat and power schemes. In addition this report recommends that the Council's housing management service look into the feasibility of further decentralised energy networks and the pursuit of the project to utilise renewable heat in Council housing estates using heat from the SELCHP plant. These projects - at the Elephant and Castle, on the Aylesbury, SELCHP and in social housing will seek to maximise contribution to reducing carbon emissions and redress the impact of not pursuing the MUSCo option.

87. During the development of proposals for the Elephant and Castle, emphasis has been placed on the sustainability of the scheme in terms of energy use and carbon emissions. This emphasis was given weight when the Clinton Foundation, an international body seeking to grow capacity to meet the challenges of global interdependence, named the Elephant and Castle project as a founding scheme in its Climate Positive Development Program. This initiative aims to support the development of large-scale urban projects that demonstrate cities can grow in ways that are "climate positive." Following a meeting with the Clinton Foundation they confirmed that in the eventuality that the MUSCO did not proceed they would still support the Elephant and Castle project as long as the key sustainability targets remained in place. The Council remains clear that it continues to prioritise sustainability regarding energy use and carbon emissions in new development and as set out above, while the Council proposes to terminate the MUSCO procurement, its objectives with respect to minimising climate impact through the Elephant and Castle development remain unchanged.

Staffing implications

88. There are no specific staffing implications arising from this report.

Financial implications

89. Detailed consideration of the financial issues relating to the Dalkia consortium's final proposals are set out in the closed report.
90. The cost of the managing the MUSCo procurement and contract negotiation process including fees for external advisers was met from the Elephant and Castle Development team's revenue budget with contributions from earmarked reserves from 2006/07 until 1 September 2010 when responsibility for the project transferred to Environment and Housing. In stopping the project the Council will not continue to use resources on a project that is not viable. Furthermore the work undertaken to date is not wasted and will still contribute to the Elephant and Castle and other development projects across the borough.
91. Were the procurement to proceed future revenue and capital costs would be needed to be identified.
92. Costs of alternative solutions will need to be reviewed once detailed proposals are known, all of which will need to be subject to business cases to be agreed by the Cabinet.

Legal implications

93. The legal implications are set out in the concurrent report of the Strategic Director of Communities, Law & Governance in the closed report.

Consultation

94. Lend Lease was part of the original evaluation team that selected the Dalkia consortium as preferred bidder. The company was also part of the group to whom the Dalkia consortium gave their presentation in October 2010.
95. Whilst there was consultation with strategic bodies such as the Mayor's Office and the LDA regarding the proposals for the MUSCo, there has not been any further discussion with them concerning the possibility of ending the Dalkia consortium's role of preferred bidder nor of stopping the procurement of a MUSCo altogether.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

96. This report seeks the cabinet's approval to a number of recommendations in relation to the MUSCo project, including the termination of Dalkia as preferred bidder. As this is the conclusion of a strategic procurement, the approval of these recommendations is reserved to the cabinet.

Finance Director

97. The Finance Director notes the recommendations included in this report and supports the rationale for suspending the current procurement as outlined.
98. The Council will need to continue to support future initiatives to achieve the original objectives of the MUSCo procurement as amended to take account of feasibility, timescales, technologies, external targets for delivery. Costs will be financed as previously through a combination of revenue budgets, capital contributions and allocations from earmarked reserves, both General Fund and HRA.

Head of Procurement

99. The MUSCo procurement has been undertaken over a significant period of time with unusually long delays between phases and set against a back-drop of economic, financial and regulatory change. External factors identified in the report have played a part in the Dalkia consortium recasting its original proposals and ultimately submitting a much altered final BAFO.
100. The report confirms that the Council has clear reasons for not continuing with the procurement process. The Dalkia consortium's bid itself has failed to meet the Council's requirements in a number of critical areas and the proposals lack the detail needed to demonstrate that value for money is being obtained. The evaluation team consider there is no evidence to suggest that allowing further time for the process would result in a satisfactory outcome within a timescale compatible with the needs of the Council's wider regeneration schemes.
101. The report notes that it has been established throughout the procurement process that there was no certainty that an agreement would be reached for the MUSCo and that there was a recognised risk that a contract may not be awarded. The risks associated with the proposed termination of the process are detailed.
102. This has been a complex procurement process with valuable lessons which should be captured and shared for all major procurements. Appropriate governance arrangements

should be established for any related procurements taken forward as alternative solutions to providing services and reducing carbon for the Elephant and Castle and Aylesbury regeneration projects and the decentralised energy networks for Council social housing.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
2 nd Deposit Southwark Plan and E&C SPG adopted February 2004	160 Tooley Street, SE1 2TZ	Jon Abbott x 54902
MUSCo Gateway 1 - July 18 2006	160 Tooley Street, SE1 2TZ	Jon Abbott x 54902
MUSCo PSP Tender Documentation	160 Tooley Street, SE1 2TZ	Jon Abbott x 54902
Climate Change Strategy	160 Tooley Street, SE1 2TZ	Energy Team x 53804

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Cabinet Member for Regeneration and Corporate Strategy		
Lead Officer	Gill Davies, Strategic Director of Environment and Housing		
Report Author	Mike Green, Head of Environment and Housing Procurement		
Version	Final		
Dated	13 January 2011		
Key Decision?	Yes	If yes, date appeared on forward plan	January 2011
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Strategic Director of Communities, Law & Governance	Yes	Yes	
Finance Director	Yes	Yes	
Head of Procurement	Yes	Yes	
Contract Review Boards			
Departmental Contract Review Board	Yes	Yes	
Corporate Contract Review Board	Yes	Yes	
Cabinet Member	Yes		
Date final report sent to Constitutional Team			13 January 2011

Item No. 17.	Classification: Open	Date: 25 January 2011	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Southwark Combined Heat & Power from SELCHP: Additional Services Contract	
Ward(s) or groups affected:		Residents and commercial tenants on five estates in the north east of Southwark	
Cabinet Member:		Councillor Barrie Hargrove, Transport, Environment & Recycling	

FOREWORD - COUNCILLOR BARRIE HARGROVE, CABINET MEMBER FOR TRANSPORT, ENVIRONMENT & RECYCLING

1. This project offers an exciting opportunity for Southwark to take a lead in using renewable energy to provide lower cost heat to residents in almost 3000 homes on Southwark estates. The project would take heat that is currently wasted at the SELCHP energy from waste plant, and deliver it through a heat main to the boilerhouses on these estates. The heat used would replace gas which is currently burned in the boilers, saving an estimated 8,000 tonnes per annum (70%) in CO₂ emissions and two tonnes per annum (90%) in NO_x emissions.
2. The capital cost of installing the heat mains would be met entirely by the contractor and the council would act as the 'anchor customer', with a commitment to buy heat from the contractor until 2033. The mechanism for fixing the price of the heat will be agreed as part of the procurement negotiations (and will be subject to approval by Cabinet if a contract is to be awarded), but the price will in any case be set at a level lower than the forecast cost of the gas which it replaces.
3. In this way not only will Southwark residents benefit from a secure, renewable energy supply and lower heating costs, but opportunities will be opened up to use significantly more of the renewable energy generated at SELCHP to heat residential and commercial premises in Southwark and other parts of London. This project represents a nationally important development in the provision of renewable decentralised energy in district heating schemes and I am happy to recommend the approval of this report to take it forward.

RECOMMENDATION

4. That Cabinet approve the procurement strategy outlined in this report for the Additional Services Contract for Southwark CHP.

BACKGROUND INFORMATION

5. The council signed a contract with Veolia Environmental Services Southwark Ltd (VESS) in February 2008 to build a new waste facility on the Old Kent Road (OKR) and deliver an integrated waste management contract. Greater London Authority (GLA) and Southwark planning policy dictate that this facility should supply 20% of its energy consumption from renewable sources. Because this was not considered to be feasible at the OKR site itself, a section 106 agreement required VESS to 'offset' the renewable energy requirement as described in paragraph 4 below, using renewable heat generated from waste. The OKR facility will send "solid recovered fuel" (SRF) generated from waste to the South East London Combined Heat and Power (SELCHP) plant.

6. On 16 February 2010 planning permission for the Old Kent Road waste facility was granted, subject to a s106 agreement requiring that (amongst other conditions):
- “... the Developer shall use reasonable endeavours to enter in to the Procurement Mechanism with the Council within twelve calendar months from the grant of the Planning Permission” and
 - “... the Developer shall use reasonable endeavours to obtain all necessary consents required for carrying out the works necessary for the Off-Site Renewable Energy Infrastructure within 12 months from the completion of the Procurement Mechanism” and
 - “... the Developer shall provide the Off-Site Renewable Energy Infrastructure and Supply within 12 months from the date of receipt of the last consent ...”
 - In the event that VES has not complied with the s106 requirement described above, it is required to pay £520,000 into a Green Energy Fund to satisfy this element of the s106 agreement.
7. The project for which this approval to commence procurement is sought seeks to take the opportunity of the s106 agreement and negotiate a contract for the connection of almost three thousand Southwark Council properties to the SELCHP plant in north Lewisham, providing a more energy efficient method of heating to these dwellings. The properties that are provisionally being considered for inclusion are situated on five Southwark Council estates: Silwood (Southwark part), Tissington, Pedworth, New Place, and possibly Abbeyfield. A detailed study is being undertaken to precisely identify which boilerhouses should be connected to optimise the outcomes from this project.
8. A feasibility study has been published which illustrates the significant benefits that the project would deliver to stakeholders, residents, the Council and wider environment. In February 2005, the Greater London Authority (GLA) commissioned PB Power to produce a report “*SELCHP Community Heating Scheme – Options Appraisal*” which included analysis of the SELCHP scheme waste to energy plant to supply heat energy to a number of estates in Southwark. On the grounds of economic feasibility based on an optimised heat use mapping for connection to heating mains, the five estates were identified in this options appraisal. The conclusions of the report were two-fold:
- There was a positive Net Present Value over 25 years in comparison with the ‘do minimum’ scenario.
 - The project has the potential to reduce CO₂ emissions by 70% and N₂O emissions by 90%, contributing to a number of energy and environment related National Indicators.
9. Technical advisors to the Council have reviewed the report and consider that it is a good technical report and it remains valid. The Council will, however, undertake a comprehensive re-evaluation of the technical, financial and commercial aspects of the project as part of the negotiations with VESS.
10. The contract will provide for the provision of heat for space and water heating to properties on a number of Southwark residential estates. The heat will be supplied from the South East London Combined Heat and Power (SELCHP) plant, where renewable energy will be generated from waste, including waste from Southwark. The plant is currently only generating electricity, and not combined heat and electricity as was originally intended. It is estimated that at present some 40MW of heat is wasted. The contract will enable compliance with the Section 106 planning requirement for the waste treatment plant at Old Kent Road.
11. The cost of the heat to be supplied under this contract will be agreed as part of the contract negotiations. However it will be a requirement that the contract will provide heat at a lower cost than would be available by continuing to use the gas boilers that currently heat the estates. In addition the project will result in significant environmental benefits including a

substantial reduction in CO₂ and NO_x emissions, enabling the Council to achieve some of its environmental targets.

12. A base option and a supplementary option will be considered:
- Option A, the base option, will provide for the supply of heat to heat exchangers in the existing boilerhouses. On approval of this Gateway report, Officers will start negotiations for the procurement of the services required to deliver Option A.
 - Option B, as an addition to Option A, will provide for the contractor to take responsibility for the provision of heat and hot water, potentially with individual heat controllers, into individual properties. Legal advice and QC's opinion has been taken on how to approach the procurement of a contract for Option A (see para. 16), and further legal advice will be required to clarify if Option B could potentially require the Council to undertake an open procurement. Officers will ask VESS to provide indications of the feasibility of Option B at an early stage (by March/April 2011) in the negotiations and will make a recommendation to the Project Board based on the technical feasibility, economic and environmental benefits and the risks of undertaking Option B as compared to Option A.
 - The estimated annual cost of contract is set out in the closed report.

Summary of the business case/justification for the procurement

13. The Section 106 agreement associated with the planning permission for the waste treatment facility on the Old Kent Road (known as the waste PFI) requires the developers of the facility to enter into a procurement negotiation for the provision of renewable heat from the SELCHP plant. It should be noted that the contractor for the waste PFI contract is Veolia ES Southwark (VESS) and the heat supply contract would be an 'additional services' contract, also with VESS.
14. There is an opportunity for the Council to negotiate a contract for the supply of heat in which the VESS meets the capital cost of the heat distribution infrastructure and the Council. There would therefore be no capital cost to the Council, except potentially for the cost of connection to the heat exchangers. This cost (estimated as up to £300,000, which would be funded from Decent Homes capital) will be established as part of the contract negotiations. The Council and its tenants will get a supply of heat at a lower cost than is available using the existing gas boilers.
15. In Option B there may be an option for the Council to contract for VESS to also take responsibility for the maintenance, repair and operation of the heat supply infrastructure into the individual properties, which would remove the Council's liability in this area and free up the associated budgets.
16. Officers will pursue the possibility of obtaining EU funding towards the capital costs of this project.

Market considerations

17. The Council will wish to contract with VESS to enable VESS to meet the Section 106 planning obligations that it has, as described in para. 11 above. The SELCHP plant is the sole potential supplier of renewable CHP heat for distribution to the Council's properties in this area. Both of these considerations mean that the Council will be negotiating with a sole supplier, which means that the Council will need to be especially vigilant in ensuring that it, and its leaseholders and tenants, achieve value for money.

Proposed procurement route

18. Queen's Counsel opinion has been obtained which advises that the Council may use the negotiated procedure under regulation 14 of the Public Contracts Regulations 2006 in order to extend the Council's current Waste PFI contract to include additional services as described above as Option A. Further advice will be sought if necessary in relation to the procurement of Option B as described in para. 9 above. It is proposed that the Council agrees Heads of Terms and enters into a negotiation with VESS for this contract as a separate contract for additional services which will sit alongside the Waste PFI contract. At an early stage in the negotiations, the feasibility of option B will be evaluated and decision-making criteria to evaluate the benefits of option B will be developed for the consideration of the Project Board.

Approach to negotiations

19. There are a number of potential options for the approach to negotiations with VESS which are set out in the closed report.
20. The recommended negotiation approach is set out in the closed report.

Options for procurement including procurement approach

21. Paragraph 16 explains the rationale for the selected procurement route to enter into an additional services contract with VESS to provide these services. Advice from Counsel supports the use of the negotiated procedure in respect of option A, and it will be necessary to obtain further legal advice if option B becomes feasible.
22. Within the limitations of the particular procurement route eventually selected the project team will explore options to see if there are opportunities to develop collaborative working with other local authorities or public sector organisations.

Identified risks and how they will be managed

23. The project is being managed through a Project Board (consisting of senior Directors and Officers) and a Project Team with day to day responsibility for managing the project and the procurement. The Project Board reports to Corporate Management Team and to Members. A comprehensive Risk Register is being developed (attached at Appendix 1) and will be reviewed and updated through the life of the project. A named Council Officer will be assigned as the appropriate 'risk owner', and will be required to report on steps being taken to mitigate the risk. The Risk Register will be a live document. At present, key risks identified include the following:

The risk to obtaining value for money when negotiating with a single supplier;

- Limited resources within the Council to successfully run the project;
- Failure or delays in obtaining permissions to carry out the infrastructure works required;
- Potential conflicts with other Council priority projects;
- Uncertainty over the life of the estates to be heated through the project.

KEY ISSUES FOR CONSIDERATION

Key /Non Key decisions

24. This procurement is a Key Decision as a result of the value of the contract and because it has a significant impact on a large number of Southwark residents.

Policy implications

25. This project would be seen as a significant and important project on a national scale in relation to a number of policy objectives. Combined Heat and Power (CHP) is an efficient means of energy generation and use, reducing environmental impacts in particular carbon and nitrogen emissions. In May 2010 Cabinet received a report on CHP in relation to the manifesto pledge to introduce combined heat and power for our heating systems. Other relevant pledges would include those to carry out a green audit of the Council, and to make every home warm, dry and safe.

Recent UK policy (“Strategy for Household Energy Management”) has also recommended policy options for existing public sector buildings to connect to district heating schemes and/or provide “anchor” heat loads from which to develop new district heat networks. Current local and regional planning policy is strongly supportive of district heating as a carbon reduction approach.

The reduction in emissions and the use of renewable heat has the potential to contribute significantly to the Council’s targets under a number of current National Indicators including NI 186 “reduction in carbon emissions in the Local Authority Area”, NI 187 “Tackling fuel poverty” and NI 188 “Adapting to Climate Change”.

Procurement project plan (Key decisions)

Activity	Comment	Complete by
Forward Plan	2 - 4 months ahead of approval	November 2010
Gateway 1: Procurement strategy for approval report	DCRB (fortnightly) near final report required - allow 4 weeks	09/12/2010
Gateway 1: Procurement strategy for approval report	CCRB (weekly) final report required – allow further 2 weeks	16/12/2010 or 23/12/2010
Gateway 1: Procurement strategy for approval report	CMT	05/01/2011 or 19/01/2011
Gateway 1: Procurement strategy for approval report	Cabinet	08/02/2011
Issue Notice of Intention to leaseholders		TBC
Agree Heads of Terms		March 2011
Application to LVT for dispensation		TBC
Receive detailed proposals		TBC
Evaluate detailed proposals		TBC
Issue Notice of Proposals to leaseholders & tenants		TBC
Gateway 2: Contract award	DCRB	TBC

Activity	Comment	Complete by
Gateway 2: Contract award	CCRB	TBC
Gateway 2: Contract award	Cabinet	TBC
Call-in period	Min 5 days plus x if called in	TBC
Final Clarifications / DD		TBC
Gateway 2: Contract award for approval report	Delegated to Chief Officer	TBC
Contract award		TBC
Alcatel 10 day standstill period	Min 10 days	TBC
Mobilisation	Up to 3 months	TBC
Transitional arrangements	8 weeks	TBC

TUPE implications

26. There are believed to be no TUPE implications arising from this procurement.

Development of the tender documentation

27. The contractual documentation will be developed by the Council's legal and procurement teams, supported by Eversheds as legal advisers to the project.

Advertising the contract

28. Regulation 14 of the Public Contracts Regulations 2006 permits to Council to procure this service as a contract for additional services to the waste PFI contract which does not require advertising.

Evaluation

29. Evaluation of the proposed contract will be undertaken by members of the Project team including representatives from procurement, legal and finance. The Project team will be supported by professional advisers. A recommendation to accept or reject the contract will be made to the Project Board which will in turn make a recommendation to Cabinet to take the decision. At this stage Officers are considering the option to develop a technical model jointly with Veolia, based on the modelling carried out by PB Power for GLA in 2005. This approach would significantly reduce the cost to both sides, and, subject to appropriate due diligence by the Council's own technical advisors, could form the basis of an agreed technical approach with Veolia. The Council will then build its own financial model against which to benchmark the proposal from VESS. Other elements of the evaluation would include consideration of a benchmark or target price of energy, and a mechanism to evaluate options A and B as described above. A comprehensive set of evaluation criteria will be developed and presented to the Project Board for approval prior to undertaking the evaluation process. The evaluation criteria will take account of existing contractual arrangements and provisions necessary for early termination, where required.

Community impact statement

30. This project will contribute to a reduction in energy costs and a reduction in fuel poverty, as well as a greater energy security, and will help to assure warmer homes in the affected properties.

Sustainability considerations

31. The project makes a significant contribution to the sustainability of housing and energy use in Southwark. Under the PFI contract 28,000 tonnes per annum of waste from Southwark will be sent to the SELCHP energy plant. Heat energy that is currently wasted at the plant will be used to provide heat and hot water back into Southwark properties.

Economic considerations

32. The project will be designed to have a positive economic impact for Southwark and its leaseholders and tenants. First, heat energy that is currently wasted will be used productively. Second, there may be 'spin off' opportunities to use heat energy based on Southwark as an 'anchor customer' for a major heat load.

Social considerations

33. The project will contribute to a reduction in fuel poverty in an area that suffers from deprivation.

Environmental considerations

34. The project will have significant environmental benefits as described above.

Plans for the monitoring and management of the contract

35. Plans will be developed for the monitoring and management of the contract during the construction phase so that management processes are in place when the project becomes operational. Technical transition and enabling works will be managed by Estates and Property Management. It is anticipated that a Project Manager will be appointed to oversee the build phase of the project, reporting to the Project Board on a regular basis. Once operational, it is anticipated that the heat supply contract will be managed by the energy team.

Staffing/procurement implications

36. There are staff resource implications which are noted, along with mitigating measures, in the Board's Project Plan and Risk Register. More broadly, the Project Board, chaired by the Strategic Director for Environment and Housing, is responsible for taking the decisions which manage the procurement process. A Project Team (including Officers from Sustainable Services, Finance, Legal, Housing, Planning, Procurement and other staff as well as contracted in technical specialists and external professionals as required) will manage the project on a day-to-day basis. A Project Manager leads the Project Team and reports to the Project Board. Cabinet will be presented with a Gateway 2 report for approval prior to the award of any contract.

Financial implications

37. A detailed financial model will be developed as part of the project management and procurement process. It is anticipated that there will be no capital costs to the Council and there may be benefits as described under option B which may release budgets currently provided for maintenance of heat supply infrastructure. It is expected that the contractor will recover the cost of its investment through the income generated from the sale of heat, and it is likely that the Council will need to commit to a certain level of heat demand. This commitment will be based on a view taken in recognition of the Council's Housing Investment Plan. Officers will pursue opportunities for the project to benefit from appropriate EU funding which may reduce the capital cost of the project to the contractor.

Legal implications

38. As described above in paragraph 16.

Consultation

39. Statutory consultation under the Landlord and Tenant Act 1985 would not be possible in this case so the Council would apply to the Leasehold Valuation Tribunal for a complete dispensation of its obligations under section 20, with the proviso that an alternative consultation process with leaseholders would be undertaken. It is anticipated that there will be no insurmountable objections provided that the cost of energy to tenants and leaseholders can be demonstrated to be below the alternative cost (of gas heating currently provided). Also see comments below from the Head of Home Ownership Unit.
40. A communications plan forms an important part of the Project Plan. There will be extensive consultation with a wide range of stakeholders including private residents and tenant and home owner councils, and commercial occupiers of the estates, third parties such as TfL, LDA and Mayor's Office, GLA, Defra, DECC, Southwark housing associations and Lewisham Council.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

41. This report seeks the Cabinet's approval to the procurement strategy for additional services for the Southwark CHP. Due to the value of the additional services, which if option B is selected is as set out in the closed version of this report this is a Strategic procurement, the decision of which is reserved to the Cabinet.
42. The nature and value of these services are such that they are subject to the full application of the EU procurement Regulations. The report however explains the preferred option to entering into an additional services contract with VESS to provide these services. Regulation 14 of the Public Contract Regulations 2006 permits the council to negotiate with a current provider to provide additional services in certain circumstances. As noted in paragraph 16, the council has sought external legal advice from Leading Counsel whose advice supports the use of the negotiated procedure. Such advice is only in respect of option A, and therefore further legal advice will be needed if option B becomes feasible.

Finance Director

43. The Finance Director acknowledges the procurement strategy as detailed in this report. Successful procurement and delivery of the supply could provide a VfM heating solution for the council and would furthermore discharge Veolia's renewables obligation under the February 2010 s.106 agreement for the Waste PFI on the Old Kent Road site, which the council deems a preferable alternative to Veolia's paying a £0.52m sum into a green energy fund under this agreement.

The mechanism for letting this additional heat services contract via a negotiated route has been outlined by Queen's Counsel, indicating that the risk of procurement challenge and thus abortive procurement or justification costs could be mitigated on the basis that the advice is followed and further sought as required. As part of this process, proactive development and agreement of Heads of Terms between the council and VESS will enable the council to stipulate its parameters and so form an early view on the project's viability. This reduces the potential for resource wastage on a protracted and potentially unfruitful negotiation.

The report details two supply options at paragraph 12. It is anticipated that in neither case will up-front capital costs of the supply be met by the council and given the current financial climate the council would wish to maintain this position as negotiations progress, subject to reviews of viability. The early stages of the negotiations will need to include financial and

technical analyses of the options to assess commercial viability and officers may explore opportunities for EU funding as part of this.

There are several key risk areas shown which the Finance Director notes should be areas of focus for the project board and team. Whilst adhering to expert advice on risk transfer and profile, the project team with its supporting advisors will need to mitigate such as far as is possible by ensuring that council exposure is appropriately limited and sufficient risk borne by the supplier. Before agreeing any service solution the council must ensure that it is not unduly exposed to risks that could give rise to among others, detrimental financial, political or reputational consequences if those risks materialise.

A project budget of £0.50m has been identified and is anticipated to be sufficient to meet the needs of the project up to implementation. This budget will be subject to regular monitoring and review, and appropriate actions will be taken by the project manager and budget holder to prevent overspend.

Head of Procurement

44. The report explains the specific and unique circumstances of this procurement. The SELCHP facility is the only potential supplier of CHP heat to the Council properties in the area and it is therefore proposed to enter into single supplier negotiations with VESS for the services required to deliver Option A, the supply of heat to heat exchangers in the existing boiler houses. The report confirms that Counsel's advice supports the use of the negotiated procedure in these circumstances. However further legal advice will be needed if Option B, where the contractor would provide heat and hot water into individual properties appears feasible.

A dedicated project manager reporting to a high level project board has been engaged to coordinate the delivery of this procurement. An internal project team supported by external advisers is in place and appropriate governance arrangements have been drawn up.

The report confirms the commitment to ensuring that the necessary negotiation and evaluation tools are in place to be able to benchmark proposals from VESS and to achieve value for money.

Head of Home Ownership Unit

45. Statutory consultation under section 20 of the Landlord and Tenant Act 1985 (as amended) would normally be required before entering into a long term agreement which would cost any leaseholder more than £100 per annum in service charge. However, due to the nature of this contract, and the proposal to enter into contract with Veolia rather than tendering out the contract, it will not be possible to comply with the majority of the section 20 regulations. The Council would need to apply to the Leasehold Valuation Tribunal for a complete dispensation of section 20, with the proviso that an alternative consultation process with leaseholders would be undertaken. If no section 20 is carried out and dispensation is not obtained, then the Council would be limited to charging a maximum of £100 per leaseholder per annum.

Should the Council decide to follow option A, then the dispensation from section 20 is all that would be required, as the Council would still be responsible for providing a communal heating service, but would simply be procuring a different fuel supply.

If the Council prefers to follow option B then this will be a more complicated process with regard to leaseholders, as the Council may not then be providing a communal service, and so the heating costs may no longer be deemed to be service chargeable. The Head of Home Ownership and Tenant Management Initiatives would recommend that if option B is preferred, then the Council includes the heat controllers within each dwelling and applies to vary all the leases of the home owners concerned to remove the requirement to supply heating. Should

this option be recommended then further investigation on the outcome for home owners would be required.

If the Council retains control of the service it is imperative that the costs are properly recorded and attributed to the relevant cost centres so they can be easily identified for the construction of service charges.

Head of Property

46. The overall output of this project is consistent with the strategic aims of Housing Management to tackle climate change and fuel poverty. This project will assist Southwark Council's commitment to sustain and improve its community heating installations and reduce carbon emissions. Concise agreement on pricing index will need to be agreed with the provider to ensure that our strategic aims are met and the maximum benefits are realised by our residents.

Option B provides the most advantageous opportunity to Housing Management, as this route provides the financial resource for secondary infrastructural costs up to the property boundaries. This also reduces the risk of possible financial penalties for major outages. Such outage events will result in a reduction of the energy physically taken from SELCHP, impacting on the overall financial model assumptions and potentially carrying abortive costs and penalties for the Council.

This option will also shift this risk away from the Council and if the project's revenue potential can encompass the capital requirements for maintaining the pipe work infrastructure, including major renewals where necessary, then it is the most attractive to Housing Management. It also simplifies the day-to-day repairs and maintenance contracting requirements if a single entity is responsible for providing and distributing the services from the point of generation to consumption.

In addition, the likely long term future of the estates included in the project is unknown and no guarantees can be given for the full term of the concession period. However, Housing Management is fully aware of the provider's need to have surety over heating loads for a workable commercial model and we would advocate an agreement on a heat load basis. This approach would be more flexible to manage any potential future stock profile changes.

Housing Management would encourage agreement on the service at the end of the concession period. In particular it would welcome the inclusion of a sinking fund mechanism for investment in the plant and infrastructure during the concession to ensure that the asset has an on-going lifespan at the end of the concession period.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Southwark Combined Heat & Power Project, Project Initiation Document	Environment & Housing	David Gee 020 7525 0059
SELCHP Community Heating Scheme – Options Appraisal	Environment & Housing	David Gee 020 7525 0059

APPENDICES

Appendix number	Title of appendix
1	Risk Register

AUDIT TRAIL

Cabinet Member	Councillor Barrie Hargrove, Cabinet Member for Transport, Environment & Recycling		
Lead Officer	Gill Davies, Strategic director, environment & housing		
Report Author	David Gee, Programme Manager		
Version	Final		
Dated	12 January 2011		
Key Decision?	Yes	If yes, date appeared on forward plan	1 December 2010
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Strategic Director of Communities, Law & Governance	Yes	Yes	
Finance Director	Yes	Yes	
Head of Procurement	Yes	Yes	
Head of HOU	Yes	Yes	
Head of Property	Yes	Yes	
Contract Review Boards			
Departmental Contracts Review Board	Yes	Included in report	
Corporate Contracts Review Board	Yes	Included in report	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team			13 January 2011

Appendix 1 – Risk Register

Risk ref.	Risk Description:	Risk Owner (proposed)	Risk category	Current Score			Risk controls (mitigation)	Control Owner	Control Deadline
				Impact - 1 to 10 (10 highest)	Likelihood - 1 to 10 (10 highest)	RISK SCORE			
25	Monopoly of providers on the delivery side	David Gee	Economic	6	8	75	Aim for transparency of pricing. Establish shadow pricing model. Establish pricing mechanism indexed to alternative energy costs.		
17	TFL and Network Rail may fail to provide the agreement for pipes to cross their land, and in addition consent is not passed for required road works	DG/BDA?	Legal & regulatory	6	5	51	Ensure that Veolia are engaged with TFL and network rail. Require consent/planning milestones and monitoring.		
26	Contractor goes into liquidation at a key stage in the project resulting in significant project delays	Alex Vaughan	Economic	8	2	44	Monitor Veolia and subsidiary financial reports. Parent company guarantees.		
6	Failure to involve all the internal and external stakeholders in the project resulting in the project failing to achieve best results (e.g. Highways, Decent Homes Unit, LDA)	David Gee	Staffing & Culture	6	4	42	Develop and implement stakeholder engagement plan.		
1	Lack of capacity and expertise in the Council to satisfy the resource and skill requirements to successfully run the project	Gill Davies	Staffing & Culture	5	5	41	Monitor and manage staffing needs and availability. Use of temporary/contract staff if appropriate.		
2	Loss of key staff, including project managers and other key managers resulting in the projects failing or suffering serious delays	Gill Davies	Staffing & Culture	5	5	41	Monitor and manage staffing needs and availability. Use of temporary/contract staff if appropriate.		
4	Potential conflict of interest between this project and other projects underway in the Council	Gill Davies	Staffing & Culture	4	6	40	Ensure that the project has a high profile in the Council and all departments are aware of interfaces.		
21	Lack of understanding of what the Council is entering into results in hidden financial implications	Alex Vaughan	Financial	7	2	35	Full engagement of finance team in the project. Develop models and check assumptions. Due diligence.		
18	Challenge to the procurement process as a result of the variations being made	Karen Moore	Legal & regulatory	6	3	34	Take and act on legal advice. Monitor negotiations and procurement against advice and plan.		
7	Saturation within the Council of significant projects and related activities resulting in lack of resource or funding for external resource, to support this project	Gill Davies	Staffing & Culture	5	4	33	Ensure that the project has a high profile in the Council and all departments are aware of interfaces.		
27	Loss of control of the boiler operation in the SELCHP project may result in the Council being unable to step in if there is a problem	Chris Baxter	Reputational	4	5	32	Ensure that technical negotiations include appropriate provision for back-up and that contractual arrangements give Council step in rights if necessary.		
31	Potential incorrect unit costs being set for what the Council buys resulting in financial loss to the Council	Alex Vaughan	Financial	5	3	26	Develop financial models and check assumptions.		
37	Implementation of option B including full controls would result in reduction in heat demand, changing the financial model	Alex Vaughan	Financial	5	3	26	Develop financial model for option B and test scenarios.		
12	Council have little of control over tariffs and if these rise and impact on local users, it will cause significant reputational damage to the Council	Alex Vaughan	Reputational	4	4	25	Ensure that contract specifies pricing mechanism that the Council is comfortable with.		
14	Potential failure to achieve the targets as defined by this project	David Gee	Operational	4	4	25	Clear definition of project, deliverables, acceptance criteria and negotiation criteria.		
19	Potential changes in electricity and heat regulations results in opportunities for the council	DG/BDA?	Legal & regulatory	4	4	25	Monitor developments and check against contract provisions.		
28	The Heads of Term document is not acceptable to Veolia	Karen Moore	Legal & regulatory	4	4	25	Establish agreed 'must haves', discuss and agree HoTs with Veolia. Both parties to sign agreed HoTs before proceeding.		
8	Failure of project to manage political aspirations at an acceptable level resulting in perceived or actual failure of project to achieve its objectives	David Gee	Reputational	3	5	24	Regular reporting and briefings for key senior Officers and Members.		
5	Too few consultants able to provide advice and support in the technical field resulting in reliance on a small number of consultants	David Gee	Staffing & Culture	5	2	20	Identify a number of competent and qualified technical consultants.		
22	Lack of control of the commercial element of contracts being entered into resulting in not achieving best financial value from the project	Alex Vaughan	Financial	5	2	20	Full engagement of finance team in the project. Develop models and check assumptions. Due diligence.		
23	The project is not affordable based on the current and potential future budget constraints and the timing of other major activities	Alex Vaughan	Financial	5	2	20	Develop financial models and check assumptions on regular basis and at all stages.		
34	Relationship with Veolia breaks down and the contract is terminated	Gill Davies	Operational	5	2	20	Regular contact with Veolia at all levels.		
36	Technical solution cannot be delivered at any number of estates (e.g. incompatible temperature/ pressures etc)	Chris Baxter	Operational	5	2	20	Develop clear definition of technical requirement for connection, ensure technical sign-off on contract.		
3	GLA and LDA exerting too much influence on the project resulting in the project moving towards GLA/ LDA's objectives rather than the Council's objectives	David Gee	Staffing & Culture	4	3	19	Maintain focus on Council's requirements and on deliverability of the project.		
15	Key project milestones may fall within the period of the 2014 elections resulting in delays to project	David Gee	Operational	4	3	19	Project plan to take account of elections and develop contingency plans if potential delays become more likely.		
16	Failure to link up to other Council projects and achieve efficiencies (e.g. major road works ongoing)	Chris Baxter	Legal & regulatory	4	3	19	Develop detailed implementation plan and liaise with appropriate statutory and other bodies.		
32	Unable to achieve LVT dispensation therefore cannot charge leaseholders resulting in financial loss to Council	David Lewis	Financial	4	3	19	Prepare detailed case for LVT dispensation.		
33	The commodity that the project is tied to increases in price and is not the best commodity option in the future and impacts on the Council reputational and financially	Alex Vaughan	Economic	4	3	19	Develop and scenario test a range of pricing models.		
10	Alternative options prove to provide better value to residents and the project is no longer viable	David Gee	Reputational	3	4	18	Reassess financial models and viability of project at each key stage.		
38	In option A, there may be financial risk to the Council if the secondary heat network fails and there are penalties for the reduced heat demand.	Alex Vaughan	Financial	2	5	17	Test contract and any penalties imposed against a number of scenarios.		
13	Politicians not buying in to the project resulting in significant changes to the project required	David Gee	Operational	4	2	14	Regular reporting and briefings for key senior Officers and Members.		
20	Different priorities and other projects in housing division makes it difficult for housing to find the required resource and support for this project	Chris Baxter	Legal & regulatory	4	2	14	Maintain awareness of project and resource requirements within Housing.		
29	Suppliers favour new customers in the future delivery of the service which adversely affects the service to the Council (including if there are disruptions to the power supply)	Karen Moore	Legal & regulatory	4	2	14	Ensure that contract secures and prioritises Southwark's heat requirement.		
11	The project is over-promised and can't meet the delivery promises resulting in perceived risk of failure	David Gee	Reputational	3	3	13	Clear definition of project, deliverables, acceptance criteria and negotiation criteria.		
39	If the SELCHP plant or heat mains fails, or requires maintenance, a backup heat source is necessary.	Chris Baxter	Operational	3	3	13	Monitor technical and contractual provision for backup heat supply.		
24	An economic up-turn results in contractors moving to private sector projects and leaving the Council's project without sufficient interest	David Gee	Economic	4	1	10	Contract to include implementation timeline and penalties for failure to meet agreed deadlines.		
9	Calculations are incorrect on the potential environmental impact assessment resulting in the significantly reduced environmental benefits	DG/BDA?	Reputational	3	2	9	Test and verify environmental impact assessment.		
35	More profitable market is found for SRF, and it is not sent to SELCHP	Annie Baker	Operational	3	2	9	Check contractual provisions.		
30	Further connections are unattractive for new development post 2016 due to complications (e.g. Canada Water)	Karen Moore	Legal & regulatory	1	2	2	Liaison with strategic planners and developers.		

Item No. 18.	Classification: Open	Date: 25 January 2011	Meeting Name: Cabinet
Report title:		Disposal of a property in SE1 area	
Ward(s) or groups affected:		-	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

FOREWORD - COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT

1. The council are committed to making all homes warm, safe and dry by 2015, this can only be achieved if additional capital resources are generated for recycling into the Housing Investment Programme.
2. This report sets out an opportunity for the generation of a significant sum for the benefit of the wider community, through the sale of a property requiring extensive structural repair.

RECOMMENDATIONS

That the Cabinet:

3. Agree in principle to seek vacant possession of an occupied housing unit in the SE1 area and to dispose of the wider property together with an adjoining property.
4. Authorises the Head of Housing Management to conclude negotiations with the tenant of the occupied housing unit to secure vacant possession of that property.
5. Agrees a payment to the tenant of the occupied housing unit, in order to facilitate disposal of the block if Housing Act powers are not available.
6. Approves re-housing of the tenant of the occupied housing unit with band 1 priority and the housing of authorised occupants who require re-housing separately from the tenant in accordance with their assessed needs under the council's lettings policy.
7. Agrees that the freehold interest in the properties is disposed of as one whole block to maximise the capital receipt, conditional upon the occupied unit being declared surplus by the Head of Property.
8. Authorises the Head of Property to approve the terms upon which the whole block will be sold, including the sale price which must represent the best consideration that can reasonably be obtained.
9. Confirm the capital receipt be earmarked for the Housing Investment Programme

BACKGROUND INFORMATION

10. A report to be dealt with on the closed agenda seeks approval to agree terms with a council tenant for them to be relocated so the property they occupy can be sold along with a neighbouring one. The report sets out why this is the best financial course of action and will generate a significant capital receipt for investment in the Decent homes Programme.
11. It is not possible to reveal the details of the arrangement with the tenant because of confidentiality and privacy issues, however the proposal overall is anticipated to generate a significantly higher return than the benefit that would be gained by keeping the property in the portfolio.
12. If the report is approved, the relevant Heads of Service will be authorised to complete negotiations and secure a major capital receipt. The property concerned will carry significant repairing liabilities if it is retained.
13. The Chief Legal Officer has confirmed that the relevant legal powers exist for the proposal under the Local Government Act 2000 and disposal of the property will be subject to the usual rules requiring the council to secure the best consideration reasonably obtainable.
14. The proposal will enable a currently tenanted property to be disposed of in conjunction with two currently empty properties, thereby securing a much higher capital receipt. It will also transfer the repairing liability for this property which is in poor condition. Officers are advising that the best course of action for this property would be to sell it to raise money which could then be reinvested in the Decent Homes Programme.

KEY ISSUES FOR CONSIDERATION

15. The council has identified an investment gap in the resources required to meet its Decent Homes Standards and other repairing obligations. The recently completed stock condition survey will inform decisions about future investment management plans. This will include the approach to be taken in terms of the investment and management of street properties, particularly as street properties typically cost more per unit to maintain in comparison to flats in blocks. That disparity is likely to increase further in the case of older properties in need of structural repairs.

Policy implications

16. The Corporate Plan 2009/2011 aims to create places where people love to live. In this context, it should be noted that part of the subject property is vacant and are therefore underused. The benefits of this proposal are therefore twofold; disposal would help to ensure that the whole property is brought back into use and bring benefits to the local community in terms of better security and an improved environment. Secondly, the council would gain a substantial capital receipt for recycling into its investment programme for the maintenance of the remainder of its housing stock and in particular the Decent Homes programme.
17. The Housing Strategy 2009-2016 outlines a commitment to create larger family sized units, which is being addressed by new supply in the borough; the deconversion and extension programme being delivered in conjunction with the

major voids refurbishment programme; and to some extent the council's Hidden Homes Programme.

18. On the surface this proposal contradicts this, however, street properties within the major void programme that have high investment needs and are uneconomic to repair are routinely disposed of and the proceeds recycled to create large units. Furthermore, the subject property has an exceptional potential value and the future benefit to the council is outweighed by the liabilities.
19. This proposal meets with the council's key objective of making the borough 'a better place for people' as set out in Southwark 2016 – Sustainable Community Strategy. The anticipated outcome is that the entire building is brought back into use through the injection of private resources leading to increased satisfaction within the local community generally.

Community impact statement

20. The local community will benefit from this disposal through increased investment in the local area and improved security through use.
21. Overall benefit to the wider community will be gained from the recycling of capital receipts to the investment programme.

Resource implications

22. It is in the council's interest to achieve vacant possession and disposal of the property, to generate resources for the Housing Investment programme and avoid high maintenance and repairs costs. Provided the resulting capital receipt is to be recycled into the HIP in line with the housing void disposal strategy, then resources will be made available within approved programme budgets to meet approved up-front costs arising in connection with disposals generating receipts.

Consultation

23. Initial consultation has taken place with the tenant concerned and will recommence in the near future, subject to the outcome of the decision in respect of this proposal.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

24. The closed report recommends the council seeks vacant possession of a property occupied by a council secure tenant and subject to obtaining this, dispose of the property along with properties in the same block. In the absence of the tenant's agreement to relinquish the tenancy, the council can only secure possession by obtaining an order from the court. A possession order can only be made against a secure tenant if one of the grounds set out in the Housing Act 1985 ('the Act') is satisfied. Broadly, grounds for possession under the Housing Act fall into two categories; discretionary and mandatory. Only an outright possession order made under a mandatory ground is likely to meet the council's needs in this situation. The circumstances outlined in the report do not give rise to or indicate the availability of the mandatory grounds for possession under the Act.

25. It is proposed that a negotiated agreement is reached with the tenant to facilitate the tenant's agreement to relinquish their secure tenancy to include a financial payment and re-housing for the tenant and other authorised occupants who currently reside in the property. An agreement may be negotiated by the council under powers provided in local government legislation. However, the council may not be empowered to fully meet the aspirations of the tenant and other authorised occupants as set out in the closed report.
26. Section 2 of the Local Government Act 2000 (the 'well being' power) enables the council to do anything which it considers is likely to achieve one or more of three objectives; the promotion or improvement of the economic, social and environment wellbeing of its area. This includes the power for a local authority to incur expenditure, give financial assistance to any person and provide accommodation to any person. The power is a freestanding one, which means that it does not have to be used in conjunction with another power or duty elsewhere in legislation. It is, however, subject to limitations; the power can't be used to authorise actions that the council is unable to take because of prohibitions, restrictions or limitations contained in other legislation nor where the primary purpose of its use is the raising of money.
27. The provision of alternative accommodation for the tenant and other authorised occupants is subject to the requirements of Part 6 Housing Act 1996. Generally, the council may allocate secure tenancies (or nominate a person to be an assured tenant of accommodation held by a registered social landlord) only in accordance with its scheme of allocation (lettings policy). This provision does not apply, however, to a person who is already a secure tenant moving at the behest of the council. Therefore the council may, if the recommendations in the open report are agreed, re-house the tenant of the subject property by either making the tenant a direct offer or allowing the tenant to bid under the home search scheme with band 1 status. However other members of the household who decide not to be re-housed together with the tenant are subject to the council's scheme of allocation; in this case the council's lettings policy will only allow for a direct offer of accommodation to be made in accordance with the council's assessment of their need.
28. The report indicates that disposal of the subject property with vacant possession together with the two other empty units in the 'block' is something that is likely to promote the wellbeing of the area in relation to economic and environmental objectives.
29. Save for the requirements of Part 6 Housing Act 1996 as to the allocation of secure tenancies, the closed report does not indicate the presence of other limitations or prohibitions that would prevent use of the well being power as a basis for taking forward the recommendations in the report however when using the well being power, regard must be had to the council's community strategy. The report set out policy implications including as they relate to the community strategy.
30. Section 111 of the Local Government Act 1972 enables the council to do anything that facilitates or is conducive or incidental to the discharge of any of its functions. This power is not freestanding; in other words it can only be used in conjunction with a specific power or duty and similar to the well being power it can't be used to raise money.

31. As to the exercise of section 111 LGA 1972, the council has a general power under section 21 Housing Act 1985 that confers the power to manage, control and regulate its housing stock and in section 32 of the Act to dispose of land held for housing purpose. The open report sets out the rationale for the proposed disposal of the 'block' that the subject property forms part. Management and disposal of housing land are legitimate functions of the council under sections 21 and 32 of the Housing Act. Obtaining vacant possession by encouraging the tenant to relinquish the tenancy facilitates, is conducive and incidental to the council's functions under section 21 and section 32.
32. In this case either power could be used as a basis for negotiating the proposed incentive package. However members are advised that in the use of its discretionary powers the council must act lawfully and reasonably having regard to its fiduciary duty to the authority's council tax payers.
33. Cabinet is recommended to approve (i) the disposal of the properties as a whole block and (ii) to authorise the Head of Property to approve the terms of the disposal including the sale price which must be for the best consideration that can reasonably be obtained.
34. Cabinet is advised that the whole block is held by the council as housing land. Disposals of housing land are governed by Section 32 of the Housing Act 1985 (as amended) ("the 1985 Act") and requires consent of the Secretary of State for the Department of Communities and Local Government ("SOS") to any disposal unless it is a disposal that is permitted under the General Disposal Consents 2005 issued by the SOS.
35. General Consent A5.3.1 provides that the council may dispose of a building held as land for housing purposes to any individual for the best consideration that can reasonably be obtained, where:
 - (a) The building was not constructed by or for any local authority for the purposes of providing housing accommodation; and
 - (b) The building consists of residential accommodation and non-residential accommodation; and
 - (c) All or most of the ground floor consists of non-residential accommodation; and
 - (d) The residential accommodation is vacant or let with the non-residential accommodation under a tenancy to which Part II of the Landlord and Tenant Act 1954 applies.
36. All of the above criteria must be met for the disposal to fall within the General Consent. The report confirms that (a) the council acquired the whole building after it was constructed, (b) the building consists of residential and non-residential accommodation, (c) the non-residential accommodation is situated on the lower ground floor of the building and (d) the report recommends that the council seek vacant possession of the tenanted residential accommodation. Provided that this property is vacant prior to the building being disposed of and that it is declared surplus to housing requirements by the Deputy Chief Executive; and that the consideration to be achieved will be the best that can reasonably be obtained, Cabinet may approve recommendations 7 and 8.

Finance Director

37. The financial implications of this report confirm that the costs identified within this report can be contained within existing budgets. The financial implications confirm that the sale of the entire property will result in a significant capital receipt being generated, and will save the required investment to the property. The decision to earmark this receipt for the Housing Investment Programme needs to be taken in context with the overall capital programme.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	
Lead Officer	Darren Welsh, Head of Housing Strategy and Options	
Report Author	Sonia Esnard, Principal Asset Management Officer	
Version	Final	
Dated	14 January 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Housing Management	Yes	No
Housing Options Manager	Yes	No
Head of Property	Yes	No
Cabinet Member	Yes	Yes
Date final report sent to Constitutional/Community Council/Scrutiny Team	14 January 2011	

Item No. 19.	Classification: Open	Date: 25 January 2011	Meeting Name: Cabinet
Report title:		Motions Referred from Council Assembly	
Ward(s) or groups affected:		All	
From:		Strategic Director of Law, Communities & Governance	

RECOMMENDATION

1. That the cabinet considers the motions set out in the appendices attached to the report.

BACKGROUND INFORMATION

2. Council assembly at its meeting on Wednesday, 1 December 2010 agreed a number of motions and these stand referred to the cabinet for consideration.
3. The cabinet is requested to consider the motions referred to it. Any proposals in a motion are treated as a recommendation only. The final decisions of the cabinet will be reported back to the next meeting of council assembly. When considering a motion, cabinet can decide to:
 - Note the motion; *or*
 - Agree the motion in its entirety, *or*
 - Amend the motion; *or*
 - Reject the motion.

KEY ISSUES FOR CONSIDERATION

4. In accordance with council assembly procedure rule 2.10(6), the attached motions were referred to the cabinet. The cabinet will report on the outcome of its deliberations upon the motions to a subsequent meeting of council assembly.
5. The constitution allocates responsibility for particular functions to council assembly, including approving the budget and policy framework, and to the cabinet for developing and implementing the budget and policy framework and overseeing the running of council services on a day-to-day basis.
6. Any key issues, such as policy, community impact or funding implications are included in the advice from the relevant chief officer.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Motions submitted in accordance with council assembly procedure rule 2.10 (6).	160 Tooley Street London SE1 5LX	Lesley John Constitutional Team 020 7525 7228

APPENDICES

No.	Title
Appendix 1	Housing solutions for Southwark
Appendix 2	Southwark Life
Appendix 3	Committing to localism
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AUDIT TRAIL

Lead Officer	Ian Millichap, Constitutional Manager	
Report Author	Lesley John, Constitutional Officer	
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Officer Title	Comments Sought	Comments included
Finance Director	Yes	Yes
Deputy Chief Executive	Yes	Yes
Strategic Director of Communities, Law & Governance	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team	17 January 2011	

APPENDIX 1**Housing solutions for Southwark**

At council assembly on Wednesday 1 December 2010 a motion on housing solutions for Southwark was proposed by Councillor Anood Al-Samerai and seconded by Councillor Linda Manchester. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

Recommendation

1. That council assembly regrets that too many families have been forced into often poor quality private rented accommodation by the failure over the past 25 years to build sufficient affordable social housing.
2. That council assembly notes the ever increasing and unsustainable housing benefit bill and the notes government's plans to tackle this.
3. That council assembly notes that plans to reform housing benefit were also in the Labour manifesto and notes the Mayor of London's comments that this would lead to "Kosovo style social cleansing".
4. That council assembly notes the concern of many residents about the proposed changes to social housing tenures and to some of the proposed changes to housing benefit.
5. That council assembly notes the impact on Southwark of these changes are likely that:
 - The reduction of the local housing allowance in October 2011 leads to households losing as much as £57.53 a week, and this could lead to nearly 5,000 private sector tenants looking for council accommodation
 - This reduction widens over following years as the indexation of housing benefit shifts from the retail price index to the typically lower consumer price index
 - The reduction is further compounded by the penalisation of those who have been unable to find employment for a year
 - This reduction is further compounded by deductions for non-dependents who still live in the home, the deductions being introduced despite increasing barriers to entry to the housing market for young people
 - Demand for housing in Southwark increases markedly as housing benefit claimants are forced to leave even more expensive parts of London like Westminster and Camden.
6. That council assembly believes that it is inconceivable that these changes will not lead to repossessions, homelessness and enforced home moves in Southwark, as the number of homes that are affordable for residents living on housing benefits decreases and the number of people competing for those homes increases.

7. That council assembly expresses particular concern that new tenants will not be offered traditional secure tenancies which provide stability, support family networks and can improve social cohesion.
8. That council also expresses its concern that the government grants to build future affordable homes are to be cut by some 50%.
9. That council assembly fully supports the rights of secure tenants to live in their council home for as long as they wish, but believes the council should look at new ways of tackling under-occupancy of homes to make better use of existing council stock.
10. That council assembly believes that government's aims to tackle high rents charged by private landlords through a reduction in the local housing allowance may harm families rather than unscrupulous landlords.
11. That council assembly calls on the cabinet to investigate whether rent capping in the private rented sector could be a positive way of achieving the government's aim of reducing the overall housing benefit bill.
12. That whilst council assembly supports the principle that people should work if they are able, members are concerned that in light of the current economic climate and employment market the government should rethink plans to reduce by 10% housing benefit for those claiming jobseekers allowance for more than 12 months
13. That council assembly calls on the cabinet to write to government to:
 - oppose the changes to secure tenancies
 - oppose plans to measure local housing allowance at the 30th percentile rather than the median
 - oppose plans to remove 10% of housing benefit from those who have been claiming jobseekers allowance for more than 12 months given the current state of the employment market
 - support a housing benefit solution for London, as suggested by Simon Hughes MP, which understands the particular needs and market in London
 - investigate the possibility of land value taxation or introducing rent control in some parts of the private rented sector
 - fulfil promises of allowing local authorities to make their own decisions about new housing and rents for new and existing tenancies
 - co-ordinate a cross party response to the government's housing consultation.
14. That council assembly calls upon all of Southwark's MPs to oppose the proposed changes to secure tenancies, the change in the local housing allowance measure and to specifically vote against the proposal to cut housing benefit by 10% after a year of unemployment when the Bill comes before the House of Commons

Comments of the Deputy Chief Executive / Finance Director

Southwark will be submitting a response to the Government's consultation on the future of social housing 'Local decisions: a fairer future for social housing'. This will express concerns about several of the proposed changes, including the proposal to introduce a new form of tenure for new tenants of social housing known as flexible tenancies. Our concern is that these would not offer stability on estates or the stability that families need. Our response will also express concern about the new 'affordable rent' funding model for housing association new build homes and a proportion of relets as the rent levels for larger family homes will generally only be affordable to those on HB, and with the planned further reductions in welfare benefits from 2013 onwards many tenants would struggle to meet the shortfall in rent, with the risk of increased homelessness.

It should be noted that the Government has brought forward the reduction of the local housing allowance (LHA) from the 50th to the 30th percentile to April 2011 for new applicants. Existing claimants will then have up to nine months of transitional protection after the date of their annual housing benefit (HB) review before the new lower rate of HB is introduced, subject to there being no change in the applicant's circumstances in the intervening period when the reduction may be brought in sooner. This means that many existing claimants will not be affected until after January 2012.

Southwark operates a successful under-occupation scheme called Smart Move which provides financial and practical assistance to tenants to move to a smaller home, freeing up larger homes for those in need. Around 160 tenants are currently assisted through this scheme each year but any further expansion of the scheme would require more resources.

Southwark Life

At council assembly on Wednesday 1 December 2010 a motion on Southwark Life was proposed by Councillor Michael Mitchell and seconded by Councillor Lewis Robinson. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

Recommendation

1. That council assembly notes that the current format of Southwark Life was determined by the previous Liberal Democrat/Tory coalition.
2. That council assembly notes that the format and frequency of Southwark Life is under review as part of the budgeting process with all other communications services.

Comments of the Deputy Chief Executive

To follow.

APPENDIX 3**Committing to localism**

At council assembly on Wednesday 1 December 2010 a motion on committing to localism was proposed by Councillor Adele Morris and seconded by Councillor Graham Neale. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

Recommendation

1. That council assembly notes that the Localism Bill has not yet been published and believes that the coalition's proposals are as yet unclear.
2. That council assembly calls on the cabinet to fully investigate any new powers that the local authority is afforded as part of the bill and implement them as appropriate.

Comments of the Strategic Director of Communities, Law & Governance

The Localism Bill has its 2nd reading scheduled for 17 January. Officers have identified the key provisions of the Bill and allocated initial work streams in readiness for drafting further briefings and reports to cabinet and council assembly. The Parliamentary timetable has not been set yet but the Department for Communities and Local Government is the lead department, and its business plan provides for some secondary legislative changes as late as April 2012. We can therefore expect both many months before we know precisely what shape the final legislation will be in and before it is implemented.

APPENDIX 4**Withdrawal of private finance initiative (PFI) funding for regenerating the Aylesbury Estate**

At council assembly on Wednesday 1 December 2010 a motion on the withdrawal of private finance initiative funding for regenerating the Aylesbury Estate was moved by Councillor Fiona Colley and seconded by Councillor Lorraine Lauder. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

Recommendation

1. That council assembly notes the bitterly disappointing news that the coalition government has decided to withdraw £181 million of private finance initiative (PFI) funding for building new homes for Aylesbury Estate residents.
2. That council assembly notes the continued cross-party support for the regeneration of the Aylesbury Estate.
3. That council assembly notes that the leader has written to the Prime Minister and Secretary of State for Communities and Local Government inviting them to the Aylesbury Estate to see the impact the withdrawal of funding will have.
4. That council assembly notes that the first new homes on site 1a (formerly Red Lion Close and Little Bradenham) will be complete early in the new year and that the continued development of this site and the plans to redevelop sites 7 and 10 (Amersham and North Wolverton) are unaffected by the withdrawal of PFI funding.
5. That council assembly is determined that the withdrawal of the PFI funding will not mean the end of the regeneration of the Aylesbury Estate, and reaffirms its commitment to work with local residents and Creation Trust to transform the area.
6. That council assembly requests that the cabinet calls on the government to change its decision or to provide an alternative funding mechanism.
7. That council assembly calls on the cabinet to continue to rehouse residents from sites 1b and 1c (Bradenham, Chartridge, Arlow and Chiltern) and to explore all possible alternative options for taking the regeneration of the Aylesbury forward.

Comments of the Deputy Chief Executive

To follow.

King's Stairs Gardens site of importance for nature conservation (SINC) status

At council assembly on Wednesday 1 December 2010 a motion on King's Stairs Gardens site of importance for nature conservation status was proposed by Councillor Fiona Colley and seconded by Councillor Nick Dolezal. The motion was agreed and stands referred to the cabinet as a recommendation.

Recommendation

1. That on 4 November 2009 council assembly agreed the submission version of the core strategy which included a new designation of King's Stairs Gardens as a Site of Importance for Nature Conservation (SINC). This version of the core strategy was then submitted to the planning inspector and subject to examination in public. Following this, on 27 January 2010 council assembly agreed the submission version of the Canada Water Area Action Plan for examination by a planning inspector.
2. That council assembly notes that the inspector's report and final version of the core strategy is still to be received and that there have been some indications that the inspector may not approve new site specific designations as being appropriate for inclusion in the core strategy. It has been indicated that he may be decided that such designations would be more appropriately made in development plan documents (DPDs).
3. That council assembly notes that the submission version of the Canada Water Area Action Plan (a DPD) is due to undergo examination in public in the new year after the inspector's report on the core strategy is received.
4. That it was anticipated at the time of the submission of the Canada Water Area Action Plan that the designation of King's Stairs Gardens as a SINC would be accepted by the inspector of the core strategy. In the eventuality of King's Stairs Gardens not being designated as a SINC in the inspector's report, council assembly calls on the cabinet member for regeneration and corporate strategy to write to the planning inspector asking for King's Stairs Gardens to be designated as a SINC within the Canada Water Area Action Plan and to make similar representations for the inclusion of any other new and amended site designations within the Canada Water AAP area which were agreed by council assembly in the submission version of the core strategy.

Comments of the Deputy Chief Executive

To follow.

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		Dated: 17 January 2011	