

## Cabinet

Tuesday 8 February 2011  
6.00 pm  
Town Hall, Peckham Road, London SE5 8UB

### Membership

Councillor Peter John  
Councillor Ian Wingfield  
Councillor Fiona Colley  
Councillor Dora Dixon-Fyle  
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  
Environment, Transport and Recycling  
Finance, Resources and Community Safety  
Children's Services  
Equalities and Community Engagement  
Culture, Leisure, Sport and the Olympics

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Webpage: <http://www.southwark.gov.uk>

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Members of the committee are summoned to attend this meeting

**Councillor Peter John**  
Leader of the Council  
Date: 31 January 2011



# Cabinet

Tuesday 8 February 2011  
6.00 pm  
Town Hall, Peckham Road, London SE5 8UB

## Order of Business

Item No.	Title	Page No.
	<b>PART A - OPEN BUSINESS</b>	
	<b>MOBILE PHONES</b>	
	Mobile phones should be turned off or put on silent during the course of the meeting.	
<b>1.</b>	<b>APOLOGIES</b>	
	To receive any apologies for absence.	
<b>2.</b>	<b>NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT</b>	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
<b>3.</b>	<b>DISCLOSURE OF INTERESTS AND DISPENSATIONS</b>	
	Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.	
<b>4.</b>	<b>PUBLIC QUESTION TIME (15 MINUTES)</b>	
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules.	
<b>5.</b>	<b>MINUTES</b>	1 - 16
	To approve as correct records the minutes of the open section of the meetings held on 20 and 25 January 2011.	

Item No.	Title	Page No.
6.	<b>DEPUTATIONS</b>	17 - 18
	To consider deputation requests received in relation to the Policy and Resources Strategy 2011/12 – 2013/14 revenue budget proposals, item 10 on the agenda.	
7.	<b>HOUSING REVENUE ACCOUNT - APPROVAL OF HOUSING REVENUE ACCOUNT BUDGET 2011/12</b>	19 - 36
	To note the savings required to deliver a balanced housing revenue account for 2011/12 and to approve the proposals to deliver the savings.	
8.	<b>QUARTER 3 REVENUE MONITORING REPORT - 2010/11</b>	37 - 49
	To note the general fund outturn forecast for 2010/11, the forecast net movement in reserves and the housing revenue account's (HRA) forecast outturn for 2010/11 and movement in reserves.	
	To also note the treasury management activity for the third quarter of 2010/11 and to approve the third quarter general fund budget adjustments as required.	
9.	<b>SOUTHWARK AIR QUALITY IMPROVEMENT STRATEGY &amp; ACTION PLAN 2011 - DRAFT FOR PUBLIC CONSULTATION</b>	50 - 88
	To approve the draft Southwark Air Quality improvement strategy and action plan for 2011 for the purposes of public consultation.	
	<b>OTHER REPORTS</b>	
	The following item is also scheduled to be considered at this meeting.	
10.	<b>POLICY AND RESOURCES STRATEGY 2011/12-2013/14 - REVENUE BUDGET</b>	
	<b>DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT</b>	
	<b>EXCLUSION OF PRESS AND PUBLIC</b>	
	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.	

**Item No.**

**Title**

**Page No.**

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**

**11. MINUTES**

To approve as a correct record the closed minutes of the meeting held on 25 January 2011.

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

Date: 31 January 2011



## Cabinet

MINUTES of the Cabinet meeting held on Thursday 20 January 2011 at 1.00pm at 160 Tooley Street, London SE1 2TZ.

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**PRESENT:** Councillor Peter John (Chair)  
Councillor John Friary  
Councillor Richard Livingstone  
Councillor Catherine McDonald  
Councillor Abdul Mohamed

### 1. APOLOGIES

Apologies for absence were received from Councillors Fiona Colley, Dora Dixon-Fyle, Barrie Hargrove, Veronica Ward and Ian Wingfield.

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

There were no late items.

### 3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures of interests or dispensations.

### 4. OUTCOME OF THE FINAL CONSULTATION PROCESS ON THE PROPOSED PROVISION OF SIXTH FORMS AT SACRED HEART ROMAN CATHOLIC SECONDARY SCHOOL AND ST MICHAEL'S CATHOLIC COLLEGE

#### RESOLVED:

That the proposed provision of sixth forms at Sacred Heart Roman Catholic Secondary School and St Michael's Catholic College from 1 September 2011 be agreed.

The meeting ended at 1.18pm.

**CHAIR:**

**DATED:**

**DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, FRIDAY 28 JANUARY 2011.**

**THE ABOVE DECISION 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 25 January 2011 at 4.00 pm at Town Hall, Peckham Road, London SE5 8UB

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

### 1. APOLOGIES

All members were present.

### 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 20 – Policy and resources strategy 2011/12 – 2013/14 – draft revenue budget

### 3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures of interests or dispensations.

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

There were no public questions.

## 5. MINUTES

### RESOLVED:

That the open minutes of the meetings held on 14 and 21 December 2010 be approved as correct records and signed by the Chair.

## 6. DEPUTATION REQUESTS

### RESOLVED:

That the deputation request from the Southwark Trades Council be heard.

The spokesperson for the deputation addressed the cabinet outlining their concerns relating to the draft revenue budget and the impact on public services. They asked the cabinet to utilise some of the budget reserves to offset the negative impact on services and what was perceived as short term solutions to the budget deficit.

## 7. HOUSING REVENUE ACCOUNT - FINAL RENT-SETTING AND BUDGET REPORT 2011/12

Officers circulated comments from the area housing forum meetings and a meeting of the tenants council held on 24 January 2011.

### RESOLVED:

1. That an average rent increase of 7.08% in accordance with the Government's required formula rent guidance (as set out in paragraph 11 of the report) be approved. This is equivalent to an increase of £5.71 per week on average, to be applied to all housing revenue account 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.
2. That revised tenant service charges following the rebasing exercise as set out in paragraph 14 of the report be approved with effect from 4 April 2011.
3. That an increase in rents and charges for all non-residential property of 50% as set out in paragraph 15 of the report be approved with effect from 4 April 2011.
4. That 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) be approved.



**8. DEMOCRACY COMMISSION - IMPLEMENTATION PLAN****RESOLVED:**

1. That the Democracy Commission implementation plan set out in Appendix 1 to the report be approved.
2. That the resource implications of the implementation plan be noted and the principle that the budget required to implement the recommendations is transferred from facilities management to communities, law and governance be approved.
3. That the Democracy Commission be tasked 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.

**9. SHARED SERVICE WITH OTHER BOROUGHES****RESOLVED:**

1. That the current discussions taking place on shared services with neighbouring boroughs be welcomed, including the service areas under active consideration for sharing with Lambeth and/or Lewisham set out at paragraph 17 of the report.
2. That 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 be noted.
3. That the sharing of a communications service with Westminster City Council be approved in principle (as set out at paragraphs 27-34 and the appendix to the report), 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****RESOLVED:**

1. That the issues arising from the London Councils Grants Review be noted.
2. That the proposed levy of £485,614 be agreed subject to the budget proposals to be submitted to the council assembly in February 2011.
3. That officers continue to explore the options for continuation/discontinuation of commissioned services in consultation with relevant boroughs and London Councils. (Attached to the report as appendix 1 is a list of Southwark based London Councils funded organisations and appendix 2, a list of organisations with beneficiaries in Southwark.)

## 11. APPROVAL TO EXTEND THE LIFE OF THE EXISTING RENEWAL AREAS

### RESOLVED:

#### Decisions of the Cabinet

1. That the proposal to extend the life of the renewal areas of East Peckham and Nunhead by four years to 2015 be noted.
2. That the consultation arrangements as set out in paragraphs 21-23 of the report be agreed.
3. That renewal area measured deliverables be linked into:
  - the Corporate Plan
  - the Community Strategy
  - the Peckham and Nunhead Area Action Plan
  - the Economic Development Strategy – Developing Town Centres.
4. That the implementation of outstanding schemes to be delivered within the first two years of the extended timeframe be agreed 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.

#### Decisions of the Leader of the Council

That delegated authority be given to the cabinet member for regeneration and corporate strategy to agree:

5. To 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.
6. A detailed implementation programme.
7. The decision to extend the renewal area following statutory consultation.

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

### RESOLVED:

That approval be given to write-off a debt of £69,077.88 within the council's environment and housing department (events unit).

### **13. DISPOSAL OF FORMER ACORN NEIGHBOURHOOD HOUSING OFFICE AND LAND AT GOLDSMITH ROAD/MARMONT ROAD**

Comments received by the tenants and residents association at Acorn Estate were tabled at the meeting which identified a number of concerns relating to the recommendations before cabinet.

#### **RESOLVED:**

1. That agreement be given 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 the plan attached to the report) 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 plan attached to the report ("the council's adjoining land") is owned by the council. Both sites are referred to in the report as "the existing sites".
2. That a 125 year building lease be granted to the Peckham Settlement of the former Acorn Neighbourhood Housing Office situated at Meeting House Lane London SE15 (referred to as "the property") (outlined in red on the plan attached to the report) 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.
3. That the freehold interest of the property be transferred on completion of the building works to the Peckham Settlement, subject to a restrictive covenant limiting the use to a D1 community centre.
4. That the disposal of the property be subject to the Peckham Settlement obtaining a satisfactory planning consent for a new D1 community facility.
5. That the head of property be authorised to approve the detailed terms on which the council's adjoining land is sold.
6. That the capital receipt from the sale of the property be allocated to the council's housing investment programme.

### **14. GATEWAY 2 - CONTRACT AWARD APPROVAL - HOME CARE SERVICES IN SOUTHWARK**

#### **RESOLVED:**

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

1. That 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 be approved. (Contract costs are based on calculations explained in paragraphs 8 - 12 of the 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

2. That there 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.
3. That there 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 were discussed in the report.)

#### **Decision of the Leader of the Council**

4. That delegated authority be given 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.

#### **15. GATEWAY 1 - SOUTHWARK MARKETS AND STREET TRADING IN-HOUSE MANAGEMENT ARRANGEMENTS AND LEGISLATIVE OPERATING FRAMEWORK**

##### **RESOLVED:**

1. That Southwark markets and street trading be managed in-house as per the timetable in paragraph 23 of the report.
2. That further discussions take place 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.
3. That a report be submitted to council assembly on the changing 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.

#### **16. MULTI UTILITIES SERVICES COMPANY (MUSCO) COMMERCIAL PARTNER**

##### **RESOLVED:**

1. That 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 be noted.

2. That the contents of the best and final offer (BAFO) as described in paragraphs 42 – 55 of the report be noted.
3. That the conclusions of the evaluation of the best and final offer (BAFO) be noted and officers terminate the Dalkia consortium's position as preferred bidder.
4. That officers cease work progressing the procurement of a MUSCo solution and that the deputy chief executive seek alternative solutions to providing services and reducing carbon for the Elephant and Castle and Aylesbury regeneration projects.
5. That the strategic director of environment and housing look into the feasibility of decentralised energy networks to reduce carbon emissions for council social housing.

**17. GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - SOUTHWARK COMBINED HEAT & POWER FROM SELCHP: ADDITIONAL SERVICES CONTRACT**

**RESOLVED:**

That the procurement strategy outlined in the report for the additional services contract for Southwark combined heating power be approved.

**18. DISPOSAL OF A PROPERTY IN THE SE1 AREA**

**RESOLVED:**

1. That in principle agreement be given 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.
2. That the head of housing management be authorised to conclude negotiations with the tenant of the occupied housing unit to secure vacant possession of that property.
3. That a payment to the tenant of the occupied housing unit be agreed, in order to facilitate disposal of the block if Housing Act powers are not available.
4. That 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 be approved.
5. 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 be agreed.
6. That the head of property be authorised 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.
7. That the capital receipt be earmarked for the housing investment programme be

confirmed.

## 19. MOTIONS REFERRED FROM COUNCIL ASSEMBLY

### Housing solutions for Southwark

#### RESOLVED:

1. That it is regretted 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 ever increasing and unsustainable housing benefit bill and the government's plans to tackle this be noted.
3. That plans to reform housing benefit were also in the Labour manifesto and the Mayor of London's comments that this would lead to "Kosovo style social cleansing" be noted.
4. That the concern of many residents about the proposed changes to social housing tenures and to some of the proposed changes to housing benefit be noted.
5. That it be noted that 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 it is believed 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 particular concern that new tenants will not be offered traditional secure tenancies which provide stability, support family networks and can improve social cohesion be expressed.
8. That concern that the government grants to build future affordable homes are to be cut by some 50% be expressed by the council.
9. That the rights of secure tenants to live in their council home for as long as they wish

be fully supported, but it is believed the council should look at new ways of tackling under-occupancy of homes to make better use of existing council stock.

10. That it is believed 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 cabinet 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 the principle that people should work if they are able is supported, 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 cabinet write to government to:
  - oppose the changes to secure tenancies
  - oppose plans to measure local housing allowance at the 30<sup>th</sup> 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 all of Southwark's MPs be called on 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

### **Southwark Life**

#### **RESOLVED:**

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

### **Committing to Localism**

#### **RESOLVED:**

1. That it be noted that the Localism Bill has not yet been published and it is believed that the coalition's proposals are as yet unclear.
2. That cabinet fully investigate any new powers that the local authority is afforded as part of the bill and implement them as appropriate.

### **Withdrawal of Private Finance Initiative (pfi) Funding for Regeneration the Aylesbury Estate**

#### **RESOLVED:**

1. That the bitterly disappointing news that the coalition government has decided to withdrawn £181 million of private finance initiative (PFI) funding for building new homes for Aylesbury Estate residents be noted.
2. That the continued cross-party support for the regeneration of the Aylesbury Estate be noted.
3. That it be noted 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 it be noted 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 the council is determined that the withdrawal of the PFI funding will not mean the end of the regeneration of the Aylesbury Estate, and commitment to work with local residents and Creation Trust to transform the area be affirmed.
6. That the cabinet be requested to call on the government to change its decision or to provide an alternative funding mechanism.
7. That the cabinet be called on 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.

### **Kings Stairs Gardens site of importance for nature conservation (SINC) status**

Comments of the deputy chief executive in respect of this motion were circulated at the meeting.

#### **RESOLVED:**

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 it be noted 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 it be noted 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, the cabinet member for regeneration and corporate strategy 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.

## **20. POLICY AND RESOURCES STRATEGY 2011/12 - 2013/14 - DRAFT REVENUE BUDGET**

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent due to the council's obligation to set a lawful budget by statutory deadlines and the need to ensure all the necessary preparatory administrative and financial arrangements were in place prior to the next financial year. All local authorities are required to set their council tax by 11 March 2011; the council is due to set the Southwark Council Tax on 22 February 2011. Any delay to this date would mean the council would have to move its instalment date beyond 1 April 2011 resulting in loss of income to the council.

### **RESOLVED:**

1. That draft budget proposals based on a nil council tax increase for 2011/12, and draft indicative budget proposals for 2012/13 and 2013/14, based on a provisional council tax increase of 2.5% for 2012/13 and 2.5% for 2013/14 be noted.
2. That the budget principles agreed by cabinet on 21 September 2010 continue to guide and underpin the work of officers in arriving at a final balanced budget.
3. That a final balanced budget report for 2011/12, with indicative budgets for 2012/13 and 2013/14 be presented to cabinet on 8 February 2011 for recommendation to council assembly due on 22 February 2011.

4. That it be noted that the formal response to the consultation on the provisional local government settlement was submitted to government on 17 January 2011. The response is set out in full at Appendix F of the report.
5. That the potential new homes bonus that Southwark may be awarded and that £1.5 million of this is committed in the budget for 2011/12 be noted. The finance director to bring back details of how much the borough will receive in 2011/12 to the 8 February cabinet meeting and to set out proposals on how to manage these resources as part of the medium term resources strategy.
6. That it be noted that 2,430 16-24 year olds in Southwark were claiming job seekers allowance or not in education, employment or training (NEET) in December. The director of children's services and the finance director to bring forward proposals to 8 February cabinet to consider to mitigate the high youth unemployment in the borough and the impact of the removal of education maintenance allowances.

**NOTE:** In accordance with overview and scrutiny procedure rules item 22.1 (a) (budget and policy framework) these decisions are not subject to call in.

#### **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 1,2, 3 and 7a 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

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

The cabinet considered the closed information relating to this item. See item 12 for decision.

#### **22. DISPOSAL OF FORMER ACORN NEIGHBOURHOOD HOUSING OFFICE AND LAND AT GOLDSMITH ROAD/MARMONT ROAD**

The cabinet considered the closed information relating to this item. See item 13 for decision.

**23. GATEWAY 2 - CONTRACT AWARD APPROVAL - HOME CARE SERVICES IN SOUTHWARK**

The cabinet considered the closed information relating to this item. See item 14 for decision.

**24. GATEWAY 1 - SOUTHWARK MARKETS AND STREET TRADING MANAGEMENT ARRANGEMENTS AND LEGISLATIVE OPERATING FRAMEWORK**

The cabinet considered the closed information relating to this item. See item 15 for decision.

**25. MULTI UTILITIES SERVICES COMPANY (MUSCO) COMMERCIAL PARTNER**

The cabinet considered the closed information relating to this item. See item 16 for decision.

**26. GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL - SOUTHWARK COMBINED HEAT & POWER FROM SELCHP: ADDITIONAL SERVICES CONTRACT**

The cabinet considered the closed information relating to this item. See item 17 for decision.

**27. DISPOSAL OF A PROPERTY IN THE SE1 AREA**

The cabinet considered the closed information relating to this item. See item 18 for decision.

The meeting ended at 7.20pm

**CHAIR:**

**DATED:**

**DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, 2 FEBRUARY 2011.**

**THE ABOVE DECISIONS WILL NOT BE IMPLEMENTABLE UNTIL AFTER THAT DATE, WITH THE EXCEPTION OF ITEM 20 (BUDGET AND POLICY FRAMEWORK). SHOULD A DECISION OF THE CABINET BE CALLED-IN FOR SCRUTINY, THEN THE RELEVANT DECISION WILL BE HELD IN ABEYANCE PENDING THE OUTCOME OF SCRUTINY CONSIDERATION.**

<b>Item No.</b> 6.	<b>Classification:</b> Open	<b>Date:</b> 8 February 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Deputation Requests	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Communities, Law & Governance	

### RECOMMENDATION

1. That the cabinet consider whether to hear the deputation requests received in relation to the Policy and Resources Strategy 2011/12-2013/14 revenue budget proposals, item 10 on the agenda.

### 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.

### KEY ISSUES FOR CONSIDERATION

4. Various options have been provided for the community to comment on the draft budget proposals, including the opportunity to request a deputation to cabinet on the 8 February 2011. As a result, it is anticipated that there will be a number of requests leading up to the meeting. A list of deputation requests received will therefore be maintained and presented to the cabinet for consideration at the meeting.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Deputation correspondence/requests	160 Tooley Street, London SE1 2TZ	Everton Roberts 020 7525 7221 / Paula Thornton 020 7525 4395

**AUDIT TRAIL**

<b>Lead Officer</b>	Ian Millichap, Constitutional Manager	
<b>Report Author</b>	Paula Thornton/Everton Roberts, Constitutional Officer	
<b>Version</b>	Final	
<b>Dated</b>	28 January 2011	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	No	No
Finance Director	No	No
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	28 January 2011	

<b>Item No.</b> 7.	<b>Classification:</b> Open	<b>Date:</b> 8 February 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Housing Revenue Account – Approval of HRA Budget 2011/12	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

#### **FOREWARD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT**

1. This year, for the first time, I am recommending to Cabinet that we prudently consider the savings needed to balance the Housing Revenue Account (HRA) mainly because of the reductions in subsidy from central government. I believe as an act of public faith that it is important to fully involve residents in the difficult choices we have to make if we are to both retain their trust and are to be seen as acting with integrity and as necessary to fulfil statutory requirements for consultation.
2. Cabinet has already considered the rent setting element of the HRA budget. This paper sets out in more detail how we intend to bridge the savings gap required to balance the HRA in 2011/12.
3. I have listened to what residents have to say on which services are important to them and have reflected their views by recommending that front-line services are maintained, together with an increased emphasis on more efficient and smarter ways of working. Residents want a more visible and direct housing service, stronger performance management of contractors, and excellent customer service. Therefore, wherever possible, my objective has been in proposing savings that protect front-line services and deliver an improved service overall for residents.
4. In that vein, I have asked officers, when restructuring services to meet the level of savings required, to maintain a local presence on estates, with accessible and visible staff.
5. Involving residents in the consultation around the HRA is a new process for the council. The timing of the final settlement from government has meant that the process has been rushed this year. Therefore, at the time of writing, the detail of how services should be reconfigured is not yet complete although draft structures will be available for consultation with staff from the beginning of February.
6. Moving forward, consultation on the HRA will be an iterative process. Residents and staff will be involved at a much earlier stage in future years and on an ongoing basis. The council is committed to opening this process up and linking the HRA budget setting seamlessly with that of the General Fund budget.

## **RECOMMENDATIONS**

7. Cabinet is recommended to:
- Note the savings required to deliver a balanced HRA for 2011/12 and
  - Approve the proposals to deliver the savings
  - Note the consultation carried out to date
  - Note the further consultation and assessments that will be carried out.

## **BACKGROUND INFORMATION**

8. The Spending Review undertaken by the Coalition Government published on 20 October 2010 contained significant financial decisions for local government. The HRA, despite being ring-fenced from the rest of the General Fund was not immune from the fall-out from this, and officers were instructed to identify a savings package in line with that required for the rest of the council.
9. The Cabinet considered the rent setting part of the HRA budget on 25 January 2011. That report included reference to the efficiency savings required to deliver a balanced HRA and that a further report would be presented to Cabinet setting out the detail of the savings for endorsement before the end of the current financial year.
10. This further report sets out the proposals for efficiency savings following consultation so far undertaken with residents. The council has been keen to involve residents in this discussion as customers of the new housing services department and because they will know best what services they wish to maintain.
11. Statutory consultation is required under Section 105 of the Housing Act 1985. The process for consultation has been necessarily truncated this year as the final settlement was not received from central government until 10 January 2011. We have discussed where savings could be made with local area forums and Home Owners Council. The HRA budget for 2010/11 detailed at Appendix A was utilised for this purpose. A letter has been sent to the chairs of Tenants and Residents Associations and there has been a presentation to the Tenants Council. In addition, a sub-group of the Tenants Council, the HRA Savings Workings Party has been working with officers. Moving forward, officers have undertaken to keep this group going and to build in a consultation programme with a longer lead-in time for the years ahead.

## **Statutory Framework**

12. The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, housing subsidy, leaseholder service charges and other income.



13. Consultation on matters of housing management is provided for by Section 105 of the Housing Act 1985. A matter is one of housing if in the opinion of the landlord authority, it fulfils three conditions inter alia that:-
- It relates to the management of dwellings let by the authority under secure tenancies or to the provision of services or amenity in connection with such dwellings.
  - It represents a change in the practice or policy of the landlord authority
  - It is likely to substantially affect its secure tenants as a whole or a group of them.

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

14. When determining where savings, should be made, the starting point has been to listen to residents' concerns about the services they wish to protect, the potential for better value for money and more efficient ways of working.
15. The scale of savings required is immense with the Housing Services directorate required to deliver 25% savings over the next three years. This is in line with pressures on the HRA budget as outlined in paragraph 15. This is also in line with the Council's aspiration to align the processes between the HRA and the General Fund. This alignment will evolve throughout the lifetime of the administration and is due for further review through 2011/12. Such savings require a radical approach to structures and working practices, but importantly it also provides an opportunity for transformational change to improve access, harness new technologies to deliver better services and increase efficiency.
16. The guiding principle is that customers should be placed at the heart of the proposals and the service should be more responsive with increased ownership and follow-through. In assessing budget proposals moving forward, there is a requirement to ensure particular scrutiny of central and support services, and back office functions to ensure that maximum resources may be allocated to front-line services.

#### **Outline of Proposals**

17. The approach to delivery involves the migration of all transactional services to more automated processes, the migration of all low level professional advice to an advice line service and the implementation of mobile working across housing functions to ensure the best use of frontline working.
18. Consultation has been carried out with residents around the following proposals:
- Creation of a professionally staffed Advice Line to provide advice and support over the telephone
  - Centralisation of income, voids and garages to increase efficiency and performance
  - Further rationalisation and reform of client based services
  - Review and closure of area housing offices and moving to a north/south management structure for tenancy management

19. The savings identified in Appendix B of this report are the £7.0m required to ensure a balanced budget for the HRA in 2011/12 (Appendix A of the Final HRA Rent-Setting and Budget Report 2011/12 considered by Cabinet on 25 January 2011 refers) This is because a number of risks and unknown factors suggest that the HRA in future years will be under considerable additional pressure. Identified issues are:
- Available HRA reserves are at low level, such that they are considered insufficient and well below the level considered prudent for an authority of this size to deal with a contingency.
  - Central government has yet to issue detailed proposals around self-financing which will commence in April 2012. Initial indications are that this will create a difficult position in early years
  - The 'investment gap' in housing capital means that the revenue account must continue to contribute to bridging that gap.
  - Current pressures created by reduced government funding of local authorities are likely to continue into the future and housing services are not exempt from this process.

### **Housing Management**

20. Operationally, the changes proposed are aimed at improving front line services and escalating the modernisation agenda within the Housing service.

### **Repairs and Maintenance**

21. The repairs and maintenance service for both heating and day-to-day jobs is the major priority for the new administration. Residents report that the service is not good enough and customer satisfaction is low. The council's priority is not just to protect these services but to bring them up to a standard of excellence.
22. Residents fed back their concern that too much money is wasted on propping up the inefficiency of third-party contracts and failure to deal with issues at first point of contact. The ongoing costs associated with managing poor performance are a particular source of concern. Although residents appreciate and understand the need to deliver services more efficiently, they asked the council to continue to invest resources in improving the quality of repairs and maintenance contractors and increasing the scrutiny of performance.
23. New contractor financial models are being developed for the repairs and heating contractors that incentivise them to deal with the 280,000 orders they receive each year right first time and at the best possible price. New models will be in place by June 2011 and a large proportion of savings on this service will be delivered by this more efficient method of managing contractors.
24. A new model has been developed for the delivery of voids that will ensure voids are turned around more quickly and at a lower price. This has already saved around £300k in the current year and will continue to contribute towards a large savings target.

25. New technology is being introduced that means field staff have access to up to date and real time information ensuring they are able to respond to and resolve residents issues immediately and without delay. This will also allow us to deploy operatives more quickly and efficiently.
26. Structural changes and contract changes will allow us to increase the number of post inspections of jobs to a 15% sample each month. Additionally, we will deliver the new Administration's commitment to introduce an independent check when post-inspecting the quality of jobs.
27. Better management of contracts will deliver efficiency savings but we are also expecting to make savings from staff and management reductions; however the changes to the structure of technical services will support rather than detract from the improvements to services outlined above. There will be a leaner client - side with contractors managing more of the front end.

### **Tenancy and Leasehold Management Services**

28. Residents have been very clear that they want services to remain accessible. Personal and local contact is important to them and the savings proposals set out ways in which we will continue to deliver locally-based services which are responsive to residents needs.
29. Residents were also very keen that local services become more visible, increasing the amount of time that housing officers spend out on their estates and reinstating local resident liaison. As far as possible, residents wanted frontline services to be protected and for officers to look to achieve efficiency savings from the 'back office' management overheads, stronger contract management and smarter ways of working.
30. Easier access to the service will be provided through a professionally staffed housing advice line. Service levels will be maintained on estate an inspection with the possibility being explored of technical specialism's being introduced into communal repairs and estate inspections. Better targeting and intelligence of tenancy checks will increase recovery with fewer resources. There will be a professional management service for leaseholders with a one stop shop for enquiries and complaints, an enhanced service for those experiencing anti social behaviour and a continued emphasis on providing signposting services to those who are more vulnerable.
31. To pay for continuing high levels of service on the ground, we are proposing reducing the number of area offices, and delivering front line reception services through other local council facilities. Residents have said that a visible presence on estates is important so we plan to supplement access to services with a mobile office that will visit the more distant estates on a regular basis, with regular surgeries and catch up times during the day, and out of working hours.
32. We recognise the need to support local TRAs in their development and project work, and will work with residents to agree how resident liaison support should be delivered in the future.

### **Accommodation**

33. Proposals for the outline management structure for the landlord service are currently being worked on. It is proposed however that the management of housing rent and debt collection, voids and garages be centralised, and based in the Council's Tooley Street office. It is proposed that the current structure, of eight area teams, be reconfigured with a reduced management structure and two teams based in the north and south of the borough. It is proposed that the 'north' team would be based in Tooley Street, and the 'south' team would be based in the new Queen's Road southern 'hub'. An interim 'south' office could be located in the Council's Cator Street premises.
34. Although the back office housing functions would be rationalised, the intention is to deliver a highly visible local service. Mobile working would be encouraged through the purchase of new technology. It is proposed that at least four reception areas would be maintained, the location of which will be the subject of further consultation as required by statute. In addition, we are exploring putting in place a mobile office to serve the whole of the borough delivering front-line services to less mobile residents.

### **Back Office Functions**

35. We propose 4 local office hubs for face to face meetings and reception services with team bases and managers split between Peckham Road and Tooley Street so that both the north and south of the borough are served by local teams.
36. A number of services currently based in the area offices could be delivered more effectively and flexibly if they were managed from the council's Tooley Street base, so it is proposed that the income collection function should come together at that site. In addition, we propose strengthening the level of support available to those who have difficulty paying their rent, through better money advice and access to support services for vulnerable people.
37. The central voids team would be maintained and extended to provide a lettings agency for all council properties. In addition, we propose appointing a dedicated manager to maximise the lettings of garages and professionally market this potentially valuable asset. This will include centralising the management and letting of all garages across the estate.

### **Aylesbury Estate**

38. The regeneration of the Aylesbury estate is a central part of the council's future work. Changing the physical shape of the area and providing good quality new accommodation, bright and attractive public space and a busy neighbourhood with shops and community facilities are all part of the long-term ambitions for Aylesbury. This commitment holds firm and the Council is now actively exploring how the regeneration programme should be taken forward.
39. While all this happens, the immediate needs of residents must be taken into account. The proposal preserves the special management arrangement for this unique estate. The neighbourhood service has been developed with residents and they will continue to play a central role in helping us to manage the estate and the regeneration.

## **Environment and Community Safety**

40. The proposed savings related to Southwark Anti Social Behaviour Unit and the Environmental Enforcement Service, relate directly to the overall changes in the councils general fund. Community safety and enforcement services will be more targeted to the areas, times people and businesses, most affected by crime and nuisance behaviour, either a victims or perpetrators.

## **Housing Strategy and Options**

41. Frontline housing services are provided from the housing options centre, providing a choice based lettings service, and temporary accommodation for homeless households on the council's estates and hostels. Other functions include tenancy sustainment and the strategic co-ordination of the housing investment programme.
42. Within the budget of £6.9m, savings have been identified that contribute to a balanced HRA and aim to protect core frontline services for vulnerable people. Operational reductions focus on more efficient ways of working; making optimum use of the online housing register and reduction in repairs and maintenance whilst ensuring that the Council meets it's statutory and contractual obligations under Section 11 of the Landlord and Tenant Act 1985 and the Council's tenancy terms and conditions.

## **Home Ownership**

43. Appendix A of this report shows that the Home Ownership and Tenant Management Initiatives Division's budgets with some potential for savings are, at £6.0m (or 2.3% of the total HRA), the smallest of all the budget heads. Even within the £6m budget the greater proportion of the expenditure is staff salaries delivering either statutory services (for example the Right to Buy and statutory consultation) or income recovery. Any savings would therefore be marginal and not reflect the ever growing number of homeowners in management.
44. Both the Home Ownership and Tenant Management Initiatives business units have undergone reorganisation within the past year; another fundamental review is not considered appropriate at the current time. Having said this some marginal savings can be made to reflect the lower level of activity in the property market at the current time.

## **Strategic Services**

45. HRA functions that fall within the remit of Strategic Services comprise corporate and departmental overheads, housing subsidy and debt financing, revenue support for the investment programme and financing for major projects. Overall responsibility for the HRA rests with the Finance Director.
46. By far the largest area of expenditure is that of corporate support costs encompassing finance, procurement, HR, legal, IT, accommodation/ facilities, democratic and corporate policy and the customer service centre, for which the HRA bears its proportionate element. The methodology underpinning the reallocation of costs between the HRA and the General Fund has been subject to a thorough review and rebasing during 2010/11 to ensure it is both equitable and accurate and provides greater transparency moving forward.

47. The extent of savings required by the council over the medium term, particularly in corporate support functions is anticipated to result in lower recharges to the HRA. Further detail and clarity is required before this can be calculated precisely, but prudent early estimates indicate £0.4m is deliverable in 2011/12 with greater savings in years two and three. This has been assumed for planning purposes towards meeting the budget gap, along with other specific savings and budget re-alignment.
48. Overall, cost reductions in excess of £1m have been identified for 2011/12, across a broad range of activity, including rationalisation of the finance support function, reduction in the Cashiers SLA charge arising from lower volumes and efficiency gains, pay award provisions no longer required and reduced Thames Water commitments reflecting stock movements. It has also been possible to reduce the level of bad debt provisions required to meet liabilities as a result of improvements in income and arrears management.

### **Equalities**

49. In September 2010, Cabinet agreed seven principles that would guide its decision making on the budget. These budget principles are consistent with the Council's Equalities and Human Rights Scheme 2008-11. One of these principles was to "limit the impact of its budget on the most vulnerable and to being transparent with any specific group or groups of users who may be affected by any cut or reduction in service provision, and to conduct an equalities impact assessment (EqIA) of budget proposals."
50. To this end, as part of the Fairer Future for All budget consultation, the Council has considered impacts on the equalities strands as part of the budget setting process and in accordance with the Council's Equalities and Human Rights scheme.
51. Under equality legislation, 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. The Council also has legal obligations under the Human Rights Act so therefore has to consider the potential impact its decisions could have on human rights.
52. The Council works in accordance with the general equalities duties which are set out in section 71 of the Race Relations Act 1976, section 49A(i) of the Disability discrimination Act 1995 and section 76A of the Sex Discrimination Act 1975 and the requirements of the Human Rights Act. The legislation requires that this duty to pay 'due regard' be demonstrated in the decision making process. Assessing the potential equality impact of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can show 'due regard'.
53. The Equality Act 2010 introduces a new public sector duty that comes into force from April 2011. This extends coverage to age, sexual orientation, pregnancy and maternity, and religion or belief. The Equality Act 2010 protects people from discrimination on the basis of 'protected characteristics'. The relevant characteristics for services and public functions are disability, gender reassignment, pregnancy and maternity, race, religion or belief sex, and sexual orientation.

54. Guidance on the implications of the Equality Act 2010 and the duties it places on the Council has been issued to service departments and members. In preparation for these new duties coming into force, the Equalities and Human Rights Commission recommends that public authorities start to assess the impact their financial decisions might have on the new protected groups where relevant and proportionate.
55. The Council's Equalities and Human Rights Scheme 2008-11 provides the strategic framework for the Council to meet its specific race equality duties, disability equality duties and gender equality duties. Anti-discrimination duties in respect of age, faith or belief, and sexual orientation are also included as strands in the scheme which means that the Council already largely meet the new requirements of the Equality Act 2010 public sector equality duty, with the exception of gender reassignment and pregnancy and maternity.
56. EqIAs need to contain sufficient information, including the demonstration that they are evidence based, to enable the Council to show that it has paid 'due regard' to equality groups in its decision making and identify methods for mitigating or avoiding any adverse impacts.
57. The Council has ensured that the consideration of equality issues has been embedded in the budget setting process. In preparing budget proposals, the Council has paid due regard to the equalities implications, including service changes or reconfigurations. Some of the specific activities undertaken to demonstrate this include:
  - Training of staff and members, including face to face sessions and written guidance to remind them of the requirements of legislation (including Equality Act 2010), and of the Council's Equality and Human Rights scheme 2008-2011.
  - Explicit Cabinet commitment to equalities made through its vision statement, "Fairer Future for All" and its "budget principles".
  - Extensive consultation with residents and staff via a range of forums, with findings from these consultations fed into decision making processes for senior officers and members.
  - Equality impact assessments of departmental budget proposals submitted to Director of Finance and Resources with budget proposals. These documents were the culmination of assessing impacts throughout the process.
58. Equality impact assessments will be undertaken as part of on-going considerations around the implementation of the Council's budget decision. These will be prepared by departments in compliance with current and ongoing policies and procedures. Equality impact assessment will continue to be embedded in the process moving forward.

### **Community impact assessment**

59. This report sets out draft budget proposals for 2011/12. The actions that may be required by the council as a result of the any draft proposals being taken forward are likely to have an impact on local people and communities in terms of service provision and programme delivery. Consultation will be carried out, responses and impact considered when decisions around those services and programmes are proposed.

### **Consultation on Savings**

60. The timescale for the setting of the HRA budget has been exceptionally tight, but a clear commitment has been made to adopt a more open and transparent approach to consulting with residents.

Two main routes for consultation have been adopted.

- Consultation on detailed proposals through the Housing Revenue Account Working Party, a group of involved tenants and homeowners.
  - Consultation on general priorities through the Area Forums and the Home Ownership and Tenants Councils. The results of this exercise are now being collated and will be fed back into the Working Party.
61. This approach will be developed further over the next year, and early input from a wider group of residents sought over a longer period of time to inform the 2012/2013 budget.
62. The HRA working party has considered both the strategic position in relation to the HRA and the more detailed proposals underpinning the budget settlement this year from the housing management, home ownership and community housing services.
63. In terms of the detail of the proposal, the Working Party has made the following comments on the landlord service:
- Centralisation of income – this broad approach agreed with a suggestion that in future years the Strategic Director of Housing consider where this service could be based.
  - Centralisation of garage management – this broad approach agreed as a good way of maximising the income collection from the non residential portfolio.
  - Centralisation of voids management – residents were concerned that the pilot scheme had resulted in a deterioration of the quality of properties being let. In response it was agreed that further analysis of customer satisfaction, complaints and arbitration would take place. Residents suggested that a consolidated process which covered the end to end void and lettings should be considered as it has been successful elsewhere. Officers have undertaken to carry out this work and to feedback to the Working Party.



- Creation of a Housing Advice Line – residents did not agree that this approach would improve the quality of service to residents. There were concerns that in a borough with a large number of vulnerable and disadvantaged people, and with a large number of ethnic minority residents, an over-reliance on telephone contact could disenfranchise a large number of tenants. They asked that consideration be given to improving the quality and level of contact at the front line. In response, the Strategic Director of Housing has agreed that this proposal is reviewed. A new structure and proposal is now in preparation.
- Housing Officers and Customer Services – residents understood the reasons for a streamlined management structure given that a large element of the current area service would be centralised. No concerns were raised about the move to two back office hubs, but residents were concerned about the number of replacement receptions and their potential location in One Stop Shops. If these issues could be addressed, residents would be more inclined to support the proposal. These discussions linked directly to those on the housing officer role, with feedback being that the housing officer service worked well and should not be targeted for reductions.
- Repairs, engineering and investment – residents expressed concern that staff reductions on the client side of these key services could affect the Council's ability to manage contractors effectively. The idea of placing complaints in the hands of contractors was rejected, and consequently this proposal will not be progressed. The Working Party was supportive of the proposed contract efficiency savings and of the increased emphasis on post inspection and quality.

64. The Strategic Director of Housing Services is revisiting these proposals with a view to reducing management costs and increasing the proposed number of housing officers within the structure. The residents' concerns over the direction of travel have been noted and proposals will ensure a high level of face to face contact.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Human Resources**

65. The proposals appended require a significant reduction in posts in 2011/12 arising from the HRA savings programme. In implementing these savings management will look first at vacancies (a selective recruitment freeze has been in place for 2 years), and agency / temporary staff cover, as well as natural wastage. The Council has tried and tested procedures to manage workforce change and is preparing to provide greater emphasis on the redeployment process, supporting staff and in mitigating redundancies.
66. There are some underlying principles that the Council will aim to maintain through this period of significant change whilst trying to ease the financial pressures over the medium term:
- To maximise opportunities for redeployment utilising the existing workforce positively to meet future needs.

- To promote innovation and voluntary schemes which contribute to the reduction of the overall paybill for example through flexible working, flexible retirement; and to facilitate fast track approval.
- To aim to maintain our standing as a good employer and as an employer of choice.
- To continue to provide opportunities to refresh the workforce through apprentices, trainees etc. and employ high quality specialist staff to critical hard to fill roles, particularly as recruitment is curtailed.
- To implement a framework for managing and learning from change process, overcoming barriers and emphasising the positive aspects.
- To undertake equality impact assessments at all critical stages of the change process.
- To continue to invest in learning and development; and provide accessible, targeted and high quality corporate learning, targeting skills maximisation, leadership capacity and nurturing career development.
- To sustain a remuneration strategy that supports organisational objectives and is affordable, perceived as fair and retains a diverse motivated workforce.
- To review top pay in line with Hutton inquiry report (due March 2011); and review the application of terms and conditions and discretionary elements to ensure they are contemporary and fit for purpose.
- To continue to make progress in key areas of sickness management and agency controls.

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

67. 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.
68. Section 105 Housing Act 1985 requires the council to consult with its secure tenants on matters of housing management, which in the opinion of the council as landlord represents a new programme of maintenance, improvement or demolition, or a change in the policy or practice of the authority and is likely to substantially affect either secure tenants as a whole or a group of them.
69. To meet legal requirements consultation must:
  - be undertaken when the proposals are still at a formative stage,
  - include sufficient details and reasons for the proposals to allow any interested party the opportunity to consider the proposals and formulate a response and

- allow adequate time for interested parties to consider the proposal and formulate their response.
70. The report refers to consultation carried out to date and recognises the need for further consultation. Details of the statutory consultation and responses will need to be fully considered when decisions around the services and programmes are made in due course.
  71. When taking a decision on the recommendations the Cabinet should consider the outcome of the consultation including representations made by secure tenants and also take into account all other relevant considerations in accordance with general administrative law principles to ensure the decision is not vulnerable to challenge.
  72. The Council has statutory and contractual obligations to repair and maintain its dwellings imposed by Section 11 of the Landlord and Tenant Act 1985 and by virtue of its Tenancy terms and conditions.
  73. The report recognises that when making any reduction in repairs and maintenance that the Council must ensure it meets both its contractual and statutory duties in this regard.
  74. Positive equalities obligations are placed on local authorities sometimes described as equalities duties with regard to race, disability and gender.
  75. Gender equalities duties were introduced by the Equality Act 2006, which amended the Sex Discrimination Act 1975. The general duties in summary require local authorities to have due regard to the need to:
    - (a) “eliminate unlawful discrimination and harassment and
    - (b) Promote the equality of opportunity between men and women.”
  76. Race equality duties were introduced by the Race Relations Amendment Act 2000 which amended the Race Relations Act 1976. The general duties in summary require local authorities are required to give due regard to the need to:
    - (a) “eliminate unlawful discrimination and harassment
    - (b) promote the equality of opportunity and
    - (c) promote good race relations between people of different racial groups”
  77. Disability equality duties were introduced by the Disability Discrimination Act 2005 which amended the Disability Act 1995. The general duties in summary require local authorities to carry out their functions with due regard to the need to:
    - (a) “promote equal opportunities between disabled persons and other persons
    - (b) eliminate discrimination that is unlawful under the Act

- (c) eliminate harassment of disabled persons that is related to their disabilities
- (d) promote a positive attitude towards disabled persons
- (e) encourage participation by disabled persons in public life and
- (f) Take steps to take account of disabled person's disabilities even where that involves treating disabled persons more favorably than other persons."

78. As set out in the equalities section of the report 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 the equalities duties and have due regard to these duties when we are carrying out our functions, which includes making decisions in the current context.
79. The report author refers to the fact that equalities have be considered as part of the budget setting process and that equalities impact assessments have been and will be undertaken. 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 our current equalities duties to incorporate religion/belief, sexual orientation and age.
80. The Equality Act 2010 does not come into effect in relation to public sector equalities duties until April 2011. However in line with good practice equalities and human rights impact assessments will be carried out mindful of the protected characteristics.
81. The Head of Human Resources section notes that some of the proposals require a reduction in posts and therefore present employment law implications. It is proposed that the focus is on redeployment and other strategies to mitigate redundancies. It is important that decisions are taken in accordance with the council's Reorganisation, Redeployment and Redundancy Procedure and other relevant human resources procedures so that we act in accordance with employment legislation.
82. One of the underlying principles is that equalities impact assessments are carried out at critical stages so that we have due regard to the equalities implications of the proposed staffing changes and comply with our equalities duties.

### **Finance Director**

83. The council's requirement to set a balanced HRA budget is met by the identification and application of these savings and improvements to Appendix A of the Cabinet report 'HRA Final Rent-Setting and Budget" considered on 25 January 2011.

**BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
HRA Final Rent-Setting and Budget Report 2011-12 (Cabinet 25 January 2011, item 7)	160 Tooley Street SE1 2TZ	Shaun Regan 020 7525 7771
Equalities Impact Assessment on Housing Management Proposals	160 Tooley Street SE1 2TZ	Antoinette Stasaitis 0207 525 7713

**APPENDICES**

<b>No:</b>	<b>Title:</b>
Appendix A	Housing Revenue Account – Indicative Budget 2011/12
Appendix B	Housing Revenue Budget Movements 2010/11 To 2011/12
Appendix C	Detailed timeline of EqIA of budget

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing	
<b>Lead Officers</b>	Gerri Scott, Strategic Director of Housing Services and Duncan Whitfield, Finance Director	
<b>Report Authors</b>	Gerri Scott, Strategic Director of Housing Services and Ian Young, Head of Housing Finance	
<b>Version</b>	Final	
<b>Dated</b>	28 January 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Head of Human Resources	Yes	Yes
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		28 January 2011

## APPENDIX A

## HOUSING REVENUE ACCOUNT – INDICATIVE BUDGET 2011/12 (NET)

	2010/11 Net £m	Budget Pressures £m	Rents and Charges £m	Efficiency Savings £m	2011/12 Net £m
<b>Environment Services</b>					
Estate Cleaning	10.5	–	–	–	10.5
Grounds Maintenance	2.5	–	–	–	2.5
Refuse Collection	1.1	–	–	–	1.1
Pest Control	1.1	0.1	–	–	1.2
Community Safety	1.9	–	–	(0.1)	1.8
Estate Parking	0.5	0.1	–	–	0.6
HQ Functions	0.6	–	–	–	0.6
Heating Account	12.2	–	–	–	12.2
Energy Management	0.3	–	–	–	0.3
	<b>30.7</b>	<b>0.2</b>	<b>-</b>	<b>(0.1)</b>	<b>30.8</b>
<b>Housing Strategy and Options</b>					
Housing Assessments & Needs	1.9	0.1	–	(0.2)	1.8
Temporary Accommodation	(1.5)	0.9	(0.2)	(0.3)	(1.1)
Sheltered Housing	0.1	–	–	–	0.1
Housing Support Services	0.9	–	–	(0.1)	0.8
Strategy and Investment	1.6	0.1	–	(0.1)	1.6
	<b>3.0</b>	<b>1.1</b>	<b>(0.2)</b>	<b>(0.7)</b>	<b>3.2</b>
<b>Home Ownership</b>					
Tenant Management Organisations	(5.0)	–	(0.8)	–	(5.8)
Home Ownership Services	(18.7)	0.2	(0.9)	(0.1)	(19.5)
Commercial Properties	(5.4)	–	–	–	(5.4)
	<b>(29.1)</b>	<b>0.2</b>	<b>(1.7)</b>	<b>(0.1)</b>	<b>(30.7)</b>
<b>Support and Customer Services</b>					
Debt Financing/Subsidy	53.3	6.7	–	–	60.0
Support and Customer Services	25.3	1.6	–	(0.8)	26.1
Contribution to Reserves	–	2.0	–	–	2.0
Revenue Support for Capital	12.5	–	–	–	12.5
Pensions	2.8	–	–	–	2.8
Thames Water	10.8	–	–	(0.2)	10.6
Major Projects/Regeneration	7.1	–	–	–	7.1
	<b>111.8</b>	<b>10.3</b>	<b>–</b>	<b>(1.0)</b>	<b>121.1</b>
<b>Housing Management</b>					
Service Improvement	0.8	–	–	(0.2)	0.6
Resident Involvement	0.8	–	–	–	0.8
Tenancy Management	(166.6)	1.9	(10.5)	(2.4)	(177.6)
Repairs and Maintenance	26.0	3.5	–	(2.0)	27.5
Heating Contract	13.3	–	–	–	13.3
Other Contracts	4.7	–	–	–	4.7
Asset Management & Investment	4.6	2.2	–	(2.2)	4.6
	<b>(116.4)</b>	<b>7.6</b>	<b>(10.5)</b>	<b>(6.8)</b>	<b>(126.1)</b>
<b>Total HRA</b>	<b>(0.0)</b>	<b>19.4</b>	<b>(12.4)</b>	<b>(8.7)</b>	<b>(1.7)</b>
Surplus savings over Budget Gap	–	–	–	1.7	1.7

## HRA BUDGET MOVEMENTS 2010/11 TO 2011/12

	£m
<b><u>Commitments/ Unavoidable Demands:*</u></b>	
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
<b>Gross Deficit/ (Surplus)</b>	<b>19.4</b>
<b><u>Rents and Charges:*</u></b>	
Guideline Rent Increase	(10.2)
Tenant Service Charges	(0.4)
Non-Residential Rents (Garages)	(0.9)
Leaseholder Service Charges and Major Works	(0.9)
<b>Sub-total</b>	<b>(12.4)</b>
<b>NET DEFICIT BEFORE EFFICIENCY SAVINGS</b>	<b>7.0</b>
<b><u>Efficiency Savings:**</u></b>	
Savings required to meet net deficit	(7.0)
<b>Sub-total</b>	<b>(7.0)</b>
<b>NET DEFICIT / (SURPLUS)</b>	<b>0.0</b>

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

\*\* See Appendix A for details.

### Detailed timeline of EqlA of budget

#### **August to November 2010**

- Ongoing programme of equalities and diversity training for all staff.
- Equality Duties and Individual Decision Making Guidance provided to Cabinet Members and Chief Officers on in-year grant cuts.
- Equality and Diversity training provided for members.
- Cabinet agreed seven principles that would guide its decision making on the budget. Budget principles consistent with the Council's Equalities and Human Rights Scheme 2008-11.
- Guidance on "Equality impact framework for the budget process" circulated to Chief Officers.
- Spending challenge exercise held at Community Council meetings.
- Public consultation meetings held, including meetings with the Chamber of Commerce and Homeowners' Association.
- Fairer Future events held by Leader and Chief Executive for staff to set out the scale of challenge facing the Council and asking staff for input. Feedback fed into the decision making process.
- Consultation carried with sample of Southwark residents aged 16+. Participants chosen at random with quotas for age, gender, work status and ethnicity. Results fed back to participants to allow them to comment on the results. Comments used to inform decisions.

#### **December 2010**

- Initial budget proposals prepared, including consideration of the needs of service users and non-users
- Specific reference paid to the equality strands as set out in Southwark Council's Equalities and Human Rights Scheme but also giving consideration to the additional characteristics in the Equality Act 2010.
- Budget Challenge sessions held between strategic directors and Members. Directors' draft budgets, including equalities impacts, challenged by elected members.

#### **January 2011**

- EqlAs included in departmental budget proposals to the Director of Finance and Resources.



<b>Item No.</b> 8.	<b>Classification:</b> Open	<b>Date:</b> 8 February 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Quarter 3 Revenue Monitoring Report – 2010/11	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Cabinet Member for Finance, Resources and Community Safety	

**FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY**

1. This report sets out the current forecast for both the General Fund and the Housing Revenue Account for 2010/11 based on the position at the end of quarter three.
2. The Quarter 2 Revenue Monitoring Report identified some improvement on the position of the General Fund, with the projected adverse variance falling from the £4.189m reported to Cabinet in the Quarter 1 report to £2.765m. At that meeting, Cabinet asked officers to make further efforts to reduce this projected adverse variance. This work has resulted in further improvement, to the £962,000 projected adverse variance shown in this report. The projected adverse variances for both the Environment and Housing and the Regeneration and Neighbourhoods departments reported at quarter 2 have been turned around, whilst those for both Children's Services and Health and Community Services have been reduced.
3. Progress has also been made on the projected adverse variance on the Housing Revenue Account. This was reported to Cabinet as a projected adverse variance of £4.215m in the quarter 1 report, reducing to £3.675m in the quarter 2 report. Further work has reduced this to £2.798m in this report. Whilst it is disappointing that this reduction has been less marked than that on the General Fund, it must be seen in the context of the extraordinary one-off budget pressures arising from the 2009 fires at Lakanal and Sumner Road, together with pressures arising from regeneration initiatives.
4. Similarly, progress has been made in addressing the projected adverse variance on the Collection Fund. This had fallen from £1.135m in quarter 1 to £366,000 in quarter 2. This stands at £87,000 at the end of quarter 3.
5. Cabinet should note the £3.646m are projected to be used from Reserves this year. The report shows a net reduction in reserves over the year, although these remain at a prudent level.
6. Cabinet should also note the treasury management activity in the last quarter. No new borrowing has been taken in this period and debt to fund past capital spending remains at £762m. The council's investments total £239.1m. Cabinet should note the continuing low level of return made on these investments reflecting the very low money market rates over the last year.

## RECOMMENDATIONS

7. That the cabinet notes:
  - the general fund outturn forecast for 2010/11 and the forecast net movement in reserves;
  - the housing revenue account's (HRA) forecast outturn for 2010/11 and movement in reserves.
8. That the cabinet notes the treasury management activity for the third quarter of 2010/11.
9. That the cabinet notes and approves the third quarter general fund budget adjustments as required and detailed in Appendix A.
10. That cabinet instructs strategic directors to continue to take further action to manage the cost of services within agreed budgets to deliver a balanced position by the end of the financial year.

## BACKGROUND INFORMATION

11. This report provides a quarter 3 update on the Council's 2010/11 outturn forecast for the general fund, HRA and collection fund based on the most current information available. Explanations for key variances are presented along with the action planned or taken by managers to address these variances.
12. The report also identifies key variances in the council's savings plans for 2010/11 and reports on the movement expected on the council's reserves.
13. Information with regard to the council's treasury management activity is also presented in this report.

## KEY ISSUES FOR CONSIDERATION

### Current forecast position

14. The overall forecast position for the general fund, housing revenue account and collection fund is as follows:

Table 1: Summary forecast outturn

Account/Fund	Forecast outturn variance unfavourable / (favourable) £'000	Forecast outturn variance reported at Quarter 2 £'000
General fund	962	2,765
HRA	2,798	3,675
Collection fund	87	366

## General fund

15. There is an overall improvement of £1.803m compared to the position reported at quarter 2 which is due to improved forecasts across all departments.
16. This improvement reflects the fact that strategic directors have continued to take further action to ensure that they manage costs within their departments with the ultimate aim of delivering their services as per budgets agreed.

## Quarter 3 general fund departmental monitor

17. The forecast outturn position for quarter 3 by department is presented in Table 2 below.

Table 2: General Fund forecast outturn

General fund	2010/11 Original budget £'000	Budget movements £'000	2010/11 revised budget as at month 9 £'000	2010/11 Forecast outturn at month 9 £'000	Variance - over / (under) £'000	Variance reported at Q2 £'000
Children's services	99,674	(1,932)	97,742	98,342	600	800
Health and community services	118,810	(472)	118,338	119,162	824	1,695
Environment and housing	76,074	(193)	75,881	75,849	(32)	207
Regeneration and neighbourhoods	30,296	(668)	29,628	29,345	(283)	163
Deputy chief executive	46,271	4,536	50,807	50,795	(12)	0
Communities, law and governance	13,070	(325)	12,745	12,645	(100)	0
Finance and resources	34,727	(2,697)	32,030	31,995	(35)	(100)
SCR income	(58,858)	(403)	(59,261)	(59,261)	0	0
Strategic and corporate	1,606	1,645	3,251	3,251	0	0
<b>Total general fund before appropriations</b>	<b>361,670</b>	<b>(509)</b>	<b>361,161</b>	<b>362,123</b>	<b>962</b>	<b>2,765</b>
Appropriations to/(from) reserves	2,195	(2,293)	(98)	(98)	0	0
<b>General fund total</b>	<b>363,865</b>	<b>399</b>	<b>361,063</b>	<b>365,887</b>	<b>962</b>	<b>2,765</b>
Area based grant	(43,956)	2,802	(41,154)	(41,154)	0	0
<b>Net total</b>	<b>319,909</b>	<b>0</b>	<b>319,909</b>	<b>321,532</b>	<b>962</b>	<b>2,765</b>
Schools budget	0	0	0	0	0	0
Appropriation to/(from) DSG reserves	0	0	0	0	0	0
<b>Total</b>	<b>319,909</b>	<b>0</b>	<b>319,909</b>	<b>321,532</b>	<b>962</b>	<b>2,765</b>

18. The key reasons for this improved position are as follows.

19. Children's services

- Overall children's services are able to show an improvement in the forecast outturn position from £800k to £600k between quarter 2 and quarter 3.

- This improvement can mainly be attributed to management action taken to cease the retention payments to staff from September, within specialists services delivering an improvement of £80k and £100k realised in-year through renegotiating semi-independent placement contracts; this work is going to be extended to all placement contracts over the coming months
- However, ongoing pressures in demand led services remain including: children looked after placements; children with disabilities placements and care packages; and supporting vulnerable no recourse to public funds families.
- There are also underlying home to school contract pressures which are being mitigated by other favourable variances elsewhere in children's services. There are plans to reduce the transport variance through a revision of the policies and contract re-tender, however, this is unlikely to be fully realised until the next financial year
- The remaining adverse variance is in the context of a £2.7m reduction in grants in year, which has reduced the service's flexibility to absorb cost pressures. Although the majority of the in year budget cuts are on track; £100k of the area based grant (ABG) budget cut has not been able to be absorbed in year.
- Children's services continue to be committed to reduce this predicted variance in year by identifying areas where management action can be taken to reduce spending.
- The dedicated schools grant (DSG) is currently balanced. The final DSG allocation of £176.7m creates a budget pressure of around £200k because of DSG recouplement in year as a result of new academies.

## 20. Health and community services

- The position has improved from the previous quarter with a further reduction in the adverse variance forecast from £1.7m to £824k.
- The key reduction is from an extensive review of prior year care contract commitments, which were accrued from 2009/10 for payment in the current financial year. This work is ongoing and will continue until year end.
- Main pressure areas remain placements for younger disabled people and delays to the transfer of residential to community based care.
- Management action continues to be taken across the department to contain cost pressures, including:
  - Close review of new placements made to minimise the use of expensive residential care
  - Better procurement of all purchased care to ensure lowest possible price
  - Holding staff vacancies and limiting use of agency staff
  - Re-assessing existing care packages, both in and out of Borough
  - Maximising all potential income streams.

- Whilst the budget is still under pressure the forecast position remains prudent. The success of existing action plans will see continued reduction in costs over the remainder of the year, with an aim to achieving as close to a balanced budget as possible by March 2011.

#### 21. Environment and housing

- The overall positive variance of £32k is an improvement of £239k from what was reported last quarter reflecting significant work by officers to enforce budgetary targets. Previously forecast service closures costs for the Camberwell Leisure Centre have been significantly reduced by robust contract negotiation, and variances due to the impact of the area based grant reduction have been addressed. Reduced expenditure within sustainable services provides an additional contribution to the positive variance. Management action continues, with the aim of further improving the overall variance.

#### 22. Regeneration & neighbourhoods

- The reduction in costs for vacant posts for the director and support division within major projects are the main reasons for the favourable variance being reported in the departmental monitor. Furthermore, management action has also been taken in regeneration and neighbourhoods to address some of the areas of concern by scrutinising and reducing expenditure where possible and updating all income projections based on latest available information. These actions have contributed to the favourable variance currently being reported.

23. The overall outturn position will continue to be closely monitored and all strategic directors are working to ensure that by the end of the year the budget, as agreed through the policy and resources strategy in February 2010 by council assembly will be delivered on target.

#### **Housing revenue account**

24. The quarter 3 outturn forecast continues to show steady improvement. The management actions implemented over recent months to stabilise the position are taking effect with repairs in particular continuing its downward expenditure trajectory. Notwithstanding this, significant cost pressures remain on the housing management side, but there is an expectation that the outturn position will be broadly neutral by year-end through these measures and the specific application of earmarked reserves to mitigate major project commitments.

Table 3: Estimated projection of HRA outturn position as at quarter 3 (M09)

	Net Expenditure			
	2010/11 Full Year Budget £'000	2010/11 Forecast Outturn £'000	Forecast Variance £'000	Q2 Forecast Variance £'000
<b><u>Regeneration &amp; Neighbourhoods</u></b>				
Housing Strategy & Options - Community Housing Services	1,767	1,744	(23)	(26)
Housing Strategy & Options - Strategy & Regeneration	1,729	1,745	16	19
<b><u>Strategic Services</u></b>				
Debt Charges & Financing	101,109	100,956	(153)	58
Major Project Costs	6,000	7,077	1,077	1,038
<b><u>Environment &amp; Housing</u></b>				
Housing Management	(95,685)	(94,079)	1,606	2,677
Home Ownership Unit	(28,613)	(27,788)	825	243
Other Services	13,693	13,536	(157)	(61)
<b><u>HRA Carry Forward</u></b>	0	(393)	(393)	(273)
<b>Housing Total</b>	<b>0</b>	<b>2,798</b>	<b>2,798</b>	<b>3,675</b>
<b>Contribution from Reserves</b>			<b>(2,798)</b>	<b>(3,675)</b>

### Collection fund

25. As a billing authority the council is required to maintain a collection fund account, which shows the transactions of the billing authority in relation to non-domestic rates and the council tax, and demonstrate the way in which these have been distributed to preceptors and the general fund.
26. The estimated year-end balance on the collection fund at quarter three is a deficit of £87k, which is an improvement of £279k compared to the forecast at quarter two. The estimate is based on December system reports adjusted for the level of 'reliefs and exemptions' applied. The improved position is due mainly to the forecast provision for bad debts being less than expected. This is due to an improvement in the age profile of the debt. It should be noted that the elements making up the collection fund income, such as the number of accounts billed and exemptions and discounts granted, are volatile, which means that the outturn position could vary significantly from this estimate.
27. The council must take into account the estimated surplus or deficit on the collection fund balance when setting the council tax for the following year, and this will be the quarter three estimate. The deficit is shared between the Council and the GLA, with the Council's share being £65,096 and the GLA's being £22,164.

### Savings and efficiencies - 2010/11 budget - Quarter 3

28. The council targeted £20.8m combined savings and efficiencies for the general fund and housing revenue account in 2010/11. At the end of Quarter 3, £16.7m of these targeted savings were forecast to be achieved. The two main shortfalls are within the HRA, where £2.4m of the £7.3m savings are now forecast not to be achieved; and within Health and Community Services where £1.6m of the £3.3m savings are now forecast not to be achieved.

	Agreed by Council £'000	Total Forecast Savings £'000	Variance as at Q3 £'000	Variance as at Q2 £'000
Children's Services	(2,200)	(2,200)	0	0
Health and Community Services	(3,280)	(1,699)	1,581	1,018
Environment and Housing	(1,528)	(1,528)	0	0
Regeneration & Neighbourhoods	(1,127)	(1,027)	100	100
Finance and Resources	(893)	(877)	16	20
Deputy Chief Executive Communities, Law and Governance	(820)	(820)	0	0
Corporate	(3,000)	(3,000)	0	0
<b>Total General Fund</b>	<b>(13,431)</b>	<b>(11,734)</b>	<b>1,697</b>	<b>1,138</b>
HRA	(7,328)	(4,970)	2,358	2,333
<b>Total Savings 2010/11</b>	<b>(20,759)</b>	<b>(16,704)</b>	<b>4,055</b>	<b>3,471</b>

29. In health and community services, there is a shortfall forecast of £1.6m against the budgeted savings of £3.3m. This shortfall has increased from the position reported at quarter 2 by £563k and is due to the following:

- learning disabilities - £279k (£292k at Q2) slippage due to CQC delays in de registration homecare and £25k slippage due to delays in the completion of a review of provision in the Southwark outreach service.
- older people (OP) and physical disabilities (PD) commissioning - £310k (£100k at Q2) slippage on this saving relates to issues with the retendering of the ICES service.
- OP & PD - £500k (£500k at Q2) slippage is due to difficulties in the negotiations to date on service re-design and contract change in relation to residential placements.
- welfare rights – £389k (£100k at Q2) slippage is due to the corporate approach to welfare rights service being delayed.
- Supporting people - £78k (nil at Q2) slippage is due to delays in revising contracts due to difficulties in notifying providers.

30. In response to the above, a management action plan within health and community services has identified alternative savings of £1.6m against care and non care expenditure.

31. In regeneration and neighbourhoods, there remains a £100k variance due to a shortfall in the expected income from advertising boards. Officers are exploring other savings options to enable all budgeted savings to be achieved during 2010/11.
32. In finance and resources the variance of £16k is due to residential properties at Tooley Street being let out later than was expected. It is expected that some of this variance will be mitigated through insurance premiums which will be added to rents.
33. There are a number of factors that contribute to the reported variance against the proposed savings target within the HRA at this point.
  - The anticipated contract savings of £1m proposed through the re-organisation of the Quantity Surveying function within the wider Asset Management & Investment Programme team will be fully unrealised in the current year. The forecast at quarter 3 is necessarily prudent, reflecting activity levels over the initial months of this financial year, but there are tentative signs that the new management and operational arrangements are becoming embedded and should now start to deliver cost reductions. A concerted effort on engineering, voids and R&M contracts have identified and rectified control weaknesses and revised expenditure profiles and the recoupment of contract sums from contractors should mitigate the reported position by year-end.
  - Plans to introduce a differential charging policy for garages has not progressed as originally planned, therefore income assumptions predicated on the basis of a July increase, then subsequently November will not now be achieved. The position assumes that implementation of the new charging policy will not occur during 2010/11. The shortfall against budget is £1.25m.
  - Savings arising from the accommodation review/ rechargeable office costs will not now be fully realised during 2010/11. It is estimated that around half of the £200k identified savings relating to the accommodation review can be delivered in year one, with a further £50k from other facilities related activity, giving rise to a £50k shortfall against the target. It is anticipated that the full sum will be achievable from year two onwards. Additionally a shortfall of £25k is projected against rechargeable office costs (telephones).
  - The commercial property portfolio is showing a shortfall against both the 2010/11 savings target (£33k) and the base rental income budget overall. The income target was predicated on prior-year activity which is being adversely affected by current economic conditions. This function is subject to review during 2010/11 with a view to improving the net revenue contribution to the HRA.

### **Reserves**

34. Contributions to and from general fund reserves remain as reported at quarter 2 except for an increase in the reserve to be released for the new horizons project from £2.469m to £3.993m.



35. Table 5 below summarises the projected movements in reserves.

Table 5: Summary of projected reserve movements in 2010/11

	<b>2010/11 opening balance</b>	<b>Projected change in reserves</b>	<b>Release of reserve for capital</b>	<b>2010/11 forecast closing balance</b>
<b>Reserve</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General fund earmarked	(64,594)	98	750	(63,746)
DSG reserve	(4,010)			(4,010)
Schools Balances	(10,114)			(10,114)
HRA earmarked	(14,124)	2,798		(11,326)
<b>Total</b>	<b>(92,842)</b>	<b>2,896</b>	<b>750</b>	<b>(89,196)</b>

### Treasury management

36. The council's treasury management activity relates to both cash and debt balances. The cash earns interest until it is needed in spending and the debt funds current and past capital spend met through borrowing. In managing these activities local authorities should, under the Local Government Act 2003, have regard to guidance on investments and sums set aside to repay debt issued by the Government and the Treasury Management in the Public Services Code of Practice and the Prudential Code for Capital Finance in Local Authorities, issued by the Chartered Institute of Public Finance and Accountancy CIPFA.
37. At 31 December 2010, the council's debt and cash balances were £762m and £239m respectively. The debt funds past capital expenditure not otherwise met from capital receipts, grants or revenue, and the cash is invested until it is used in spending.
38. Three investment firms (AllianceBernstein, Aberdeen Fund Management and Invesco Asset Management) manage the council's exposure to certificates of deposits (liquid bank deposits) and bonds and an in-house operation focuses on meeting day to day cash volatility using money market funds, call accounts and short term deposits.
39. The sum invested with each counterparty at 31 December 2010 is set out in Table 6 below. The part-year return to December 2010 is 0.79% reflecting the very low level that money market rates have been at since last year.

Table 6: Investment counterparty exposure

EXPOSURE - DEC 2010 COUNTERPARTY AND RATINGS						
Counterparty	£m	Long term rating	Short term rating	Support rating	Country	Country long term rating
BARCLAYS BK	13.5	AA-	F1+	1	UK	AAA
BANQUE NATIONAL de PARIS	0.5	AA-	F1+	1	FRANCE	AAA
CREDIT AGRIC CIB	10.8	AA-	F1+	1	FRANCE	AAA
CREDIT INDUST ET COMRCL	5.4	AA-	F1+	1	FRANCE	AAA
DEUTSCHE BK	10.0	AA-	F1+	1	GERMANY	AAA
EUROPEAN INV BK	10.7	AAA	F1+		SUPRANATIONAL	AAA
FORTIS BK	5.1	A+	F1+	1	BELGIUM	AA+
GLOBAL TREAS FUNDS-MMF	5.0	AAA	F1+		GLOBAL	
HSBC	0.7	AA	F1+	1	UK	AAA
ING BK	8.7	A+	F1+	1	NETHERLANDS	AAA
INT BK RECONST DEVT	2.3	AAA	F1+		SUPRANATIONAL	AAA
LLOYDS TSB/BK SCOTLAND	28.0	AA-	F1+	1	UK	AAA
NATIONWIDE BSOC	3.7	AA-	F1+	1	UK	AAA
NORDEA BK FINLAND	0.5	AA-	F1+	1	FINLAND	AAA
RABOBANK	0.5	AA+	F1+	1	NETHERLANDS	AAA
RBS/NATWEST	33.9	AA-	F1+	1	UK	AAA
SANTANDER UK	21.5	AA-	F1+	1	UK	AAA
SOGGEN	17.0	A+	F1+	1	FRANCE	AAA
SVENSKA	7.1	AA-	F1+	1	SWEDEN	AAA
UBS	2.6	A+	F1+	1	SWITZERLAND	AAA
UK TREASURY	51.6	AAA	F1+		UK	AAA
<b>Total</b>	<b>239.1</b>					

40. No new borrowing was taken this quarter and debt to fund past capital spending remains at £762m, the level it was at throughout 2009/10. All debts are at fixed rates from the Public Works Loans Board (a division of HM Treasury and a competitive source of funds). There is no debt maturing this year so no replacement finance is needed. However funds may be needed to pay for future capital expenditure ahead of receipts or other funding.
41. As reported at quarter 2, part of the government's actions under the comprehensive spending review (CSR), the Public Works Loans Board (PWLB) raised the cost of borrowing for councils by 1% across the board. There are no immediate cost consequences for the council from this rise. However, if borrowing rates stay at this level the council could be exposed to additional costs than would otherwise be incurred from:
- the cost of new supported or prudential borrowing will be higher
  - some £200m of debt falling due to be refinanced in 2013/14 - 2015/16. Although the existing debt is much higher than prevailing rates (loans range between 8% and 10%), the gain from refinancing at lower rates will be reduced (and after assuming long term rates do not escalate in the next three years)
  - the change in rates could affect the communities and local government's (CLG's) national model of debt financing under the HRA subsidy reform, which could adversely affect the amount of Southwark debt CLG is prepared to redeem, leading to a greater cost burden on the HRA after the reform. CLG are now expecting to issue revised consultation in January which will identify the impact the PWLB action has had.

### Community impact statement

42. This report monitors expenditure on council services, compared to the planned budget agreed in February 2010. Although this report has been judged to have no or a very small impact on local people and communities, the projected expenditure it is reporting reflects plans designed to have an impact on local people and communities, which will have been considered at the time the services and programmes were agreed. It is important that resources are efficiently and effectively utilised to support the council's policies and objectives.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
2010/11 departmental revenue monitoring submissions	160 Tooley Street	Vernon Smith 0207 525 7355
2010/11 treasury activity	160 Tooley Street	Karsan Varsani 0207 525 4301
2010/11 collection fund	160 Tooley Street	Salik Zahid 0207 525 4370

### APPENDICES

No.	Title
Appendix A	Budget movements

### AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance, Resources and Community Safety	
<b>Lead Officer</b>	Duncan Whitfield. Finance director	
<b>Report Author</b>	Cathy Doran, Finance and resources	
<b>Version</b>	Final	
<b>Dated</b>	28 January 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
Officer Title	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
List other officers here		
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	28 January 2011	

## Appendix A

## Budget movements to be approved

Department from	Amount £'000	Department to	Amount £'000	Reason
Children's	(2,195)	Councilwide	2,195	In year reduction in area based grant (ABG)
Appropriations	(1,524)	Deputy Chief Executive	1,524	Further planned release of reserve to meet the revenues and benefits new horizons project
Regeneration and neighbourhoods	(632)	Councilwide	632	In year reduction in area based grant (ABG)
Support costs re-allocations	(403)	Finance and resources	403	Transfer of housing management finance to finance and resources
Area based grant	(389)	Children's	389	Allocation of new ABG monies allocated by the government in 2010/11

## Budget movements to be noted

Department from	Amount £'000	Department to	Amount £'000	Reason
Health and community services	(246)	Council wide	246	In year reduction in area based grant (ABG)
Environment and housing	(225)	Council wide	225	In year reduction in area based grant (ABG)
Strategic and corporate	(209)	Finance and resources	209	Transfer of cash management budgets
Finance and resources	(92)	Deputy Chief Executive	92	Transfer of cashiers budgets from F&R to DCE
Area based grant	(82)	Children's	82	In year area based grant adjustments
Strategic and corporate	(65)	Children's	65	Transfer original school gates employment from contingency to children's services as ownership has been established.
Communities, Law and Governance	(56)	Strategic and corporate	56	Allocation of shared support savings agreed in 2009/10 for Pas
SCR income	(47)	Finance and resources	47	Transfer of Hay10 from commissioning to F& R finance
Children's	(46)	Strategic and corporate	46	Allocation of shared support savings agreed in 2009/10 for Pas
Regeneration and neighbourhoods	(36)	Environment and housing	36	Transfer of performance and monitoring unit for MUSCO with effect from 1 Sept 2010.
Health and	(30)	Children's	30	To move the support budget for direct

Department from	Amount £'000	Department to	Amount £'000	Reason
community services				payments into children's services
Strategic and corporate	(30)	Environment and housing	30	Insurance claim - transfer for tree roots
Area based grant	(10)	Strategic and corporate	10	Allocation of new ABG monies allocated by the government in 2010/12
Strategic and corporate	(4)	Area based grant	4	In year area based grant adjustments
Deputy Chief Executive	(2)	Strategic and corporate	2	Adjustment to the release of the bonus budget to revenues and benefits

<b>Item No.</b> 9.	<b>Classification:</b> Open	<b>Date:</b> 8 February 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Southwark Air Quality Improvement Strategy & Action Plan 2011 – Draft for public consultation	
<b>Ward(s) or groups affected:</b>		All wards	
<b>Cabinet Member:</b>		Councillor Barrie Hargrove, Cabinet Member for Transport, Environment and Recycling	

## **FOREWORD – COUNCILLOR BARRIE HARGROVE, CABINET MEMBER FOR TRANSPORT, ENVIRONMENT AND RECYCLING**

1. This draft strategy is recommended for approval by the Cabinet for the purpose of consultation with external strategic partners and members of the public. This draft provides a full revision of the council's original strategy from 2003, bringing us wholly up to date with latest developments in the field. It draws from both national and regional strategy and has been benchmarked against other existing 'best in class' local strategy. It sets out a comprehensive approach to air quality improvement, intended to complement and work alongside other corporate policy.

## **RECOMMENDATION**

2. That the cabinet approves the draft Southwark Air Quality Improvement Strategy and Action Plan for 2011, as set out in Appendix A, for the purposes of public consultation.

## **BACKGROUND INFORMATION**

3. The Environment Act 1995 requires all local authorities regularly review air quality in their district and make an assessment as to whether a range of air quality standards and objectives, established by the National Air Quality Strategy, are being achieved.
4. Where that assessment identifies that these health based objectives will not be achieved by the dates set, the authority must declare an air quality management area (AQMA). The authority must also prepare a supporting air quality action plan (AQAP) which sets out the measures the authority intends to put into place to achieve the objectives.
5. An initial assessment of the position in Southwark in 2002 concluded that three of the health based objectives were unlikely to be met by the set dates. These related to nitrogen dioxide (NO<sub>2</sub>), small particulate matter (PM<sub>10</sub>), and benzene. As a result of this an AQMA was declared covering approximately 90% of the borough (the area to the north of the A205). An air quality strategy and improvement plan followed in 2003 and 'update and screening assessments' (USA) have taken place at regular intervals since.

6. The position has since improved. Today only two of the three highlighted objectives, nitrogen dioxide and small particulate matter (under 10 micrometres) remain of concern.
7. There have also been many other developments in this field. Across recent years we have seen:
  - The publication of the European Framework Air Quality Directive which amalgamated and advanced previous Directives:
  - The introduction of a new standard for fine particulate matter PM<sub>2.5</sub>;
  - The updating of Defra's national air quality strategy
  - The development of the Mayor of London's local air quality strategy;
  - The issues of climate change, energy conservation and sustainability have moved up the strategic agenda; and
  - The rapid introduction of biomass fired heating in new developments and schools programme to meet Defra and GLA renewable energy targets.
8. The combination of these developments has, over time, placed increasing pressure on the need to revise our own air quality improvement strategy.
9. Separately, the council is currently in the process of revising the Southwark Local (Transport) Implementation Plan (LIP) in response to the Mayor of London's revised transport strategy. A draft Transport Plan document is in development with the intention of going out to public consultation on the proposals, early in 2011. This allows for the simultaneous revision of the air quality improvement strategy.
10. A draft of the air quality improvement strategy and action plan for 2011 has been prepared through consultation with internal stakeholders, including:
  - Transport planning:
  - Planning;
  - Climate change / sustainability team;
  - Public realm;
  - Design and conservation;
  - PCT;
  - Housing energy;
  - Parking;
  - Community engagement; and
  - Legal services.
11. A copy of the document is provided at Appendix A to this report. It is intended to further develop this document through external consultation with other partners, stakeholders, interest groups and the general Southwark local community. Consultation is scheduled through March and April 2011. The draft is put to the cabinet for approval for the purpose of this consultation, accordingly.
12. Following consultation all submissions will be considered and a final document returned to the cabinet for approval in due course.

## KEY ISSUES FOR CONSIDERATION

### The Strategy

13. As established the draft Air Quality Improvement Strategy and Action Plan has the combined objective of working toward air quality objectives within the borough and, in doing so, improving the health of people living and working in Southwark by reducing exposure to air pollution and raising air quality awareness. These objectives are pursued through four aims:
- To reduce emissions from vehicular transport;
  - To tackle emissions from existing fixed sources (primarily heating and power sources);
  - To reduce emissions from new developments; and
  - To protect health and monitor air quality.
14. The strategy also contains a broad commitment to work with and support the Mayor's draft Air Quality Strategy.
15. The draft document proposes a range of measures under each of the four aims. These are summarised below:

#### First aim – To reduce emissions from vehicular transport (sections 7.1 – 7.25)

- Measure 1 – To promote car sharing clubs;
- Measure 2 – To promote sustainable travel choices;
- Measure 3 - To pilot schemes for local school travel plans;
- Measure 4 – To publicise the adverse impacts of 'idling engines' and carry out follow-up enforcement activity;
- Measure 5 – To carry out air quality assessments on all major traffic management schemes;
- Measure 6 – To deliver in-house 'smart driver training';
- Measure 7 – To develop an emissions strategy for all new council contractors' vehicles and plant; and
- Measure 8 – To lobby for a Central London low-emissions zone, in conjunction with partner boroughs in the Central London Air Quality Cluster Group.

#### Second aim – To reduce emissions from fixed sources (section 8.1 – 8.6)

- Measure 9 – To continue implementation of energy efficiency measures in council owned buildings;
- Measure 10 – To ensure that local energy generation plant is fitted with suitable abatement and dispersal technologies; and
- Measure 11 – To continue to regulate Part B processes under the Local Authority Pollution Control Regime.

#### Third aim – To reduce emissions from new developments (sections 9.1 – 9.6)

- Measure 12 – To require developers to adopt within their Environmental Construction Development Plans, measures included in the London Councils and GLA Best Practice Guidance on Construction and Demolition; and



- Measure 13 – To monitor all travel plans received from major developers under the planning process, for purposes of compliance and take relevant enforcement actions as necessary.

Fourth aim – To improve public health and monitor air quality (sections 10.1 – 10.15)

- Measure 14 – To require developers to submit air quality assessments for all major applications within the AQMA and any other development that may have an adverse impact on air quality;
- Measure 15 – To gather an evidence base to support developers in conducting air quality assessments
- Measure 16 – To develop policies within the emerging Local Development Framework that will require new development to reduce PM<sub>10</sub> and NO<sub>x</sub> emissions in comparison with previous site use;
- Measure 17 – To promote the AirTEXT service;
- Measure 18 – To promote up to date information on air quality;
- Measure 19 – To provide ongoing monitoring of air quality in Southwark through the combination of two automatic monitoring stations and diffusion tube surveys; and
- Measure 20 – To promote the ‘right tree, right place’ methodology to ensure that new street trees do not adversely affect air quality.

**Policy implications**

16. Southwark 2016, the Southwark Alliance’s Sustainable Community Strategy published in 2006, sets out a framework for responding to local needs and concerns; increasing life chances; and reducing the inequality gap. Within the priorities contained within the Community Strategy is an intention to ‘achieve a measurable improvement in air quality by 2016’. The draft Air Quality Strategy progresses this agenda.
17. The draft Air Quality Improvement Strategy is also intended to complement and help to integrate local planning, transport, climate change and other policy.
18. As noted, and in recognition of this, the draft Air Quality Strategy and Action Plan (AQSAP) is being developed through consultation alongside the Transport Plan. Any potential conflict between the AQSAP and the Transport Plan or other strategies will be highlighted during the course of the consultation and debated.
19. One area of conflict within council policy that is apparent at this time is noted in section 5.13 – 5.14 of the draft strategy. The section states
  - “... The relationship between greenhouse gas and emissions of air pollution is, however, complicated by the fact that some measures to replace carbon emissions can increase air pollution. For example, biomass is considered to be carbon neutral and will replace carbon emissions if used to replace boilers that use fossil fuels. However, emissions of NO<sub>x</sub> and PM<sub>10</sub> from biomass boilers are often much greater than for gas boilers and can result in a decrease in air quality. Similarly, small diesel vehicles are more efficient than petrol vehicles of comparable size but emit more NO<sub>x</sub> and PM<sub>10</sub>.
  - Areas in which policies and measures to tackle poor air quality and climate change clash will therefore need careful consideration to balance benefits and costs.”

### **Community impact statement**

20. The overall objective of improving air quality in Southwark is one that will have positive benefit across Southwark supporting community health and wellbeing generally.
21. While all people who live, work or visit Southwark may thereby benefit from the totality of the initiatives, it is recognised that not all of the measures proposed may be taken up by all members of the Southwark community. This particularly applies where the draft strategy discusses sustainable travel choices, which may not be available to people who have mobility issues.
22. The Strategy is, however, undergoing an Equalities Impact Assessment, the outcome of which will be reported back at the time that the final strategy is considered.

### **Consultation**

23. Section 1(1)(c) of Schedule 11 of the Environment Act 1995 provides that the following must be consulted:
  - (a) The Secretary of State;
  - (b) The appropriate new agency;
  - (c) In England and Wales, the highway authority for any highway in the area to which the review or, as the case may be, the action plan or revision relates;
  - (d) Every local authority whose area is contiguous to the authority's area;
  - (e) Any county council in England whose area consists of or includes the whole or any part of the authority's area;
  - (f) Any national park authority for a national park whose area consists of or includes the whole or any part of the authority's area;
  - (g) Such public authorities exercising functions in, or in the vicinity of, the authority's area as the authority may consider appropriate;
  - (h) Such bodies appearing to the authority to be representative of persons with business interests in the area to which the review or action plan in question relates as the authority may consider appropriate;
  - (i) Such other bodies or persons as the authority considers appropriate. In addition to the above, paragraph 4 of Schedule 11 of the Environment Act 1995 provides that there should be public access for information about the Action Plan.
24. The consultation should last for not less than three months.
25. The proposed round of public consultation on this draft strategy will be advertised in the local media and on the council's web site. It will also be presented at community council meetings throughout February and March 2011. In recognition of the fact that the document is, in parts, necessarily both complex and technical, a non-technical summary of the strategy has been prepared for public consultation purposes.

26. The draft policy will also be re-circulated to all internal partners and neighbouring authorities and we shall directly consult the following bodies:
- Defra;
  - GLA air quality officers;
  - TfL;
  - London councils;
  - Environmental Protection UK;
  - CIEH;
  - Environment Agency;
  - Natural England;
  - SELCHP;
  - Veolia;
  - Southwark NHS and Public Health;
  - Health Protection Agency;
  - Freight Transport Association;
  - Southwark Cyclists;
  - Better Bankside;
  - Team London Bridge;
  - Southwark Friends of the Earth;
  - Chamber of Commerce and
  - Living Streets.

#### **Resource implications**

27. The costs of the public consultation exercise can be contained within the service budget for 2010-11.
28. Resource implications arising from development of the proposals contained within the strategy will continue to be considered as these proposals evolve and these will be addressed when the final version is returned to the cabinet for consideration.

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

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

29. The Strategic Director of Communities, Law and Governance (acting through the licensing and prosecutions section) notes the content of the report.
30. Under section 88(1) of the Environment Act 1995, the Secretary of State for the Environment issued guidance to Local Authorities to have regard to when carrying out their local air management control (LAQM) duties under Part IV of the Environment Act 1995. Section 82 of the Environment Act 1995 requires every Local Authority to review the air quality within its area, both at the present time and in the future. Section 83(1) of the Environment Act 1995 requires Local Authorities to designate an air quality management area where air quality objectives are not being achieved, or are unlikely to be achieved within the relevant timescales, as set out in the Air Quality (England) 2000 Regulations. Once an area has been designated then Section 84 of the Environment Act 1995 requires the Local Authority to carry out an assessment and then develop an Action Plan in line with the requirements of Schedule 11 of the Act for the air quality management area. Section 84(4) of the Environment Act 1995 provides that Local Authorities have to keep their Action Plans up to date. An extensive

consultation process, as specified under section 1(1)(c) of Schedule 11 of the Environment Act 1995, will need to be followed which will have to last for a period of not less than three months..

31. Reference has been made to the Mayor of London's no idling policy. The Road Traffic (Vehicle Emissions) (Fixed Penalty)(England) Regulations 2002 enable local authority Authorised Persons to request vehicle users to switch off engines when parked and to issue Fixed Penalty Notices to those who refuse to co-operate. It is a requirement of Regulation 98 of the Road Vehicles (Construction and Use) Regulations 1986, as amended, that drivers switch off engines in parked vehicles. Fixed penalty fines of £20 can be issued in such instances.
32. As a public authority, the London Borough of Southwark has general and specific equality duties imposed on it under section 49(a) and section 49(d) of the Disability Discrimination Act 1995, section 71 of the Race Relations Act 1976 and under section 76(a) and (b) of the Sex Discrimination Act 1975. The Local Authority must have due regard to these duties when carrying out these functions, which includes making decisions in the current context. An Equality Impact Statement should address all six strands to the council's equality agenda: age, disability, belief and non belief, gender, race, sexual orientation and human rights.
33. The report author refers to a community impact statement; consequently a continuing need has been identified during the assessment. 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 impact assessment process goes beyond our current equalities duties to incorporate religion/belief, sexual orientation and age. The Equalities Act 2010 which introduces additional protected characteristics does not come into effect until April 2011.
34. In relation to contracts above the EU threshold I understand that the measures proposed in the Action Plan would not impact on any existing contracts. However the proposal is that the suggestions forming Measure16 of the draft Air Quality Action Plan would have an impact on new contracts entered into with contractors and that this is something that will have to be born in mind in the future.
35. So far as the impact of the draft air quality action plan on major regeneration areas is concerned, the proposed measures would have to tie in with the contracts to be entered into with contractors in the future and priority areas will have to be identified.
36. No significant risks have been identified.

**Finance Director (Env/ET/061210)**

37. The head of service has confirmed that any costs of consulting on the proposed policy can be contained within the existing revenue budgets of the division.

**BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Environment Act 1995 Southwark Air Quality Improvement Strategy & Action Plan 2003 etc	Southwark Environmental Health & Trading Standards, The Chaplin Centre, Thurlow Street, London, SE17 2DG	Name: Mrs Kurtikula Read Phone number: 020 7525 5748

**APPENDICES**

<b>No.</b>	<b>Title:</b>
Appendix A	Draft Southwark Air Quality Strategy and Action Plan 2011
Appendix B	Draft Southwark Air Quality Strategy and Action Plan 2011 – Non Technical Summary

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Barrie Hargrove, Transport, Environment and Recycling	
<b>Lead Officer</b>	Gill Davies, Strategic Director of Environment	
<b>Report Author</b>	Jonathon Toy, Head of Community Safety and Enforcement	
<b>Version</b>	Final	
<b>Dated</b>	25 January 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	25 January 2011	

# Draft Air Quality Strategy and Action Plan (V4- 31/12/10)

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## INTRODUCTION

- 1.1 Pollution is one of the most pressing environmental concerns for people living in London. While great advances have been made since the smog events that occurred in the immediate post-war period, the air quality challenge remains. It has been highlighted as one of the five national priorities for local authority environmental health and trading standards services. Links between air quality and climate change have also been recognised nationally with the publication of the “Air Quality and Climate Change: A UK Perspective” report in 2007.
- 1.2 While there has been success in reducing smoke emissions, other pollutants remain increased in concentrations. For example, benzene (which until recently was used as an additive to petrol) levels in the atmosphere have increased in line with the popularity of the motor vehicle. Since the UK joined the European Union, European legislation has driven national regulations to control air pollution.
- 1.3 The Environment Act 1995 required the preparation of a National Air Quality Strategy (NAQS) setting air quality standards and objectives for particular pollutants which are based on EU Directives. The 1995 Act also required each local authority to review and assess air quality within its district and determine whether the national air quality objectives are likely to be met locally, for the relevant year. Local air quality management as this process is known has been delivered in Southwark through the establishment of an air quality management area (AQMA) and an ‘Air Quality Strategy and Improvement Plan’ (AQSIP). Southwark is required to periodically review and assess the effectiveness of the AQSIP through regular update and screening assessments (USA).
- 1.4 The initial Southwark AQSIP was first launched in 2002. At this time, our initial review and assessment had identified that not all of the national air quality objectives would be met by the relevant due date and the area of the borough north of the A205 had been declared an AQMA accordingly.
- 1.5 The last Southwark USA was undertaken in 2006 and this identified that only two of the set targets, those for particulate matter less than 10 microns in diameter (PM<sub>10</sub>) and nitrogen dioxide (NO<sub>2</sub>), would be exceeded.
- 1.6 This remains the current position. Table 1 (page 5) lists the range of pollutants covered by EU Directives and the concentrations at which limits have been set. Targets for those pollutants shown in italics have been met in Southwark. Only the annual mean objectives for NO<sub>2</sub> and PM<sub>10</sub> are not anticipated to be met by the due date.
- 1.7 However, we have now chosen to revisit our strategy, in full, in recognition of the developments that have taken place in both national and regional policy and in light of demographic and development changes within the borough.
- 1.8 This document sets out this council’s strategic approach to improving the air quality of the borough. It has four overall objectives:
  - To reduce emissions from vehicular transport;
  - To tackle emissions from existing fixed sources
  - To reduce emissions from new development; and
  - To protect public health and monitor air quality.
- 1.9 However, there are two considerations within the strategy.
  - How we will work regionally to improve air quality across London.
  - How local air quality will be improved.



Integral to the first is implementing and supporting regional policies and measures. Many of these are detailed in the Mayor's draft Air Quality Strategy, and this document provides broad support for the delivery of Mayor's strategy. We will work with the Greater London Authority (GLA), Transport for London (TfL) and our neighbouring authorities to deliver cleaner air for London as a whole as well as Southwark locally.

- 1.10 At the heart of this document, now called the Air Quality Strategy and Action Plan (AQSAP), is an intention to ensure the integration of local policy and practice on air quality; climate change; transport planning and spatial planning. Although there may be occasional instances where an action taken in one of these policy areas may have an adverse impact on another, we intend to ensure that policy and practice is co-ordinated in such a way as to ensure that potential secondary benefits are realised wherever possible. However, it is crucial that both potential co-benefits and adverse impacts are highlighted, understood and taken into account through all decision making processes.
- 1.11 In order to help assure that this consideration takes place we are currently examining methods by which the delivery of the AQSAP may be monitored through the Southwark Sustainable Environment Partnership. The process for this will be detailed within the final version of this policy.
- 1.12 We also intend to ensure that air quality is given similar prominence in the decision making process within the Council to that currently afforded to other environmental issues such as carbon emissions. This will involve working towards exemplary practice in all area of emissions including 'green procurement'; energy efficiency and exposure reduction.
- 1.13 Together, we believe that these strategic objectives will work towards meeting future air quality objectives in Southwark.

Table 1: National Air Quality Objectives

Pollutant	Air Quality Objectives		Date to be achieved by and maintained thereafter
	Concentration	Measured as	
<b>Particles (PM<sub>10</sub>)</b>	50 $\mu\text{gm}^{-3}$ not to be exceeded more than 35 times a year	24 hour mean	31 December 2004
	40 $\mu\text{gm}^{-3}$	Annual mean	31 December 2004
<b>Particles (PM<sub>2.5</sub>)</b>	25 $\mu\text{gm}^{-3}$	Annual Mean	2020
	15% reduction in concentrations at urban background	Annual Mean	Between 2010 and 2020
<b>Nitrogen dioxide</b>	200 $\mu\text{gm}^{-3}$ not to be exceeded more than 18 times a year	1 Hour Mean	31 December 2005
	40 $\mu\text{gm}^{-3}$	Annual mean	31 December 2005
<b>Ozone</b>	100 $\mu\text{gm}^{-3}$ not to be exceeded more than 10 times a year	8 hour mean	31 December 2005
<b>Carbon monoxide</b>	10 $\mu\text{gm}^{-3}$	8 hour running mean	31 December 2003
<b>Sulphur dioxide</b>	350 $\mu\text{gm}^{-3}$ not to be exceeded more than 24 times a year	1 hour mean	31 December 2004
	125 $\mu\text{gm}^{-3}$ not to be exceeded more than 3 times a year	24 hour mean	31 December 2004
	266 $\mu\text{gm}^{-3}$ not to be exceeded more than 35 times a year	15 minute mean	31 December 2005
<b>Benzene</b>	5 $\mu\text{gm}^{-3}$	Annual mean	31 December 2010
<b>1,3-Butadiene</b>	2.25 $\mu\text{gm}^{-3}$	Annual running mean	31 December 2003
<b>Lead</b>	0.5 $\mu\text{gm}^{-3}$	Annual running mean	31 December 2004
	025 $\mu\text{gm}^{-3}$	Annual running mean	31 December 2008

## **SECTION TWO – SOUTHWARK TODAY**

- 2.1 Alongside the City of London, Southwark is one of the oldest areas of London, with a history stretching back to Roman times. Southwark's population reached 274,000 in 2007 and is believed to be growing by as much as 4,000 people per year, with a projected population of over 310,000 by 2016. The population has a young demographic profile and demonstrates rich ethnic and cultural diversity, with around one-third (90,600) of the population from black or ethnic minority communities. With this figure set to rise to 38% by 2011, Southwark is arguably one of the most diverse areas in the capital.
- 2.2 Southwark is made up of eight very distinctive neighbourhoods that extend along the river Thames and down into south east London. The borough also encompasses some of London's top attractions, creative hotspots, scenic villages and acclaimed green spaces.
- 2.3 Southwark has a wide-range of leisure and cultural opportunities; and makes a significant economic and employment contribution to the local community. The north of the borough is recognized as one of London's fastest growing tourist quarters and a thriving business location.
- 2.4 Alongside the borough's rich vibrancy, Southwark has its fair share of challenges. The Index of Multiple Deprivation (IMD) 2007 shows Southwark as the 27th most deprived local authority nationally and 60% of the borough's wards are among the 10% most deprived in the country. Consequently, the borough faces many challenges associated with meeting the complex health and social needs of an inner-city population. Unemployment in Southwark (8.9%) is higher than the London average (6.7%) and the percentage of the working population claiming benefits in Southwark is 15.6% compared to 13.9% across London. Gross weekly earning for both men and women in Southwark is lower than the London average.
- 2.5 Cardiovascular disease and cancer account for more than half of the deaths in the borough. Deaths from respiratory illness such as chronic obstructive pulmonary disease (COPD) are relatively small, but Southwark residents are one and a half times more likely to die from COPD than the national population. COPD is a major cause of ill health, drugs for respiratory illness being the third largest expenditure in the primary care trust and higher hospital admissions for COPD in some wards.

## SECTION THREE – STRATEGY CONTEXT

- 3.1 For Southwark, the responsibility of meeting national air quality objectives for the pollutants in table 1, bar ozone, lies jointly with the Mayor of London and Southwark Council. This joint responsibility reflects the fact that air quality issues are London wide and that a large proportion of emissions come from the Transport for London Road Network (TRLN) for which the Mayor has overall control. The Mayor's forthcoming Air Quality Strategy will tackle to some extent air quality in Southwark and London as a whole, however as a council, we need to recognise the impact of our operations and lead by example. How we will do this is detailed from section 7 of this document. We will report on and review these measures annually to ensure that sustainable improvements to air quality are being delivered.
- 3.2 As noted in our introduction, the framework within which improvements to air quality will be made was established in 1995 with the Environment Act, this process is known as local air quality management (LAQM). This is the process which compels councils to carry out regular reviews and assessments of air quality within their district against the objective standards in table 1. If any areas are found to exceed these objectives, an air quality management area should be declared and an action plan adopted to tackle these exceedances.
- 3.3 For Southwark, the only pollutants for which the objective levels are not presently being met are NO<sub>2</sub> and PM<sub>10</sub> and the AQMA that covers most of the borough was declared in 2000 on the basis of a detailed assessment.

### Air quality monitoring and assessment

- 3.4 There are two automatic monitoring stations within Southwark, a roadside location on the Old Kent Road and a background site near to the Elephant and Castle southern roundabout. We are also proposing to resume our diffusion tube survey which monitors NO<sub>2</sub> as part of our action plan, targeting pollution hotspots and regeneration areas where new exposure to air pollution is likely.

### Planning

- 3.5 The planning system plays a vital part of the LAQM process and presents both an opportunity and risk to local air quality improvement. Being a material planning consideration, it is essential that air quality is given proper consideration through the planning process, from policy development and land use allocation to ensuring that new development does not have an adverse impact on air quality.
- 3.6 Guidance on planning and air quality comes from a variety of documents that range from in their remit from national to local:
- PPS1- Delivering sustainable development - This sets out the government's overarching planning policies on the delivery of sustainable development through the planning process. It requires regional and local planning authorities to give consideration to environmental matters such as air quality in their development plan documents;
  - PPS4- Planning for sustainable economic growth - Air quality is one of the town centre health check indicators that are introduced in within this document, recognising the economic impact that poor air quality can have;
  - PPG13- Transport - Reinforces the need to co-ordinate transport and land use planning and states that air quality is a key consideration for the integration of these two disciplines;
  - PPS22- Renewable Energy - Recognising the role that renewable energy can play in reducing greenhouse gas emissions, PPS22 importantly highlights the contribution that small scale projects, including biomass, can provide; and
  - PPS23- Planning and Pollution Control - Providing the primary guidance from central government on air quality within the planning system, this document reinforces the need to integrate policies on land use planning, transport and air quality. It also highlights the need to apply the 'precautionary approach' to assessment of environmental impacts.

- 3.7 Southwark's development plan includes regional planning policy which in London is the London Plan. Policy 4A.19 - Improving air quality commits the Mayor and guides boroughs to reduce pollutant emissions and public exposure.
- 3.8 Local planning policy is undergoing significant change presently. Development plans are being replaced by the Local Development Framework. Some policies of the present development plan for Southwark, the Southwark Plan, will be retained for the next 3 years. One of these is policy 3.6 which states development causing a reduction in air quality will be refused.
- 3.9 Southwark's Sustainable Construction and Design SPD provides advice to developers on how to minimise the impact of development on local air quality. With most of the borough subject to poor air quality, it is important that new development, in particular residential development, is designed to reduce exposure to pollution, this SPD provides guidance on how to achieve this aim.
- 3.10 The Sustainable Design and Construction SPD also requires air quality assessments to be submitted for all applications for major development.

### **Transport Plan**

- 3.11 The Transport Plan is presently being prepared in response to the revised Mayor's Transport Strategy. It sets out how we will improve travel to, within and from the borough by setting long term objectives and a 3 year investment programme. One of the objectives of this plan is to reduce the impact of transport on Southwark's air quality.
- 3.12 There are a host of policies and regulations in place which share the aim of improving air quality. The following provide the context for this strategy.

### **European**

- 3.13 Air quality legislation in the UK has been developed in response to European legislation, primarily Framework Directive 96/62/EC, commonly known as the Air Quality Directive introduced the pollutants for which air quality standards would be developed. It also described the basic principles of air quality assessment and management for member states. Following this four daughter Directives were introduced from 1999-2004 detailing limit values for the pollutants included in the Air Quality Directive:
- [Council Directive 1999/30/EC](#) relating to limit values for sulphur dioxide, nitrogen dioxide and oxides of nitrogen, particulate matter and lead in ambient air;
  - [Directive 2000/69/EC](#) relating to limit values for benzene and carbon monoxide in ambient air;
  - [Directive 2002/3/EC](#) relating to ozone in ambient air; and
  - [Directive 2004/107/EC](#) relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air.
- 3.14 A new air quality directive, Directive 2008/50/EC, came into force in June 2008 which merged most of the previous legislation into a single directive. New objectives for PM<sub>2.5</sub> (fine particles) were introduced as was the possibility for member states to apply for time extensions for meeting targets for PM<sub>10</sub> (3 years) and NO<sub>2</sub> and benzene (5 years). The assessment process was also refined to allow natural sources of pollution (sea salt, Saharan dust etc.) to be discounted in order to assess compliance.

### **National**

- 3.15 Part IV of the Environment Act 1995 requires the Secretary of State to produce a National Air Quality Strategy that contains standards, objectives and measures to improve air quality. These policies are to be kept under review which has meant that since the adoption of the first Air Quality Strategy in 1997, it has been revised twice; the latest being published in 2007.
- 3.16 The latest National Air Quality Strategy contains a new standard for fine particles (PM<sub>2.5</sub>). These particles are of particular concern because they are inhaled deeper into the respiratory system and are considered to cause the greatest adverse health effects. In recognition of this, an exposure reduction approach has also been adopted. The exposure reduction

approach moves away from addressing 'hotspots' to gain wider health benefits of reducing concentrations over a greater geographic area.

- 3.17 The National Air Quality Strategy also emphasises the links and some potential conflicts between reducing greenhouse gas emissions and improving air quality. Reference is made to the air quality expert group report on air quality and climate change and in particular the main recommendations made. Most of these recommendations are national in their context and relate to policies and areas for which further research is required. Consideration is, however, also given to the local impacts that measures to reduce greenhouse gas emissions might have, for instance biomass being used as a source of renewable energy generation if unattenuated may lead to local reductions in air quality. Most of the connections between air quality and climate change initiatives are however beneficial to both.

### **Regional**

- 3.18 The Greater London Authority Act 1999 requires the Mayor of London to publish an Air Quality Strategy for the capital. This regional strategy must include proposals for implementing the policies contained in the National Air Quality Strategy. A draft Air Quality Strategy was published in March 2010 for public consultation. This strategy introduces measures for reducing emissions from transport, homes, business and industry. It targets air quality priority locations and seeks to increase awareness of air quality issues. The Mayor's Air Quality Strategy is not however a 'stand alone' document and is complemented by measures to improve air quality in the London Plan and Transport Strategy.

### **Local**

#### **Southwark Alliance**

- 3.19 Southwark 2016, the Southwark Alliance's Sustainable Community Strategy published in 2006 sets out the framework for responding to local needs and concerns, increasing life chances and reducing the inequality gap. As part of the Southwark alliance's objective to make Southwark a better place for people, a commitment was made to achieve a measurable improvement in air quality by 2016.

## SECTION FOUR – SOURCES OF POLLUTION

### Nitrogen dioxide

- 4.1 Nitrogen dioxide is formed by a number of processes, however, in London the main cause is from the combustion of fossil fuels. Excess air that is required for complete combustion of fuels introduces nitrogen into the reaction, this forms nitrogen dioxide and nitric oxide which are collectively referred to as oxides of nitrogen ( $\text{NO}_x$ ).  $\text{NO}_x$  emissions are primarily nitric oxide (NO) but this is converted into  $\text{NO}_2$  in the atmosphere through chemical reactions with ozone ( $\text{O}_3$ ). Modelled  $\text{NO}_2$  concentrations in Southwark for 2010 are shown in figure 1 below.

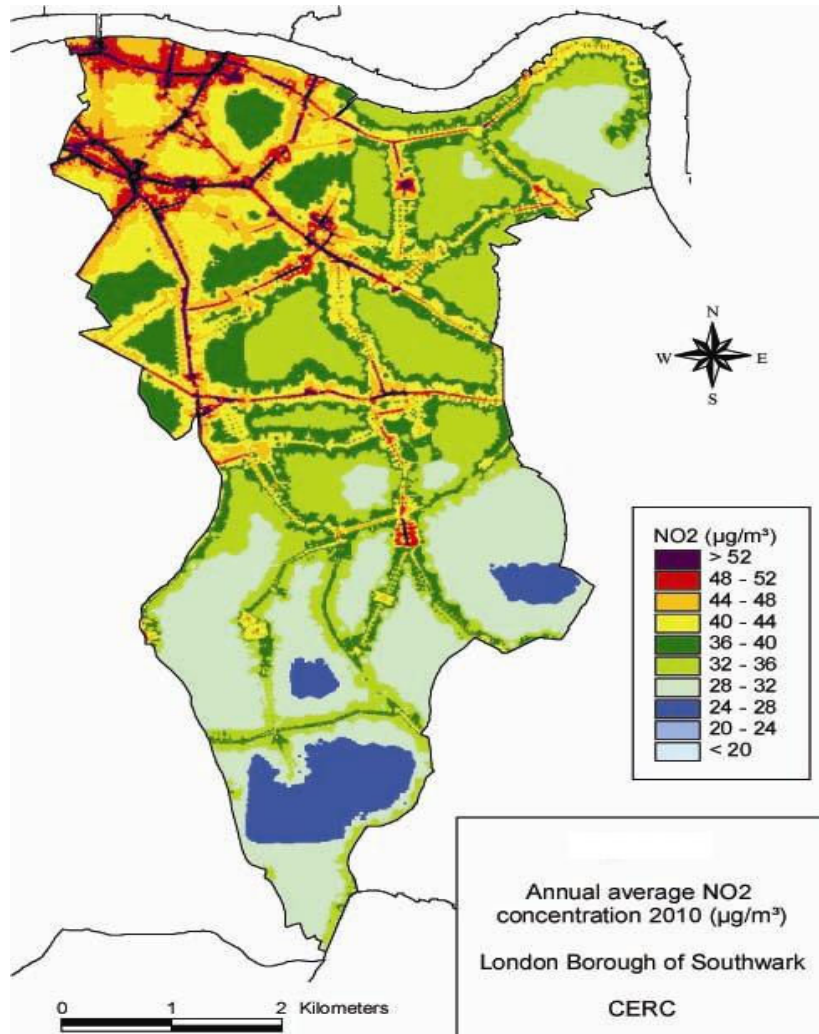


Figure 1

- 4.2 Chart 1 below shows the relative contribution to  $\text{NO}_x$  emissions in Southwark from different sources from the London Atmospheric Emissions Inventory 2006 (LAEI) and includes predictions for 2010 and 2015. As this chart shows, contributions from road transport were predicted to have decreased since 2004, whilst emissions from gas sources remained stable and therefore grown proportionately. This predicted reduction in  $\text{NO}_x$  is primarily due to the technological advances in reducing exhaust emissions. Unfortunately there has been a disparity between predicted emission reductions and measured concentrations, which have remained fairly stable since 2002.  $\text{NO}_x$  concentrations have remained stable at urban roadside and background sites with  $\text{NO}_2$  concentrations actually increasing in some areas of London.

- 4.3 The reasons for this disparity are not yet fully understood but are thought to be related to the emissions of  $\text{NO}_x$  from diesel vehicles in real-life situations being different from that which has been calculated. Defra is currently researching this issue.

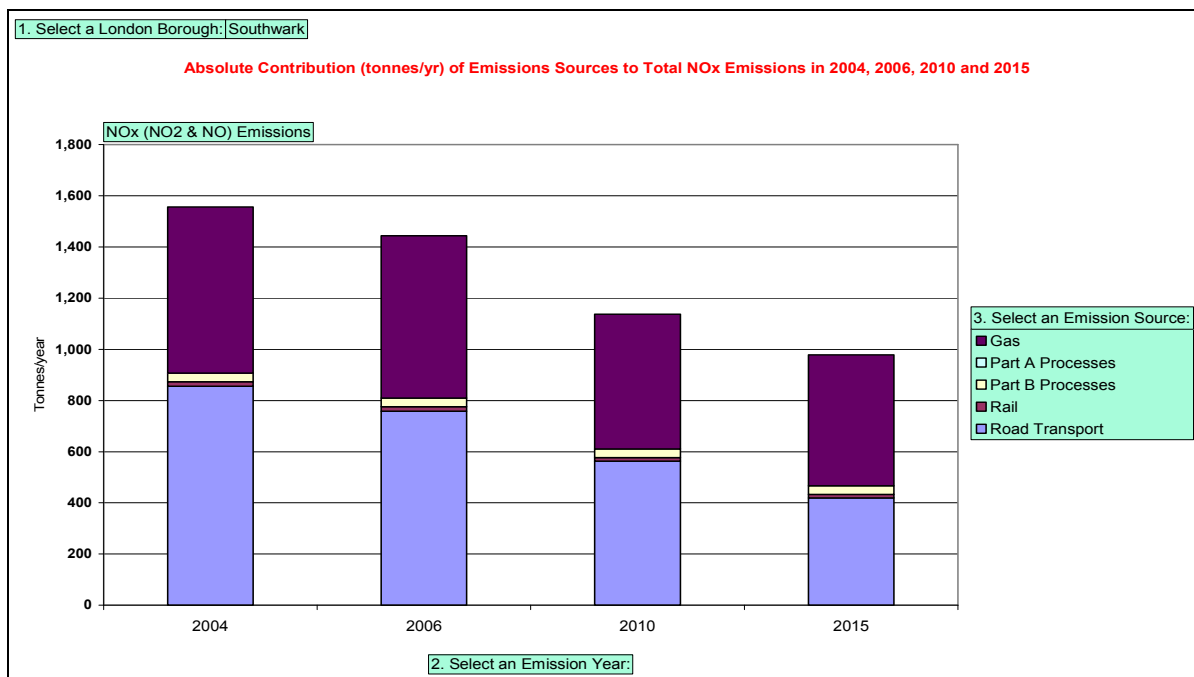


Chart 1- NO<sub>x</sub> contributions in Southwark from various sources

### Particulate matter

- 4.3 Particulate matter under 10 microns in diameter (1 micron (1 $\mu$ m) is one thousandth of a metre) are referred to as PM<sub>10</sub>. There are many sources of PM<sub>10</sub> within Southwark. These generally derive from natural sources, for instance, dust blown in from the Sahara and sea salt. Man-made sources comprising emissions from diesel engines (motor vehicles; fixed plant and to a lesser extent diesel trains); bonfires and biomass boilers and are generally below 2.5 $\mu$ m (PM<sub>2.5</sub>). Larger particles are generated by industrial processes such as concrete batching and from demolition and construction activities. Particles that have settled can be re-suspended and decrease air quality. Finally, recent research has identified brake and tyre wear as a significant source of PM<sub>10</sub>. Crucially the proportion from brake and tyre wear will increase as exhaust emissions are reduced. Figure 2 on the following page shows PM<sub>10</sub> concentrations in Southwark for 2010.
- 4.4 Chart 2 (page 13) shows the absolute contribution from different sources of PM<sub>10</sub>, again from the LAEI. The downward trend is due to reduced exhaust emissions but the proportional contribution from road transport remains high. The trend in concentrations of PM<sub>10</sub> has followed predicted reductions in emissions. Predicted emissions from biomass boilers are not included in this data and could form a significant source in the future.
- 4.5 The contribution to air pollution concentrations from the road traffic networks can be seen by comparing the figures 1 and 2 to figure 3 below. The major east-west routes of the New/Old Kent Road and A202- Peckham/Camberwell Road are distinct sources. There is a concentration in the north west of the borough with particular hotspots around the Elephant and Castle, Tower Bridge Road and the London Bridge/Bankside area.
- 4.6 Concentrations are not simply a function of the level of traffic but determined to a significant degree by congestion. Figure 3 shows that the greatest traffic flows are on the A2 towards and Walworth Road east and south of the Elephant and Castle respectively. Although concentrations are high the along these roads, concentrations along roads with fewer vehicles are comparable, due to increased congestion
- 4.7 The London congestion charge zone includes part of the borough to the north west with the eastern boundary formed by Tower Bridge Road along New Kent Road to the Elephant and Castle and then west along Kennington Lane. Although concentrations within the zone itself have been reduced, high concentrations remain on the boundary roads which figure 2 illustrates fairly well. It is important that these concentrations are tackled effectively, particularly for areas where planned regeneration includes significant housing development, such as around the Elephant and Castle.



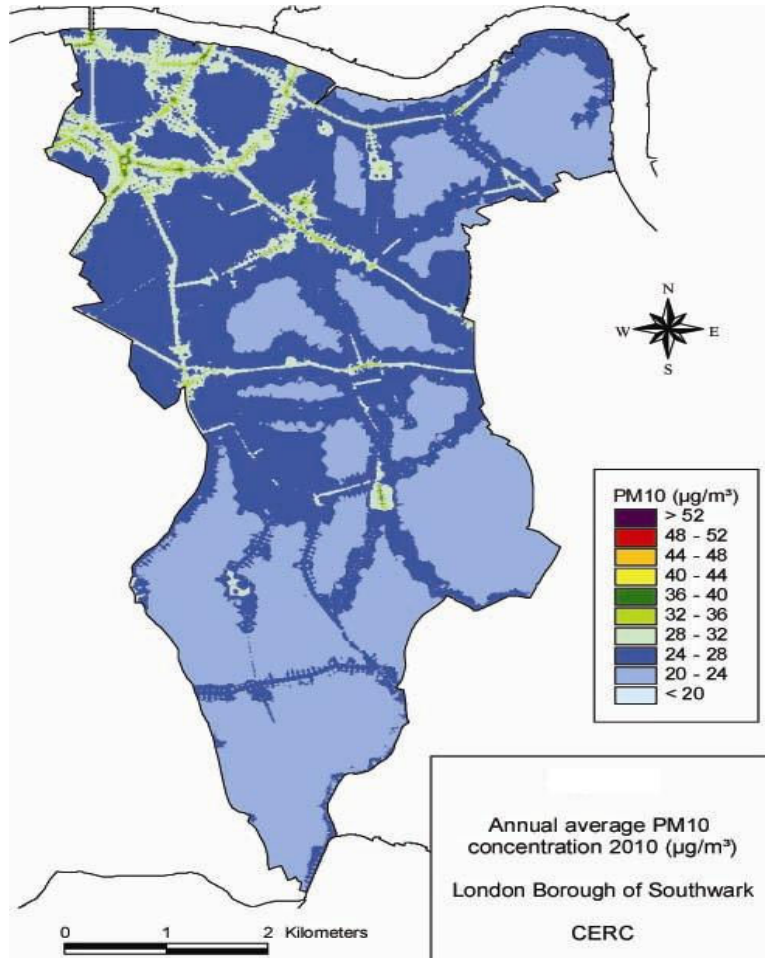


Figure 2- PM<sub>10</sub> concentrations in Southwark

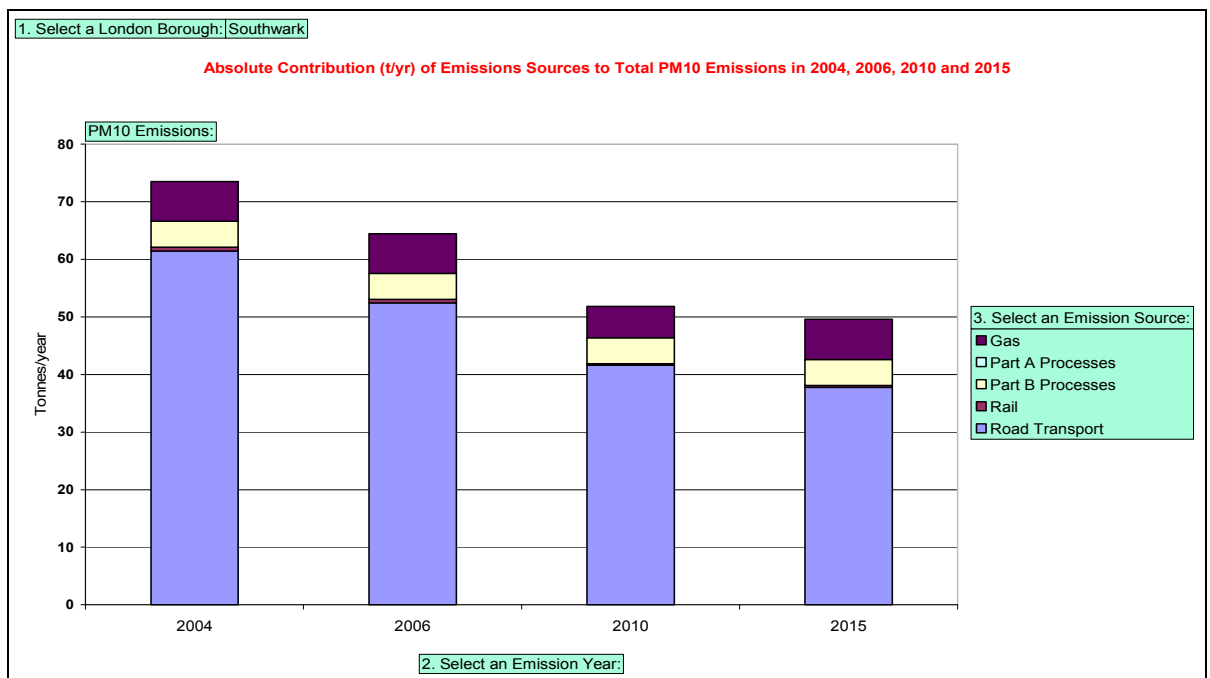


Chart 2- PM<sub>10</sub> contributions in Southwark from various sources.

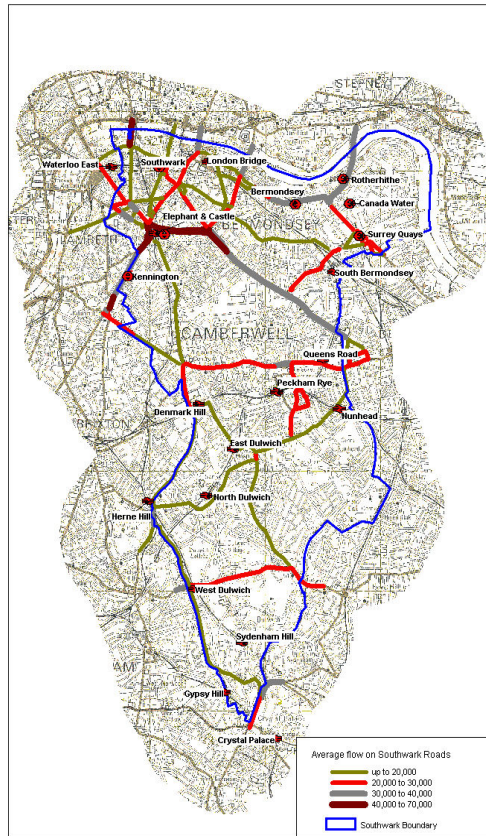


Figure 2.1- Southwark's Road Network

## SECTION FIVE - AIR QUALITY, HEALTH AND THE ENVIRONMENT

### Health impacts of poor air quality

#### Nitrogen dioxide

- 5.1 There are many studies on the effect that exposure to NO<sub>2</sub> has upon health. Studies on short-term exposure under controlled conditions in test chambers have found that exposure to NO<sub>2</sub> levels common in road tunnels can cause mild inflammation of the airways. Most short-term exposure studies have found health effects to be minimal.
- 5.2 The main concern with respect to NO<sub>2</sub> is the effect that long-term exposure (greater than one year) can have. For instance, hospital admissions increase in areas with increased NO<sub>2</sub> and epidemiological studies have found correlations between long-term exposure to NO<sub>2</sub> and lung function in children. Effects of NO<sub>2</sub> on health are complicated by the fact that this compound is associated with other pollutants such as ozone and particulate matter.
- 5.3 One study (MacKerron and Mourato, 2008) into the effect of air pollution on self reported happiness, or life satisfaction (LS) found that a 10µgm<sup>-3</sup> increase in NO<sub>2</sub> caused a 5% drop in LS rating. Such a finding suggests that the effects of NO<sub>2</sub> are not exclusively health related and cleaner air can lead to greater life satisfaction.

#### Particulate matter

- 5.4 Long-term effects of exposure to particulate matter and in particular fine particles (PM<sub>2.5</sub>) are strongly correlated to mortality. Closely related to lung function, particulate matter enters the respiratory system with the smaller fraction (PM<sub>2.5</sub>) reaching the deepest part causing irritation and decreased function. Effects are also related to the chemical composition of the particles which if carcinogenic can increase the chance of cancer. Long-term exposure to particulate matter can reduce life expectancy due to lung cancer and cardio-pulmonary illness in addition to reducing lung function. The evidence of short-term effects from particulates is stronger than for NO<sub>2</sub>.
- 5.5 The incidence of chronic obstructive pulmonary disorder (COPD, the term now used to refer to bronchitis and emphysema) in Southwark is 50% higher than the national average. Smoking is the most common cause of CPOD but long term exposure to high levels of particulate matter can exacerbate and even contribute to chronic health effects.
- 5.6 Children, the elderly and those with respiratory difficulties are affected most by poor air quality. Poor air quality also disproportionately affects the most disadvantaged members of society as they are more likely to live near to sources of pollution.

#### Air quality and the natural environment

- 5.7 Air pollution can have significant effects on the natural environment. Whilst acidification has been greatly reduced through controls of sulphur emissions, NO<sub>x</sub> can cause acidification and eutrophication within lakes. Southwark's open spaces have a number of lakes that are potentially sensitive to high NO<sub>x</sub>. NO<sub>x</sub> is also one of the compounds used in the formation of ground ozone (O<sub>3</sub>) which damages vegetation. Recent research (Gadsdon and Power, 2009) has shown that local traffic emissions are a large contributor to pollutants that damage roadside vegetation through leaf damage and reduced growth at a distance of up to 20m from the roadside.
- 5.8 The relationship between urban trees and air quality is not straightforward. The intuitive feeling that trees in the urban environment will improve air quality does not always prove to be the case. Although trees can remove particles from the air, they also inhibit air flow, particularly in street canyons. Street canyons are formed by high sided buildings either side of a road and often give rise to elevated levels of pollution caused by air becoming 'trapped', so planting trees in such areas to improve air quality may in fact have a detrimental effect. Conversely, some species have been shown to have higher levels of NO<sub>2</sub> absorption which may improve local air quality.

### **Air quality and the built environment**

- 5.9 Many buildings close to heavily trafficked roads are soiled by particulate matter which other than discolouring them may also accelerate weathering and chemical attack, placing a cost on the owners of these buildings for cleaning. A paper by Eyre et. al. in 2000 estimated that the cost of physical damage to buildings in London was over £400m per kg of SO<sub>2</sub>. Building cleaning due to soiling is estimated to be over £250 per tonne of black smoke, which equates to £15, 000 for Southwark in 2010.

### **Air quality and climate change**

- 5.10 Air quality and climate change are linked not just through their shared sources but also through the effect that one has on the other. Changes that are likely to occur through climate change include Britain having hotter drier summers and wetter milder winters. For example, the summer of 2003, which was the hottest in Europe for the past 500 years and resulted in a large number of deaths. This could by 2050 become an average summer. During hot periods, the formation of ground level ozone increases which adversely affects the respiratory system. Stable air systems over Britain that accompany high pressure summer and winter are predicted to increase in frequency and will result in more air pollution episodes because dispersal of pollutants is inhibited. Higher temperatures are also likely to make people sensitive to air pollution more susceptible to respiratory and cardiovascular disease.
- 5.11 Many air pollutants have some impact upon climate change, however some add to warming whilst others cool the atmosphere. Particulate matter is one example of emissions that can do both with black particles (soot) absorbing radiation whilst other particles act to reflect radiation thereby cooling the atmosphere. Indeed, some scientists argue that the high levels of SO<sub>2</sub> and other aerosols emitted have acted to slow warming by reflecting solar radiation and that as levels are reduced, warming will accelerate.
- 5.12 Many policies and measures to reduce greenhouse gas emissions will also improve air quality. For example, the greater use of public transport will not only reduce carbon emissions but also air pollution. The relationship between greenhouse gas and emissions of air pollution is however complicated by the fact that some measures to reduce carbon emissions can increase air pollution. For example, biomass is considered to be carbon neutral and will reduce carbon emissions if used to replace boilers that use fossil fuels. However, emissions of NO<sub>x</sub> and PM<sub>10</sub> from biomass boilers are often much greater than for gas boilers and can result in a decrease in air quality. Similarly, small diesel vehicles are more efficient than petrol vehicles of comparable size but emit more NO<sub>x</sub> and PM<sub>10</sub>.
- 5.13 Areas in which policies and measures to tackle poor air quality and climate change clash will therefore need careful consideration to balance the benefits and costs. Fortunately, there are many areas in which co-benefits will be realised such as behavioural change and modal shift.

**SECTION SIX - AIR QUALITY ACTION PLAN- OBJECTIVES AND MEASURES.**

- 6.1 The AQSAP seeks to introduce measures that will lead to reductions in NO<sub>x</sub> and PM<sub>10</sub> emissions and to protect sensitive receptors from the ill effects of poor air quality. Transport sources other than road are not significant contributors to air pollution in Southwark. Only a small number of diesel trains pass through or terminate within Southwark and aircraft flying over Southwark are at sufficient height that their emissions do not affect the air quality of the borough.
- 6.2 Most industrial processes within Southwark are controlled through the Integrated Pollution Prevention Control (IPPC) process and regulated by the Council. There are no Part A processes currently operating within the borough; however the Integrated Waste Management Facility on the Old Kent Road will be a Part A Process. Fortunately, this will not emit any significant levels of NO<sub>x</sub> or PM<sub>10</sub> due to the nature of the process which is a biological treatment facility rather than one based on combustion. SELCHP (South London Combined Heat and Power), a power plant that burns waste located in Lewisham and emits 375 tonnes of NO<sub>x</sub> and 4 tonnes of PM<sub>10</sub> per year. Some of these emissions contribute to background pollution levels within Southwark which we will include in our next modelling exercise.
- 6.3 In addition to reducing emissions, this action plan will also seek to improve the health of people living and working in Southwark by reducing exposure to air pollution and raising air quality awareness. The air quality action plan has been developed to meet the strategic air quality strategy objectives:
- Reduce emissions from vehicular transport;
  - Reduce emissions from new development;
  - Tackle emissions from existing fixed sources; and
  - Protect public health and monitor air quality

## SECTION SEVEN – AIR QUALITY ACTION PLAN – MEASURES – REDUCE EMISSIONS FROM VEHICULAR TRANSPORT

- 7.1 The vast majority of PM<sub>10</sub> and the majority of NO<sub>x</sub> emissions in the borough are from vehicles. There are a host of environmental problems caused by our reliance on vehicles from climate change to air pollution. Reducing emissions from vehicular transport will also have economic and societal benefits. Reduced congestion will increase the economic efficiency of businesses whilst encouraging people to use more sustainable forms of transport such as cycling and walking which reduce health problems and benefit wider society.
- 7.2 The transport plan which is being developed in parallel to this action plan will assist in the aim of reducing emissions from vehicular transport.
- 7.3 The draft transport plan objectives include:
- Ensure the quality, efficiency and reliability of the transport network is maintained;
  - Encourage sustainable travel choices;
  - Increase sustainable transport capacity and manage demand for travel;
  - Ensure the transport network is safe and secure for all and improve perceptions of safety.
  - Improve travel opportunities and maximise independence for all;
  - Reduce the impact of transport on the environment;
  - Reduce transport's contribution to climate change;
  - Reduce the impact of transport on Southwark's air quality;
  - Improve the health and wellbeing of all by making the borough a better place; and
  - Ensure the transport system helps people to achieve their potential
- 7.4 Modal shift to more sustainable forms of transport will be crucial to delivering both the transport plan and the air quality action plan. Encouraging people to walk, cycle and use public transport will be used in conjunction with means to make private vehicle use less attractive.
- 7.5 Transport planning policies are also in place within the Southwark Plan that support reduction in use of cars through parking restraint, promotion of public transport and green travel measures such as provision of car clubs. These policies will continue to be strengthened in the Local Development Framework which will replace the Southwark Plan. This has already been progressed in documents such as the Sustainable Transport SPD (2010) and the Sustainable Design and Construction SPD (2009).

### **Car clubs in Southwark**

- 7.6 Car clubs have the potential to deliver significant environmental benefits, particularly in urban areas where the barriers to car clubs are much reduced. A recent survey by Carplus of carclub members found that 85% of car club members do not own a car and there are approximately 25 fewer cars on the road for each car club car.
- 7.7 Car club membership also encourages greater use of more sustainable travel options such as walking and cycling. The same survey reported that 84% of car club members walk trips lasting 20 minutes or more at least once a week and 34% of members use their bikes once a week. These figures compare favourably with those reported in the National Travel Survey of 64% and 15% respectively.
- 7.8 Finally, there are significant reductions in emissions from car club cars compared to privately owned vehicles. Car club cars, which are generally newer vehicles emit lower emissions and as a whole emit a third less CO<sub>2</sub> than average. A similar reduction in NO<sub>x</sub> and PM<sub>10</sub> emissions can be expected from non-diesel vehicles. As members pay for usage per mile, there is an in-built incentive to limit trip mileage. Average mileage for car club members is between 250-340 miles annually.
- 7.9 Transport planning policies are also in place within the Southwark Plan that encourages the use of car clubs for new development. These policies will be strengthened in the Local Development Framework which will replace the Southwark Plan.

**Measure 1:**

***We will continue to encourage the use of the car club schemes, monitor and report on uptake and allocate additional spaces should demand warrant.***

**Walking and cycling in Southwark**

7.10 Southwark's commitment to walking and cycling is demonstrated in our road hierarchy:

1. Pedestrians (including the needs of disabled people);
2. Cyclists;
3. Public transport;
4. Freight;
5. Taxis;
6. Powered two wheelers; and
7. Private cars.

7.11 Increased use of walking and cycling as modes of transport provides benefits to society and individuals from an environmental perspective in addition to the health benefits gained from increased activity. The health benefits of cycling and walking provide a co-benefit, however it must be recognised that there are many for whom cycling is not a viable option because of age, disability or long-term illness.

**Measure 2:**

***Southwark will continue to implement measures to encourage sustainable travel choices, within the borough.***

**Travel Plans**

7.12 Until recently Southwark worked through SELTrans (South-East London Transport Strategy) to develop travel plans for businesses operating within the borough. It has become clear that there is great demand for travel planning and we employed a travel plan co-coordinator on a contract basis who will be able to provide advice and assistance on travel planning for Southwark businesses.

7.13 Over 90% of schools in Southwark now have a travel plan with only 9 schools without one. Of these, two are schools in hospitals for whom travel plans are not always appropriate. Some schools have had difficulty in allocating the time required to write a travel plan; we are now making this process easier by developing a web-based travel plan service. Some benefits of a well written travel plan are fairly comprehensible, for example, promoting a rise in activity and sociability. The impact on vehicular traffic patterns and potential benefits to local air quality are not generally monitored or quantified. The increase in background pollution levels around the 'school run' time is quite recognisable and can be exacerbated near school entrances where pupil exposure is most likely. We will, subject to securing funding, pilot a scheme to review five school travel plans in Southwark in order to identify improvements for air quality. Should this prove successful, we will roll the scheme out further.

**Measure 3:**

***Southwark will pilot a scheme to identify and implement local air quality improvements near to schools.***

**Idling engines**

7.14 Vehicle driver who leave their engine running when unnecessary make a contribution to air pollution. It is an offence under Regulation 98 of the Road Vehicles (Construction and Use) Regulations 1986 for vehicles left idling unnecessarily whilst stationary. The Road Traffic (Vehicle Emissions) Regulations 1986 for vehicles left idling unnecessarily whilst stationary. The Road Traffic (Vehicle Emissions) (Fixed Penalty)(England) Regulations 2002 enable

local authority authorised persons to request vehicle users to switch off engines when parked and to issue fixed penalty notices to those who refuse to co-operate. It is a requirement of Regulation 88 of the Road vehicles (Construction and Use) Regulations 1986, as amended, that drivers switch off engines in parked vehicles. Fixed penalty fines of £20 can be issued in such instances

- 7.15 There are several locations within Southwark where drivers tend to leave their engines running, these are primarily bus and coach stands but also outside schools. We will support the Mayor's policy to make London a 'no idling zone' and undertake a publicity campaign followed by enforcement to reduce this activity in Southwark.

**Measure 4:**

***Southwark will, following a publicity campaign, undertake enforcement on idling engines at hotspots within the borough.***

**Road safety schemes and initiatives**

- 7.15 Southwark's forthcoming Transport Plan will include many measures that will work to improve road safety. Schemes and initiatives to improve road safety can sometimes inadvertently have a detrimental impact on air quality. For instance, traffic calming schemes can sometimes lead to higher emissions. Research was undertaken by the transport research laboratory for emissions of various pollutants when vehicles travelled through traffic calming schemes such as road hump. Emissions of NO<sub>x</sub> were found to increase by up to 30% for diesel vehicles whilst emissions from petrol vehicles increased only slightly. Emissions of CO<sub>2</sub> from all vehicles increased by between 20% and 26%
- 7.16 Total emissions are however also a function of the number of vehicles using any particular 'traffic calmed' section of road. So whilst individual exhaust emissions might increase, a reduction in traffic could compensate. It is therefore important that initiatives and schemes to manage traffic consider adequately any adverse impact on the environment with respect to air quality and carbon emissions. These will need to be balanced against the more obvious benefits of reducing traffic accidents. Air quality assessments, whether through detailed modelling or screening can be used to better understand the wider impacts of traffic management schemes.

**Measure 5:**

***Southwark will undertake air quality assessments on all major >£1m in value and having a significant impact on the highway) traffic management schemes and initiatives.***

**Southwark's transport emissions**

- 7.17 There are three areas in which the council have direct responsibility for emissions from vehicles:
- Light commercial;
  - Lease cars; and
  - Essential car user vehicles
- 7.18 In addition, Southwark also have a level of responsibility over emissions from contractors' vehicles. Southwark's fleet is 544 strong with a further 289 comprising the 'grey fleet'-vehicles owned by employees.
- 7.19 Southwark has made great advances in reducing emissions from the LGV (light goods vehicles) fleet, primarily through regularly upgrading the fleet and from converting 63% to liquid petroleum gas (LPG). More recently, 60 replacement vehicles have been ordered with stop-start technology and are Euro 5.5 compliant. Emissions from the LGV fleet will become progressively lower as will emissions from the lease car fleet (395 vehicles).
- 7.20 We recently commissioned the energy savings trust to undertake a 'green fleet review'. The recommendations made range from measures to better manage fuel usage to reviewing



lease and essential car user provision. Any measures to reduce carbon emission from Southwark's fleet will also reduce emissions of air pollutants. Recommendations in the green fleet review are being reviewed by the council; those selected for implementation will be assessed for their benefit in terms of air quality and shall be included in the Air Quality Improvement Plan that will be published for public consultation.

- 7.21 Smarter driving, in a manner that reduces fuel consumption can deliver significant benefits with respect to emissions and fuel costs. Fuel consumption can be reduced by up to 15% following tuition from instructors. The energy savings trust provides this training which is subsidised by TfL and costs £15 per employee. However, the high number of drivers within the Council means that this cost could be over £12,000. In order to reduce this cost and provide more flexibility to smarter driver training, Southwark will have an officer trained to deliver the smarter driver training. This programme will be rolled out to all employees that drive for work purposes and can be included as part of the driving test induction given to new members of staff.
- 7.22 The council's procurement process requires consideration to be given to environmental and sustainability issues through the 'Gateway 1- Procurement Strategy Approval' scheme. There is however little guidance to officers preparing these reports on how their particular procurement scheme might impact on air quality. Types of contracts that have the potential to impact on air quality include those that involve transport and energy generation or use. By requiring contractors to comply with Southwark's own standards for emissions, we can reduce the Council's wider impact on air quality and climate change.

**Measure 6:**

***Southwark will train an officer to deliver 'in house' smarter driver training to all employees that are required to drive for work purposes.***

**Measure 7**

***We will develop an emissions strategy for all new council and council contractors' vehicles and plant.***

**Low emission zone**

- 7.23 The London low emission zone (LEZ) that came into force in 2008 has shown how ambitious air quality measures can be delivered regionally. By reducing the area for of London for which concentrations of PM<sub>10</sub> and NO<sub>2</sub> are above objectives, the Mayor has made an important step forward in complying with targets.
- 7.24 Air quality remains a particular problem in central London where the highest levels of pollution are frequently recorded. The Mayor's draft Air Quality Strategy encourages boroughs to establish local low emission zones in order to improve air quality. As part of the central London air quality cluster group, Southwark has the opportunity to push forward such an initiative.

**Measure 8**

***Southwark will work with partner boroughs in the central London air quality cluster group to lobby for a central London low emission zone.***

## SECTION EIGHT – REDUCING EMISSIONS FROM FIXED SOURCES

8.1 Emissions from fixed sources are primarily from heating and power sources such as gas boilers. These presently account for just fewer than 50% of emissions within the borough but as technological advances reduce emissions from vehicles, the proportion of fixed sources will increase. The increased significance of fixed sources will require initiatives and measures that importantly have co-benefits because reducing emissions of air pollution will inevitably reduce CO<sub>2</sub> emissions. We will continue to reduce the council's own emissions and work with businesses and community groups to reduce their emissions.

### Energy efficiency

8.2 There are two ways in which emissions from gas boilers may be reduced- by upgrading boilers to more modern appliances that emit fewer levels of pollution and reducing use through energy efficiency measures such as insulation.

8.3 Southwark has 22, 000 council homes that are served by 90 central boiler houses. We are improving the efficiency of these properties by bringing 10,000 of these homes up to current standards. This will be complemented by the cavity wall insulation in tall tower blocks for which the Council has secured £4.3m funding.

### Measure 9

***Southwark will continue its implementation of energy efficiency measures in council owned buildings.***

### Increased use of renewable energy

8.4 The council is presently investigating the feasibility of a large scale biomass plant which will benefit from the renewable heat incentive. Additionally, we are encouraging local combined heat and power plants which generate locally, increasing the efficiency of the energy generation process as transmission losses will be vastly reduced.

8.5 Although cuts in overall emissions are made through decentralised power generation, emissions that are made occur close to the point of energy use and can lead to a decrease in local air quality. It is crucial that energy generation plants are designed to minimise emissions and their contribution to local pollution concentrations. Abatement technologies should be used where available and flue stack heights should be sufficient to adequately disperse gasses.

### Measure 10

***Southwark will ensure that local energy generation plant will be fitted with suitable abatement and dispersal technologies.***

### Controlling emissions from industrial sources

8.6 The local authority pollution control regime (LAPPC) is the process by which Southwark regulates small industrial processes. Referred to as part B processes (part A processes, larger industrial installations are regulated by the Environment Agency), the council issues environmental permits to the operators and monitors compliance.

### Measure 11

***Southwark will continue to regulate part B processes to ensure that high standards of air pollution control are maintained.***

## SECTION NINE – REDUCE EMISSIONS FROM NEW DEVELOPMENT

- 9.1 With one of the highest new housing targets and significant regeneration either underway or planned, Southwark is a borough that is undergoing significant change in terms of development. The principles of sustainable development are vital to building and maintaining a sustainable future. New development can affect local air quality through the construction process and by the emissions from its operation. We will therefore work with developers and their contractors to reduce as far as practicable, the impact of demolition and construction. We will also use the planning process to improve air quality by ensuring that no new development has a negative impact on air quality. Area specific policies and measures will also be developed for large regeneration areas that will actively reduce air pollution.

### **Construction emissions**

- 9.2 Emissions of particulate matter from construction sites not only have the potential to increase local concentrations but can give rise to nuisance complaints from local residents and businesses. Most of these emissions come from the construction process itself rather than road transport servicing sites as demolition, earthworks and stockpiling of aggregates can lead to dust generation. Emissions of NO<sub>x</sub> arise from mobile and fixed plant in addition to servicing vehicles.
- 9.3 In 2006, London councils and the GLA published the Best Practice Guidance (BPG) on construction and demolition which gives advice on minimising the impact of demolition and construction with a range of measures including site planning, demolition and traffic controls.
- 9.4 Following on from this BPG, the energy savings trust launched the Non-Road Mobile Machinery Register (NMMR) which is part of their independent accreditation scheme for equipment that can be retro-fitted to construction plant.
- 9.5 Southwark have for some years required major developers to submit construction management plans that detail how environmental impacts of construction and demolition will be mitigated. We will now also require major developments to monitor PM<sub>10</sub> emissions from their site.

#### **Measure 12**

***Southwark will require developers, within their environmental construction management plans, to adopt the measures included in the London Councils and GLA Best Practice Guidance on construction and demolition.***

### **Reducing transport emissions from new development**

- 9.6 Applicants for major developments are required to submit a transport assessment, which should include a travel plan. Travel plans are a vital tool in assessing impacts of new development and mitigating any impacts that might be identified. It is therefore vital that these continue to be received, monitored and enforced.

#### **Measure 13**

***Southwark will monitor all travel plans received as part of the planning process for compliance and take enforcement action where appropriate.***

## SECTION TEN – IMPROVE PUBLIC HEALTH AND MONITOR AIR QUALITY

10.1 Air quality objectives were developed to protect human health which is why the first objective of the AQSAP is to protect public health. Reduction of emissions will of course benefit public health but there are also other complementary means to achieve this objective. The air quality objectives are only applied to areas where there is significant exposure to pollutants. For instance, the air quality objective for annual NO<sub>2</sub> (40µgm<sup>-3</sup>) does not apply in underpasses, where there is no relevant objective. However the 1hr objective (200µg<sup>-3</sup>) may apply. Reducing or removing exposure can therefore be an effective tool to protect public health

### Exposure reduction

10.2 The majority of Southwark has been declared an AQMA. Concentrations of NO<sub>2</sub> are likely to exceed national objectives for many parts of this area. Latest modelling from TfL suggests that the PM<sub>10</sub> targets may be met across the whole of Southwark.

10.3 Southwark has one of the highest housing targets of any London borough and is responding to this challenge well. Sustainable development is best located close to services and amenities. By locating housing near to travel nodes and areas high public transport accessibility, the need to travel by unsustainable forms of transport is reduced. Locating housing near to transport therefore assists in reducing air pollution in the longer term but can, in the short to medium term expose more people to pollution, particularly for development near to busy roads.

10.4 Air quality modelling indicates that areas due for significant regeneration such as the Elephant and Castle, Old Kent Road, London Bridge and Bankside are subject to the highest concentrations of PM<sub>10</sub> and NO<sub>2</sub> in the borough. By prioritising areas such areas, we will develop specific policy and development guidance to ensure that exposure to pollution is minimised.

10.5 Southwark presently require all submissions for major applications within the AQMA to include an air quality assessment. Should the assessment find that the development will generate new exposure to poor air quality; the developer will need to submit measures to mitigate such effects. Mitigation can take the form of designing the development to increase the distance from the source of pollution, having no balconies and placing non-sensitive areas (corridors, stairwells etc.) closest to the source.

10.6 Recent research by Defra has shown that measured concentrations of NO<sub>x</sub> have not reduced as predicted. Emissions data for vehicles are based on levels that are often calculated rather than being measured, it is these calculated emissions that are used to predict how emissions will change in the future. Unfortunately, the relevant technical guidance from Defra still refers to the emissions data that have been shown to be less than robust. Many air quality assessments use this data and are therefore overly optimistic in their assessment of future concentrations. We will gather an evidence base in order to provide a more robust set of data that can be used in air quality assessments.

### Use new development to improve air quality

10.7 Policy 8 of the Mayor's draft Air Quality Strategy- Using the planning process to improve air quality, includes proposals to develop guidance for borough and developers in assessing emissions from new development and the development of Supplementary Planning Guidance on air quality. With technological advances reducing PM<sub>10</sub> and NO<sub>x</sub> emissions from transportation sources, the contribution from energy and heating sources associated with new development will increase proportionately.

10.7 Policy 3.2 of the Southwark Plan states that planning permission will not be granted for development that would lead to a reduction in air quality. It is envisioned that this policy will

be continued in the replacement Local Development Framework. This policy does not however effectively improve air quality and therefore Southwark will consider introducing a more ambitious standard for new development. The success of the Mayor's policy of requiring 20% reduction of CO<sub>2</sub> emissions from on-site renewable energy generation, where feasible, has shown that ambitious emission reduction targets can be delivered. We will therefore work closely with colleagues in planning policy to strengthen air quality policies within the Local Development Framework in order to seek emission reductions.

#### **Measure 14**

***Southwark will require developers to submit air quality assessments for all major applications within the air quality management area and any other development that may have an adverse impact on air quality.***

#### **Measure 15**

***Southwark will gather an evidence base to determine present and future concentrations within the borough, this information will be made available to developers and their consultants when needed to conduct air quality assessments.***

#### **Measure 16**

***Southwark will develop policies within its emerging local development framework that will require new development to reduce PM<sub>10</sub> and NO<sub>x</sub> emissions when compared to previous site use.***

### **Campaigns and public awareness**

- 10.8 The AirTEXT scheme has proved one of the most successful awareness initiatives for air quality in London. People are able to sign up to this service free of charge and receive a text message, email or telephone call if air pollution levels are predicted to reach 'moderate' or higher levels the following day.
- 10.9 Southwark took part in the AirTEXT marketing campaign that ran from July 2008 to January 2009 by visiting shopping centres to ask people to sign up. The target to double subscribers (in London) to 5000 was exceeded; there are presently 6421 people receiving alerts.
- 10.10 Nationally, there are several schemes that seek to raise awareness of air quality, these include 'Don't Choke Britain'; 'Bike to Work Week'; 'Walk to School Week' and 'Car Free Day'. By supporting and promoting these events, we will help to keep the profile of air quality high and encourage behavioural change.

#### **Measure 17**

***Southwark will continue to promote the AirTEXT service at events and schools and will support other events relevant to air quality.***

### **Air quality web pages**

- 10.11 Southwark's web pages on air quality contain information on the sources of air pollution and some of the health effects. To accompany this air quality action plan, we intend to review the information contained within these pages and provide additional information on AirTEXT; construction emissions and monitoring data from our new air monitoring locations.

#### **Measure 18**

***Southwark will provide up to date information on air quality via its website.***

### **Air quality monitoring**

- 10.12 Southwark has two automatic air quality monitoring stations that will sample the air at strategic locations within the borough. The first, situated on the Old Kent Road, opened in November 2010. A second is scheduled to open in mid 2011 at the Elephant & Castle. Not only will these assist in monitoring progress on air quality improvement measures that will be implemented by Southwark and the Mayor, but they will provide vital data for air quality assessments that might be undertaken by developers or the council.
- 10.13 Automatic monitoring stations provide accurate data, but with operational costs can be up to £25,000 per year and equipment requires secure storage space that can be difficult to find. Diffusion tubes offer a cost effective method to monitor air quality and can be attached to street furniture such as lampposts. Unlike automatic monitoring stations, they require no power supply or planning permission and locations can be readily changed. Diffusion tubes can therefore be used to complement the automatic monitoring stations, providing Southwark with a more robust monitoring programme. Monitoring air quality in Southwark is vital to assess whether we will meet our objective to achieve a measurable improvement in air quality that is in the Sustainable Community Strategy.

#### **Measure 19**

***Southwark will commence the operation of two automatic monitoring stations at the Elephant and Castle and Old Kent Road and a diffusion tube survey to provide a more comprehensive survey of air quality in the borough.***

#### **Street trees**

- 10.14 Green infrastructure can have real benefits in reducing the urban heat island effect, absorbing carbon and improving general amenity. Street trees are not always beneficial with respect to air quality. Some species such as eucalyptus are high emitters of volatile organic compounds (VOCs) which react with ground level ozone to form NO<sub>2</sub>. Additionally, street trees can inhibit air flow and prevent the dispersion of pollutants exacerbating the build up of concentrations, particularly in street canyons. Conversely, species such as poplar are good absorbers of NO<sub>2</sub> and could assist in improving air quality.
- 10.15 The Mayor in his draft Air Quality Strategy reaffirms his commitment to plant 10,000 trees in 40 priority locations throughout London, air quality being one of the criteria used to determine their location. Borough and Camberwell are the areas selected within Southwark under this initiative. It is vital that trees are placed in the correct context where they do not worsen local air quality

#### **Measure 20**

***Southwark will work with the Mayor to ensure that the 'right tree right place' methodology proposed takes suitable account of the benefits and costs of street trees on air quality within the Borough and Camberwell.***

# Draft Air Quality Strategy and Action Plan – Non-Technical Summary

## Introduction

Air quality affects us all, in our daily lives we breath in pollution from a variety of sources which can cause health effects. We have come a long way since the 'pea-soup' smogs of the post-war period but the challenge still remains, particularly in London.

In 1999 the first in a series of directives from the European Union was issued. These Air Quality Directives detailed concentrations of several pollutants that member states were to meet by certain dates. Central Government placed the responsibility for meeting most of these objectives onto local authorities through a process that became known as Local Air Quality Management. In Southwark, this responsibility lies with the Council and the Mayor of London.

As part of the LAQM process, we are required to periodically review and assess air pollution concentrations within the borough. This process identified that all pollutant concentration objectives were met in Southwark except for two- nitrogen dioxide (NO<sub>2</sub>) and small particles, under 10 microns in diameter (1micron= one thousandth of a metre) which are referred to as PM<sub>10</sub>. In order to reduce the concentrations of these pollutants, we declared the most of the borough to be an air quality management area (AQMA). The area covered by the AQMA is the entire borough north of the South Circular Road (A205); this was the area where people in Southwark were exposed to concentrations of NO<sub>2</sub> and PM<sub>10</sub> above the objective levels.

At the same time as declaring the AQMA, we also published an Air Quality Strategy and Improvement Plan that detailed how we would work towards meeting the objective levels. The last time we undertook an air quality assessment in 2006, it showed that NO<sub>2</sub> and PM<sub>10</sub> objectives were still exceeded.

Since that time, there have been a number of changes in national and regional policy that deals with air quality and wider sustainability matters. The 2002 Air Quality Strategy and Improvement Plan needs to be updated to reflect these changes, in addition to the changes that have taken place in Southwark. The draft Air Quality Strategy and Action Plan (AQSAP) as it is now named, has four objectives:

- To reduce emissions from vehicular transport;
- To tackle emissions from existing fixed sources
- To reduce emissions from new development; and
- To protect public health and monitor air quality.

As a council, we have responsibility across a wide range of areas to improve the environment for the people living and working in Southwark and it is important that this type of work is co-ordinated. The AQSAP and in particular the measures contained, will be monitored through the Southwark Sustainable Environment Partnership.

## Air pollution and its effects

The main concerns in Southwark are associated with the high levels of NO<sub>2</sub> and PM<sub>10</sub>, both of which affect people's health. They can also have other impacts such as on climate change and the natural environment.

### Nitrogen dioxide

This pollutant is mainly formed when fossil fuels are burned. The highest concentrations in Southwark are close to busy roads, particularly in the North West of the borough and around the Elephant and Castle. NO<sub>2</sub> levels have remained stable since approximately 2002 and have not decreased with the improvement of vehicle technology as has been anticipated.

Exposure to high levels of NO<sub>2</sub> affects the function of lungs, especially in children and increased hospital admissions occur in areas with high levels of NO<sub>2</sub>.

### Particulate matter (PM<sub>10</sub>)

Sources of PM<sub>10</sub> are more varied than those for NO<sub>2</sub> with dust from construction sites and natural sources such as Saharan dust contributing to concentrations. By far the greatest contribution comes from road traffic, not just from fuel burning but also from particles generated by tyre and brake wear. Improvements in vehicle technology have seen concentrations reduce since 2002.



Particles, when inhaled, can also affect lung function but are also suspected of contributing to cancer as some particles are carcinogenic. Short-term high levels of PM<sub>10</sub>, known as 'pollution episodes' can cause breathing difficulties, especially to people with underlying respiratory conditions.

### **Non-human impacts of poor air quality**

Poor air quality can effect the natural environment by damaging vegetation and reducing growth. Some pollutants can cause acidification in lakes and NO<sub>2</sub> can contribute to algal blooms in lakes whilst PM<sub>10</sub> can get washed into watercourses and reduce biodiversity. Chemical attack from pollution can damage buildings and soiling, due to smoke, detracts from their appearance.

### **Air quality and climate change**

The relationship between air quality and climate change is complicated. Higher temperatures that are predicted, especially the hotter, drier summers will increase pollution because some of the chemical reactions that lead to NO<sub>2</sub> formation require sunlight. Additionally, less rain will mean that less PM<sub>10</sub> will be washed out of the atmosphere. Coupled with the fact that higher temperatures make people more sensitive to pollution, the relationship between air quality and climate change is likely to become more important in the future.

Climate change, understandably, is perhaps the most publicised environmental issue presently. The challenge to reduce emissions of CO<sub>2</sub> has resulted in many new environmental standards and policies. Many of the initiatives such as encouraging people to cycle and walk will have a beneficial effect for carbon and air pollution emissions. Renewable energy has the potential to provide means of meeting some of our energy demands whilst reducing carbon emissions. However, one form of renewable energy, biomass, can also reduce air quality. Considered to be carbon neutral, biomass energy generation emits more air pollution than equivalent gas fired plant and could cause deterioration in local air quality. It is important that policies and measures to reduce carbon emissions do not have an unacceptable impact on air quality.

### **Air quality action plan measures**

#### **1. Reduce emissions from vehicular transport**

By far the majority of emissions from transport in Southwark are from road vehicles. One of the objectives of our draft Transport Plan is to reduce the impact of transport on air quality. A large focus of the draft Transport Plan is to encourage people to switch to more environmentally friendly methods of transport such as walking, cycling, and public transport.

**Measure 1: We will continue to encourage the use of the car club schemes, monitor and report on uptake and allocate additional spaces should demand warrant.**

People using car clubs are less likely to own a car and research suggests that members are more likely to walk for short journeys and cycle. Because car club vehicles are renewed regularly, they have the latest engine technology with lower emissions.

**Measure 2: Southwark will continue to implement measures to encourage sustainable travel choices, within the borough.**

Encouraging people to use more environmentally friendly travel will not only reduce emissions but can benefit health if these choices are to cycle or walk.

**Measure 3: Southwark will pilot a scheme to identify and implement local air quality improvements near to schools**

Most of the schools in Southwark have travel plans in place; however the school run still exposes children to pollution, particularly near to school gates where parents drop off and pick children up. We propose to run a pilot project to reduce concentrations near schools.

**Measure 4: Southwark will, following a publicity campaign, undertake enforcement on idling engines at hotspots within the borough.**

Vehicle engines left idling when parked contributes to pollution, there is law that makes this an offence but has rarely been enforced. We will start enforcing this law to tackle this unnecessary form of pollution.

**Measure 5: Southwark will undertake air quality assessments on all major (£1m in value and having a significant impact on the highway) traffic management schemes and initiatives.**

Traffic management schemes can sometimes cause a detrimental impact on air quality, particularly if vehicles are slowed. Most schemes are expected to benefit air quality and by using detailed air quality assessments for the larger schemes, we can fully understand their impact and improve air quality where possible.

**Measure 6: Southwark will train an officer to deliver ‘in house’ smarter driver training to all employees that are required to drive for work purposes.**

‘Smarter driving’ is essentially driving in a more fuel efficient manner, thereby reducing emissions. For example, accelerating at a steady rate, anticipating traffic lights and using gears in conjunction with brakes to slow down. This type of driving can reduce fuel consumption by up to 15%. By training Southwark employees to drive in this manner, we will not only reduce emissions but also reduce fuel costs.

**Measure 7: We will develop an emissions strategy for all new council and council contractors’ vehicles and plant.**

New vehicles that we lease or purchase need to meet certain environmental standards, but these are focused on CO<sub>2</sub> emissions. Developing a strategy for NO<sub>2</sub> and PM<sub>10</sub> emissions, we will reduce the impact of the council’s and our contractors’ vehicles on air quality.

**Measure 8: Southwark will work with partner boroughs in the central London air quality cluster group to lobby for a central London low emission zone.**

The London Low Emissions Zone, introduced in 2008 has demonstrated how air quality can be tackled at a regional level. Unfortunately, London is likely to exceed the NO<sub>2</sub> objective across large parts of its area with the highest levels in central London. A Low Emission Zone for this area would be a very effective method to reduce concentrations.

**2. Reduce emissions from fixed sources**

Boilers and other non-transport sources of air pollution are generally referred to as ‘fixed sources’ and currently contribute just under 50% of Southwark’s NO<sub>x</sub> emissions, it is vital that these sources are addressed.

**Measure 9: Southwark will continue its implementation of energy efficiency measures in council owned buildings.**

Energy efficiency measures will reduce carbon emissions and improve air quality in addition to reducing fuel costs. Being the largest landlord in London, Southwark has both a responsibility and opportunity to benefit the environment and its tenants with energy efficiency measures such as cavity wall insulation.

**Measure 10: Southwark will ensure that local energy generation plant will be fitted with suitable abatement and dispersal technologies.**

Transporting electricity large distances causes losses in power, which is why government is encouraging local energy generation, for example through gas or biomass boilers. Where previously the emissions from energy generation might have been from power plants outside London, they will now be occur where local energy generation plant will be located. The impact of these plant can be reduced by using technology to trap or reduce pollutant emissions.

**Measure 11: Southwark will continue to regulate part B processes to ensure that high standards of air pollution control are maintained.**

Environmental Health and Trading Standards regulate certain polluting processes that release emissions to the atmosphere. We will continue to inspect these processes to ensure that high standards are maintained.

**3. Reduce emissions from new development**

Large parts of Southwark are in the process of being regenerated, this new development could effect air quality either through the construction phase (from dust and vehicle emissions) or what is termed their 'operational phase', which refers to the emissions from the completed development. It is important that these new developments do not reduce air quality.

**Measure 12: Southwark will require developers, within their environmental construction management plans, to adopt the measures included in the London Councils and GLA Best Practice Guidance on construction and demolition.**

In 2006 the London Councils and GLA published guidance on reducing the impact of construction and demolition on air quality. We currently require larger developments to submit a plan that demonstrates how they will limit the impact of construction and demolition on air quality. With the adoption of this measure, we will be able to require contractors to comply with the London Councils and GLA guidance.

**Measure 13: Southwark will monitor all travel plans received as part of the planning process for compliance and take enforcement action where appropriate.**

Developers are required to submit travel plans for major developments, but until recently we did not monitor these. By doing so, we will ensure that environmental benefits are maintained.

**Measure 14: Southwark will require developers to submit air quality assessments for all major applications within the air quality management area and any other development that may have an adverse impact on air quality.**

Many new developments will include boilers that emit air pollution, it is important that these emissions do not reduce local air quality. Some developments will also increase traffic levels which must also be included in air quality assessments. By requiring developers to submit these, we can make informed decisions about planning applications.

**Measure 15: Southwark will gather an evidence base to determine present and future concentrations within the borough, this information will be made available to developers and their consultants when needed to conduct air quality assessments.**

Air quality assessments are usually undertaken by using computer models to predict present and future pollution concentrations. The last time we did one for Southwark was in 2006. This data now needs to be updated and we will model air quality for Southwark as part of this Action Plan. This will help us identify areas of poorer air quality to tackle first.

**Measure 16: Southwark will develop policies within its emerging local development framework that will require new development to reduce PM<sub>10</sub> and NO<sub>x</sub> emissions when compared to previous site use.**

By identifying areas of poorest air quality (measure 15), we can develop policies for these areas, through the planning process, to improve air quality. For example, we could require new development to emit 10% fewer pollutants than the land use it is replacing.

#### **4. Protect public health and monitor air quality.**

Air quality is often high on the list of the public's environmental concerns. By supporting national campaigns to improve air quality we can keep the profile of air quality high and encourage people to reduce their own impact on air quality. Other initiatives, such as AirTEXT will keep people informed about pollution in their area.

**Measure 17: Southwark will continue to promote the AirTEXT service at events and schools and will support other events relevant to air quality.**

AirTEXT is a scheme that people can sign up to, free of charge, which alerts them when days are expected to be high in pollution. This is done by email, phone call or text message the evening before a predicted 'pollution episode'. It can assist people particularly vulnerable to poor air quality to plan their activities in order to reduce the effect of these pollution episodes.

**Measure 18: Southwark will provide up to date information on air quality via its website.**

We will refresh the air quality pages on our website to provide information to the public on pollution concentrations, how they might reduce their impact on air quality and what the council is doing to improve air quality.

**Measure 19: Southwark will commence the operation of two automatic monitoring stations at the Elephant and Castle and Old Kent Road and a diffusion tube survey to provide a more comprehensive survey of air quality in the borough.**

Automatic monitoring stations measure concentrations of NO<sub>2</sub> and PM<sub>10</sub> and provide detailed information that is used in computer models and to measure how we are performing, we will have two such monitors in the borough. Diffusion tubes are a relatively cheap method to monitor over a large geographical area and provide useful data on air quality.

**Measure 20: Southwark will work with the Mayor to ensure that the 'right tree right place' methodology proposed takes suitable account of the benefits and costs of street trees on air quality within the Borough and Camberwell.**

Although trees and vegetation can improve air quality, the extent of coverage that would be needed in London to improve air quality is so great that street trees are unlikely to measurably improve air quality. The Mayor's street trees initiative has identified Borough and Camberwell as priority locations for street trees. Care needs to be taken in selecting the species and location of these street trees. This is because some species emit compounds that react with chemicals in the atmosphere to increase concentrations of some pollutants; trees can also reduce the dispersal of pollutants in some situations. The 'right tree, right place' methodology seeks to ensure these adverse effects are minimised.

**Environmental Protection Team**

**January 2011**

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N Coyle / T Eckersley / G Edwards / D Hubber / M Glover / T McNally / H Morrissey / P Noblet / E Oyewole / L Rajan / A Simmons / L Robinson		Roy Fielding, GMB	1
		Mick Young, Unite	1
		Chris Cooper, Unison	1
		Tony O'Brien, UCATT	1
		Michael Davern, NUT	1
		James Lewis, NASUWT	1
		Pat Reeves, ATL	1
		Sylvia Morriss, NAHT	1
		Irene Bishop, ASCL	1
<b>Group Offices</b>		<b>Others</b>	
Alex Doel, Cabinet Office	1	Shahida Nasim, Audit Commission	1
Steven Gauge, Opposition Group Office	1	Robin Campbell, Press Office	1
		Constitutional Officer	20
<b>Press</b>		<b>Total:</b>	73
Southwark News	1		
South London Press	1		
<b>Members of Parliament</b>			
Harriet Harman, MP	1		
Tessa Jowell, MP	1		
Simon Hughes, MP	1		
<b>Corporate Management Team</b>			
Annie Shepperd	1		
Romi Bowen	1		
Deborah Collins	1		
Gill Davies	1		
Eleanor Kelly	1		
Gerri Scott	1		
Susanna White	1		
Duncan Whitfield	1		
		<b>Dated:</b> 28 January 2011	