

Regeneration and Leisure Scrutiny Sub-Committee

Wednesday 13 October 2010
7.00 pm
Town Hall, Peckham Road, London SE5 8UB

Membership

Councillor Mark Glover (Chair)
Councillor Columba Blango
Councillor Catherine Bowman
Councillor Dan Garfield
Councillor Helen Morrissey
Councillor Paul Noblet
Councillor Martin Seaton
Councillor Michael Situ

Reserves

Councillor Stephen Govier
Councillor Helen Hayes
Councillor Jeff Hook
Councillor Andy Simmons
Councillor Geoffrey Thornton

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Contact

Julie Timbrell on 020 7525 0514 or email: julie.timbrell@southwark.gov.uk
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Members of the committee are summoned to attend this meeting

Annie Shepperd

Chief Executive

Date: Date Not Specified



Regeneration and Leisure Scrutiny Sub-Committee

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	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
3.	DISCLOSURE OF INTERESTS AND DISPENSATIONS	
	Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.	
4.	MINUTES	1 - 29
	To approve as a correct record the Minutes of the open section of the meeting held on 29 June 2010	
5.	QUESTION AND ANSWER SESSION WITH CLLR VERONICA WARD ; CABINET MEMBER FOR CULTURE, LEISURE, SPORT AND THE OLYMPICS	30 - 32
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7.	CANADA WATER	
	Spotlight review and report on site visit	

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8. WORK PROGRAMME

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

PART B - CLOSED BUSINESS

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

Date: 5 October 2010



REGENERATION AND LEISURE SCRUTINY SUB-COMMITTEE

MINUTES of the Regeneration and Leisure Scrutiny Sub-Committee held on Tuesday 29 June 2010 at 7.00 pm at Town Hall, Peckham Road, London SE5 8UB

PRESENT: Councillor Mark Glover (Chair)
Councillor Dan Garfield
Councillor Helen Morrissey
Councillor Paul Noblet
Councillor Martin Seaton

OTHER MEMBERS PRESENT: Councillor Livington

OFFICER SUPPORT: Julie Timbrell, Scrutiny Project Manager
Shelly Burke, Head of Scrutiny
Tim Thompson Canada Water Project Director
Adrian Whittle, Head of Culture libraries
Karen O'Keeffe, Head of Economic Development & Strategic Partnerships
Graham Sutton, Economic Development Manager

1. APOLOGIES

1.1 Apologies for absence were received from Councillors Situ, Councillor Blango & Councillor Bowman.

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

2.1 There were none.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

3.1 There were no disclosures of interests or dispensations.

4. APPOINTMENT OF VICE-CHAIR

4.1 Cllr Noblet was appointed vice chair

5. CANADA WATER LIBRARY - UPDATE AND FINANCIAL POSITION

5.1 Cllr Paul Noblet excused himself for this item because he was a former executive member (Cabinet lead) with responsibility for this area. The Chair invited Canada Water Project Director, Tim Thompson, to present on building the Library.

5.2 The Project Director explained that the Library was a key part of a large regeneration masterplan for Canada Water. This masterplan had come out of Southwark Council identifying back in 2001 that there were opportunities to develop the area because of significant land holdings and the arrival of a new transport infrastructure. The area had suffered from significant post industrial decline since the 1970's.

5.3 The council ran an EU procurement process and by 2003 was in negotiation with British Land Canada Water Quays (BLCWQ) – as special purpose vehicle - as the preferred development partner.

5.4 BLCWQ had a team leading the project and this included architects and quantity surveyors. They brought forward the master plan and further engaged with stakeholders, including conducting significant community engagement.

5.5 This resulted in a planning proposal for the public realm projects scheduled for sites A and B of the Canada water masterplan; including detailed proposals for the Library and Plaza, and less detailed proposals for housing and other developments. Planning approval was given.

5.6 The consultant team then became the responsibility of the council and the team underwent some changes to the team responsible for the construction project.

5.7 The construction contract was awarded to ISG Jackson and in June 2009 the construction of the Canada Water Library commenced on site.

5.8 The project encountered some early problems with the substructure. This is a complex project and the floor combines the tube entrance. This substructure blockage caused 14 weeks prolongation. Since then the officer reported that there have been no holdups. The skeleton structure is taking shape and all the floors are nearing completion, and the roof will shortly follow.

5.9 Construction is due to be finished by the end of June 2011, with the public accessing the library by August, ready for a September official opening. The Library is a headline project offering library services, increased study and meeting space as well as very high standards of accessibility.

5.10 Adrian Whittle, Head of Culture libraries, learning and leisure, then gave an update on plans for the new library. He explained that the vision is for a place centred on

adult and community learning with increased opportunities for cultural access. There will be lots of opportunities for adult and family learning and a programme of activities for young people aged 0 – 20 years. The service wants the library to be a hub for the existing communities. The venue is anticipated to be a one stop shop for learning, with social spaces throughout.

- 5.11 Family provision is very good with baby changing facilities. Alongside this there are high standards of access for disabled people, with lifts, toilets and an adult changing area, a first for Southwark Council buildings.
- 5.12 This is green building making extensive use of IT, including free access to internet Wi-Fi in the library and plaza.
- 5.13 The Head of libraries reported that there had been lots of learning from Peckham Library and libraries around the country. Rotherhithe is old and poorly located and this library will be closed once the new library opens. There is also the option of closing this library early to save money.
- 5.14 BEC are based there. Officers have asked them to consider using the new library to continue providing their services as we would like a mixed economy of providers.
- 5.15 The Chair thanked the speakers and invited members to question officers, and initiated discussions by posing a number of questions. The Chair drew attention to point 14 of the tabled report, which details how the Executive approved the sums of £8.5m and £5.6m at the meetings on 13th February 2007 and 21st October 2008, respectively, making £14.1m in total. He stated he was particularly interested in how the council moved from £8.5 million to over £14 million. The Project Director responded that although Southwark was part of the steering group at the time the forecast was made that the library would cost £8.5 m to construct, the council was not directly managing the project. The quantity surveyors made errors in estimating the costs. In the run up to the planning stage officers had concerns. When the consultancy team moved in house they moved under the council's direct control and changes were made to the personal.
- 5.16 The Project Director went on to explain that originally the council was targeting early 2010 for completion. The library was one aspect of an overall master plan leading to a complex deal taking place in a very difficult economic climate. The development site was chosen for sound urban design reasons; located near the tube and close to areas suitable for high density housing. The library drove up the land value because it made the area more desirable, generating high level capital receipts for the council. Some of this is being ploughed back into this phase of the library. The tenders that came back were in the high range, however the quality of this project sets the tone for future regeneration and this enables us to generate financial benefits for Southwark
- 5.17 A member requested more explanation on the 'Value Engineering' requirement? The Project Director explained that during the tender stage there was a list of items identified that money could be saved on and these totalled £1million. We are working with the design team to crystallise all the construction savings.

- 5.18 A member asked about ongoing risk to the budget. The Project Director stated that from the outset the biggest potential risk was identified to be the substructure, and that has now been resolved.
- 5.19 Members asked at what point the council could have pulled out. The Project Director explained that the library was a key part of the urban design and wider regeneration project, and this would have made it difficult to pull out of without jeopardising the wider deal and severely impacting on timetables.
- 5.20 A member asked how confident and comfortable are you that this variance is at its largest? Could the project lead to additional costs that the council would find it hard to cover? How confident are you that costs would not raise further? The Project Director responded that while he could not give a guarantee because the nature of the project means that it is technically challenging he believes that they are beyond the major risk. He assured members they are proactively managing the construction and there are elements that officers will be looking at for financial change.
- 5.21 A member asked if the library had been scrutinised before. Shelly Burke, Head of Scrutiny, responded that there had been a couple of questions posed under 'executive questions' but no specific review.
- 5.22 There was a query from a member asking if the council could claim compensation for errors in the quantity surveyor's estimate? The officer responded that this is very difficult to prove as the threshold is high; the council would need to prove negligence and financial loss. The other option would have been to go back to the drawing board and ask the architects to submit a new design, but the knock on effects would have been high as it would have affected the masterplan and tendering. A member asked if the legal route of pursuing compensation was still an option. The Project Director responded that there are financial risks associated with legal action, a substantial case would need to be established, and however we have not closed this door.
- 5.23 Members enquired if the costs can be contained and requested reassurance that the figures will be kept within the projections. The Project Director replied that we have significant project management tools in place, and significant team expertise. Moreover the biggest risks were underground and we have now overcome these.
- 5.24 The Chair made strong recommendations that the project keep within budget and that it opens on time.
- 5.25 Members moved on to considering the revenue costs and enquired whether the annual running costs of £1.1 million offered a gold plated service or if this is a reasonable amount? Clarification was requested on the number of librarians employed at the new library and also the number currently employed at the Rotherhithe library?
- 5.26 The Head of libraries confirmed that there are 4.5 full-time equivalent staff employed at the old library. The new library will employ 32 full time equivalent staff across the week. Savings have been made by increasing self service options. All but 2 would be front line staff.
- 5.27 Officers were asked about the recruitment timetable. The Head of libraries stated

that the Library manager and Programme and events manager would be the two initial posts that would be recruited. He also stated that these are reasonable costs and that repairs and maintenance had been budgeted for early.

- 5.28 There was a query on the library revenue budget and an explanation was requested for item 'NNDR'? It was explained that these were non domestic rates.
- 5.29 The Chair asked if you had to make 10% cuts what would you do. He further asked if you would consider reducing opening hours. The officer advised that options for savings would be brought to members. He confirmed that reducing opening hours could be amongst these but pointed out that this also reduces the opportunity to generate income and saves little on running costs. Officers are also looking to maximise income from the cafe and have been approached by a number of high street providers, but would not like to exclude local providers.
- 5.30 There was a query about competition and undermining the plaza shops and cafes. The officer responded that the library, plaza and retail units have always been seen as complementary to give the centre a buzz.
- 5.31 A member asked if the committee could do some modelling to look at how the space could be used by the community. The Project director explained that some of the site comes to us for community use for a peppercorn rent. We have been considering how much space should be allocated for commercial use, given the amount offered by the library and plaza and whether this should be offered up for commercial use to increase commercial yield. The officer advised members to bear in mind that this is a mature design so changes to the physical structure would probably add costs.
- 5.32 The Project Director said that there are place making opportunities and welcomed a visit by the committee members to view and visit the library and plaza. This was agreed by members. Furthermore it was agreed that this would help with planning out further work. Members would undertake the visit and then meet to scope out the work and advise officers of further documentation that would help their review.
- 5.33 A member commented that she would like to give consideration to how organisations such as Learn Direct could contribute to the delivery of the library services.
- 5.34 Cllr Livingston commented that there are massive financial challenges facing the council and we could be looking at 25% cuts. He reported that he will need to justify these costs and consider knock on effects; an example of this might be the community libraries.
- 5.35 A member commented that he understood that the library will have a positive effect on wider land values and it would be good for scrutiny to look at the evidence for this. The Project Director commented that the financial gains will be generated on the capital side, rather than increasing revenue – in terms of being a beacon to regenerate the area.

RESOLVED

The minutes from this meeting will go to the cabinet.

A site visit will be arranged for the committee to tour the library and plaza with the Project Director and Head of Culture libraries, learning and leisure. The Scrutiny Officer will contact members of the Committee with a suitable date.

6. SOUTHWARK EMPLOYMENT & ENTERPRISE STRATEGIES

- 6.1 Karen O’Keeffe, Head of Economic Development & Strategic Partnerships and Graham Sutton, Economic Development Manager presented the strategy document. Officers commented that many of the significant partners are not council providers. This strategy is a refresh, we are expanding on the key issues but the priorities remain the same. The draft plans are early documents.
- 6.2 The Chair commented that one of the roles that Scrutiny can do is monitor the deliver of plans by providers.
- 6.3 The Economic Development Manager said that one of the first things officers first did was check the baseline data. The economy has expanded rapidly: in 1998 – 2007 it increased 35%. The main reason is an increase in business services
- 6.4 The borough has over 50% of the population employed at higher levels as well as an increasing number of people employed at lower levels. The proportion of working age people claiming benefits is higher than the London average and increasing because of the economic situation. 43% of the population have a degree, which is higher than the London average. There is a persistent pool of NEETS (young people not in employment or education or training).
- 6.5 The priorities are to tackle barriers to work through working with business and employers; raise the skills of local people; support business across the Borough; support regeneration across the Borough and create an enterprise culture and increase business start ups.
- 6.6 A member commented on the economic polarisation in the Borough. Another member commented that people in his wards are losing jobs in the city; however most seem to be able to move onto new jobs or other types of employment fairly easily.
- 6.7 A member enquired how the cut in Working Neighbourhood Fund had affected Southwark. The officer responded that central government asked the Council to return around £700,000 of £7,000,000.
- 6.8 A member commented that it would seem sensible to get our business partners

and voluntary partners involved. The officer agreed and commented that the Council has a small role in delivery compared to agencies like Job Centre Plus who have a budget of around £20, 000, 000, and we may be able to influence their priorities.

- 6.9 A member commented that there are some people with relatively simple needs to enable them to re-enter the job market, but other people have with complex issues and barriers. Can agencies like job centre plus work more with these clients as Working Neighbourhood Funding drops off?
- 6.10 A member noted that it would be good to analyse the effectiveness of the programme, for example can we measure the impact on places like Peckham? Can we focus on specific areas of the Borough and look at education and recruitment opportunities?
- 6.11 The officers commented that the Council does not have direct control over many of the partners. It is a very complex programme. Southwark Works sets out to simplify and unify this for people and also ensure that people can get help with intermediate issues such as housing or mental health issues.
- 6.12 A member noted that there are many people living in more affluent wards who are doing jobs that pay low wages and he would like to see an investment in education and training. The importance of children getting 5 A to C at GCSE was noted as well as the importance of encouraging city based employers to employ local people.
- 6.13 The Chair said that we need to do more to reduce inequalities between richer and poorer areas. He enquired if we are supporting business in Peckham, Camberwell and Walworth and said that he would like to see a focus on those areas which are not performing so well. He raised concerns that town centre management seems to be declining through a lack of business support services.
- 6.14 Members requested a focus on multiple deprivation factions and the economic drives' across the Borough that will promote more equality. It is important that areas such as Camberwell, Peckham and Walworth move economically closer to areas such as Borough and Bankside.
- 6.15 A member noted that he would like to see a more focused strategy and that the present plan was too broad.

AGREED

Members recommended that officers note the comments made during the meeting and in particular focus the strategy more on the employment and enterprise needs of the most deprived areas in the Borough; with particular reference to Camberwell, Peckham and Walworth

They also noted that they would like the strategy to come back and would also invite delivery partners to attend to report on action and progress on the ground, with particular reference to outcomes (both achieved and anticipated) for Camberwell, Peckham and Walworth.

7. WORK PROGRAMMING AND SCOPING

- 7.1 The committee will continue with a review of Canada Water. A visit will take place over the summer with follow up at October committee meeting – this will look at the wider issues including resource implications, use of library and wider use of community spaces; including the plaza.
- 7.2 Employment and Enterprise strategy and delivery plans will return to the committee and partners will be asked to present on progress. , with particular reference to outcomes (both achieved and anticipated) for Camberwell, Peckham and Walworth. This will be scheduled for the February meeting.
- 7.3 There will be an update and spotlight review of Olympics in October .
- 7.4 There will be a question and answer session with Cllr Ward, Cabinet member for culture, leisure, sport and the Olympics in October.
- 7.5 Update and review of Aylesbury Regeneration Scheme in November.
- 7.6 The Chair requested that a report be presented detailing regeneration funding spent locally over the last 5 years , including funds generated by Section 106 and grants made available under 'Cleaner, Greener , Safer', with mapping to assess where money has been spent by Community Council area , with particular reference to considering how this money has impacted on employment and enterprise. This will be presented at the November meeting.
- 7.7 There will an update and review of 'Town Centre strategies' ; with particular reference to Camberwell, Peckham and Walworth in February.

CHAIR:

DATED:

Item No.	Classification: Open	Date: 29 June 2012	Meeting Name: Regeneration and Leisure Scrutiny Sub-Committee
Report title:		Update and Financial Report on Canada Water Library	
Ward(s) or groups affected:		Surrey Docks and Rotherhithe	
From:		Strategic Director of Environment and Housing/Strategic Director Regeneration and Neighbourhoods	

BACKGROUND INFORMATION

Context

1. The Canada Water regeneration programme and the new library project within it responds directly and positively to the Council's corporate plan and the supporting objectives of the Regeneration and Neighbourhoods business plan 2010-2013. In particular, the new library contributes to:
 - the delivery of high quality physical regeneration and public realm at Canada Water
 - the enhancement of people's skills by providing ready access to resources and learning opportunities
 - the attractiveness of Canada Water as a place for high quality residential development, including the increased supply of new affordable homes
 - improved customer-focussed services and customer satisfaction
 - the Council-wide modernisation programme in respect of libraries
 - sustainable solutions in respect of energy use and travel
 - adding value to the wider regeneration of Canada Water and, thereby, generating resources for further investment.
2. Consultation with local people following the hand over of London Docklands Development Corporation (LDDC) land to the Council culminated in a masterplan for the area, which identified a new library as one of the key requirements of local people.
3. The masterplan includes Canada Water Library as a landmark building positioned at the head of the basin, adjacent to Canada Water underground and bus stations. The new building, together with the plaza currently under construction by the Council's strategic development partner, BLCQ Ltd, provides the centrepiece of the new town centre development at Canada Water. The library and plaza will be enclosed on two sides by a new, high-density development by Barratt Homes, comprising shops and approximately 1000 new homes on land sold by the Council.
4. Planning policy for regeneration areas, including housing density, is based on mixed use. Accordingly, the library is a vital contributor to the diverse range of facilities and amenities necessary to create a sustainable high density town centre development. The Library, thus, not only serves as an excellent new amenity for local people but is also a value-driver for the wider regeneration,

which aims to provide 2,500 new dwellings, an additional 35,000 m² shopping area, 12,000 m² of new business space and an improved public realm.

KEY ISSUES FOR CONSIDERATION

The new library facility

5. Extensive consultation on the services local people would like to see at the new library identified the following key priorities:

- More books
- More access to ICT
- Longer opening hours
- Improved physical access
- Café facility
- Study space
- Meeting space
- Opportunities to view and participate in cultural activity
- Programme of events and activities for children and young people
- Adult and family learning activity

6. The new library, which seeks to provide services and facilities to support the development of the new community as well as enhancing provision to current residents, includes the following accommodation:

Ground floor:

- main reception
- “quick service” with access to self-service points
- 500 most popular paperbacks and audio-visual items
- ICT/Internet access
- cafe
- community exhibition and performance space, with seating for 150 people
- integrated access to Canada Water underground station

Mezzanine (not accessible to the public):

- staff work area and welfare facilities
- storage
- ICT hub

First floor – the Library:

- open plan library “zones” for children, young people and adults
- work stations with ICT/Internet access
- local reception desk
- self-service points

Gallery:

- spaces for teaching and learning
- meeting rooms
- work stations with ICT/Internet access
- library stock, including local history and heritage items

Other features:

- iconic architecture (as a value-driver)

- disabled access with lifts to all floors
 - accessible toilets, public toilets and baby change facilities at all public levels
 - family friendly layout
 - “green” features, including “very good” BREEAM rating
 - incorporation of London Underground station entrance
 - Integration with the Plaza, including free Wi-Fi link to library
7. The dramatic form of the library, with its outward sloping walls reaching over the basin, serves to maximise floor space within the building, whilst keeping its footprint to a minimum. Its location and size of footprint within the plaza has been determined, principally, by the location of the existing London Underground tube entrance, the proximity to the station box below ground and the dock-side itself. The design of the building seeks to make efficient use of the plaza by incorporating the station entrance within its footprint and, thereby, reduce the number of separate buildings in the area. The library has two key frontages, one facing the plaza and the other facing the water, each with a main entrance. Whilst the site constraints present significant challenges to the project, they also offer significant opportunities by placing the library in the busiest location, in making the best use of space and, ultimately, by creating a vibrant and interesting place. Locating the library exactly in this location enhanced the commercial value of the Council land holdings by optimising the opportunity for higher density town centre development.
8. General arrangement drawings, including floor plans and computer generated images, are included at **Appendix 1** for reference purposes.

Old Rotherhithe library

9. By contrast, the current Rotherhithe Library in Albion Street is poorly located, away from the main focus of retail and leisure activity in the area. It is housed in the former Rotherhithe Civic Centre, a poorly designed 1970's building, with limited stock and opening hours.
10. The building is also home to the Community Library Service, acting as the base for the Housebound and Mobile Library services.
11. The Executive of 20th March 2007 agreed that the building would be closed and disposed of when the new library opens, although Members could pursue an option to close the library earlier and make a small saving in the lead up to the new library.
12. An alternative base for the Community Library Service has already been identified and plans have been drawn up to relocate this borough wide service to the old Science and Technology Centre in Wilson Road, Camberwell.
13. The upper floor of the library is currently occupied by a voluntary sector organisation – BEC. BEC provides adult learning opportunities, primarily literacy, numeracy and other skills for life courses. BEC are aware that the building will close when the new library opens and officers in property are working with them to identify an alternative location. BEC have also been asked to consider being a provider in the learning facility at the new library.

New library capital project

14. The library construction contract was awarded to ISG Jackson Ltd on 31st March 2009 in the sum of £13,732,732, based on an 88 week contract period. Capital funding for the library construction project had been approved by Executive in the sums of £8.5m and £5.6m at the meetings on 13th February 2007 and 21st October 2008, respectively, making £14.1m in all, of which £13.7m is for the library works contract and £0.4m to cover costs to date at the end of financial year 2007/8.
15. The main contract works commenced on site on 29th June 2009, with a date for completion of 7th March 2011.
16. The contract sum of £13,732,732 includes an allowance for £1m savings from value engineering (VE). This target was introduced at tender stage to offset, in part, the significant gap between the lowest acceptable tender and the consultant quantity surveyor's estimated construction cost of £8.5m contained in the pre-tender cost plan.
17. At contract week number fifty-one, the main contractor is reporting a current delay to the contract programme of approximately fourteen weeks. The cause of delay has been unforeseen complications associated with underpinning works to the London Underground station entrance, which as previously stated, will form an integral part of the library structure. An extension of time for completion of the works ten weeks two days has been provisionally awarded to the main contractor by the consultant architect under the terms and conditions of contract.
18. Since completion of the library substructure in February 2010, progress has been good and every effort is being made to contain and, if possible, mitigate the effect of the delay.
19. The current forecast outturn cost for the construction project, adjusted for contract variations and an estimated allowance for the main contractor's claim based on fourteen weeks of prolongation costs, is £14,261,811. This represents a variance of £529,079 from the contract sum and assumes that the £1m VE target is fully realised.
20. The current forecast outturn cost of £14,261,811 excludes ICT cabling works, the library cafe servery fit-out and certain works associated with the plaza, all of which are included in the library works contract for practical reasons but are offset, respectively, by separate funding streams.
21. A chart showing the best current assessment of the financial position with respect to the works contract is included at **Appendix 2**.
22. The project team has secured over half of the £1m VE savings to date and continue to target their full achievement. In addition, officers are examining the feasibility of making further savings in consultation with the project team needed to compensate in part or fully the gap between the forecast outturn cost and the contract sum.
23. Expenditure to date (based on monthly valuation 13A) is £2,886,175. The forecast expenditure and cash flow forecast is given at **Appendix 3**.

24. Ancillary costs relating to professional fees, surveys, London Underground, etc. are separately accounted.
25. The experienced officer client team is overseeing a number of mechanisms in place for monitoring and controlling the financial and programme performance of the contract, including:
- monthly financial statements by the consultant quantity surveyor
 - monthly appraisals of the main contractor's progress against the contract programme
 - monthly progress reports by:
 - the architect
 - main contractor
 - other design consultants
 - monthly progress meetings on site
 - daily tracking and chasing action on critical issues
 - monthly 'look ahead' meetings with principals
 - periodic project team 'look ahead' workshops covering key phases of work
 - risk and issues logs
26. Project risks:
- Increased/additional costs arising from contract variations/late instructions
 - Failure to fully achieve £1m VE target set at tender stage
 - Culpable delay to site operations by main contractor
 - Delay by statutory undertakers in the provision of mains services (i.e. EDF, Transco and Thames Water)
 - Delay due to component failure (design, manufacture, installation)
 - Supply chain insolvencies
 - Discovery of errors and/or omissions in tendered contract documents
 - Delay due to adverse impact of works on London Underground Ltd's operations.
27. All project risks are being pro-actively managed and controlled by Council officers in conjunction with project team members to ensure effective mitigation measures are in place.

Library revenue approach

28. The total net revenue budget for the new library is £1.15 million per annum. (see details at **Appendix 4**). This compares to £980,000 per annum for Peckham Library which is a smaller building with fewer facilities. The additional services and facilities at Canada Water, including a strong focus on space for young people, negates the need for additional community buildings in the new development.
29. The largest part of the annual revenue expenditure, as with all libraries, is to cover staffing costs. The staffing costs are calculated to enable 7 days per week opening to maximise the benefit of the investment in the building, to fully exploit income opportunities, and also take into account the use of self-service technology.

30. The revenue budget also includes sums to ensure that the building is appropriately looked after and maintained, with provision for cleaning and maintenance contracts being factored in. Experience and learning from Peckham Library is reflected in this approach as no maintenance contracts were established for that building before it opened, causing on-going revenue problems there for several years.
31. Provision is made for robust income streams from the hire of spaces within the building, a rental from the café and a substantial amount from fees and charges including from the hire of audio-visual items, fines and other library sources. It is anticipated that the exhibition and performance space together with the smaller rooms on the upper floor will generate income from major hires as well as adding value to the service offer at the library. Smaller, but important revenue streams are also anticipated from merchandising – again, this represents learning from the experience of Peckham Library which had no such strategy in place.
32. During the current financial year in the lead up to opening, it will be necessary to incur some revenue spending. (Please see **Appendix 5**) This will include expenditure for start up stock, communications, and recruitment of staff and procurement of the café provider. It is necessary to expend these sums in the current financial year to ensure that the library is fully tested before opening, that suppliers are able to provide stock in good time, in the right quantity and of appropriate nature before opening and that staff are trained and briefed in new ways of working to deliver this new service.

ICT provision

33. The library will feature the most up to date technology both to deliver the service and for public use. Self-service technology will allow staff to support less confident customers, deliver more support activities and offer seven days per week opening. Wi-Fi will mean that customers can also use their own laptops in the building (and the plaza) freeing the library's equipment for those who need it.
34. This provision is to feature in the libraries modernisation programme and will be funded accordingly.

APPENDICES

No	Title
1	General Arrangement Drawings / Computer Generated Images
2	Current Assessment of Financial Position
3	Expenditure and Cash Flow Forecast
4	Revenue Budget
5	Revenue Spending

Lead Officer	Gill Davies/Richard Rawes	
Report Author	Adrian Whittle/Tim Thompson	
Version	Final	
Dated	June 2010	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Legal: Director of Legal and Democratic Services	na	na
Chief Finance Officer	na	na
Head of Procurement	na	na
Date final report sent to Constitutional Support Services		na

1. This drawing is a preliminary drawing and is not to be used for construction purposes without the written consent of the architect.

2. The architect is not responsible for the accuracy of the information provided by others.

3. The architect is not responsible for the accuracy of the information provided by others.

4. The architect is not responsible for the accuracy of the information provided by others.

5. The architect is not responsible for the accuracy of the information provided by others.

6. The architect is not responsible for the accuracy of the information provided by others.

7. The architect is not responsible for the accuracy of the information provided by others.

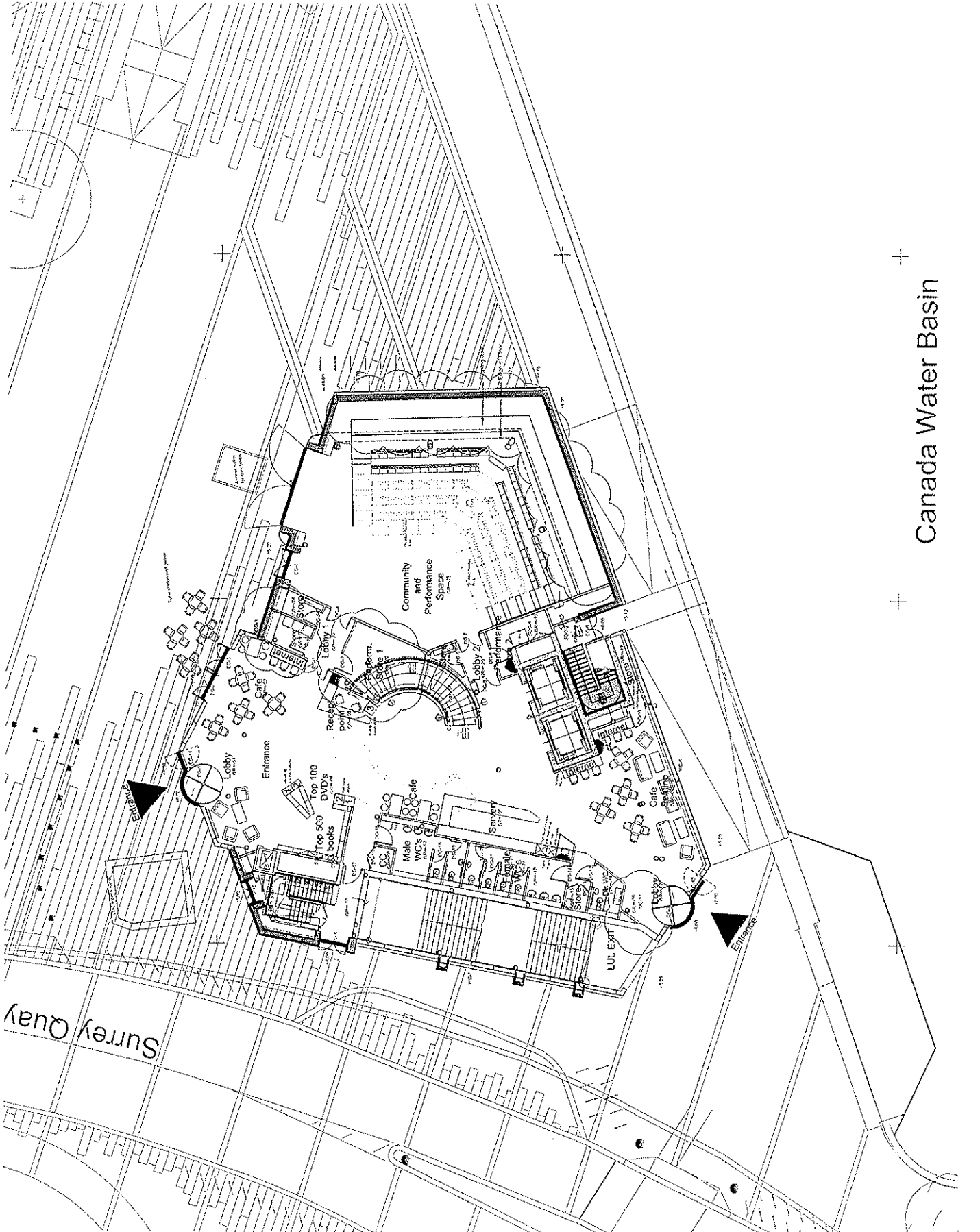
8. The architect is not responsible for the accuracy of the information provided by others.

9. The architect is not responsible for the accuracy of the information provided by others.

10. The architect is not responsible for the accuracy of the information provided by others.

Client:
LONDON BOROUGH OF
SOUTHWARK
Project:
CANADA WATER LIBRARY
Title:
GROUND FLOOR PLAN

Drawn by: [Name]
For Construction
CZWG
Scale: 1/4" = 1'-0"
Date: 04-03-2009
Drawing No.: 1557-7-P-200-1010
A

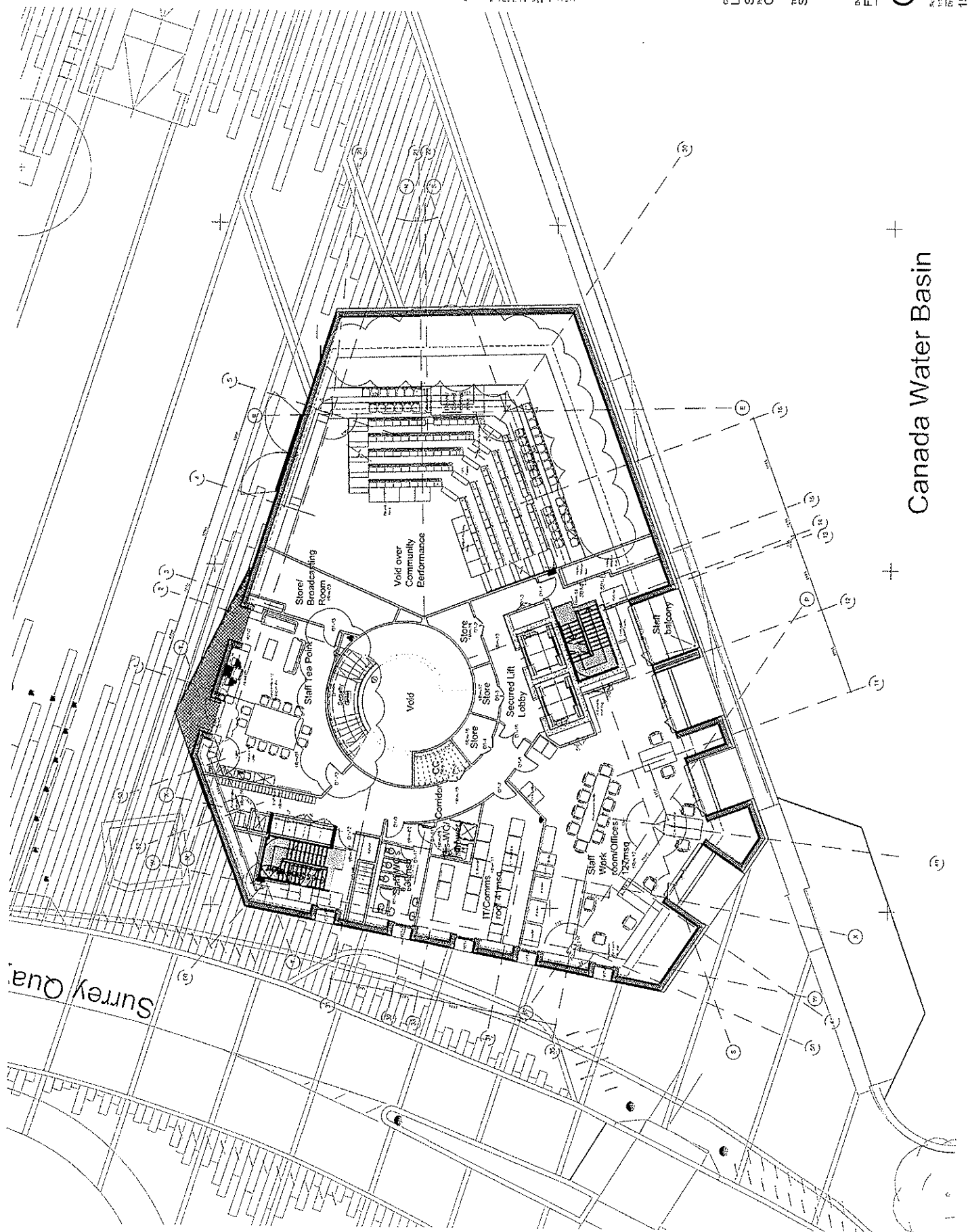


+
Canada Water Basin
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<p>Approved For Construction Date: 10/12/2011 By: [Signature]</p>	
<p>Project Name: Canada Water Library Location: Southwark Client: London Borough of Southwark</p>	<p>Drawn: [Name] Checked: [Name] Date: 10/12/2011</p>

Client: LONDON BOROUGH OF SOUTHWARK
 Project: CANADA WATER LIBRARY
 Title: STAFF MEZZANINE FLOOR

Drawing content:
 For Construction



Canada Water Basin

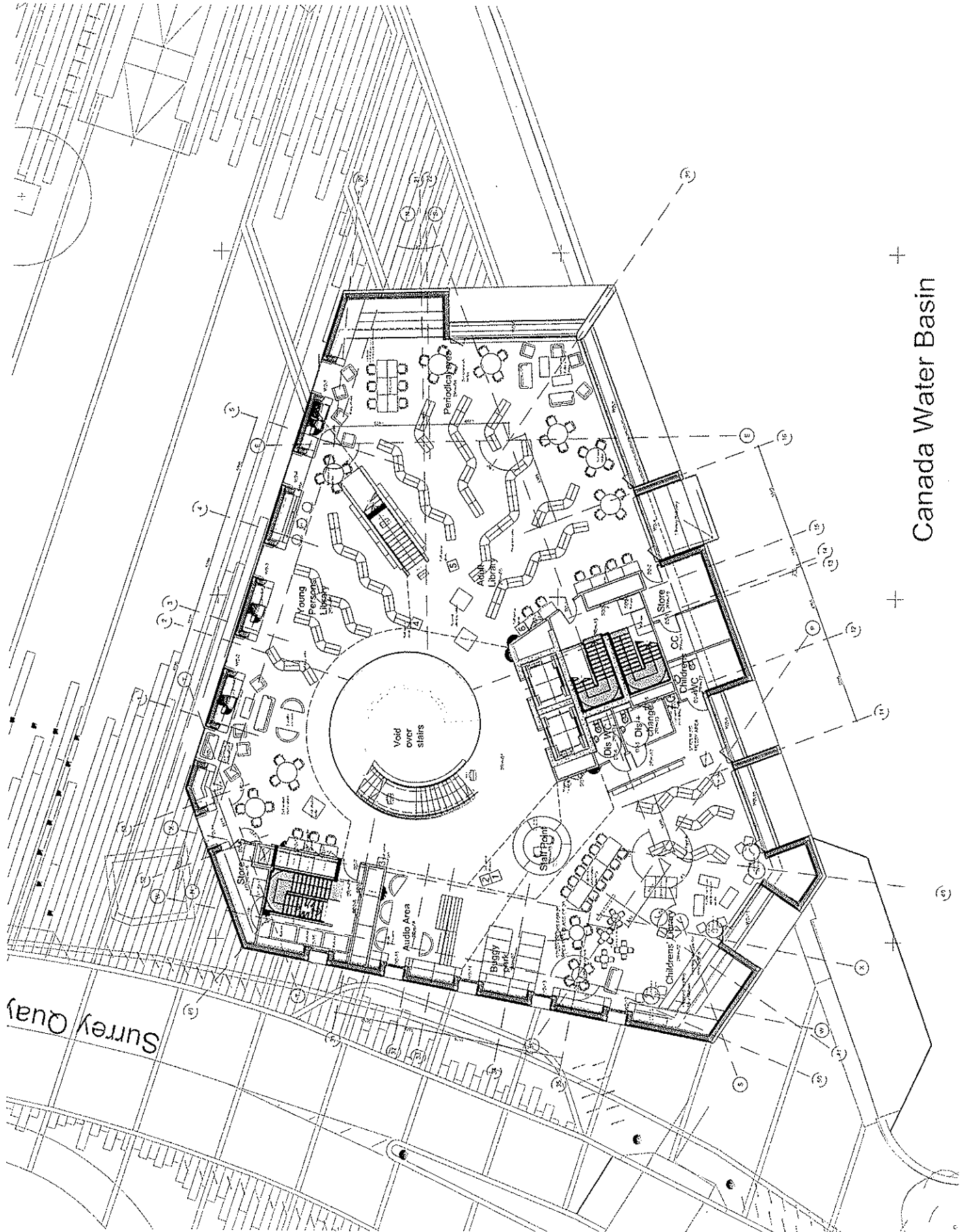
Approved: _____
Date: _____
For: _____
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Sheet: _____

Client:
LONDON BOROUGH OF
SOUTHWARK
Project:
CANADA WATER LIBRARY
THE
LIBRARY FLOOR PLAN

Drawn by:
For Construction

CZWG

Scale: 1/4" = 1'-0"
Date: 06/07/2007
Drawing No.: 1557-7-P-200-1012
Sheet: A
Form:



Canada Water Basin

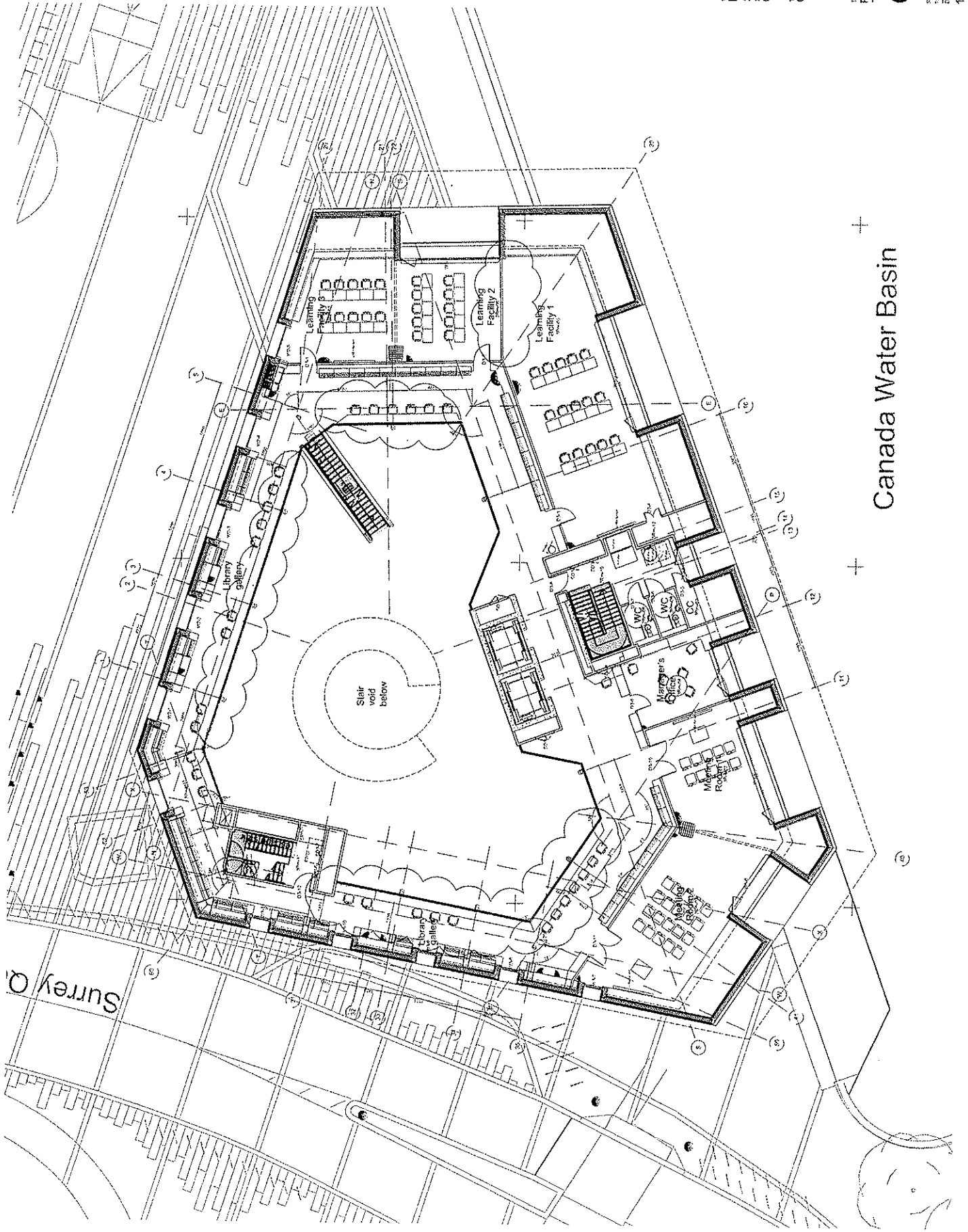
NOTES:
1. ALL WORK SHALL BE IN ACCORDANCE WITH THE BC BUILDING CODE AND ALL APPLICABLE REGULATIONS.
2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS.
3. THE CONTRACTOR SHALL MAINTAIN ACCESS TO ALL ADJACENT PROPERTIES AND UTILITIES AT ALL TIMES.
4. ALL MATERIALS AND WORKMANSHIP SHALL BE SUBJECT TO INSPECTION AND APPROVAL BY THE LOCAL AUTHORITY.
5. THE CONTRACTOR SHALL BE RESPONSIBLE FOR PROTECTING ALL EXISTING UTILITIES AND STRUCTURES.
6. ALL DIMENSIONS SHALL BE AS SHOWN UNLESS OTHERWISE NOTED.
7. ALL WORK SHALL BE COMPLETED WITHIN THE SPECIFIED TIME FRAME.
8. THE CONTRACTOR SHALL MAINTAIN A NEAT AND ORDERLY WORK SITE AT ALL TIMES.
9. ALL WASTE AND DEBRIS SHALL BE REMOVED FROM THE SITE DAILY.
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Client: LONDON BOROUGH OF SOUTHWARK
Project: CANADA WATER LIBRARY
Title: THE GALLERY FLOOR PLAN

Drawing Status: For Construction

CZWG

Scale: 1/8" = 1'-0"
Date: 06/03/2017
Drawing No: 1557-7-P-200-1013
Rev: A
CZWG GROUP



Canada Water Basin





Canada Water Library

Appendix 2

Current assessment of works contract variations and forecast outturn

	Description	Financial Statement No 7	
		Itemised (£)	Running total (£)
1.	Contract Sum	13,732,732	
2.	Less, contingency and day works provision	(404,750)	13,327,982
3.	Client changes (including 9a & 9c below)	458,890	13,786,872
4.	BLCQ rechargeable items relating to the Plaza	205,250	13,992,122
5.	Contract variations/adjustments by design team (actual and anticipated)	507,969	14,500,091
6.	Estimated value of main contractor's claim (based on 14 calendar weeks prolongation costs)	342,020	14,842,111
7.	Estimated final contract cost	14,842,111	
8.	Estimated difference to Contract Sum	1,109,379	
9.	Less, adjustment for items with additional budget provision:		
9a	- ICT installation (cabling and AV/TV) – contained within Line 3 (Client changes) above	(299,050)	14,543,061
9b	- BLCQ rechargeable items - as Line 2 above	(205,250)	14,337,811
9c	- Cafe servery costs to be reimbursed by the cafe provider	(76,000)	14,261,811
10.	Estimated difference to Contract Sum (as adjusted)	<u>529,079</u>	

Commentary on Variations in cost:

Line 1: The cost reported in Financial Statement No 7 above assumes that the target £1 million value engineering (VE) saving will be achieved. The value of VE savings associated with instructions issued to date is approximately £448,318 short of the target. The likelihood of meeting the VE target is currently under review by CZWG in consultation with the project team and is identified as a key risk in item 22 below.

Line 2: The contingency and dayworks provision has been fully utilised.

Lines 3, 9a and 9c: Client changes include £299,050 for ICT installation works and £76,000 for constructing the cafe servery, both of which are to be covered by separate budget provision. See also paragraph 13 - *ICT*, above. (NB. The cost of the ICT cabling and AV/TV, as agreed with the main contractor, is £310,900 rather than £299,050 but this has yet to be reflected in the QS figures.)

Lines 4 and 9b: The cost of Plaza works included in the Library contract is to be reimbursed by BLCQ from the TDA.

Line 5: Additional costs arising from the CPM's contract instructions (PMIs) are the

main source of the forecast increase in contract costs. Factors include underestimation of provisional sums and the omission of items in the bills of quantities prepared by the original quantity surveyor, Gleeds. The full extent of inaccuracies in the bills of quantities will not be known until measurements for final account has been completed. However, a spot check of the internal dry lining measurement is currently in progress as an interim step.

Line 6: Financial Statement No 7 includes allowance for prolongation costs only for the period so far claimed by the main contractor (i.e. 14 calendar weeks). Actual prolongation costs will be based on the final assessment of the contractor's notices by the CPM. No allowance has been made at this stage for possible disruption costs to be claimed by the main contractor.

Lines 7 and 8: estimated final contract cost at Line 7 and estimated difference to Contract Sum at Line 8 both exclude additional budget provision for the ICT and Plaza works items, respectively. They also exclude under allowance for the main contractors claim and library shelf lighting.

Line 10: This gives the difference between the contract sum and the forecast outturn cost in Financial Statement.

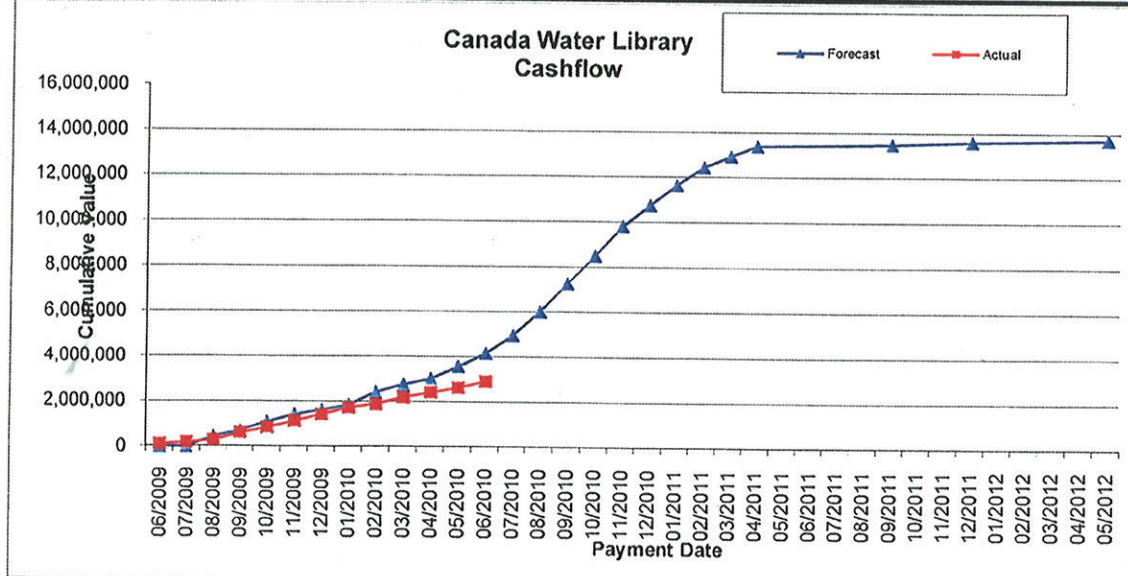
It should be noted that no contingency provision exists against which to offset the risk of further delays and additional costs to the contract works.

APPENDIX 3

Regeneration and Leisure scrutiny sub committee - Tuesday 29th June 2010
Canada Water Library - BRIEFING NOTE

Forecast expenditure and cash flow

Valuation Nr	Payment Due Date	Forecast Net Value £	Actual Net Value £	Deficit/excess £	Notes
1	28/06/2009	0	90,876	90,876	Enabling Works
2	29/07/2009	0	175,704	175,704	Enabling Works
3	26/08/2009	454,700	280,850	-173,850	Delay with LUL concessions
4	26/09/2009	715,200	609,269	-105,931	Delay with LUL concessions
5	28/10/2009	1,110,330	855,888	-254,442	Delay with LUL Exit 2
6	26/11/2009	1,441,300	1,136,556	-304,744	Delay with LUL Exit 2
7	27/12/2009	1,625,690	1,421,230	-204,460	Delay with LUL Exit 2
8	20/01/2010	1,867,940	1,728,395	-139,545	Delay with LUL Exit 2
9	26/02/2010	2,412,280	1,877,993	-534,287	Delay with LUL Exit 2
10	31/03/2010	2,745,570	2,177,406	-568,164	Delay with LUL Exit 2
11	28/04/2010	3,012,080	2,398,283	-613,797	Delay with LUL Exit 2
12	27/05/2010	3,543,580	2,608,265	-935,315	Delay with LUL Exit 2
13	26/06/2010	4,151,920	2,886,175	-1,265,745	Delay with LUL Exit 2
14	28/07/2010	4,955,150			
15	26/08/2010	6,011,950			
16	26/09/2010	7,246,070			
17	27/10/2010	8,491,670			
18	26/11/2010	9,824,960			
19	29/12/2010	10,750,920			
20	19/01/2011	11,627,250			
21	26/02/2011	12,447,000			
22	30/03/2011	12,935,250			
23	06/04/2011	13,396,280			
24	21/09/2011	13,508,431			
25	14/12/2011	13,620,581			
26	03/05/2012	13,732,732			
TOTALS					



Appendix 4

CANADA WATER PROJECTED RUNNING COST FOR 2011/12 ONWARDS

Version 10 as at 24 May 2010

Expenditure	Forecast	Comments/Assumptions
Staff (basic salaries)	748000	(FTE = 33). 78 hours per week operating time (Mon to Sat: 8am - 8pm; Sun: 12noon - 6pm) Please refer Salary template spreadsheet
Staff (on-costs)	142711	Please refer Salary template spreadsheet
Staff (Saturday enhancements)	31320	Additional pay for Saturday work
TOTAL STAFFING:	922031	
NNDR	145000	Based on current NNDR for Peckham Library plus uplift
Repairs and Maintenance	83000	Estimate- includes photocopiers, lifts, servicing of CCTV, fire alarms, etc
ICT running costs (assumes RFID/self-service)	90000	Based upon figures provided by IT
Jet washing building	10000	As quoted by Property
General cleaning	45000	As quoted by Property (based on 2500 sq ft area). Peckham's cleaning cost is £50k p.a.
Windows cleaning	10000	As quoted by Property
Security	45000	As quoted by Property- similar to Peckham Library's security provision
Electricity	30000	Based on Peckham Library's energy costs uplifted by 78 over 65 (opening hours), and with a % efficiency built in.
Water	5500	Based on Peckham Library's energy costs uplifted by 78 over 65 (opening hours), and with a % efficiency built in.
Refuse	7430	Estimate based on Peckham Library figures; increased for Café refuse.
Gas	20000	Based on Peckham Library's energy costs uplifted by 78 over 65 (opening hours), and with a % efficiency built in.
TOTAL PREMISES COST:	490930	
Stock	50000	A stock fund of £50k p.a. is needed.
Materials & Service development	25000	Souvenirs / Merchandise- replenish/ promotion of the Library
Office expenses	22000	Estimate includes costs of telephone/computer consumables/stationery, etc
Less expenditure budget from closure of Rotherhithe Library	-173961	Excludes Asset Rent & FRS17 budgets
Add income budget from closure of Rotherhithe Library	30000	Excludes Asset Rent & FRS17 budgets
Total expenditure	1366000	
Revenue		
Fines, fees and charges	100000	Peckham Library = £80k p.a.
Room hire	52000	(10 hours at £20 per hour * 260 days); rates to be agreed
Café	49000	Based on 12.5% of a turnover of £390k (£32 500 p.m.)
Merchandise	15000	Income from selling merchandise / souvenirs
Total income	216000	
Net Canada Water running cost	1150000	Includes Rotherhithe Library's budget saving

Canada Water Library

Appendix 5

Budget forecast for Canada Water related revenue costs July 10 to June 11

Cost description	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	Comments
Book Stock	50000	50000	50000	50000	50000	50000	50000	50000	50000	50000	0	0	500000	
Library Manager post- recruitment & salary	0	3500	0	0	3833	3833	3833	3833	3833	3833	3833	3833	34167	
Events & Programming mngr- recruitment & salary	0	3500	0	0	3583	3583	3583	3583	3583	3583	3583	3583	32167	
Librarians, Asst Library manager, Support Officer	0	0	0	0	5000	0	0	0	0	13167	13167	13167	44500	
All of the rest of the staff	0	0	0	0	0	0	0	5000	0	0	0	57917	62917	
Café procurement- advertising / legal / admin	0	5000	3000	0	0	0	0	0	0	0	0	0	8000	
Comms & Marketing	0	0	0	0	0	0	5000	5000	5000	5000	5000	5000	30000	
Rotherhithe Libr decommissioning & closing costs	0	0	0	0	0	0	0	0	0	0	0	20000	20000	Removal of stock, furniture & fittings, decomm of IT, security, storage, etc.
Training	0	0	0	0	0	0	0	0	0	0	0	10000	10000	
Total:	50000	62000	53000	50000	62417	57417	62417	67417	62417	75583	25583	113500	741750	

Key milestones

Book stock- monthly spend required to purchase complete range of stock and get it supplied and processed in time for opening. Selection needs to begin in July 2010 to meet deadlines.
Recruitment of 2 keys managerial posts needs to begin in November so that post holders can work on run up programmes for opening and getting the learning and performance space programming established.
Recruitment of the remaining staff team needs to be from November to Feb so that all levels of staff are in post for June to assist with getting library ready and to be fully trained up for the opening. They can also help with closure of Rotherhithe.
Café procurement needs to start now as long process and successful bidder has to do fit out.

1. What is the likely impact of the Coalition Government's cuts going to be on your department.(Mark Glover)

2. Will any possible expansion of Newington Reference Library be affected by the possible sale of Walworth Town Hall? (Columba Blango)

2. Can she update us on the Southwark Park Athletics Track proposal and it's future? (Paul Noblet)

3. Is the refurbishment of Seven Islands Leisure Centre a priority for the administration, and if so what is the timetable for plans to be drawn up and works to begin? (Paul Noblet)

4. Can she update us on plans for the library building on Albion Street once it has been vacated in 2011? (Paul Noblet)

5. What is your opinion of the Elephant and Castle Leisure Centre consultation evening held on the 14th September? (Cathy Bowman)

6. When is she planning to re-open the Watersports Centre Dockside Path following the recent refurbishment of the centre? (Paul Noblet)

7. Can she update us on the progress of the Canada Water Library? (Paul Noblet)

8. How will she use sports and activity in schools to help tackle childhood obesity? (Columba Blango)

9. Will she guarantee the future of the community games? (Columba Blango)

10. Given the likely reduction in the council's budget forced by the state of the national finances, where do you intend to make cuts in your department, if directed to by the Leader of the Council? (Columba Blango)

11. Can she outline her views of the benefits to the community of the Event in Southwark Park and the Bermondsey Carnival? (Columba Blango)

12. How will she guarantee a swimming pool at the Elephant and Castle? (Cathy Bowman)

13. What Olympic related events is she planning for the coming year to get young people interested in sport? (Cathy Bowman)

14. What are her plans for the former Livesey Museum? (Cathy Bowman)

15. What value does she place on the borough's historical and cultural institutions and what is her view of the importance of the borough having a vibrant cultural sector? (Cathy Bowman)

16. Does she agree that having high quality play facilities, such as Tabard Astro Turf, is of vital importance to local children? (Cathy Bowman)

17. Approx 3 years ago there was a report compiled looking specifically at Youth Clubs and Facilities. What has happened to this report? Were there any recommendations? What was the cost of this report? Did the Council receive value for money? (Helen Morrissey)

18. What is the process for the proposed Elephant and Castle Leisure Centre? (Helen Morrissey)

19. How will the Olympics benefit the youth in Southwark? (Helen Morrissey)

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Councillor Cathy Bowman	1	Scrutiny Team SPARES	10
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