

Cabinet

Tuesday 22 November 2011

4.00 pm

Ground Floor Meeting Room G01A - 160 Tooley Street, London
SE1 2QH

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
Transport, Environment and Recycling
Finance, Resources and Community Safety
Children's Services
Equalities and Community Engagement
Culture, Leisure, Sport and the Olympics

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Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 14 November 2011



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Cabinet

Tuesday 22 November 2011

4.00 pm

Ground Floor Meeting Room G01A - 160 Tooley Street, London SE1 2QH

Order of Business

Item No.	Title	Page No.
	PART A - OPEN BUSINESS	
	MOBILE PHONES	
	Mobile phones should be turned off or put on silent during the course of the meeting.	
1.	APOLOGIES	
	To receive any apologies for absence.	
2.	NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
3.	DISCLOSURE OF INTERESTS AND DISPENSATIONS	
	Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.	
4.	PUBLIC QUESTION TIME (15 MINUTES)	
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules.	
5.	MINUTES	1 - 8
	To approve as a correct record the minutes of the open section of the meeting held on 18 October 2011.	

Item No.	Title	Page No.
6.	DEPUTATIONS	
	To consider any deputation requests.	
7.	RESPONSE TO THE EDUCATION AND CHILDREN'S SERVICES SCRUTINY SUB-COMMITTEE'S REVIEW OF SCHOOL ADMISSIONS	9 - 18
	To note and agree the response to the recommendations of the education and children's services scrutiny sub-committee.	
8.	UPDATED RESPONSE TO THE HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE'S REVIEW OF HOUSING REPAIRS KEY PERFORMANCE INDICATORS (KPIS)	19 - 28
	To note the update on progress on delivering the housing and community safety sub-committee's recommendations.	
9.	QUARTERLY REVENUE MONITORING REPORT QUARTER 2, 2011/12, INCLUDING TREASURY MANAGEMENT	29 - 46
	To note: <ul style="list-style-type: none"> <li data-bbox="312 1117 1238 1184">• the general fund outturn forecast for 2011/12, the forecast net movement in reserves, <li data-bbox="312 1187 1238 1254">• the housing revenue account's (HRA) forecast outturn for 2011/12 and resulting forecast movement in reserves <li data-bbox="312 1256 1198 1290">• the treasury management activity for the first quarter of 2011/12. <li data-bbox="312 1292 1238 1359">• the performance for the council tax and business rates collection fund 	
	To approve the general fund budget movements.	
10.	QUARTERLY CAPITAL MONITORING REPORT QUARTER 2	47 - 67
	To approve the addition of budgets into the programme and the current monitoring position.	
11.	DISPOSAL OF 1-11 (ODD) PYTCHLEY ROAD, EAST DULWICH SE22 8DG	68 - 73
	To authorise the head of property to dispose of the council's freehold interest in 1-11 Pytchley Road, SE22 8DG.	
12.	MOTIONS REFERRED FROM COUNCIL ASSEMBLY	74 - 80
	To consider motions referred from the council assembly meeting held on 12 October 2011.	

OTHER REPORTS

The following items are also expected to be considered at this meeting.

- 13. ELEPHANT AND CASTLE SUPPLEMENTARY PLANNING DOCUMENT/OPPORTUNITY AREA PLANNING FRAMEWORK**
- 14. ELEPHANT AND CASTLE SHOPPING CENTRE**
- 15. ELEPHANT AND CASTLE REGENERATION - VARIATION OF REGENERATION AGREEMENT**

DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING**EXCLUSION OF PRESS AND PUBLIC**

The following items are included on the closed section of the agenda. The Proper Officer has decided that the papers should not be circulated to the press and public since they reveal confidential or exempt information as specified in paragraphs 1-7, Access to Information Procedure Rules of the Constitution. The specific paragraph is indicated in the case of exempt information.

The following motion should be moved, seconded and approved if the cabinet wishes to exclude the press and public to deal with reports revealing exempt information:

“That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1-7, Access to Information Procedure Rules of the Constitution. “

PART B - CLOSED BUSINESS

- 16. MINUTES**

To approve as a correct record the closed minutes of the meeting held on 18 October 2011.

- 17. DISPOSAL OF 1-11 (ODD) PYTCHLEY ROAD, EAST DULWICH SE22 8DG**

Item No.

Title

Page No.

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

Date: 14 November 2011



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 18 October 2011 at 4.00 pm at 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Peter John (Chair)
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

1. APOLOGIES

There were no apologies for absence.

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

There were no late items.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Councillor Richard Livingstone declared a personal, non prejudicial interest in item 12, 'Southwark 2012 Capital Legacy Group: Recommendations for a £2m Package of Capital Investment' as he had agreed an Individual Decision Maker (IDM) report in respect of this issue.

Councillor Peter John also declared a personal, non prejudicial interest in item 12 as he was the chair of the capital legacy group.

Councillor Veronica Ward declared a personal, non prejudicial interest in item 12 as she was a member of the capital legacy group.

4. PUBLIC QUESTION TIME (15 MINUTES)

The following public question was asked:

Question from Ms Sue Plain

“Given rising unemployment especially amongst young people and the council’s success and achievements in setting up apprenticeship schemes, will the council consider the use of apprentices rather than volunteers in libraries?”

Councillor Veronica Ward responded

“Bearing in mind that we are talking about volunteers in context overall, which will be covered in the report, I would not see volunteers as being an either/or in relation to apprenticeships and this is something we can look at. Volunteers gaining experience can be a route to work.”

5. MINUTES

RESOLVED:

That the open minutes of the meeting held on 20 September 2011 be approved as a correct record and signed by the chair.

6. DEPUTATION REQUESTS

There were no deputation requests.

7. HOUSING INVESTMENT PROGRAMME - CONFIRMATION OF THE FIVE YEAR PROGRAMME AND UPDATE ON THE HIGH INVESTMENT NEED ESTATES OPTIONS APPRAISAL PROJECT

An updated Table 12 – Hawkstone survey responses, paragraph 79 of the report was circulated at the meeting. An additional Table relating to Abbeyfield survey responses, referred to in paragraph 80 of the report was also circulated at the meeting.

RESOLVED:

1. That the outcome of the Stage 2 resident consultation on the draft five year housing investment programme and the feedback from the area housing forums, tenants council, home owners council and the decent homes review working party on the proposals be noted.
2. That the advice from the government Department of Communities and Local Government that the £11m government backlog funding will be paid as a cash grant be noted and officers come forward with detailed proposals to allocate the £11m of additional resources. The grant is for social housing tenants only so any of the monies spent on communal repairs will be recharged to leaseholders. The resultant

service charges could generate up to £4m of extra income should all the grant be spent on communal repairs.

3. That the five year housing investment programme, revised in the light of the Stage 2 resident consultation, as set out in Appendix 1 of the report be approved, and officers be instructed to proceed with the implementation of the programme.
4. That the impact of the Lands Tribunal decision on the deliverability of the programme; the risks associated with it, and the contingency arrangements in place to mitigate these risks be noted.
5. That progress of the options appraisal project on Abbeyfield, Four Squares and Hawkstone estates be noted and the revised project plan outlined in paragraph 72 of the report be amended to defer the Abbeyfield and 4 Squares report to a February cabinet and agreed.
6. That the amendments to the option appraisal model's strategic fit objectives proposed in paragraph 75 of the report be noted and agreed.

8. SOUTHWARK SCHOOLS FOR THE FUTURE: UPDATE TO CABINET AND DELEGATION OF AWARD OF PHASE 3B CONTRACTS

RESOLVED:

Decisions of the Cabinet

1. That it be noted that phase 3a of Southwark's Schools for the Future (SSF) programme 'investment at Bredinghurst, St Saviour's and St Olave's, The Charter and Notre Dame' has reached financial close within the affordability parameters previously approved by cabinet.
2. That the current status of the Building Schools for the Future (BSF) programme be noted.

Decisions of the Leader of the Council

3. That authority be delegated to the cabinet member for children's services in consultation with the strategic director of children's services to approve the contract award for the contracts set out in Table 1 of the report, relating to the financial close of Phase 3b - a new Academy at St Michael's and All Angel's in Camberwell and the co-location of Highshore Special School, subject to:
 - confirmation of funding from Partnerships for Schools;
 - the council's financial contribution being within the parameters set out in Table 3 of the report.
4. That authority be delegated to the cabinet member for children's services in consultation with the strategic director of children's services to enter into the school interface agreements with the school counterparties set out in Table 2 of the report.

9. LIBRARY SERVICES REVIEW

A report from the regeneration and leisure scrutiny sub-committee providing comments and recommendations to the library services review report were circulated at the meeting. Comments of the strategic director of environment and leisure to the scrutiny sub-committee report were also circulated at the meeting.

RESOLVED:

1. That the package of measures summarised below and described in more detail in the body of the report be agreed in order to deliver £397,000 of savings from the library service budget in the financial years 2012/13 and 2013/14.
 - a. Use of volunteers £40,000
 - b. Reshaping of opening hours at smaller libraries to offer more days open but with less hours overall. This to be combined with an invitation for community management for the period of reduced hours £80,000
 - c. A staff reorganisation of £120,000
 - d. Sharing resources with other boroughs £50,000
 - e. Sharing space with Housing at Peckham Library and thereby reducing library costs by £57,000
 - f. New rental saving of £50,000 from the creation of the new Camberwell Library

2. That officers be instructed to bring forward proposals on a new delivery model for the home library service as part of the 2012/13 budget setting process to achieve a budget saving of £104,000.

3. That it be noted that although additional income or fees and charges were not proposed within the report, some minor changes to fees and charges arising from this will be brought forward as part of the annual fees and charges setting process. The service will continue to seek external funding and seek to improve its marketing in line with the recommendations from the libraries review consultation.

4. That officers continue to undertake further work on identifying possible future models of service to ensure the longer term viability of the library service in respect and / or savings. These should include:
 - a. Community management of libraries including assessing the offers for the community management
 - b. Sharing services with other boroughs either through the Museums, Libraries and Archives Council (MLA) Future Libraries Programme pilot project or any cross borough negotiations.
 - c. Co-locating or integrating with other Southwark services
 - d. Working with the customer services division to support the emerging corporate customer services strategy
 - e. Seeking opportunities for resolving building issues through regeneration or other property opportunities
 - f. Reviewing the effectiveness of volunteer arrangements introduced as a result of this report.

5. That the opportunity to replace Grove Vale Library as part of a new development adjacent to East Dulwich Station be welcomed; noting that there are both revenue and capital implications for this and that these issues will be addressed as part of the council's budget-setting process for the next three years.

10. CYCLING POLICY REVIEW

RESOLVED:

That the content of the council's transport plan cycling policy review contained in the report be noted.

11. POLICY AND RESOURCES STRATEGY 2012/13 - 2014/15: SCENE SETTING REPORT

RESOLVED:

1. Cabinet reaffirms its commitment to the ten fairer future promises as set out in the council plan and medium term resources strategy (MTRS) and the seven budget principles to guide and underpin the work of officers in arriving at a balanced budget proposal in February 2012.
2. That it be noted that this is the second year of a three year budget framework, agreed in February 2011 which was supported by an extensive consultation undertaken in autumn 2010.
3. That officers be instructed to continue to work on budget options for presentation to the cabinet in January 2012, for onward recommendation to council assembly.
4. That the continuing uncertainty in the budget environment for 2013/14 and future years be noted and it also be noted that the government is currently undertaking a consultation on the future of local government finance (the "Local Government Resource Review").

12. SOUTHWARK 2012 CAPITAL LEGACY GROUP: RECOMMENDATIONS FOR A £2M PACKAGE OF CAPITAL INVESTMENT

RESOLVED:

That it be noted that the cabinet member for finance, resources and community safety has taken an October 2011 individual decision maker (IDM) report in respect of the Southwark 2012 Capital Legacy Fund, which agrees £2m funding to ten capital projects.

13. RESIDENTIAL DESIGN STANDARDS SUPPLEMENTARY PLANNING DOCUMENT 2011

RESOLVED:

1. That the comments of planning committee be noted.
2. That the final residential design standards supplementary planning document (SPD) (Appendix A of the report) be adopted, and the consultation statement (Appendix B of the report) and equalities impact assessment (Appendix C of the report) be noted.

14. APPROPRIATION OF LAND FOR PLANNING PURPOSES, SITE SILWOOD 4B, LAND BETWEEN DEBNAMS ROAD AND CORBETTS PASSAGE, SE16

RESOLVED:

1. That the appropriation of the land, shown shaded on the plan in Appendix 1 to the report ("the Plan"), from use for commercial purposes to planning purposes in accordance with section 122 of the Local Government Act 1972 be agreed.
2. That it be noted that the land is no longer required for the purpose for which it is currently held.

15. 169 TO 172 AND 170A ST GEORGES MANSIONS, BLACKFRIARS ROAD AND POCOCK STREET GARAGES, LONDON SE1 8ER - DISPOSAL OF FREEHOLD INTEREST

RESOLVED:

1. That the disposal of the council's freehold interest in 169 to 172 and 170a St Georges Mansions, Blackfriars Road and Pocock Street Mansions, London SE1 8ER ("the site") in accordance with the terms and conditions set out in the closed report be authorised.
2. That the earmarking of the capital receipts for the purposes of the housing investment programme be authorised.
3. That the head of property be authorised to agree any variations to these terms (within the scope of his delegated authority) that may be necessary to achieve the successful disposal of the site.
4. That in the unlikely event that the sale to the preferred bidder does not proceed to exchange, the head of property be authorised to agree the terms of a sale with any one or combination of the under bidders set out in the closed report and/or any other third party, provided that these terms conform with the council's legal obligation to achieve the best consideration reasonably obtainable.

16. 65 GROSVENOR PARK, SE5 - DISPOSAL OF FREEHOLD INTEREST**RESOLVED:**

1. That the head of property be authorised to dispose of the council's freehold interest in 65 Grosvenor Park, SE5 (the "Property"), for a sum that equates to the market value of the property.
2. That the earmarking of the capital receipts for the purposes of funding the housing investment programme be authorised.

EXCLUSION OF PRESS AND PUBLIC

That the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in category 3 and 5 of paragraph 10.4 of the Access to Information Procedure Rules of the Southwark Constitution.

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

17. MINUTES

The minutes of the closed section of the meeting held on 20 September 2011 were approved as a correct record and signed by the chair.

18. DISPOSAL OF 169 TO 172 AND 170A ST. GEORGES MANSIONS, BLACKFRIARS ROAD AND POCOCK STREET GARAGES, LONDON SE1 8ER - DISPOSAL OF FREEHOLD INTEREST

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

The meeting ended at 6.12pm

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 26 OCTOBER 2011.

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

Item No. 7.	Classification: Open	Date: 22 November 2011	Meeting Name: Cabinet
Report title:		Response to the Education and Children's Services Scrutiny Sub-Committee's Review of School Admissions	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Catherine McDonald, Children's Services	

FOREWORD – COUNCILLOR CATHERINE MCDONALD, CABINET MEMBER FOR CHILDREN'S SERVICES

Providing an effective and efficient admissions service is vital in supporting families to find the school best suited to their child's needs and to navigate the process successfully. The council recognises the importance of providing school places that meet parents' preferences by guaranteeing a place in a local primary school for every child who wants one. This year, this was achieved for all children who made an on-time application, bar one who was offered a place slightly further afield and subsequently pursued a place at a school in another borough.

The admissions service recognises that although most families are able to successfully submit application forms on time and receive a school of their preference, a significant number of families require additional help and support to understand the process and be able to make appropriate school preferences for their children. We have a duty and commitment to ensure that these families are supported to do so. In particular, we recognise parents/carers with a child who has special educational needs require as much information as possible, and we strive to provide this.

The service handles significant volumes – over 6,200 primary and secondary mainstream applications were submitted on time by families last year for children due to start school this September. There were a further 700 applications submitted after the closing dates, as well as over 3,000 in-year applications, mainly from families who have recently moved to the borough or are new to the UK.

The service seeks and welcomes feedback which enables it to improve the support it offers, and it continues to identify areas for improvement. The Education and Children's Services Scrutiny Sub-Committee's report and recommendations are received in this context. The recommendations will help the service ensure that all families in Southwark receive the support and information they may need to apply to schools and receive a fair and equitable chance of obtaining a place of their preference.

RECOMMENDATIONS

1. Note and agree the response to the recommendations of the Education and Children's Services Scrutiny Sub-Committee.
2. Agree the action plan attached as Appendix 1.

BACKGROUND INFORMATION

Education and Children's Services Scrutiny Sub-Committee

3. On 12 July 2010, the Education and Children's Services Scrutiny Sub-Committee decided to conduct a review on school admissions. The review's findings were reported to the sub-committee on 28 June, and then presented to cabinet on 20 September. Cabinet agreed that the recommendations be noted and that the cabinet member for children's services bring back a report to cabinet in order to respond to the sub-committee by 22 November 2011.

Report summary

4. The review focused on the clarity of information and availability of support networks to help parents negotiate the admissions process for mainstream and school admissions for children with special educational needs (SEN). Evidence submitted to the review included a survey of parents/carers who had used the secondary admissions service, as well as consultation with the Southwark School Admissions Forum and the Parent Participation Forum.
5. The review identified 18 recommendations. These, broadly, included steps to: make information simpler and easier to understand; extend and enhance communications with parents/carers; and make it easier to complete the application form and accept an offer.
6. Children's services accept the recommendations made by the sub-committee. This report contains a detailed response to each of the recommendations and a summary action plan is included in Appendix 1.

Response to recommendations

7. The report and its recommendations complement ongoing work in the admissions team to continually improve the quality of the service it provides. The 2011/12 admissions round was the first undertaken under pan-London coordinated admissions arrangements. This system has improved the experience of families by requiring them to fill in only one application form detailing up to six preferences for any London school, and by providing them with a single offer of a place. This process has enabled local authorities to eliminate surplus offers more quickly, resulting in vacancies being filled more quickly and efficiently.
8. Ensuring that information is accessible and easy to understand is a key service priority. The service annually reviews and seeks to improve the information provided in printed material and online, and will use the intelligence gathered by the review to support this process. In addition, the SEN and admissions teams are working to improve the information available to parents/carers of children with additional needs in light of the recent SEN and disability green paper's drive to publish a local offer of support. This includes an SEN school booklet, with details of the building and staff resources available at each school, as well as a SEN A-Z, which details resources and support available locally and nationally.
9. Another service priority is continually seeking to improve the support to parents/carers who need additional help, such as those who have a child with SEN or who have language or literacy difficulties. The programme of outreach

provided by the parent partnership and SEN teams has been expanded, and the service will continue to look for opportunities to address the needs and concerns of these parents/carers, many of which were articulated in the review's findings.

10. The admissions team also works closely with education planning colleagues to ensure there is a sufficient supply of places to meet parental demand. This has involved developing and refining processes to plan bulge classes and permanent enlargements to meet the significant uplift in pupil numbers over recent years. These service improvements support the council's priority commitment to guarantee a place in a local primary school for every child who wants one. For the admissions round to enter reception year this September, the council offered a place within 2 miles of the parental home for all children who made an on-time application, bar one who was offered a place slightly further afield and subsequently pursued a place at a school in another borough. This process is under constant review and refinement in order to enable the council to meet future demand effectively and efficiently.

KEY ISSUES FOR CONSIDERATION

Recommendations from sub-committee/response

11. The Education and Children's Services Sub-Committee made 18 recommendations, to which responses are set out below.
12. *The guides to starting primary and secondary schools should be made easier to navigate.*

Response

Agreed. The service strives to ensure the information in the admissions brochures is written as clearly and simply as possible within the minimum requirements of the School Admissions Code of Practice. Following the sub-committee's report, officers obtained comments from parents through the parent partnership service and also benchmarked the brochures against other publications with a view to producing 'starting school' guides for 2012 which are more parent-friendly and easier to navigate. Changes include simplifying the text, cutting duplication, using colour-coordinated tabs to identify types of schools, and using an easier-to-follow design. Further communication with groups such as the Parent Participation Forum are planned to support continuous improvements in the booklet's readability.

13. *There should be more information in the guides on special needs.*

Response

Noted. There are additional guides to support families with a child with a statement of SEN, and the SEN team is working to expand this information in light of the green paper's recommendations. The service, however, recognises that parents/carers of children with low-level special needs which may fall below the threshold for a statement of SEN may find it difficult to access information about which mainstream school would be most appropriate for their child. It will continue to work with schools to improve the quality and availability of this information, as well as to consider how this information can be made more widely available.

14. *Consideration should be given to producing short simplified versions and/or versions in different languages to meet the needs of parents where English is not the first language.*

Response

Noted. Consideration will be given to producing information in additional languages. Families tell us that face-to-face support, with a translator, is more helpful than printed material, and work continues to improve this aspect of the service's support within reducing budgets. This also includes working with voluntary and community organisations to support the parent through the process as well as improving the information available online.

15. *Next year's draft guide for primary school children should be brought back to the Parent Participation Forum for feedback.*

Response

Agreed.

16. *Retain the school preference advisor for outreach and one to one support; particularly focus their work on the needs of parents whose first language is not English and parents of SEN children.*

Response

Funding for the post was established following the cessation of central government choice adviser funding because the level of demand for this kind of support has increased year on year, demonstrating significant need within the borough. This demand includes not only parents/carers who require language support or have a child with SEN but also those who have literacy and/or learning difficulties. The post is focused on providing outreach support via one-to-one and group sessions.

17. *Hold open days at schools, the council's principal offices and in the community; particularly focus these on the needs of parents whose first language is not English, and parents of SEN children.*

Response

Noted. As noted above, the school preference adviser provides support through a programme of outreach work, including visits to schools with parents, one-to-one and group meetings at community groups and schools, and drop-in sessions at Sunshine House. The SEN team additionally provides special school open evenings for parents. The service will continue to seek to expand and improve the outreach on offer in response to families' needs and the review's findings within the constraints of reducing budgets.

18. *Contact university and hospital nurseries as well as Private, Voluntary and Independent ["PVI"] early years managers.*

Response

Noted. The admissions team distributes information widely to a comprehensive range of key contacts which includes university, hospital and PVI nurseries, and this list is reviewed and updated regularly. Further support for children with a statement of SEN prior to primary school entry is provided by the early intervention team, which advises and supports parents and schools about the process for school entry and transition from pre-school to school.

19. *Train workers and keep booklets on the admissions process at settings such as libraries, one stop shops and community centres.*

Response

Noted. The brochures are available in a range of settings including libraries and one stop shops. Training is provided to customer service representatives and one stop shop staff, and work is ongoing to improve the support offered through these routes in response to feedback from parents/carers and customer-facing staff.

20. *Use networks and contact details more smartly to distribute information and send reminders (health visitors, children centres, nurseries). Ensure they have sufficient information and CAF forms.*

Response

Agreed. Children's centres, nurseries and schools already assist with the distribution of information and application forms to families. This information is also provided to health professionals including health visitors but the service does not currently send forms or booklets for distribution by these agencies. Consideration will be given to expanding the support roles these and other agencies are willing and able to provide to families in respect of the school admissions process.

21. *Use face to face contact – health visitor 2 ½ year check ups with parents, parent mentors at the Parent Participation Forum, nursery school attendance.*

Response

Agreed. Further consideration will be given to how this recommendation can be developed and implemented across the school admissions process.

22. *Cabinet do everything within its power to introduce a common test for secondary school entry where this is required by schools.*

Response

Agreed. As their own admissions authorities, Southwark's secondary schools can set their own entry test – this 'banding' test ensures that a fair mix of children of different abilities gains entry to the school. Some pupils in Southwark have had to sit up to six tests, depending on their choice of secondary school. Following officer negotiations with local secondary schools that require applicants to sit banding tests, agreement has been reached for two tests to take place: one for applicants to any Harris academy in the borough; and one for all other academies.

23. *Draw up an open day schedule for parents of children with SEN.*

Response

Noted. Implementing this recommendation will be considered. Open days are promoted to parents who request information, and the SEN team follows up open days with the offer of one-to-one detailed meetings as described above.

24. *Ensure that carers and parents with more than one child in the same academic year (who are not multiple births) can make a successful application.*

Response

Agreed. The common application form has been amended for 2012 admissions to enable parents with children born in the same academic to make this known at the onset of the admissions process. This will ensure that they are able to successfully make their requirements known, although it will not affect the decision about the offer of a place, which is made according to the school's admissions arrangements.

25. *Simplify the process so that parents and carers do not have to accept and respond to both the local authority and school to successfully accept or decline a place. Disable the automatic eform acceptance unless it is functional.*

Response

Agreed. The acceptance process has been simplified for 2012 admissions. All offers will be sent to families and deemed to be accepted. Should a family wish to decline an offer, they will be asked to contact the admissions team to do so.

26. *Offer more support around offer day and including additional information explaining waiting lists and managing places.*

Response

Noted. Comprehensive information on how to add a child's name to a waiting list and how to submit an appeal against a decision is included with the offer letter. The school preference adviser also provides additional drop-in sessions during this time. The service recognises that offer day can be stressful for families and is working to improve and expand the support available.

27. *Before the date when allocations are announced, a briefing note be circulated to all members giving information about the process.*

Response

Agreed. This will be in place for the pan-London admissions processes. A briefing note will be circulated to members once all offers have been finalised, one working day before offer letters are posted to families.

28. *Make meeting space available in the council's principal offices, in addition to one-stop shops, for staff to take appointments with parents.*

Response

Noted. The parent partnership service, including the school preference adviser, meets with parents at one stop shops as well as providing weekly sessions at Sunshine House.

29. *Retain the Admissions Forum.*

Response

Noted. This recommendation will be put forward to the Admissions Forum at the next appropriate meeting when a decision on the forum's future is to be made in anticipation of provision in the Education Bill before Parliament to remove the duty to maintain admissions fora.

Community impact statement

30. The school admission application process applies to all families with children of school age. Parents of children with special needs often need to make additional considerations in respect of the schools they are choosing to meet their child's needs. To enable fair access to school places for all sections of the community it is essential that clear information is available and additional support to families that have difficulty understanding the admissions process is required. The recommendations detailed in this report and the action plan will help to achieve fair access to school places in the borough.

Resource implications

31. No additional resources are being requested to deliver the recommendations of this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

32. Cabinet are asked to note that the report is compliant with the relevant law and that there are no legal implications arising.
33. The School Admissions Code 2010 is made under s.84 of the Schools Standards and Framework Act 1998; and applies to admission authorities of maintained schools and also to academies under their funding agreements with the Secretary of State.
34. The Education and Inspections Act 2006 and the Code of Practice require local authorities to exercise their functions with a view to promoting the fulfilment of educational potential, and ensuring fair access to educational opportunity.
35. Southwark Council is also required to ensure that admission arrangements for schools in the area comply with statutory requirements and are clear, objective and fair.
36. The proposals outlined are a means of delivering all of these requirements by enabling potentially disadvantaged groups of parents to access information appropriate to enable informed choices.
37. The Local Authority is also compliant with its duties and responsibilities under the Equality Act 2010, in positively promoting access to information by diverse communities and parents and children who have special educational needs and/or disabilities.

Finance Director (CS0191)

38. The financial implications are set out in paragraph 31 above.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
School Admissions Code of Practice 2010	160 Tooley Street London SE1 2QH	Glenn Garcia 0207 525 2717

APPENDICES

No.	Title
Appendix 1	Admissions information and process Action Plan 2011/12

AUDIT TRAIL

Cabinet Member	Councillor Catherine McDonald, Children's Services	
Lead Officer	Romi Bowen, Strategic Director, Children's Services	
Report Authors	Glenn Garcia, Head of Pupil Access, and Yvonne Ely, Head of SEN	
Version	Final	
Dated	9 November 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		10 November 2011

APPENDIX 1

Admissions information - Action Plan 2011/12

No	Recommendation	Owner	Target date	RAG Assessment
1	The guides to starting primary and secondary schools should be made easier to navigate.	Admissions team	Completed For 2011 & ongoing	Completed. On target for 2012
2	There should be more information in the guides on special needs.	SEN and Parent Partnership teams	Ongoing	On target
3	Consideration should be given to producing short simplified versions and/or versions in different languages to meet the needs of parents where English is not the first language.	Admissions, Parent Partnership and SEN teams	Ongoing	On target
4	Next year's draft guide for primary school children should be brought back to the Parent Participation Forum for feedback.	Admissions and SEN teams	May 2012	On target
5	Retain the school preference advisor for outreach and one to one support; particularly focus their work on the needs of parents whose first language is not English and parents of SEN children.	Parent Partnership team	Completed	On target
6	Hold open days at schools, the council's principle offices and in the community; particularly focus these on the needs of parents whose first language is not English, and parents of SEN children.	Admissions, Parent Partnership and SEN teams	ongoing	On target
7	Contact university and hospital nurseries as well as Private, Voluntary and Independent ["PVI"] early years managers.	Admissions, Parent Partnership	ongoing	On target
8	Train workers and keep booklets on the admissions process at settings such as libraries, one stop shops and community centres.	Admissions team	ongoing	On target
9	Use networks and contact details more smartly to distribute information and send reminders (health visitors, children centres, nurseries). Ensure they have sufficient information and CAF forms.	Admissions and Parent Partnership teams	ongoing	On target

No	Recommendation	Owner	Target date	RAG Assessment
10	Use face to face contact – health visitor 2 ½ year check ups with parents, parent mentors at the Parent Participation Forum, nursery school attendance.	Admissions and Parent Partnership teams	Ongoing	On target
11	Cabinet do everything within its power to introduce a common test for secondary school entry where this is required by schools.	Cabinet and Children's Services Department	Summer term 2012	On target
12	Draw up an open day schedule for parents of children with SEN.	PPS/SEN meetings with follow up by SEN Team with 1:1s	ongoing	On target
13	Ensure that carers and parents with more than one child in the same academic year (who are not multiple births) can make a successful application.	Admissions team	2012 admissions round	Completed
14	Simplify the process so that parents and carers do not have to accept and respond to both the local authority and school to successfully accept or decline a place. Disable the automatic eform acceptance unless it is functional.	Admissions team	March 2012 (secondary) April 2012 (primary)	On target
15	Offer more support around offer day and including additional information explaining waiting lists and managing places.	Admissions, Parent Partnership	March 2012 (secondary) April 2012 (primary)	On target
16	Before the date when allocations are announced, a briefing note be circulated to all members giving information about the process.	Admissions and SEN teams	March 2012 (secondary) April 2012 (primary)	On target
17	Make meeting space available in the council's principle offices, in addition to one-stop shops, for staff to take appointments with parents.	Admissions, Parent Partnership and SEN teams	ongoing	On Target
18	Retain the Admissions Forum.	Admissions	Spring term 2012	On target

Item No. 8.	Classification: Open	Date: 22 November 2011	Meeting Name: Cabinet
Report title:		Updated Response to the Housing and Community Safety Scrutiny Sub-Committee's Review of Housing Repairs KPIs	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing	

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

It is six months since I last reported on progress in delivering the Housing and Community Safety Scrutiny Sub-Committee's recommendations on their review of housing repairs. I am pleased to advise that good progress has been made and ten of the 13 recommendations have been delivered. The outstanding recommendations will require changes being made to the repairs IT system before they are delivered and this is expected to be in place early in the New Year.

I have taken personal responsibility for leading the transformation of the repairs service. I now chair both the repairs core group and communal repairs working party. These meetings are thorough and challenging with residents playing a key part in working with contractors to understand the obstacles and influence and direct service improvement. Eight meetings of the repairs core group have been held to date and two meetings of the communal repairs working party. The commitment, honesty and determination for service improvement from the stakeholders involved is beginning to shine through.

It is encouraging also to note the wider progress being made to improve the repairs experience for residents. Effective management of disrepair cases and strong and robust contract management is clearly reaping dividends and I am assured this will continue with enthusiasm.

However, it is important that we do not get carried away or become complacent. The Scrutiny Sub-Committee identified that there were serious failings in the repairs service and I agree. Improvements are being made from a low base and while the improvement corner has been turned there is a long way to go before residents have the repairs service they deserve and we can be proud of.

RECOMMENDATIONS

1. Note the update on progress on delivering the Housing and Community Safety Sub-Committee's recommendations.
2. Agree that the ongoing monitoring of action plan and progress takes place at the Repairs Core Group, chaired by the Deputy Leader and Cabinet Member for Housing.
3. Note the additional activity being undertaken to improve the repairs service.

BACKGROUND INFORMATION

4. In July 2010 the Housing and Community Safety Scrutiny Sub-Committee investigated Key Performance Indicators (KPIs) for the Housing Repairs Service. The review commenced in July 2010 and concluded in January 2011.
5. The sub-committee identified significant failings in the way in which performance data was collected in the repairs service. The findings were published in a report in January 2011 and 13 key recommendations were made.
6. Progress against the sub-committee's recommendations was reported to Cabinet on 17 May 2011. At its meeting Cabinet noted that 10 of the 13 recommendations had been delivered. It was agreed that a progress report be reported back to Cabinet in November 2011.

KEY ISSUES FOR CONSIDERATION

Progress on delivering the recommendations

7. Good progress has been made on delivering the recommendations and as mentioned above 10 have been successfully completed. However, three recommendations remain outstanding as delivery is dependent upon changes being made to the IT system currently used by Vangent (who manage the Customer Service Centre CSC, for the Council). The three outstanding recommendations are:
 - A single reference number for each repair from initial report until completion.
 - Temporary repairs should not be reported as completed repairs.
 - Text messages preventing works orders from being closed without agreement from the customer.
8. Delivery of these three remaining recommendations require Vangent to use the Council's main housing management IT system - iWorld, rather than the IT system used at the CSC, Customer Relationship Manager (CRM).
9. Development of the project has been difficult. Vangent have used CRM since the contract was let six years ago and it is used across all Council services providing a single view of the customer, process workflows and detailed transaction analysis to allow billing.
10. While using iWorld will address the three outstanding sub-committee recommendations, it does not capture the single view and workflow, which are important to the Council and Vangent. Time has been spent over the last few months finding the technological solution to address this gap. For instance, the Council has agreed that Vangent roll-out the latest version of Opti-time, the works scheduling software, and this will be fully completed by November. The intention is that a direct link will be built with iWorld allowing for the automatic booking of repair appointments directly into the system. No other organisation in the country has a similar arrangement with this version of software. Also transactional billing will be resolved through daily iWorld reports.
11. The Customer Relationship Management (CRM) system is important to the delivery of services in the CSC as the record of customer demand for Council

service is captured in one place. This insight is critical in assisting the Council to understand how resources are used and how to make best use of them in the future. This was a Council requirement in letting the Customer Service Centre (CSC) and One Stop Shops contract.

12. The CRM is also the prime data capture system for Vangent and is used by them to manage performance and bill Southwark for services provided. Double keying is an option for Vangent, but this clearly isn't the most efficient one. The iWorld project should be able to deliver similar statistics and customer insight information.
13. The complexity of the task has meant that senior IT resources are dedicated to implementation and are engaged on the project. Both Vangent and senior staff have joined the project team and project board to oversee the IT solution.
14. It is anticipated that allowing for the additional development to address the two outstanding issues, the use of iWorld as a single system should be in place by January 2012.
15. Given the complexity and importance of the project, monthly progress reports are being provided to the Deputy Leader and Cabinet Member for Housing.

Recommendations from Sub-Committee/Updated Response

16. A detailed update on the sub-committee's recommendations was provided to Cabinet on 17th May. Progress is summarised once more below and an action plan is attached as Appendix 1.

I. New culture of openness and transparency between officers, members and tenants with respect to Housing repairs Service.

In place. A culture of openness, transparency and customer focus has been encouraged at all levels of the repairs service. Senior managers have been encouraged to undertake 'seeing is believing' visits to understand the issues sitting behind complaints and carry out 'back to the floors' visits with housing staff and contractors.

A flatter, more accountable senior management structure is in place to take more ownership and responsibility. Staff are being encouraged through a refreshed performance management regime to take responsibility for their actions, to put themselves in residents' shoes and follow through on actions.

II. Key Performance Indicators to be used as a tool for improvements, rather than to project a positive image.

Completed. Changes have been made to the way in which repairs completed right first time, appointments kept and resident satisfaction are reported. Performance is now measured according to the residents' perspective and opinion.

III. Cabinet Member for Housing to chair the core group meetings

Completed. The Cabinet Member for Housing and Deputy Leader is Chair of the repairs core group and he has chaired eight meetings to date. In

addition, in response to the ongoing concerns about delivery and management of communal repairs, a sub-group of the repairs core group has been established. The communal repairs working party is chaired by the Deputy Leader and Cabinet Member for Housing with membership including residents, contractors and officers. Five main themes have been agreed for review: repairs, estate lighting, heating, lifts, and door entry including security. The key challenge for the group is to agree and implement a more efficient process for dealing with communal repairs from initial report through to swift delivery onsite. The action plan will be reported to Home Owners and Tenants Councils.

IV. Tenants Council representative to sit on core group meetings

Completed. Four representatives from Tenants Council and two from Home Owners Council attend core group meetings.

V. A single reference number for each repair from initial report until it is fully complete.

As mentioned in above this will be addressed by the iWorld roll-out in January 2012.

VI. Call centre operatives should be trained to raise “call backs” to all repairs which are a continuation of an existing problem.

Completed. A new procedure was introduced on 28th February 2011 which allows call-backs or recalls to be monitored as a continuation of an original problem.

VII. Temporary repairs should not be reported as “completed repairs”

As mentioned in above this will be addressed by the iWorld roll-out in January 2012.

VIII. Appointments made and kept should no longer be reported solely through the contractors’ self-reporting system but through the customer surveys.

Completed and in place since November 2010.

IX. A new text message system to be put in place preventing works orders from being closed without agreement from the tenant.

This will be addressed by the iWorld roll-out in January 2012.

X. a. The satisfaction survey to follow industry standards and should no longer include a rating of 3 out of 5 as a satisfied customer.

Completed and in place since November 2010

b. The satisfaction survey should not just include repairs that have been completed, but all jobs where the target date has passed.

Completed and being reported in the repairs key performance indicator suite.

- c. **Staff conducting the survey should be empowered to resolve unfinished repairs, raise recalls and book appointments.**

Completed and in place.

- XI. **Financial penalties and incentives are not being used due to targets not being realistic.**

Significant financial penalties continue to be applied to both repairs contractors and the detail of this is monitored at core group meetings.

- XII. **Southwark should introduce a policy of raising a default notice for all incomplete repairs which the contractor has reported as complete.**

In place and ongoing.

- XIII. **Through the core group, Southwark should insist that both SBS and Morrison prevent operative misreporting by a) implementing disciplinary training for managers and b) operating a zero-tolerance policy on misreporting.**

Completed and ongoing. This is a fundamental issue that must be addressed for the repairs service to be improved. A range of actions have been completed that address these issues. These included:

- Monitoring the level of sub-contracting by each contractor at the core group as this is widely considered to be an obstacle to delivering a consistently good service.
- Complaints analysis by operative to reveal repair misreporting and poor performance.
- Zero tolerance for poor performance. Team and individual performance is monitored at the strategic level by the Strategic Director of Housing Services through individual one to ones and bi-monthly team meetings, to make sure that poor performance is being tackled.
- Refresher training for managers on effective management of poor performance has been completed.

Wider response to improving the repairs service

17. As well as delivering the recommendations in the sub-committee's report, the Housing Services Department has been focused on delivering a wider programme of service improvement.
18. The end-to-end review of the repairs service, which involved a root and branch review of repairs, produced a series of key recommendations which focused on placing residents at the heart of service delivery. Good progress against the recommendations is being made and this is being tracked by the repairs core group.

19. Significant structural changes have been implemented across the key repairs service providers. In the Housing Services Department, management of major works and day-to-day repairs has been separated and two heads of service now lead each function to ensure greater capacity at a senior level. In Southwark Building Services (SBS), the operative workforce has been reduced by 27% and sub-contracting reduced to its lowest level for five years. Taken together this means that SBS operatives will be more productive and efficient than ever before. The relationship with Just Housing has ended meaning that the Council now directly manages SBS. This will lead to reduced costs and improved service. Changes are also planned to the SBS officer structure, which will follow early in 2012 with the same objectives being achieved. In the case of Morrison, they have reduced their management overhead by 28% and are completely refreshing their management team and supervisors. The Council has been very clear about the standards of performance expected from Morrison and they have responded positively. The key will be in this translating in to an improved repairs experience for residents.
20. Overall contract management is improving. A greater focus on completing repairs right first time is leading to reduced costs and a reduction in duplication. This year more than £3m will be saved through improved efficiency and between 2011/12 and 2013/14 more than £10m of efficiency savings will be achieved. Strengthened operational and commercial teams with officers working closely with residents and contractors have been key to this achievement to date.
21. Moreover, and linked to the above, management of disrepair and complex cases is improving. These types of cases are difficult to manage, are costly for the Council and deeply frustrating for the residents affected. Effective management of these cases has seen them reduce this year from 307 in April 2011 to 230 at the end of October, with the target of 150 expected to be achieved by March 2012. When achieved this will be the lowest level of disrepair case for at least six years.
22. Complaints are also reducing. First stage complaints have reduced by 24% compared to the same stage in 2010. The number of residents still escalating complaints to the second stage is still too high and reducing this remains a priority for the department.
23. The Customer Experience (CE) Team are commencing a robust monitoring regime of CSC performance in handling repairs. This will include discreet and overt monitoring of CSC agents, the interrogation of reports of repeat callers and an analysis of the most regular callers. Independent customer satisfaction monitoring will be undertaken. All CE staff have been instructed to take ownership for resolution of customer service issues; adopting a "see it, do it" approach. They have also been instructed to maintain regular dialogue with customers on the progress being made with their repair, through to completion.
24. The Customer Resolution Team (formerly the Complaints Team) has had a soft re-launch of the service with emphasis on service resolution rather than complaints handling. The team will be working closely with repairs managers to improve service delivery with the aim of stopping issues escalating to complaint. Customer Resolution Team members have also been instructed to maintain regular dialogue with customers and to seek feedback from customers on service delivery.

25. In summary, good progress is being made in improving the repairs service. Costs are reducing and the service is becoming more efficient. Resident complaints are reducing and delivery of a right first time service is getting better. However, the service still has a very long way to go before it is truly delivering the service our residents deserve. Making this happen as quickly as possible is an absolute priority for the Housing Services Department.

Community impact statement

26. Effective repairs and maintenance is a universal service that is offered to all tenants and residents of the Borough. The proposed changes to the way the service is monitored and delivered will ensure that residents receive a more customer focussed repairs service.

Resource implications

27. There are no resource implications to delivering the recommendations of this report. Changes to the overall structure of the housing services department are included in the savings proposals for 2011/12.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

28. The report does not appear to raise any direct legal implications however, there are 2 incidental matters.
29. Southwark has statutory and contractual repairing obligations imposed by Section 11 of the Landlord & Tenant Act 1985, the conditions of tenancy and the tenant's handbook. The steps being taken to improve the repairs service may well assist Southwark in meeting these obligations. The improved systems are likely to result in clearer and more accurate repair records which in turn will assist Southwark in dealing more effectively with disrepair claims. In time an improved service is likely to reduce ongoing and outstanding disrepair issues and thus reduce the potential for disrepair claims and the extent of any damages payable.
30. To ensure Southwark complies with the Data Protection Act 1998 any data distributed for use in the core group meetings must not contain any information that could lead to the identification of individuals.

Finance Director

31. The Approval of Housing Revenue Account Budget 2011/12 report to Cabinet on 15 February 2011 included a section on managing repairs contracts more efficiently and hence this year's budget has been set in line with the anticipated new arrangements.
32. The recommendations in this report are thus allowed for in the 2011/12 budget and have no resource implications.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing and Community Safety Scrutiny sub-committee investigation into Key Performance Indicators (KPIs) for the Housing Repairs Service.	160 Tooley Street London SE1 2QH	David Lewis 0207 525 7836
Response to the Housing and Community Safety Sub-committee's Review of Housing Repairs KPIs	160 Tooley Street London SE1 2QH	David Lewis 0207 525 7836
End to End Process Review of Housing Repairs	160 Tooley Street London SE1 2QH	David Lewis 0207 525 7836

APPENDICES

No.	Title
Appendix 1	Housing Repairs Action Plan

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing	
Lead Officer	Gerri Scott, Strategic Director of Housing Services	
Report Author	David Lewis, Head of Maintenance and Compliance	
Version	Final	
Dated	12 October 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	10 November 2011	

APPENDIX 1

Housing Repairs Action Plan

No	Recommendation	Owner	Target date	RAG Assessment
1	New culture of openness and transparency between officers, members and tenants with respect to Housing repairs Service.	Gerri Scott	Ongoing	Completed and on-going
2	Key Performance Indicators to be used as a tool for improvements, rather than to project a positive image	David Lewis	March 11	Completed
3	CMH to chair the core group meetings	Christian O'Mahoney	March 11	Completed
4	Tenants Council representative to sit on core group meetings	Christian O'Mahoney	Already in place	Completed
5	A single reference number for each repair from initial report until it is fully complete	Daniel Rankine	October 11	Due for completion in January 2012
6	Call centre operatives should be trained to raise "call backs" to all repairs which are a continuation of an existing problem	Daniel Rankine	February 11	Completed
7	Temporary repairs should not be reported as "completed repairs"	Daniel Rankine	October 11	Due for completion in January 2012
8	"Appointments made and kept" should no longer be reported solely through the contractors' self-reporting system but through the customer surveys	Christian O'Mahoney	Already in place	Completed
9	A new text message system to be put in place preventing works orders from being closed without agreement from the tenant	David Lewis	October 11	Due for completion in January 2012
10a	The satisfaction survey to follow industry standards and should no longer include a rating of 3 out of 5 as a satisfied customer	Christian O'Mahoney	Already in place	Completed
10b	The satisfaction survey should not just include repairs that have been completed, but all jobs where the target date has passed.	Catherine Spence	April 11	Completed
10c	Staff conducting the survey should be empowered to resolve unfinished repairs, raise recalls and book appointments	Catherine Spence	April 11	Completed

No	Recommendation	Owner	Target date	RAG Assessment
11	Financial penalties and incentives are not being used due to targets not being realistic.	Christian O'Mahoney	March 11	Completed
12	Southwark should introduce a policy of raising a default notice for all incomplete repairs which the contractor has reported as complete.	Catherine Spence	April 11	In place
13	Through the core group, Southwark should insist that both SBS and Morrison prevent operative misreporting by a) implementing disciplinary training for managers and b) operating a zero-tolerance policy on misreporting.	David Lewis	March 11	Completed

Item No. 9.	Classification: Open	Date: 22 November 2011	Meeting Name: Cabinet
Report title:		Quarterly Revenue Monitoring Report Quarter 2, 2011/12, including Treasury Management	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Cabinet Member for Finance, Resources and Community Safety	

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

This report sets out the council's financial position against its budget as at 30 September 2011, and asks Cabinet to approve the budget adjustments set out in Appendix A.

The report covers the general fund, housing revenue account, the council's use of reserves (including the planned use of £3.4m this year), the improving performance of the collection fund and a summary of the council's treasury management activity, together with the analysis of risks for our investments in the current climate.

In considering the report, Cabinet members need to be aware of the pressures being reported, indicating an adverse variance of £2.6m against spending budgets. Whilst we would hope to control and reduce these pressures as in previous years, it is clear that some will be difficult to turn around fully: the customer services contract savings in particular are challenging. The report also identifies the new pressure on budgets arising from the European Union agency workers directive. It is therefore likely that we will need to utilise our contingency fund to address these pressures.

RECOMMENDATIONS

1. That the cabinet notes:
 - the general fund outturn forecast for 2011/12 and the forecast net movement in reserves;
 - the housing revenue account's (HRA) forecast outturn for 2011/12 and resulting forecast movement in reserves;
 - the treasury management activity for the first quarter of 2011/12.
2. That the cabinet notes the forecast performance for the Council Tax and Business Rates collection fund, and that a report will be brought to cabinet and put on the forward plan on the performance of the service since moving it in-house.
3. The cabinet approves the general fund budget movements as shown in Appendix A.

BACKGROUND INFORMATION

General fund

4. The purpose of this report is to provide a forecast for the end of the financial year 2011/12, using predictions based on the experience to date and knowledge as at the end of quarter 2. Work continues throughout the council to ensure that a balanced position is achieved by the end of the year.
5. The council agreed a balanced budget of £321m on 22 February 2011 based on a nil council tax increase. This budget was set in the context of significant overall cuts in government funding. It required the identification of some 25% of savings proposals over the three years from 2011/12 to 2013/14, to mitigate against the reduction in resources and to continue to fund the council's commitments in terms of services provided. The budget plan recognised a number of key commitments and cost pressures.
6. When setting the council budget there were a number of budget proposals that would impact across the entire council and are of cross-organisational significance. These included the cost of pension provision, changes in employer national insurance costs (specifically as a result of the government's emergency budget), and contingency provision to mitigate against future, as yet unknown, budget pressures. In 2011/12 the council proposed to set aside some £9.4m to cover such costs. The indicative allocations for 2012/13 and 2013/14 are £4.7m and £4.8m respectively.
7. The council approved budget decisions including agreed budget reductions of some £33.8m within general fund and a further £22.4m within the housing revenue account for 2011/12. Performance on achieving these savings is closely monitored and details are provided in paragraphs 48 to 55 below.

Housing revenue account

8. Cabinet agreed a balanced budget on 15 February 2011, having previously set tenants' rents and service charges on 25 January 2011 in accordance with the government's guideline rent. Like the general fund, the budget was set in the context of a 25% savings target over three years. This involved consulting with residents and listening to their concerns about the services they wish to protect, the potential for better value for money and more efficient ways of working.
9. Delivering savings of this scale required a radical approach to structures and working practices, but importantly provided an opportunity for transformational change to improve customer access, contract management and harnessing new technology to deliver better services and increase efficiency. The restructure of the housing services department was implemented on 1 September 2011 and is on track to deliver savings of the order of £9m during 2011/12.
10. Southwark Building Services is undergoing transition as the structure of the workforce is being reconfigured to better meet the needs of the contract and improve productivity and has resulted in a number of redundancies. Operational and strategic management of the service has been brought back in-house from September and the management structure will be subject to review during quarter 3. These changes are designed to deliver measurable improvement in efficiency, quality and cost savings, leading to a turnaround in the negative trading position. Full year savings equate to £0.6m in 2012/13 and a further

£0.8m in 2013/14.

KEY ISSUES FOR CONSIDERATION

General fund budget month 6 monitor

11. Table 1 below shows the current forecast outturn position for quarter 2 by department. These estimates are based on six months experience and do not at this stage fully reflect the impact of stringent management action being implemented by all strategic directors to ensure that they deliver their services within budget as agreed through the policy and resources strategy in February by council assembly. Progress for each department is shown in paragraphs 19 to 45 below.

Table 1: General fund forecast outturn position for 2011/12 as at Q2

General fund	2011/12 Original budget £'000	Budget movements £'000	2011/12 revised budget £'000	2011/12 forecast outturn £'000	Variance - over / (under) £'000	Variance at Q1 2011/12 - over / (under) £'000
Children's services	90,438	45	90,483	91,183	700	1,400
Health and community services	112,913	(4,454)	108,459	108,459	0	385
Environment and leisure	68,660	1,595	70,255	70,485	230	134
Housing	42,414	1,486	43,900	43,915	15	1,573
Regeneration and neighbourhoods	9,803	1,551	11,354	11,503	149	75
Deputy chief executive	9,277	4	9,281	9,206	(75)	0
Communities, law and governance	11,510	1	11,511	11,511	0	0
Finance and resources & strategic financing	28,703	4,750	33,453	33,568	115	50
Customer Services contract savings	0	(1,500)	(1,500)	0	1,500	0
SCR income	(55,029)	0	(55,029)	(55,029)	0	0
Total general fund before appropriations	318,689	3,478	322,167	323,301	2,634	3,617
Contingency	5,500	0	5,500		(5,500)	(5,500)
Direct revenue funding of capital		0		0	0	
Appropriations to/(from) reserves	2,195	(3,478)	(1,283)	(1,283)	0	0
Appropriations from reserves – planned use of reserves to underwrite base budget	(3,363)	0	(3,363)	(3,363)	0	0
General fund total	323,021	0	323,021	318,655	(2,866)	(1,883)

Note1: Explanations of the quarter 2 budget movements between departments are provided in Appendix A. The budget movements above reflect those for Q1 and Q2.

12. General fund services have an unfavourable variance of £2.6m which is an improvement on the quarter 1 position reported to Cabinet in September. This is also an improvement on the position reported at quarter 2 in 2010/11 which was an unfavourable variance of £2.8m.
13. The general fund forecast continues to exclude estimates of one off re-organisation and redundancy costs that the council expects to incur as it continues to put into action plans necessary to deliver the ongoing savings identified within the budget.

14. The forecasts do not at present reflect the release of funding from the £100k Emergency Small Business Recovery Fund established to provide immediate, short-term support to small businesses in Southwark physically affected by the public disorder. This fund will be covered from Financial Risk Reserves which is set aside against future financial risks that may arise and so is appropriate for use in this instance. This allocation will be reviewed to ensure the adequacy of this fund.
15. The impact of the European Union agency workers directive, which took effect from 1 October 2011, means that an agency worker will be entitled to the same terms and conditions as a permanent employee after 12 weeks of work. In particular, agency staff will be entitled to the pay and annual leave that they would enjoy if directly employed by Southwark.
16. The financial implications of this directive will have to be confirmed across all departments and reflected in their future budget plans. The cost pressure arising from the directive for remainder of 2011/12 is also being assessed and will be incorporated into forecasts presented at quarter 3.
17. Work is continuing to mitigate the projected unfavourable variance of £2.6m. A contingency exists within the budget, and will be used to manage this variance should it crystallise at the end of the year. Small variances are reported in respect of the housing revenue account and the collection fund.
18. The budget movements during quarter 2 are detailed in Appendix A.

Children's services

19. For 2011/12, a total adverse variance of £700k is predicted: £200k due to cost pressures arising from pre-existing budget pressures and £500k related to the budget savings that it is expected cannot be contained within the children's services budget.
20. The key areas of unfavourable variance are set out below, largely arising from uncontrollable demand pressures on the service:
 - £200k predicted on families with "No Recourse to Public Funds". A robust panel considers each case rigorously; however, expenditure remains a budget pressure.
 - £200k predicted on Unaccompanied Asylum Seeking Children (UASC) reflecting the shortfall between the financial support through the Home Office Grant for eligible UASC and the number of cases and level of financial support provided.
21. However these variances are being fully offset by the reduction in agency spend and posts being held vacant in anticipation of budget reductions in 2012/13.
22. There are also pressures that cannot be offset elsewhere within the children's services budget which are as follows:
 - £200k adverse variance on transport of pupils with special educational needs to school by bus and taxi. This budget has experienced cost pressures for a number of years. A new policy document to reduce

expenditure through a revised travel assistance plan has been approved. Work is also underway for the re-tendering of the bus and taxi contracts due to take place in 2012.

- £500k adverse variance on savings not able to be realised in year mainly attributable to delays in the implementation of the youth service redesign of £400k and £100k of unrealisable savings on pupil transport.

23. This current forecast is an improvement on the previously reported adverse variance of £1.4m. It is anticipated as the year progresses, the reported variance of £700k will reduce further, bringing the budget back to balance, as savings are realised as a result of the impact of a more robust approach to commissioning placements, bringing forward of 2012/13 savings and reduced levels of agency expenditure in specialist services.

Schools

24. The final dedicated schools grant (DSG) for 2011/12 is £195.5m (subject to further academy conversions) of which £167m is allocated directly to schools. The forecast for DSG continues to be a balanced position at year end. The Department for Education (DfE) recently announced an increase in the pupil premium rate of £430 per eligible pupil to £488; this funding is allocated directly to schools for 2011/12. A consultation on the future of school funding has been issued by the DfE, proposing significant changes in future years in school formula funding and funding for early years and special educational needs.

Health and community services

25. Health and community services are reporting a balanced position at year end. This is an improvement on the adverse variance reported at quarter 1 and is largely due to the department being able to successfully deliver more savings than previously forecast.

26. The department has a 3 year saving plan of £27m with a year 1 target of £7.7m, consisting of a number of savings and efficiencies. Some of these targets are extremely challenging and latest projections indicate that a small percentage may not be achieved within the planned timescales. The main 'pressure areas' are shown below. More detail is provided in paragraphs 50 and 51 below.

- Delays in the re-design of mental health day services, resulting in a £200k pressure. Work has begun to analyse current day care provision but this is unlikely to result in significant savings in 2011/12.
- A variance of £155k on the closure of Holmhurst Day Centre for Older People. The timetable for consultation did not result in a full year saving.

27. The slippage in the savings programme is being mitigated by compensating savings, and these are outlined in paragraph 51.

Environment and leisure

28. The department successfully implemented the vast majority of the savings proposed for this financial year, before start of the year. It is anticipated that compensatory one off savings can be identified for most of the budget pressures

identified in the divisions. The cautious forecast for the year is an adverse variance of £230k. This is slightly less favourable than the position reported at quarter 1. Pressures continue as a result of the loss of film income through the non availability of key sites including housing estates and Burgess Park. Additional costs were also incurred as a result of having to reschedule the Elephant & the Nun festival event as a result of public disorder that took place in London in August.

29. Other pressures exist within public realm as a result of a reduced income from parking control notices as a result of improved compliance.
30. However, it has been possible to offset some of these pressures with a favourable variance of £192k within sustainable services arising from a reduction in the waste tonnage expected to be collected during the year. This trend is being kept under review.
31. The forecast assumes that any redundancy and reorganisation costs, currently estimated at £1.3m, incurred this year as a result of the restructuring to achieve savings will be funded from the modernisation reserve.

Housing general fund (HGF)

32. Following the creation of the housing services department, a number of activities have been drawn together under the housing general fund (HGF) for 2011/12. Responsibility for client services comprising the customer service centre, concessionary travel/ blue badges and complaints has transferred from the deputy chief executive (DCE) to housing services.
33. The Vangent contract comprises both fixed and variable payment elements and costs are largely driven by volumes/activity. With improved contract management it should be possible to realise savings through operational efficiencies and a reduction in volumes without adversely impacting on service delivery in the interim. Work to achieve this is underway.
34. Restructuring of the client unit gives rise to a positive variance against the employee budget (around £400k) as there are a number of vacancies still to be filled. Redundancy costs are currently assumed to be funded corporately and the budget has been revised to take account of this.
35. Other services within the HGF are currently forecasting relatively minor variances against budget with the exception of temporary accommodation. Temporary accommodation placements have risen by 51 over the first half and the trend is expected to continue with around 80 placements expected by year-end with consequent upward pressure on the budget.
36. The provision of travellers' sites is a general fund activity managed within area management. Changes in legislation have impacted on lettings which are expected to recommence later in the year. As a result rent income will be lower than budget as there is no scope to recover the position over the remainder of the year. Expenditure budgets are relatively minor but site running costs have been subject to some volatility in the past and there are on-going utility billing issues to be resolved. Expectation is that additional costs will fall into 2011/12 that cannot be contained within budget.

Regeneration and neighbourhoods

37. The department is showing a £149k unfavourable variance at quarter 2. This forecast excludes planned expenditure that it is to be funded from earmarked reserves set aside in previous years, such as spend in relation to Southwark schools for the future, housing planning and delivery and regeneration of Canada Water and Bermondsey Spa.
38. The additional revenue pressures that have developed since quarter 1 are being addressed as part of the budget management process, with mitigating action being taken where necessary. For example within the planning and transport service, work is progressing to develop solutions to planning appeal pressures. Management action continues to ensure that all emerging budget pressures are controlled, and alternative or enhanced options are considered.
39. The revenue monitor also takes into account the 2011/12 base budget departmental savings of £1.6m which is being projected as fully achievable.

Communities, law and governance

40. The overall departmental forecast is on budget, however there is a financial risk within the registrars service that could lead to an adverse forecast variance in future monitoring reports.

Deputy chief executive

41. The deputy chief executive's department is forecasting an overall favourable variance of £75k.
42. The communications team budget is the main contributory factor towards this position based on savings achievable across the range of campaigns commissioned by departments being less than budgeted levels. It is expected that the savings on campaigns currently held in the communications team will be fully allocated to service departments by the year end.

Finance & resources / Strategic financing

43. The unfavourable variance for finance and resources of £115k represents an unfavourable increase of £65k over the forecast in quarter 1. A favourable variance of £37k on office costs and subscriptions across the department partially offsets a pressure of £152k on project costs for the Potters Field project. However these project costs are not expected to increase further this year. The forecast continues to exclude expenditure in relation to the corporate programming unit, funding for which is set aside within the modernisation reserve.
44. As previously reported, the department is undergoing a fundamental restructure including the re-tender of the information services contract and re-organisation of the finance division, which are expected to yield savings as set out in the budget report in February 2011. However, in the event that the savings cannot be fully met, substitution options will be found to ensure the overall target will be achieved.

Customer services

45. Given the complexity of the delivery of planned savings arising from a fundamental contract realignment within the customer services centre, the target saving is now being managed corporately, and this has been reflected in the outturn forecast at quarter 2.

Contingency

46. The 2011/12 budget included £5.5m for contingency. This budget continues to be held to meet unforeseen costs that may arise during the year within departments that strategic directors are unable to contain. As services are currently projecting an adverse variance of £2.6m it appears that the contingency budget may have to be used to address the cost pressures identified.

Housing revenue account

47. The budget forecast at quarter 2 is broadly neutral as shown in table 2 below, albeit underlying spending pressure remains, particularly in relation to the council's landlord responsibilities for the maintenance and improvement of the housing stock. There are a number of potential and known risks which will be monitored and addressed throughout the year with a view to delivering a balanced budget and restoring reserves to a more prudent level.

Table 2: HRA forecast outturn position for 2011/12 as at Q2

Divisions	Net Expenditure			
	Full Year Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Forecast Variance reported at Q1 £'000
<u>Housing Services</u>				
Housing Management	(106,065)	(105,681)	384	0
Home Ownership & TMI	(34,257)	(34,127)	130	(358)
Other Housing Services	605	624	19	0
Community Housing Services	4,536	4,431	(105)	(84)
Sub total	(135,181)	(134,753)	428	(442)
<u>Strategic Services</u>				
Financing, Subsidy & Corporate Support	114,054	113,869	(185)	0
Major Projects	7,400	7,400	0	0
Heating Account	12,198	12,198	0	0
Sub total	133,652	133,467	(185)	0
<u>Regeneration & Neighbourhoods</u>	1,529	1,547	18	0
HRA Carry Forward	0	(303)	(303)	(303)
HRA total	0	(42)	(42)	(745)
<u>Movement in HRA Reserves</u>		42	42	745
Housing Total	0	0	0	0

Implementation of the 2011/12 budget decisions including agreed budget reductions, savings and efficiencies

48. The council had identified £56.2m agreed budget reductions, including savings and efficiencies for the general fund and housing revenue accounts as part of the 2011/12 budgets. At quarter 2, there is a projected savings shortfall of £2.5m, as shown in Table 3.

Table 3: Forecast projection of savings agreed for 2011/12 as at Quarter 2

	Agreed by Council £'000	Total Forecast Savings £'000	Variance at month 6 £'000	Compensating savings identified £'000
Children's Services	(5,763)	(5,246)	517	0
Health and Community Services	(7,745)	(7,618)	127	(127)
Environment and leisure	(7,328)	(7,106)	222	0
Regeneration & Neighbourhoods	(1,644)	(1,644)	0	0
Housing general fund	(554)	(554)	0	0
Finance and Resources	(5,904)	(4,532)	1,372	(1,372)
Deputy Chief Executive	(2,289)	(2,289)	0	0
Communities, Law and Governance	(1,092)	(1,092)	0	0
Customer Services	(1,500)	0	1,500	0
Total General Fund	(33,819)	(30,081)	3,738	(1,499)
Housing Revenue Account	(22,399)	(22,399)	0	0
Total Savings 2011/12	(56,218)	(52,480)	3,738	(1,499)

Children's services

49. Children's services is currently forecasting a savings shortfall of £517k, this is unchanged from that reported at quarter 1 and comprises the following;

- A variance of £417k is reported against savings expected from the restructure of youth services. This is due to delays in the implementation of the restructure.
- The budgeted savings of £100k through joining up transport procurement costs are now forecast to be offset by ongoing budget pressure. Efficiencies created will reduce spend and not generate a budget saving.

Health and community services

50. Health and community services are currently forecasting a savings shortfall of £127k, this is an improvement over the position reported at quarter 1, and is due to greater savings being forecast within supporting people. The detail breakdown is as follows:

- A reduction in costs is planned around a service redesign of pooled arrangements with South London & Maudsley Trust (SLAM). The savings forecast is now a prudent estimate of £537k, rather than the £650k budgeted (variance £113k), as SLAM are yet to finalise the savings plan.
- A £12k variance is reported against the target of reducing the supporting people budgets by approximately 30% including efficiencies. This is a

significant improvement from the variance of £230k reported at quarter 1. There remains the possibility of delays in contract call off because of front loading of savings.

- A variance of £155k on the rationalisation and redesign of council run day centres. This is due to delays in sign off by members due to extension of consultation.
- Savings around the reshaping of mental health day services have been delayed as a detailed implementation plan is being prepared (variance £130k). Implementation is now expected late in the financial year.
- Reducing unit costs of home and residential care through better spot purchasing and procurement arrangements which will be administered through a central brokerage team is proceeding better than planned, and an extra saving of £283k is projected to be achieved.

51. There is a senior management team driven action plan to mitigate the risks and pressures identified above. This is expected to achieve £127k of savings and includes:

- Close review of new payments made to minimize 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.

Environment and leisure

52. Environment and leisure are currently forecasting a £222k adverse variance, which remains as reported at quarter 1 and is directly resulting from the following:

- Reduced costs through procurement of the new parking enforcement contract will not be realised (variance £160k). A contract extension was awarded to bring in line the possible sharing of resources. Although negotiations on shared services with respect to parking are progressing well, savings for 2011/12 and 2012/13 will not be realised until 2013/14 as the current contract does not expire until February 2013.
- £40k savings from the merger of drugs and alcohol strategy team and commissioning teams into one unit are unlikely to be realised within 2011/12. This is as a result of the complexity of negotiations with the Southwark Business Support Unit (formerly PCT). Actions are being taken to contain this variance within the division, and so far alternative one-off savings of £8k have been identified.
- £50k savings resulting from rationalisation of school crossing patrol service will not be achieved. This is due to cabinet decision to defer this saving for one year, whilst alternative arrangements are made. This will be funded from reserves and therefore there is no impact on the forecast outturn.
- There is a £100k variance on savings from the re-targeting of the

environment grants programme. This is due to the requirement to taper the grant given to the organisations. £70k of this variance can be contained within the division.

Finance and resources

53. As was reported in the Q1 revenue monitoring report, the council is no longer seeking to increase court costs this year. Alternative savings will be achieved through a combination of an improvement in housing benefit subsidy over original estimates and greater efficiencies within the service since its transfer in-house on 1 April. The collection rate of council tax is being closely monitored and current indications are that this is increasing. Further information will be provided in the Q3 revenue monitoring report.

Customer services

54. A significant element of the customer services savings is dependent on realigning the Vangent contract, and are now not expected to be achieved until the latter part of the current 3 year planning horizon. The monitor is currently showing a £1.5m adverse variance directly resulting from a variance of £500k against the savings requirement already built into the existing Vangent Contract and a variance of £1m against further Vangent contract savings through realignment. The shortfall in savings this year has been addressed corporately.

Housing revenue account

55. Table 3 above shows total HRA budget movements of £22.4m for 2011/12. This comprises additional income generated through tenant rent and service charge increases (£12.1m), leasehold service charge income (£1.1m) and base budget savings of £9.2m. In terms of the savings element, these remain on track as reported at quarter 1, with only minor variations to be reported. Conversely, garage income will fall short of the budget target due to the higher take-up of the concessionary charge rate introduced from April 2011 than originally anticipated. The variance (£600k) is incorporated in this quarter 2 monitor but can be contained from a contingency budget within the HRA in 2011/12 and will be addressed as part of rent/ budget setting for 2012/13.

Reserves

56. The council retains a level of earmarked reserves and these are reported each year within the annual statement of accounts. These reserves are maintained to finance calls for expenditure for items that are difficult to predict and that are not included in revenue budgets or within the capital programme. They relate especially to invest to save opportunities that form part of the modernisation agenda and expected to deliver future ongoing revenue savings. They are also held for investment in regeneration and development where spend may be subject to unpredictable market and other influences.
57. Where a department identifies a need for additional funding, there is a robust process for seeking support from reserves, where the department must demonstrate that they are unable to contain the identified additional pressure within their existing budget. Cabinet will be asked to approve this funding support where the amount is £250k or above.
58. As the year progresses, departments will naturally be in a better position to more

accurately forecast their outturn position. This will allow for any unfavourable variances to be offset by favourable ones at departmental level, before the need to call on reserves.

59. The budget approved by Council for 2011/12 included a planned release of reserve of £3.363m. This call on reserve provided some flexibility in terms of budget setting and the profile of savings that the council identified in the Policy and Resources Strategy 2011/14. It is assumed in this Quarter 2 report that this call on reserves will have to be made in full. However in the event that the contingency budget is not fully utilised, any unused contingency will be used first to bridge any remaining funding gap.
60. The 2011/12 budget includes a planned contribution to reserves of some £1.3m. This included £300k set aside for the future costs that will arise through changes in the council's management structure as the modernisation agenda is taken forward, and £1m contribution to reserves to support the ongoing regeneration and development agenda within the borough.
61. The tables in Appendix B summarise the projected movements in reserves.

Collection fund / Council tax and business rates collection

62. 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.
63. With effect from 1 April 2011, the Council brought in-house its revenue and benefits service, previously provided an external contractor. This will have an impact on performance, the effect of which cannot be quantified with any degree of certainty until later in the year. However as at quarter 2, the collection fund is forecast to achieve a small surplus of £65k. However, there are a number of potential risks, such as the level of discounts and exemptions awarded, both of which affect income due from council tax payers and, therefore, the eventual outturn position.

Treasury management

64. 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. Three investment firms manage the council's investments and an in-house team focuses on meeting day to day cash volatility using money market funds, call accounts and short term deposits. The managers provide exposure to liquid money market deposits and UK Treasury and supranational bonds. The balance currently on deposit with major banks and building societies and in bonds is set out in table 4 below.

Table 4: Investment counterparty exposure

EXPOSURE - SEP 2011 COUNTERPARTY AND RATINGS						
COUNTERPARTY	Exposure £m		Fitch Ratings			Sovereign Rating
	£m	Long	Short	Support	Sovereign	
ABNAMRO BK	4.9	A+	F1+	1	NETHERLANDS	AAA
BARCLAYS BK	28.6	AA-	F1+	1	UK	AAA
BBVA	4.6	AA-	F1+	1	SPAIN	AA-
BANQUE NAT DE PARIS	5.2	AA-	F1+	1	FRANCE	AAA
CREDIT AGRIC CIB	10.9	AA-	F1+	1	FRANCE	AAA
CREDIT INDUST ET COMRCL	5.6	AA-	F1+	1	FRANCE	AAA
EUROPEAN INV BK	12.1	AAA	F1+		SUPRANATIONAL	AAA
GLOBAL TREAS FUNDS-MMF	15.6		AAA		GLOBAL	
HSBC	- 2.2	AA	F1+	1	UK	AAA
ING BK	27.1	A+	F1+	1	NETHERLANDS	AAA
INT BK RECONST DEVT	4.3	AAA	F1+		SUPRANATIONAL	AAA
LLOYDS TSB/BK SCOTLAND	25.2	AA-	F1+	1	UK	AAA
NATIONAL AUSTRALIA	15.0	AA	F1+	1	AUSTRALIA	AA+
NATIONWIDE BSOC	15.5	AA-	F1+	1	UK	AAA
NORDEA BK FINLAND	7.0	AA-	F1+	1	FINLAND	AAA
RABOBANK	0.5	AA+	F1+	1	NETHERLANDS	AAA
RBS/NATWEST	26.0	AA-	F1+	1	UK	AAA
SANTANDER UK	21.6	AA-	F1+	1	UK	AAA
SOCGEN	22.0	A+	F1+	1	FRANCE	AAA
SVENSKA	4.0	AA-	F1+	1	SWEDEN	AAA
UBS	3.1	A+	F1+	1	SWITZERLAND	AAA
UK TREASURY	42.0	AAA	F1+		UK	AAA
Grand Total	298.7					

(The table shows investments at the date they were placed and the balance against HSBC includes £2.4m due on 3 October in respect of a UK Treasury investment purchased on 30 September)

65. The council continues to take a cautious approach in its lending and places security as a high priority. Exposure to banks and building societies is confined to major entities with a high likelihood of state support in the event it were needed and fund manager exposure to UK, EIB, and the International Bank for Reconstruction & Development (the World Bank) strengthens security further.
66. In October, Moody's the US rating agency, reassessed their views on support for twelve UK financial institutions. A one-notch downgrade was applied to Lloyds, Santander UK, and Co-operative and a two-notch downgrade was made to RBS and Nationwide Building Society. Further downgrades were applied to seven smaller building societies, although the council does not lend to these. The changes make some Moody's ratings slightly lower than those issued by the other two major rating firms, Fitch and Standard & Poor.
67. Moody's, still regards the UK institutions the council uses (RBS, Lloyds, Santander UK and Nationwide Building Society) as systemically important with a high likelihood of support in the event it were needed. The institutions have a large market share of loans and deposits and play a significant role in the financial system. In addition RBS and Lloyds have a significant advantage over other institutions due to the UK Government's dominant stake in the two banks.

68. A sovereign rating downgrade was also applied by Fitch to Italy, however the council has no deposits with banks there. There is no exposure to Dexia either which collapsed and is being rescued by Belgian and French authorities.
69. No borrowing has been taken out so far in 2011/12 and the long term debt has remained at £762m throughout the last two quarters. Government proposals to move to self funding for housing would see Southwark's housing debt reduce by some £274m towards the end of March 2012, reducing HRA debt interest and in return requiring the HRA to meet all future interest and running costs from its own resources rather than relying on HRA subsidy as now.
70. There was some interest amongst local authorities for sourcing funding through a public bond issue or a private-placement, following the raising of the margin that the Government charges over its own borrowing when lending to councils through the Public Works Loans Board. Interest in such funding has however fallen since the Government decided that it will lower the premium it now charges councils (unlike Southwark) that will have their debt increased as part of HRA reform. Demand has also been softened by investors seeking a higher premium for holding debt in the face of continued turmoil in credit market.

Community impact statement

71. This report monitors expenditure on council services, compared to the planned budget agreed in February 2011. 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
2011/12 revenue monitoring	160 Tooley Street, SE1 2QH	Vernon Smith 020 7525 57355
2011/12 treasury activity	160 Tooley Street, SE1 2QH	Karsan Varsani 020 7525 54301

APPENDICES

No.	Title
Appendix A	General fund budget movements to be approved, £250k and above and movements to be noted
Appendix B	Summary of projected movements in reserves in 2011/12

AUDIT TRAIL

Cabinet member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead officer	Duncan Whitfield, Finance director	
Report author	Jennifer Seeley, Deputy finance director	
Version	Final	
Dated	10 November 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Strategic Director of Communities, Law & Governance	No	No
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		10 November 2011

GENERAL FUND BUDGET MOVEMENTS TO BE APPROVED

Budget movements to be approved

Department from	Amount £'000	Department to	Amount £'000	Reason
Housing	(313)	Finance and resources & strategic finance	313	Split of revenues and benefits /client services management support costs
Finance and resources & strategic finance	(1,500)	Housing	1,500	Move of planned savings target from Housing to strategic finance to be managed corporately.

Budget movements to be noted

Department from	Amount £'000	Department to	Amount £'000	Reason
Appropriations	(226)	Environment and leisure	226	Purchase and installation of radio frequency identification (RFID) / self service technology at Canada Water Library
Appropriations	(160)	Housing	160	Release of reserve in respect of reorganisation costs within the community housing service.
Appropriations	(136)	Housing	136	Release of reserve in respect of reorganisation costs within client services.
Appropriations	(106)	Regeneration and neighbourhoods	106	This represents an increase in the release of reserve to £241k to fund regeneration around Canada Water and Bermondsey Spa
Appropriations	(100)	Regeneration and neighbourhoods	100	Release of the small business relief fund created as a result of the public disorder that took place in August
Finance and resources & strategic finance	(88)	Environment	88	Budget transfer to fund supplemental payment to employees earning less than £21k per annum
Appropriations	(50)	Environment	50	On 6 July 2011 council assembly agreed the use £50k of LPSA reward grant revenue funding for retaining school crossing patrols in 2011/12.
Appropriations	(49)	Regeneration and neighbourhoods	49	Reorganisation and redundancy costs within the Elephant and Castle division

Department from	Amount £'000	Department to	Amount £'000	Reason
Finance and resources & strategic finance	(45)	Children's	45	Budget transfer to fund supplemental payment to employees earning less than £21k per annum
Finance and resources & strategic finance	(31)	Appropriations	31	This reflects a reduction in the expected release resource from the modernisation reserve to fund the corporate programming unit (CPU).
Environment	(30)	Finance and resources & strategic finance	30	Sustainable services and Public Realm in Environment dept for transfer of a post to FTSS
Appropriations	(10)	Regeneration and neighbourhoods	10	This represents an increase in the release of housing planning delivery grant (HPDG) to £209k held in reserves in order to complete the committed projects.
Finance and resources & strategic finance	(8)	Health & community services	8	Budget transfer to fund supplemental payment to employees earning less than £21k per annum
Finance and resources & strategic finance	(4)	Deputy chief executives	4	Budget transfer to fund supplemental payment to employees earning less than £21k per annum
Finance and resources & strategic finance	(3)	Housing	3	Budget transfer to fund supplemental payment to employees earning less than £21k per annum
Finance and resources & strategic finance	(2)	Environment	2	Costs of repairs and maintenance incurred by Peckham Library as a result of copper sheets being stolen from the building.
Finance and resources & strategic finance	(1)	Communities, law and governance	1	Budget transfer to fund supplemental payment to employees earning less than £21k per annum
Finance and resources & strategic finance	(1)	Regeneration and neighbourhoods	1	Budget transfer to fund supplemental payment to employees earning less than £21k per annum

APPENDIX B

SUMMARY OF PROJECTED MOVEMENTS IN RESERVES IN 2011/12

	2011/12 opening balance	Projected change in reserves	Release of reserve for capital	2011/12 forecast closing balance
Reserve	£'000	£'000	£'000	£'000
General fund earmarked - revenue	(48,130)	3,373	0	(44,757)
General fund earmarked - capital	(20,075)	(2,090)	1,356	(20,809)
Total	(68,205)	1,283	1,356	(65,566)

	2011/12 opening balance	Projected change in reserves	Release of reserve for capital	2011/12 forecast closing balance
Reserve	£'000	£'000	£'000	£'000
DSG reserve	(4,819)		1,284	(3,535)
Schools balances	(10,754)			(10,754)
Total	(15,573)	0	1,284	(14,289)

	2011/12 opening balance	Projected change in reserves	Release of reserve for capital	2011/12 forecast closing balance
Reserve	£'000	£'000	£'000	£'000
HRA earmarked	(20,577)	(42)	0	(20,619)
Total	(20,577)	(42)	0	(20,619)

Item No. 10.	Classification: Open	Date: 22 November 2011	Meeting Name: Cabinet
Report title:		Quarterly Capital Monitoring Report Quarter 2	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report sets out the position of the council’s capital budget at the end of the first half of 2011/12, including the decisions made on the ten-year capital programme agreed by the council assembly in July.

The report includes both the general fund capital programme and the housing investment programme and gives details of variations to both. The report also asks us to approve the reprofiling of and additions to budgets as set out in Appendix C. This includes the small variation made to the allocation identified for the Olympic legacy capital fund.

Members of Cabinet should note the risk to the budget posed by government's proposals for localising business rates and the impact this may have on New Homes Bonus, as set out in paragraph 11.

I would therefore recommend that Cabinet, after due consideration, agree the recommendations set out below.

RECOMMENDATIONS

That Cabinet:

1. Approve the addition of budgets into the programme, matched by additional funding secured since the last report to cabinet.
2. Note the current monitoring position for the general fund capital programme 2011-21 and housing investment programme 2011-16 as at 30 September 2011 (Appendices A, B and D).
3. Note the additions into the programme of budgets relating to existing cabinet decisions and the movement of existing schemes between departments. (Appendix C).

BACKGROUND INFORMATION

4. The quarter 1 capital monitor was reported to cabinet on 20 September 2011. It reported a total general fund (GF) programme for 2011-21 of £366m with forecast resources over the same period estimated to be £420m, an overall surplus of £54m. It was noted that the surplus resources will not become

available until the later half of the programme, from 2015/16 at the earliest. Overall the GF programme was reported on track to spend within the approved budget.

5. The capital programme 2011-21 report agreed by Council Assembly on 6 July 2011 agreed a sum to increase the capital contingency allocation by £2.8m to £5m in line with the target set in the medium term resource strategy. This report and future reports will present this as a negative figure within the resources section of the monitor, rather than as budget within the finance and resources programme. This change in presentation reflects the fact that we do not yet know in which year expenditure will be incurred against these resources.
6. The total housing investment programme expenditure for up to 2015/16 was reported in quarter 1 as £417m and was fully funded.

KEY ISSUES FOR CONSIDERATION

Summary of spend and resources

7. The original expenditure budget for the general fund programme for 2011/12 of £119.5m was increased to £122.8m in quarter 1. This has further increased by £6.3m in quarter 2 to £129.1m. The current forecast expenditure for the year is showing a favourable variance of £15.1m. The variance relates to a reprofiling of expenditure on the streetscape improvements programmes within regeneration and neighbourhoods; the reprofiling of expenditure within the Southwark schools for the future programme; a delay on one of the travellers' site projects within the housing general fund programme; and a reprofiling of expenditure within the waste programme in environment as well as a reported overspend on the Burgess Park revitalisation project. The additional budgets between quarter 1 and quarter 2 relate to additional S106 funds within children's services; additional grant allocations and S106 funds within regeneration and neighbourhoods; upgrade and refurbishment of essential CCTV in environment; and £469k grant funding in health and community services.
8. The reprofiling of £15.1m of expenditure from 2011/12 into later years has reduced the forecast variance between expenditure and expected income. This is accompanied by £9.4m of the resources funding this expenditure which has also been reprofiled into later years. This explains the movement of the forecast variance of spend over financing for 2011/12 in quarter 1 from £11.8m to the current position of £8.0m. The existing capital programme continues to be reviewed to monitor the progress of schemes to identify those which will not achieve the level of spend anticipated at the start of the year, and at this stage the apparent 'over-programming' is not considered to be a cause for concern.
9. The total general fund budget for 2011-21 totals £376.1m with forecast expenditure of £377.5m (appendices A and D). The total forecast available resources over this period are estimated to be £429.6m, an overall surplus of £52m against forecast expenditure.
10. The original budget of the housing investment programme for 2011/12 remains unchanged at £99.6m. However, £21.4m of expenditure has been reprofiled into later years giving a revised forecast expenditure of £78m. The reasons for the reprofiling of this expenditure are detailed in paragraph 55.

11. This monitor is projecting a total general fund capital receipt total of £221.7m. The general fund programme includes resources from New Homes Bonus (NHB) of £41.7m over six years, starting in 2011/12. NHB is to provide local authorities with the means to mitigate the strain that increased housing in communities and the increased population causes. The government is currently consulting on the localisation of business rates which proposes major changes into the way that local government is funded from 2013/14 onwards. These proposals could potentially have an impact on the level of NHB funding available for the capital programme from 2013/14. This position will continue to be monitored very closely by officers.
12. The commentary below on the latest monitoring position sets out the main achievements and potential issues arising by service department.

Comments on Capital Programme by Service

General Fund (Appendices A and D)

Children's Services

13. At quarter one the budget for the Children's Services capital programme 2011/12 was £15m. This has increased by £140k to £15.2m due to the addition of s106 funded works. The forecast expenditure for 2011/12 is £13.2m due to reprofiling of the Primary Capital Programme.
14. The ten year capital programme has increased from £61.6m as reported at quarter one to £61.8m due to additional s106 funds of £215k for Snowfields early years accommodation. This is profiled as £140k in 2011/12 and £75k in 2012/13. The application of this funding was approved by Bermondsey Community Council on 1 March 2011.
15. The main variances to the original budget are due to reprofiling of the grant funded Primary Capital Programme. The arrangements for funding of works to St Anthony's Catholic Primary School are planned to be agreed shortly, with the expectation of the council's funding profiled after the school's contribution, resulting in a favourable variance in 2011/12 of £1.8m. Works at Crampton, Cherry Gardens and the three primaries have been put back to 2012/13 compared to the original estimates. This has been offset by bringing forward the budget for works at Robert Browning.
16. Over the summer holiday works were undertaken at Alma, Goose Green and St Johns and St Clements schools to provide an additional 90 places in September 2011 to meet the increase demand for pupil places in the borough. Phoenix School (formerly Eveline Lowe) became operational in September 2011.
17. During the autumn term officers will continue to progress the funding agreement for St Anthony's extensive refurbishments and provision of additional new school places; and procurements through the LEP for Southwark Park Primary School, Lyndhurst and Gloucester/Cherry Gardens. Additionally, schools will be implementing the agreed phase one Free Healthy School Meals kitchen improvements. There is a primary capital review underway to include provision of places in the short and longer term for the programme 2012/13 onwards.

Southwark Schools for the Future

18. The 2011/12 budget for the Southwark Schools for the Future (SSF) programme is £48.6m and the forecast expenditure is £39.8m representing a favourable variance of £8.8m. The whole of the variance is due to reprofiling of the budgeted programme.
19. The council is awaiting further information from Partnership for Schools (PFS) on how much funding may be available for funding Rotherhithe School, following the supply of revised pupil place planning figures. There is significant uncertainty over the extent of any financial commitment from the council. The revised financial close for St Michael's and All Angels Academy (SMAA) and the co-located Highshore School (£1.4m), and reprofiling of £500k contingency are also included in the variance.
20. In July, phase 3a reached financial close and works were agreed and have commenced for Notre Dame, St Saviour's & St Olave's, Bredinghurst and ICT equipment for The Charter School.
21. The final works for the phase 2 Spa School were completed in September.
22. Looking ahead, phase 3b for SMAA/Highshore is expected to reach financial close in December 2011. The first phase 2 PFI school, St Thomas the Apostle College, is expected to become operational in January 2012, and phase 3c for SILS KS3/KS4 is hoped to reach financial close in February 2012.

Health and Community Services

23. The Southwark Resource Centre is now open and some post completion works are still being undertaken. There is a one year period of retention that ends in June 2012.
24. The new "adult personal social services capital allocation" which is a capital grant from the Department of Health for 2011/12 of £818k is earmarked for enabling continued capital investment to support delivery of adult social care services and for developing community capacity. The detailed spend plan for this grant is being finalised by Departmental SMT.
25. There is a budget variation relating to the Thames Reach grant where the £469k balance from a £4m grant was reprofiled into 2011/12.

Regeneration and Neighbourhoods

26. The capital budget for the department over the 2011-21 period has increased from £41.1m to £69.6m since the quarter 1 monitor. This increase of £28.5m is due to a combination of factors including a recent change in monitoring and reporting arrangements for Elephant & Castle leisure centre, new allocations funded by Transport for London (TfL) to deliver the local implementation plan and additional s106 funding to deliver public realm projects.
27. In 2011/12, the department is currently forecasting expenditure of £19.2m, a favourable variance of £3.7m against the budget of £22.9m. The variance is made up of £950k on the Elephant and Castle leisure centre; £712k on the office accommodation programme; £440k on the Nunhead community centre; £1.1m

on TfL projects; and a number of smaller variances on the externally funded economic development and strategic partnership and planning and transport projects.

28. Economic development and strategic partnership (ED&SP) has forecast expenditure of £5.2m for 2011/12. The capital projects funded by S106 and programmed for completion during the 2011/12 financial year include the Cathedral Steps environmental improvement which is currently on site and on programme. St Mary Magdalene park improvements is also currently on site while two tunnels, Rolls Road and Rouel Road are now completed. Orders have been placed for the Legible London way-finding system (working with colleagues in the public realm department) and is due to commence on site in November for a pre-Olympic completion. St John's Churchyard contract is currently out to tender. With regard to the ILRE scheme, 15 sites are nearing completion and of the remaining nine sites, orders have been placed for seven and are programmed to commence works in October while the remaining two will be signed off in October.
29. The planning and transport division have forecast expenditure of £4.0m in 2011/12. In addition to the main TfL grant, two major schemes are also funded, access improvements to Denmark Hill station (totalling £119k) to support the introduction of lifts is nearing completion. Work has commenced on the Camberwell town centre (totalling £200k) for scheme development and design. Initial community consultation is due to commence in October. A further £350k is available for principal road renewal in Champion Park and Rotherhithe Old Road and there is also £100k of discretionary funding for improvements on Staffordshire Street, local transport initiatives and minor cycling infrastructure improvement schemes. This is the first delivery year of the transport improvement programme which is the three year plan contained within the borough's transport plan. Key projects include delivery of improvement works in various locations across the borough including East Dulwich, Peckham Rye, West Walworth, Forest Hill, and Paxton Green amongst others.
30. The Elephant and Castle leisure centre project is being progressed through Southwark's local education partnership, 4 Futures. The project is currently in the early design stages. A planning application is anticipated to be submitted in April 2012 with a view to construction works commencing in autumn 2012. Outturn costs are currently estimated within the budget allocated to this project by cabinet in November 2010, with £950k in 2011/12 being reprofiled into 2012/13.
31. The Property Services division have forecast expenditure of £9.7m in 2011/12, of which £6.8m relates to the Canada Water development, planned to complete this year. £440k of the Nunhead community centre project has been reprofiled into 2012/13, due to extension in the design and planning stages. The office accommodation strategy has a capital budget of £10.7m of which £2.4m is forecast to be incurred this year. An update on the project is detailed below.
32. The capital programme includes £10.8m for a revised office accommodation strategy as agreed by cabinet in November 2010. Progress on specific projects is shown below.
33. Queen's Road Peckham: A lease was signed in May 2011 for a new-build office development at Queens Road Peckham. The development incorporates two

office buildings and the council has leased the larger "block F". Procurement for design, technical and pre-contract works is currently underway. A planning application was submitted in September 2011 for required adjustments to the outside of the building and the completed offices are expected to be delivered to the council in early autumn 2012.

34. Specialist Children's accommodation: In order to provide fit for purpose accommodation for the specialist children's services currently largely accommodated in offices at 1 Bradenham Close which are close to the end of their useful life, three refurbishment projects are underway to provide accommodation for the Children Looked After and Youth Offending services. Planning consent was granted for a child contact centre at 7 Talfourd Place, SE16, on 1 September 2011 and following this, works are now in progress at all three sites with completion of the projects by spring 2012.
35. Camberwell library: Cabinet agreed to a new library development in June 2011 to incorporate an element of other customer facing functions. Further feasibility work is in progress before a business case is prepared for sign off by the Cabinet Member for Finance, Resources and Community Safety.
36. The sale of 19 Spa Road and the former offices at Heaton Road are now in the course of disposal with disposal recommendations having been agreed by Cabinet, and the marketing of other sites is underway.

Environment and Leisure Department

Summary

37. The department carried out a detailed review of the capital programme during the second quarter. Projections and profiling of spend were scrutinised to arrive at a more realistic estimate of expenditure for the year.
38. The Departmental Capital Review Board continues to scrutinise the forecasts of all projects and their profiling at end of each quarter to check their robustness and arrive at a more realistic estimate of expenditure for the year and seek approval of the director of finance for any virement within the programme.
39. Environment and Leisure department's latest approved capital budget for 2011-21 is £102.1m against the projected spend of £103.5m giving an overall adverse variance of £1.4m split between Culture, Libraries, Learning and Leisure division (£0.4m) and Public Realm division (£1.0m). The progress of major schemes is outlined below.

Sustainable Services

40. The Waste PFI contract has been running for nearly four years and has already provided significant benefits to the Council, even before the new waste processing facilities are operational on the Old Kent Road. The key objective of the project, highlighted at the OBC stage, was to provide a sustainable long-term solution for the collection, treatment, recycling and disposal of municipal waste in the Borough, capable of meeting high national and local performance targets and delivering ongoing service improvement over the duration of the contract. The service is well on track to achieving these goals.

41. The construction of the new facility road access and associated works are currently at an advanced stage and expected to be completed in December 2011 and fully operational during January 2012.
42. Although current costs estimate suggest a possible favourable variance on project spend, the unit has taken a prudent view and has therefore not projected this variance in the monitor. Projects such as this have substantial uncertainties and there are currently a number of outstanding compensation payments and negotiations. The division believes it has enough funding to cover these and expects (worst case scenario) the project to be delivered on budget.
43. In respect of the South East London Combined Heat & Power (SELCHP) Decentralised Energy Initiatives, officers are currently working on heads of terms and financial model with Veolia. It is anticipated that a project update can be provided to the Cabinet in December 2012.
44. The heads of terms have been redrafted and presented to Veolia accompanied by a paper on Southwark's Key Principles. The main points added to the previous version of the heads of terms are defined in the Key Principles paper. They relate to the maximum heat price (in today's terms); indexation; and treatment of any Renewable Heat Incentive.

Public Realm

45. The Cleaner Greener Safer (CGS) programme received a budget of £5.1m for 2011/12 and is projected to spend on target, however risks exist around some schemes which are reliant on match funding or external approvals. These will be kept under close review in quarter 3.
46. Public Realm is projected to deliver the Highways and Lighting programmes within budget and time. All major schemes have member and stake holder approval and are programmed for delivery. Quarterly updates on all capital schemes are now provided to all ward councillors.
47. Funding of £3.1m has been secured from the GLA for the Southbank Improvement Project to deliver a number of accessibility and public realm improvements along the Southbank from borough boundary with Lambeth to Tower Bridge. This reflects the importance of this area to tourism in London in the run up to the Olympic and Paralympics games in summer 2012 and will provide a fine legacy for Southwark into the future. The objective is to complete all physical works by end of March 2012. The project is well developed and will be on site before end of October. Risk is being managed around the completion date especially given the scale of the project in the timescales required and because the works are all being done in the winter months so can be subject to bad weather delays. The grant funding has been added to the capital programme as a funded variation, profiled as £2.5m in 2011/12 and £611k in 2012/13.
48. Burgess Park Revitalisation Project – the forecast includes a contingency of £1.1m to cover a number of unexpected costs. This is mainly due to the removal of disused diesel tanks which have contaminated the soil and leaked into the groundwater. As a result the Environment Agency (EA) have confirmed that the soil above the fuel tanks will have to be removed from site and disposed off site as hazardous waste to a specialist site. The EA have also confirmed that the soil

underneath the tanks will have to be removed and as such we are awaiting test results to identify the depth to which the soil is contaminated to understand the amount of soil that will have to be removed from site. The cost of removing the hazardous soil from site is high due to the nature and amount of soil being removed.

49. Additional utility service diversions also had to be installed following the discovery of a major UK Power Network connection through to the neighbouring housing estate.
50. The service diversions have been expensive. The roads that currently bisect the park had already been stopped up through the planning process, but the services within the roads had not been disconnected as is the norm. This therefore had to be done. The service companies have also dictated that their services have to be in hard surfaces and not soft, and this has added additional costs to the project.
51. These issues have added significant costs to the project and expended the available project contingency. Further costs are anticipated and the £1.1m includes provision for establishing a further contingency budget of £200k.
52. The project has already undergone a severe value engineering process, whereby we reduced the tender cost by approximately £2.3 million. There is very little left within the project that can at this stage of the contract that can be value engineered without incurring large abortive costs.

Culture, Libraries, Learning & Leisure

53. The net negative variance of £355k in Culture, Libraries, Learning and Leisure is due to additional expenditure identified for two projects (Camberwell leisure centre £200k and Dulwich leisure centre £182k), as well as an anticipated favourable variance on the Thomas Carlton centre of £28k.
54. The scope of work for the Dulwich Leisure Centre during phase 2 increased compared to the original tender; reasons for this including the prolonging of the contract period in order to accommodate asbestos removal. As work on phase 2 of the leisure centre refurbishment has now been completed, no further increase in overspend is anticipated
55. Camberwell Leisure Centre - the main reasons for overspend were costs associated with re-phasing delivery of works to open the pool by February 2011 and an upgrade of specifications to reduce future lifecycle replacement costs. The forecast on this project is more uncertain given that work in the centre is ongoing. A total amount of £1.0m (£490k from the council's Olympic capital legacy fund and £521k from the corporate resource pool) has been awarded for a third phase of development at Camberwell. Work has not yet started on this phase, but it will include the upgrade of the centre's sports hall.
56. The Leisure team are currently pursuing external funding options in order to fund the increased cost on these two leisure projects.
57. Thomas Carlton centre - work includes a new entrance with landscaped outside space and reception, improved and enlarged classrooms, modernised toilet facilities throughout, new electrics and decorations and the provision of a health

and fitness area on the second floor. The building was completed and handed over to the client on 7 March 2011 and the contract is now in the defects liability period. The refurbishment work to the centre was funded by a £750k contribution from the Skills Funding Agency (SFA) and £250k match funding by the council. 75% of the £110k underspend projected may have to be repaid to the Skills Funding Agency (SFA), as this organisation provided 75% of the funding of the project. Whether this happens or not, will only be known after a final financial submission has been made to the SFA, and that can only take place after 7 March 2012, when the final retention becomes payable.

58. Elephant and Castle leisure centre - minimal costs have been recorded against this code, and the forecast is for total actual expenditure for 2011/12 to remain minimal. It has been agreed that in the future this project is to be shown within the Regeneration and Neighbourhoods department's capital monitor rather than the Environment and Leisure one. This is due to the project being managed by staff within Regeneration and Neighbourhoods, and this approach is similar to how the council reports the Canada Water library project.
59. Pynners sports grounds pavilion – this involves rebuilding the pavilion at Pynners which was destroyed by a fire a number of years ago. It is currently expected that this project will be delivered within budget and that all but £12k, which is the retention amount, will be spent by the end of 2011/12.
60. The capital programme has a provision of £2m for the Southwark 2012 Olympic capital legacy fund with an objective to invest in capital projects that support a lasting Olympic and Paralympic legacy in Southwark from the 2012 games, improving access to and increasing participation in physical activity and encouraging the development of the Olympic values in the borough's communities. The capital legacy group was created to provide an expert and independent panel to consider bids submitted to the Council for the capital legacy fund and to make recommendations to the Cabinet Member for Finance, Resources and Community Safety in respect of applications.
61. Forty unique submissions were received by the Council at the start of funding process. Seventeen of those forty were shortlisted and invited to complete a stage two application. Fourteen stage two bids with a combined value of £3.6m were submitted to the Council. The capital legacy group recommended that ten of those fourteen capital projects be awarded money from the capital legacy fund with a combined value of £2m. The recommendations of the capital legacy group were agreed by the Cabinet Member for Finance, Resources and Community Safety in an individual decision maker (IDM) report in October 2011.
62. Grant funding is the chosen method of distributing funds to projects approved for award which are being led by external organisations. In the case of these projects, grant agreements are being created for each grant and take account of the specific details of each proposal to mitigate risks posed by individual projects. Successful projects will receive funding on a stage by stage basis. Stages will be designed and tailored around the specific details and requirements of each individual project. The tailored payment schedules will be discussed and agreed with successful applicants following approval of this report.
63. Value for money will be ensured through a combination of effective performance monitoring through a Southwark Council commissioning officer and the use of

specific grant conditions enabling claw back of part or all funds should project specifications, agreed timescales and targets not be met by the project applicants.

Housing General Fund

64. The housing general fund programme totals £14.1m for investment in housing other than the council's own housing stock. The main areas of activity are identified below.
65. Renewal areas: The East Peckham renewal area group repair scheme is proceeding on site as reported last time. In addition to the insulation works within this scheme which are attracting grant funding, further energy saving works within the renewal area programme started on site in September to provide solar heating to approximately 60 homes, for which GLA grant funding of £420k has been received. Minor adjustments have been made to budget profiles for housing grant activity to ensure the programme remains within the overall annual budgets.
66. Travellers' sites: The final costs of works completed in May to improve the Burnhill travellers' site are yet to be agreed. It is anticipated that the overspend currently forecast can be contained within the overall travellers' sites programme budget if required. A gateway report is in preparation following the submission to residents of plans to improve the Springtide travellers' site. This scheme will use the balance of government funding received for this programme.
67. Affordable Housing Fund: Following the redesign of the housing association development of the Ivydale Road site, a report will be submitted to November planning committee for agreement to fund the revised scheme at slightly lower cost than the current £1.3m budget. Council contributions to the scheme are funded entirely from developer S106 contributions, and the revised costs will be confirmed in the next monitor when agreed.

Finance & Resources

68. Facilities Management are forecasting a favourable variance of £374k at the end of the second quarter. The majority of this is as a result of a funded variation of £366k from reserves to meet essential health and safety works to council offices.
69. The Information Systems programme is under review due to recent cabinet decisions regarding Information Technology (IT) plans, strategy, priorities and methods of delivery. The primary IT contracts are to terminate within the next twelve months, and the scope and requirements of new contracts are currently under review. Management are, therefore, currently assessing the extent to which proposed projects would be materially affected by a change of contractor with an expected update to be reported in the third quarter.

Housing Investment Programme (Appendix B)

70. The draft 5-year programme approved by cabinet on 31 May included capital expenditure of £414.8m, which figure has since increased by £3.0m overall. The main changes since are within the warm, dry, safe programme, where budget allocations have been revised between lines to reflect the detail of the 5 year draft programme in the appendix to that report, and adjusted for carry-over

commitments from the 2010 programme. The latter has given rise to increases of £194k for lift works and £221k for rewiring since last reported. Since the first quarter report additional expenditure has been approved by the investment programme group for housing CCTV upgrades as part of a corporate contract. The increased overall requirement for fire safety works remains at £3.5m as previously reported.

71. Expenditure of £21.4m has been reprofiled from 2011/12 into 2012/13-2013/14 in the overall programme forecast. The majority of this (£15.3m) is in the warm dry safe programme, and is due to a combination of factors. Existing schemes have been resurveyed in line with the revised warm, dry, safe standards agreed, while specifications for fire safety works have been revised to meet fire brigade and building control requirements. It has not been possible to progress the approved 5-year programme pending the decision of the Land Tribunal hearing which took place in October. While the outcome of the hearing is in the council's favour, the written judgement is yet to be issued.
72. With the PFI not proceeding the Aylesbury PPM programme is to be redrawn, with just under £3m reprofiled into future years, slightly higher than last reported. Fire reinstatement works at Sumner Road started on site in September, with the overall costs to the council some £550k less a lower level than budgeted, as previously reported, although these are still the subject of negotiations with the council's insurers.
73. Forecast resources to fund HIP expenditure have been adjusted in line with updated estimates. Government Decent Homes Backlog funding has been confirmed as payable in the form of grant for 2012/13, which will add £11.25m to the overall level of resources available for the HRA programme. Proposals will be put forward to agree how this should be allocated, pending which the level of contributions from revenue and reserves required to fund the programme are showing at a reduced level. An allocation of £50k S106 funding has been added to programme resources for improvements at Bowley House, which are being carried out under an existing contract.

Community impact statement

74. This monitoring report is considered to have no or a very limited direct impact on local people and communities, although of course the capital programme itself will deliver significant enhancements to the amenities and infrastructure of the borough.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

75. The Capital Programme 2011-2021 satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangement to secure the continuous improvement in the way its functions are exercised, by having regards to the combination of economy, efficiency and effectiveness.
76. By agreeing the recommendations in the report the cabinet will demonstrate that it has made adequate arrangement for the proper administration of the council financial affairs.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Capital monitoring working papers	160 Tooley Street, London SE1 2QH	Funmi Kosoko 0207 525 0642

APPENDICES

No.	Title
Appendix A	General fund summary
Appendix B	Housing investment programme summary
Appendix C	Funded variations and virements for approval
Appendix D	General fund programme details

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Duncan Whitfield, Finance Director	
Report Author	Jennifer Seeley, Deputy Finance Director	
Version	Final	
Dated	10 November 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	N/a	N/a
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		10 November 2011

General Fund Capital Programme Summary – 2011/12 at Quarter 2

General Fund Summary Monitoring Position

Department	2011/12								2012/13					
	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Spend to date	Projected spend remaining	Forecast	Variance	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	14,059	0	1,110	15,169	4,219	8,968	13,187	(1,982)	26,766	0	75	26,841	28,783	1,942
Southwark Schools for the Future	48,559	0	0	48,559	17,717	22,041	39,758	(8,801)	56,548	0	0	56,548	56,548	0
Finance and Resources	3,513	0	366	3,879	244	3,260	3,504	(375)	2,713	0	0	2,713	3,078	365
Environment	26,948	0	2,684	29,632	5,271	24,396	29,667	35	10,515	0	612	11,127	12,247	1,120
Health and Community Services	2,209	0	469	2,678	756	1,925	2,681	3	1,195	0	0	1,195	1,195	0
Housing General Fund	6,317	0	0	6,317	1,345	4,712	6,057	(260)	3,355	0	0	3,355	3,502	147
Regeneration and Neighbourhoods	17,917	0	4,997	22,914	6,306	12,877	19,183	(3,731)	19,461	0	4,178	23,638	26,890	3,252
TOTAL	119,522	0	9,626	129,148	35,858	78,179	114,037	(15,111)	120,553	0	4,865	125,417	132,243	6,826
FINANCED BY:														
Corporate Resource Pool	27,684	0	0	27,684	11,003	16,681	27,684	0	45,000	0	0	45,000	45,000	0
Payback of Housing Receipts	0	0	0	0	0	0	0	0	(1,883)	0	0	(1,883)	(1,883)	0
General fund Contribution to HIP	0	0	0	0	0	0	0	0	(5,768)	0	0	(5,768)	(5,768)	0
Major Repairs Allowance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Supported Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserves & Revenue	1,365	0	1,446	2,811	859	1,952	2,811	0	2,906	0	0	2,906	2,906	0
SSF Capital Grant	46,576	0	0	46,576	17,715	21,942	39,657	(6,919)	48,742	0	0	48,742	48,742	0
Capital Grants	15,973	0	6,446	22,419	5,281	14,024	19,305	(3,114)	9,364	0	4,207	13,571	16,618	3,047
LPSA Reward grant - capital	4,084	0	0	4,084	0	4,084	4,084	0	0	0	0	0	0	0
Capital Refresh Contingency Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Homes Bonus	1,090	0	0	1,090	0	1,090	1,090	0	3,436	0	0	3,436	3,436	0
Section 106 Funds - unallocated	5,052	0	0	5,052	0	5,052	5,052	0	663	0	0	663	663	0
Section 106 Funds - allocated	5,303	0	1,574	6,877	977	5,188	6,165	(712)	1,761	0	614	2,375	2,862	487
External Contributions	207	0	(3)	204	23	182	205	1	1,548	0	0	1,548	1,548	0
TOTAL RESOURCES	107,334	0	9,463	116,797	35,858	70,195	106,053	(10,744)	105,769	0	4,821	110,590	114,124	3,534
Forecast variation (under)/over	12,188	0	163	12,351	0	7,984	7,984	(4,367)	14,784	0	44	14,827	18,119	3,292

General Fund Capital Programme Summary – 2011/12 at Quarter 2

General Fund Summary Monitoring Position

Appendix A

Department	2013/14+						Total Programme 2011/12 - 20/21					
	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance	Total Agreed Budget @ 01/04/2011	Budget Virements	Budget Variations	Revised Budget	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	19,813	0	0	19,813	19,853	40	60,638	0	1,185	61,823	61,823	0
Southwark Schools for the Future	10,810	0	0	10,810	19,612	8,802	115,917	0	0	115,917	115,918	1
Finance and Resources	2,058	0	0	2,058	2,058	0	8,284	0	366	8,650	8,640	(10)
Environment	61,340	0	0	61,340	61,590	250	98,803	0	3,296	102,099	103,504	1,405
Health and Community Services	0	0	0	0	0	0	3,404	0	469	3,873	3,876	3
Housing General Fund	3,948	0	515	4,463	4,577	114	13,620	0	515	14,135	14,136	1
Regeneration and Neighbourhoods	10,154	0	12,915	23,069	23,549	480	47,532	0	22,090	69,621	69,622	1
TOTAL	108,123	0	13,430	121,553	131,239	9,686	348,198	0	27,921	376,118	377,519	1,401
FINANCED BY:												
Corporate Resource Pool	149,000	0	0	149,000	149,000	0	221,684	0	0	221,684	221,684	0
Payback of Housing Receipts	(3,766)	0	0	(3,766)	(3,766)	0	(5,649)	0	0	(5,649)	(5,649)	0
General fund Contribution to HIP	(5,000)	0	0	(5,000)	(5,000)	0	(10,768)	0	0	(10,768)	(10,768)	0
Major Repairs Allowance	0	0	0	0	0	0	0	0	0	0	0	0
Supported Borrowing	0	0	0	0	0	0	0	0	0	0	0	0
Reserves & Revenue	0	0	0	0	0	0	4,271	0	1,446	5,717	5,717	0
SSF Capital Grant	6,095	0	0	6,095	13,014	6,919	101,413	0	0	101,413	101,413	0
Capital Grants	10,697	0	3,430	14,127	14,167	40	36,034	0	14,083	50,117	50,090	(27)
LPSA Reward grant - capital	0	0	0	0	0	0	4,084	0	0	4,084	4,084	0
Capital Refresh Contingency Reserve	(2,800)	0	0	(2,800)	(2,800)	0	(2,800)	0	0	(2,800)	(2,800)	0
New Homes Bonus	37,206	0	0	37,206	37,206	0	41,732	0	0	41,732	41,732	0
Section 106 Funds - unallocated	6,845	0	0	6,845	6,845	0	12,560	0	0	12,560	12,560	0
Section 106 Funds - allocated	0	0	0	0	225	225	7,064	0	2,188	9,252	9,252	0
External Contributions	500	0	0	500	500	0	2,255	0	(3)	2,252	2,253	1
TOTAL RESOURCES	198,777	0	3,430	202,207	209,391	7,184	411,880	0	17,714	429,594	429,568	(26)
Forecast variation (under)/over	(90,654)	0	10,000	(80,654)	(78,152)	2,502	(63,682)	0	10,207	(53,476)	(52,049)	1,427

Housing Investment Programme Summary – 2011/12 at Quarter 2

Housing Investment Programme

Programme	Project description	2011/12							2012/13						
		Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Spend to date	Projected spend remaining	Forecast	Variance	Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Warm dry and safe	Central heating - communal	3,193	0	0	3,193	813	1,957	2,770	(423)	1,436	0	0	1,436	3,418	1,982
	Central heating - individual	4,251	0	0	4,251	461	3,551	4,012	(239)	0	0	0	0	4,000	4,000
	Energy efficiency (heating plant)	1,254	0	0	1,254	202	229	431	(823)	0	0	0	0	823	823
	Energy efficiency (wall/loft insulation)	1,103	0	0	1,103	0	425	425	(678)	200	0	0	200	878	678
	Entrypphones	256	0	0	256	1	101	102	(154)	309	0	0	309	203	(106)
	Fire safety	16,176	0	0	16,176	1,299	11,845	13,144	(3,032)	2,149	0	0	2,149	9,192	7,043
	Lifts	2,538	0	0	2,538	433	3,235	3,668	1,130	2,500	0	0	2,500	2,403	(97)
	Major works	32,000	0	0	32,000	3,672	16,215	19,887	(12,113)	42,000	0	0	42,000	47,590	5,590
	Minor voids capitalisation	3,000	0	0	3,000	99	2,901	3,000	0	3,000	0	0	3,000	3,000	0
	Minor voids WDS works	1,000	0	0	1,000	0	1,000	1,000	0	1,000	0	0	1,000	1,000	0
	Rewiring	1,362	0	0	1,362	807	1,564	2,371	1,009	3,604	0	0	3,604	500	(3,104)
	Tanks/tank rooms refurbishment	104	0	0	104	37	67	104	0	1,900	0	0	1,900	12	(1,888)
Regeneration	Aylesbury phase 1 (incl. PCs)	5,228	0	0	5,228	316	4,912	5,228	0	9,404	0	0	9,404	9,404	0
	Aylesbury future phases	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Aylesbury PPM	4,922	0	0	4,922	10	1,972	1,982	(2,940)	2,833	0	0	2,833	5,582	2,749
	Bermondsey Spa refurb	2,037	0	0	2,037	620	1,338	1,958	(79)	84	0	0	84	100	16
	East Dulwich Estate	3,454	0	0	3,454	367	1,663	2,030	(1,424)	936	0	0	936	2,432	1,496
	Elmington	646	0	0	646	3	646	649	3	2,681	0	0	2,681	2,681	0
	Giles Carton Darnay	36	0	0	36	0	36	36	0	0	0	0	0	0	0
	Heygate Estate (incl. PCs)	3,932	0	0	3,932	1,272	2,968	4,240	308	2,751	0	0	2,751	2,250	(501)
	Hidden homes	91	0	0	91	5	86	91	0	301	0	0	301	301	0
	Home loss payments	230	0	0	230	162	68	230	0	200	0	0	200	200	0
	Hostel new build	136	0	0	136	0	50	50	(86)	1,364	0	0	1,364	500	(864)
	Local Authority New Build	3,093	0	0	3,093	397	2,696	3,093	0	102	0	0	102	102	0
	Maydew House	1,846	0	0	1,846	152	1,694	1,846	0	0	0	0	0	0	0
Other programmes	Adaptations	1,965	0	0	1,965	1,232	983	2,215	250	2,000	0	0	2,000	2,000	0
	Group repairs	500	0	0	500	26	474	500	0	471	0	0	471	73	(398)
	Capitalisation of scheme management	1,600	0	0	1,600	0	1,600	1,600	0	1,600	0	0	1,600	1,600	0
	Cash incentive scheme	276	0	0	276	68	208	276	0	368	0	0	368	366	(2)
	Community Housing Services (hostels)	1,172	0	0	1,172	1	893	894	(278)	1,034	0	0	1,034	1,262	228
	Digital switchover	1,600	0	0	1,600	442	1,158	1,600	0	1,200	0	0	1,200	600	(600)
	Disposals	500	0	0	500	38	481	519	19	500	0	0	500	500	0
	Fire reinstatement	2,900	0	0	2,900	71	1,603	1,674	(1,226)	100	0	0	100	1,131	1,031
	Lakanal/Summer buy-backs and home loss	134	0	0	134	1	133	134	0	0	0	0	0	0	0
	Leasehold/freehold acquisitions	311	0	0	311	0	300	300	(11)	300	0	0	300	300	0
	Major voids	1,903	0	0	1,903	541	738	1,279	(624)	1,601	0	0	1,601	1,536	(65)
	Misc	120	0	0	120	59	95	154	34	143	0	0	143	50	(93)
	Office accommodation	465	0	0	465	29	403	432	(33)	200	0	0	200	200	0
	Play areas / environmental	100	0	0	100	100	0	100	0	0	0	0	0	0	0
	Sheltered housing	1,210	0	0	1,210	717	544	1,261	51	63	0	0	63	24	(39)
	T&RA halls	304	0	0	304	0	268	268	(36)	305	0	0	305	300	(5)
Adjustment	Expenditure in revenue	(7,395)	0	0	(7,395)	(86)	(7,309)	(7,395)	0	(7,395)	0	0	(7,395)	(7,395)	0
TOTAL		99,553	0	0	99,553	14,367	63,791	78,158	(21,395)	81,244	0	0	81,244	99,118	17,874
FINANCED BY:															
	Corporate Resource Pool	0	0	0	0	0	0	0	0	5,866	0	0	5,866	5,857	(9)
	Housing receipts	44,000	0	0	44,000	6,200	28,077	34,277	(9,723)	23,883	0	0	23,883	30,283	6,400
	Major Repairs Allowance	44,189	0	0	44,189	6,200	28,189	34,389	(9,800)	41,973	0	377	42,350	45,650	3,300
	Supported Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Reserves & Revenue	5,747	0	300	6,047	435	4,563	4,998	(1,049)	4,699	0	(8,562)	(3,863)	2,958	6,821
	Capital Grants	2,826	0	(300)	2,526	833	1,248	2,081	(445)	401	0	11,185	11,586	12,022	436
	Section 106 Funds	322	0	(122)	200	134	16	150	(50)	31	0	(21)	10	50	40
	External Contributions	2,470	0	172	2,642	567	1,696	2,263	(379)	4,392	0	(2,979)	1,413	2,298	885
TOTAL RESOURCES		99,554	0	50	99,604	14,369	63,789	78,158	(21,446)	81,245	0	0	81,245	99,118	17,873

Housing Investment Programme Summary – 2011/12 at Quarter 2

Housing Investment Programme

Appendix B

Programme	Project description	2013/14*							Total Programme 2011/12 - 18/19					
		Agreed Budget	Budget Virements	Budget Variations	Revised Budget	Forecast	Variance	Contractually Committed	Total Agreed Budget @ 01/04/2011	Budget Virements	Budget Variations	Revised Budget	Total Forecast	Total Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Warm dry and safe							286							
	Central heating - communal	3,000	0	0	3,000	5,661	2,661	0	7,629	0	0	7,629	11,849	4,220
	Central heating - individual	14,400	0	0	14,400	13,600	(800)	0	18,651	0	0	18,651	21,612	2,961
	Energy efficiency (heating plant)	600	0	0	600	400	(200)	0	1,854	0	0	1,854	1,654	(200)
	Energy efficiency (wall/loft insulation)	0	0	0	0	200	200	0	1,303	0	0	1,303	1,503	200
	Entryp hones	900	0	0	900	600	(300)	0	1,465	0	0	1,465	905	(560)
	Fire safety	3,300	0	0	3,300	2,750	(550)	0	21,625	0	0	21,625	25,086	3,461
	Lifts	9,000	0	0	9,000	7,788	(1,212)	0	14,038	0	0	14,038	13,859	(179)
	Major works	150,000	0	0	150,000	156,524	6,524	0	224,000	0	0	224,000	224,001	1
	Minor voids capitalisation	9,000	0	0	9,000	9,000	0	0	15,000	0	0	15,000	15,000	0
	Minor voids WDS works	3,000	0	0	3,000	3,000	0	0	5,000	0	0	5,000	5,000	0
	Rewiring	6,000	0	0	6,000	6,300	300	0	10,966	0	0	10,966	9,171	(1,795)
	Tanks/tank rooms refurbishment	3,000	0	0	3,000	2,000	(1,000)	0	5,004	0	0	5,004	2,116	(2,888)
Regeneration							398							
	Aylesbury phase 1 (incl. PCs)	12,077	0	0	12,077	12,077	0	0	26,709	0	0	26,709	26,709	0
	Aylesbury future phases	9,000	0	0	9,000	9,000	0	0	9,000	0	0	9,000	9,000	0
	Aylesbury PPM	2,597	0	0	2,597	2,312	(285)	0	10,352	0	0	10,352	9,876	(476)
	Bermondsey Spa refurb	0	0	0	0	0	0	0	2,121	0	0	2,121	2,058	(63)
	East Dulwich Estate	0	0	0	0	0	0	0	4,390	0	0	4,390	4,462	72
	Elmington	1,467	0	0	1,467	1,467	0	0	4,794	0	0	4,794	4,797	3
	Giles Carton Darnay	0	0	0	0	0	0	0	36	0	0	36	36	0
	Heygate Estate (incl. PCs)	0	0	0	0	0	0	0	6,683	0	0	6,683	6,490	(193)
	Hidden homes	700	0	0	700	700	0	0	1,092	0	0	1,092	1,092	0
	Home loss payments	600	0	0	600	600	0	0	1,030	0	0	1,030	1,030	0
	Hostel new build	3,000	0	0	3,000	3,950	950	0	4,500	0	0	4,500	4,500	0
	Local Authority New Build	0	0	0	0	0	0	0	3,195	0	0	3,195	3,195	0
	Maydew House	0	0	0	0	0	0	0	1,846	0	0	1,846	1,846	0
Other programmes							0							
	Adaptations	6,000	0	0	6,000	6,000	0	0	9,965	0	0	9,965	10,215	250
	Group repairs	0	0	0	0	398	398	0	971	0	0	971	971	0
	Capitalisation of scheme management	4,800	0	0	4,800	4,800	0	0	8,000	0	0	8,000	8,000	0
	Cash incentive scheme	900	0	0	900	856	(44)	0	1,544	0	0	1,544	1,498	(46)
	Community Housing Services (hostels)	2,400	0	0	2,400	2,450	50	0	4,606	0	0	4,606	4,606	0
	Digital switchover	0	0	0	0	0	0	0	2,800	0	0	2,800	2,200	(600)
	Disposals	1,500	0	0	1,500	1,500	0	0	2,500	0	0	2,500	2,519	19
	Fire reinstatement	600	0	0	600	544	(56)	0	3,600	0	0	3,600	3,349	(251)
	Lakanal/Summer buy-backs and home loss	0	0	0	0	0	0	0	134	0	0	134	134	0
	Leasehold/freehold acquisitions	900	0	0	900	900	0	0	1,511	0	0	1,511	1,500	(11)
	Major voids	4,500	0	0	4,500	4,500	0	0	8,004	0	0	8,004	7,315	(689)
	Misc	0	0	0	0	0	0	0	263	0	0	263	204	(59)
	Office accommodation	600	0	0	600	600	0	0	1,265	0	0	1,265	1,232	(33)
	Play areas / environmental	300	0	0	300	200	(100)	0	400	0	0	400	300	(100)
	Sheltered housing	600	0	0	600	598	(2)	0	1,873	0	0	1,873	1,883	10
	T&RA halls	1,500	0	0	1,500	1,500	0	0	2,109	0	0	2,109	2,068	(41)
Adjustment	Expenditure in revenue	(22,184)	0	0	(22,184)	(22,184)	0	0	(36,974)	0	0	(36,974)	(36,974)	0
TOTAL		234,057	0	0	234,057	240,591	6,534	684	414,854	0	0	414,854	417,867	3,013
FINANCED BY:														
	Corporate Resource Pool	5,018	0	0	5,018	5,030	12	0	10,884	0	0	10,884	10,887	3
	Housing receipts	73,766	0	0	73,766	77,166	3,400	398	141,649	0	0	141,649	141,726	77
	Major Repairs Allowance	119,704	0	2,401	122,105	128,606	6,501	286	205,866	0	2,778	208,644	208,645	1
	Supported Borrowing	18,000	0	0	18,000	18,000	0	0	18,000	0	0	18,000	18,000	0
	Reserves & Revenue	16,668	0	(3,612)	13,056	9,661	(3,395)	0	27,114	0	(11,874)	15,240	17,617	2,377
	Capital Grants	900	0	1,211	2,111	2,111	0	0	4,127	0	12,096	16,223	16,214	(9)
	Section 106 Funds	0	0	0	0	0	0	0	353	0	(143)	210	200	(10)
	External Contributions	0	0	0	0	18	18	0	6,862	0	(2,807)	4,055	4,579	524
TOTAL RESOURCES		234,056	0	0	234,056	240,592	6,536	684	414,855	0	50	414,905	417,868	2,963

Funded variations and virements for approval – 2011/12 at quarter 2

Variation	Children's Services	Southwark Schools for the Future	Finance and Resources	Environment	Health and Community Services	Housing General Fund	Regeneration and Neighbourhoods	General Fund Programme Total	Housing Investment Programme	Total Programmed expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BUDGET AS AT REFRESH REPORT	60,638	115,917	8,283	118,803	3,404	13,622	27,532	348,199	414,854	763,053
CHANGES IN DEPARTMENTAL RESPONSIBILITY										
Elephant & Castle Leisure Centre				(20,000)			20,000	0	0	0
								0	0	0
RESTRUCTURED BUDGETS	60,638	115,917	8,283	98,803	3,404	13,622	47,532	348,199	414,854	763,053
Q1 - VIREMENTS ALREADY APPROVED										
Dulwich L.C. urgent asbestos works				(5)				(5)		(5)
Dulwich Leisure Centre				5				5		5
Essential Repairs at Pynners Sports Ground				(3)				(3)		(3)
Pynners Sports Ground reinstatement works				3				3		3
Burgess Park - Improvements				(50)				(50)		(50)
Burgess Park Revitalisation Project				50				50		50
4 Parks Refurbishment Scheme				(96)				(96)		(96)
Dulwich Leisure Centre				96				96		96
Total virements Approved @ Qtr 1	0	0	0	0	0	0	0	0	0	0
Q2 - VIREMENTS REQUESTED TO BE APPROVED										
Aylesbury Resource Centre					(4,784)					
Cherry Gardens					4,784					
Burgess Park - Improvements				30						
Burgess Park Revitalisation Project				(30)						
Total virements requested to be approved Qtr 2	0	0	0	0	0	0	0	0	0	0
Total virements	0	0	0	0	0	0	0	0	0	0
PROGRAMME FUNDED VARIATIONS										
Q1 - VARIATIONS ALREADY APPROVED										
Bankside Urban Forest							(73)	(73)		(73)
Mint Street Park & Bankside Open Space Trust							342	342		342
Principle Road Renewal - TFL funding							350	350		350
Corridors, Neighbourhoods & Supporting Measures - TFL funding							2,401	2,401		2,401
Major Transport Schemes - TFL funding							419	419		419
Local Transport Funding - TFL funding							100	100		100
Cycling Routes							30	30		30
Bermondsey Spa EIP - Regen.							40	40		40
Thamespath Pedestrian Diversion							(72)	(72)		(72)
Peckham Rye Station							10,000	10,000		10,000
John Harvard Library				17				17		17
103017 - Brandon 3 Community Garden Phase				4				4		4
Peckham Rye Community Wildlife Garden				45				45		45
Cator Street	970							970		970
Disabled Facilities Grant						515		515		515
HRA - new homes bonus grant										
Total Approved @ Qtr 1	970	0	0	66	0	515	13,537	15,088	0	15,088

Funded variations and virements for approval – 2011/12 at quarter 2

Variation	Children's Services	Southwark Schools for the Future	Finance and Resources	Environment	Health and Community Services	Housing General Fund	Regeneration and Neighbourhoods	General Fund Programme Total	Housing Investment Programme	Total Programmed expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Q2 - VARIATIONS REQUESTED TO BE APPROVED										
Walworth Garden Farm Garden				4				4		4
Burgess Park Tennis Courts				8				8		8
Upgrade and Refurbishment of Essential CCTV				17				17		17
Upgrade and Refurbishment of Essential CCTV				30				30		30
Bankside Signage Strategy							(45)	(45)		(45)
Bankside Urban Forest							20	20		20
Bermondsey Streetscape Improvements							(73)	(73)		(73)
Improving Local Retail Environment							20	20		20
Borough & Bankside Tourism Infrastructure							320	320		320
Cycle Hire Complement							23	23		23
Bridge Assessment & Strengthening							25	25		25
Corridors, Neighbourhoods & Supporting Measures							192	192		192
Car Club Programme							22	22		22
Principal Road Renewal							471	471		471
Corridors, Neighbourhoods & Supporting Measures							2,875	2,875		2,875
Local Transport Funding-Discretionary							100	100		100
Principal Road Renewal							350	350		350
Corridors, Neighbourhoods & Supporting Measures							2,465	2,465		2,465
Local Transport Funding-Discretionary							100	100		100
Bermondsey Spa Public Realm Improvements							1,151	1,151		1,151
Burgess Park Revitalisation Project				60				60		60
Canada Water Ancillary Costs							537	537		537
Thames Reach					469			469		469
Snowsfields Early Years accommodation	215							215		215
Southbank Accessibility Improvements				3,111				3,111		3,111
Olympics Legacy				1				1		1
Property Works Programme			366					366		366
Total Requested to be Approved Qtr 2	215	0	366	3,230	469	0	8,553	12,833	0	12,833
Total Adjustments to Date	1,185	0	366	3,296	469	515	22,090	27,921	0	27,921
TOTAL VARIATIONS IN 2011/12										
FINANCED BY:										
Capital Grant				3,156	469	515	9,943	14,084		14,084
Section 106 Funds	215						1,974	2,189		2,189
External Contribution				45			(49)	(4)		(4)
Capital Receipt				1			10,205	10,206		10,206
Reserves & Revenue	970		366	94			17	1,446		1,446
TOTAL RESOURCES	1,185	0	366	3,296	469	515	22,090	27,920	0	27,920
Total Revised Budget @ Qtr 2	61,823	115,917	8,648	102,099	3,873	14,137	69,622	376,119	414,854	790,973

General Fund Capital Programme Details – 2011/12 quarter 2

Capital Programme 2011/12-2020/21	Environment			
Description of Programme / Project	2011/12	2012/13	2013/14+	Total
	£	£	£	£
Culture, Learning, Libraries and Leisure	763,755	0	250,000	1,013,755
Camberwell Leisure Centre - phase 1	978,500	0	0	978,500
Camberwell Leisure Centre - final phase	521,500	0	0	521,500
Pynners Sports Ground Reinstatement	600,000	0	0	600,000
Olympics Legacy	1,450,000	550,600	0	2,000,600
Seven Islands Leisure Centre Refurbishment	0	0	8,000,000	8,000,000
Parking - Capital works for CPZ reviews	255,941	0	0	255,941
Non-Principal Road Investment	4,452,393	5,000,000	34,050,000	43,502,393
Street Lights Investment	740,965	500,000	4,000,000	5,240,965
Parks	422,137	0	0	422,137
Honor Oak Remediation works	1,032,013	10,000	0	1,042,013
Burgess Park Revitalisation Project	4,744,945	188,172	0	4,933,117
Infrastructure Improvements	150,215	0	0	150,215
Highways / Traffic improvements on Trafalgar Ave	50,000	0	0	50,000
S106 funded public realm works	830,061	0	0	830,061
Upgrade and Refurbishment of Essential CCTV	169,999	180,000	0	349,999
Additional Cemetery Space	410,000	0	0	410,000
Cleaner Greener Safer	5,113,571	1,880,000	15,040,000	22,033,571
Peckham Rye Common / one o'clock club	170,000	100,000	0	270,000
Southbank Accessibility Improvements	2,500,000	611,403	0	3,111,403
Integrated Waste Solutions Programme	4,075,260	1,820,000	0	5,895,260
Southeast London Combined Heat and Power	200,000	286,400	0	486,400
Environment Total	29,631,255	11,126,575	61,340,000	102,097,830
Capital Programme 2011/12-2020/21	Finance and Resources			
Description of Programme / Project	2011/12	2012/13	2013/14+	Total
	£	£	£	£
Information Services	1,958,302	135,612	973,417	3,067,331
Property Works Programme	1,124,799	0	0	1,124,799
Works to Council Buildings - DDA	150,000	422,064	1,084,128	1,656,192
Essential upgrade of Carefirst system	645,000	2,155,000	0	2,800,000
Finance and Resources Total	3,878,101	2,712,676	2,057,545	8,648,322

General Fund Capital Programme Details – 2011/12 quarter 2

Capital Programme 2011/12-2020/21	Regeneration and Neighbourhoods			
Description of Programme / Project	2011/12	2012/13	2013/14+	Total
	£	£	£	£
Borough & Bankside Streetscape Improvement	413,069	0	0	413,069
Bermondsey Streetscape Improvements	1,390,073	0	0	1,390,073
Economic Development and Strategic Partnerships	1,141,055	1,281,337	0	2,422,392
Improvements to Local Retail Environments	2,842,101	0	0	2,842,101
Planning and Transport	5,080,746	3,446,000	2,915,000	11,441,746
Canada Water Library	5,440,449	343,318	0	5,783,767
Canada Water Development	1,338,013	242,254	0	1,580,267
Voluntary Sector Strategy	0	0	1,072,832	1,072,832
New Nunhead Community Centre	450,000	150,000	0	600,000
Bermondsey Spa Public Realm Improvements	501,863	649,443	0	1,151,306
Other Regeneration Schemes	232,967	0	0	232,967
Peckham Rye Station	0	0	10,000,000	10,000,000
Elephant and Castle Leisure Centre	1,000,000	12,000,000	7,000,000	20,000,000
Office Accommodation Strategy	3,084,000	5,526,000	2,080,978	10,690,978
Regeneration and Neighbourhoods Total	22,914,336	23,638,352	23,068,810	69,621,498
Capital Programme 2011/12-2020/21	Children's Services			
Description of Programme / Project	2011/12	2012/13	2013/14+	Total
	£	£	£	£
Children's Centres - All Phases	716,805	533,218	0	1,250,023
Waverley	19,690	200,096	0	219,786
Eveline Lowe Primary	2,082,503	200,000	0	2,282,503
Michael Faraday Primary retention payment	1,285,231	716,419	0	2,001,650
Southwark Park Primary	500,000	5,000,000	3,116,610	8,616,610
Robert Browning Primary School	724,272	40,653	0	764,925
Planned Maintenance and Quick Win Schemes	100,266	200,000	0	300,266
Smaller projects - Primary Capital Programme	492,392	283,035	0	775,427
Crampton - additional places	1,230,000	346,900	0	1,576,900
Brunswick Park Primary School	150,000	30,000	96,704	276,704
Goose Green Primary School	1,185,452	70,000	0	1,255,452
St Anthony's expansion and refurbishment	2,075,000	2,000,000	0	4,075,000
Lynhurst expansion and refurbishment	308,371	3,500,000	1,800,000	5,608,371
Cherry Garden Special School	500,000	7,200,000	4,800,000	12,500,000
Haymerle Primary	880,343	155,000	0	1,035,343
Snowfields Early Years Accommodation	140,000	75,000	0	215,000
Youth Services	138,176	596,963	0	735,139
Cator Street	970,000	0	0	970,000
Access fund	150,495	0	0	150,495
Carbon Reduction Fund	220,000	4,599	0	224,599
Capital Works for Free Healthy School Meals	500,000	0	0	500,000
Rotherhithe Primary	0	0	10,000,000	10,000,000
Plant, fabric and modernisation - 2011/12 grant	500,000	0	0	500,000
New places and improvements - 2011/12 grant	300,000	0	0	300,000
Plant, fabric and modernisation - delegated decision	0	1,689,000	0	1,689,000
Bulge primary school classes - delegated decision	0	1,000,000	0	1,000,000
Challenge fund for schools - delegated decision	0	500,000	0	500,000
New places & improvements - future Cabinet report	0	2,500,000	0	2,500,000
Children's Services Total	15,168,996	26,840,883	19,813,314	61,823,193

General Fund Capital Programme Details – 2011/12 quarter 2

Capital Programme 2011/12-2020/21	Health and Community Services			
Description of Programme / Project	2011/12	2012/13	2013/14+	Total
	£	£	£	£
Southwark Resource Centre	1,333,225	358,000	0	1,691,225
Smaller projects	57,646	0	0	57,646
Thames Reach	469,387	0	0	469,387
Adult PSS Capital Allocations	818,470	836,651	0	1,655,121
Health and Community Services Total	2,678,728	1,194,651	0	3,873,379
Capital Programme 2011/12-2020/21	Southwark Schools for the Future			
Description of Programme / Project	2011/12	2012/13	2013/14+	Total
	£	£	£	£
Walworth Academy	1,439,521	0	0	1,439,521
Tuke Special School	360,000	0	0	360,000
St Michael's PFI	22,157	0	0	22,157
St Michaels and All Angels (SMAA)	9,935,140	19,484,596	1,279,499	30,699,235
Highshore (SMAA special school)	0	0	0	0
Spa school	1,132,752	0	0	1,132,752
St Thomas the Apostle college	83,333	0	0	83,333
New School Aylesbury	13,385,264	957,781	0	14,343,045
Rotherhithe (CW new school)	6,867,630	9,810,900	2,943,270	19,621,799
Notre Dame (VA)	2,009,402	5,545,472	883,642	8,438,516
Sacred Heart PFI	0	0	0	0
KS4 SILS	1,043,760	1,206,240	0	2,250,000
St Saviours and St Olaves	3,728,144	5,232,679	423,268	9,384,090
Bredinghurst / KS3 SILS	4,494,495	8,817,412	1,065,033	14,376,940
ICT	3,557,018	2,493,114	0	6,050,132
Contingency yet to be formally allocated	500,000	3,000,000	4,215,519	7,715,519
Southwark Schools for the Future Total	48,558,614	56,548,193	10,810,230	115,917,038
Capital Programme 2011/12-2020/21	Housing General Fund			
Description of Programme / Project	2011/12	2012/13	2013/14+	Total
	£	£	£	£
East Peckham and Nunhead Housing Renewal	1,874,520	1,421,722	2,177,359	5,473,601
Empty Homes Grant	500,000	347,496	0	847,496
Homes Improvement Grant	511,248	0	0	511,248
Homes Improvement Agency	1,313,690	515,000	515,000	2,343,690
Small works grants	50,000	77,921	200,000	327,921
Home repair loan	165,000	167,507	660,000	992,507
Home repair grant	160,000	160,246	640,000	960,246
Landlord grants	20,000	27,660	80,000	127,660
Southwark moving on grant	10,000	10,000	0	20,000
Ilderton travellers site wall	300,000	0	0	300,000
Springtide travellers site	521,144	100,000	191,000	812,144
Burnhill Close travellers site refurbishment	112,380	7,221	0	119,601
Affordable Housing Fund 122-148 Ivydale	780,000	520,000	0	1,300,000
Housing General Fund Total	6,317,982	3,354,773	4,463,359	14,136,114
Capital Programme 2011/12-2020/21	Total General Fund Programme			
	2011/12	2012/13	2013/14+	Total
	£	£	£	£
Total Expenditure Budget	129,148,013	125,416,103	121,553,258	376,117,374
			0	
Total Resources Budget	116,796,300	110,590,869	202,206,416	429,593,584
Forecast variation (under)/over	12,351,713	14,825,234	(80,653,157)	(53,476,210)
Cumulative position	12,351,713	27,176,947	(53,476,210)	

Item No. 11.	Classification: Open	Date: 22 November 2011	Meeting Name: Cabinet
Report title:		Disposal of 1-11 (odd) Pytchley Road, East Dulwich, SE22 8DG	
Wards affected:		South Camberwell	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report recommends the sale of 1-11 Pytchley Road, an empty three-storey property of 6 flats on the edge of the East Dulwich Estate. The property is currently bricked up and boarded off to prevent squatting. Cabinet agreed on 31 May to dispose of this site.

The proceeds of the sale will go to the housing investment programme to help make every council home warm, dry and safe. In doing so, it will replenish the resources from that programme used to refurbish the East Dulwich Estate. It will also ensure that the site is brought back into use and remove a local eyesore.

RECOMMENDATIONS

That the cabinet authorises

1. The head of property to dispose of the council's freehold interest in 1-11 Pytchley Road, SE22 8DG ("the Property"), on the terms outlined in the closed version of this report.
2. The capital receipt to replenish the housing investment programme from which the East Dulwich Estate refurbishment programme was forward funded.
3. The head of property to agree the precise terms of the sale, with the purchaser, and to be able to agree terms with any of the under bidders subject to best consideration requirements in the unlikely event the original offer fails to progress to completion.

BACKGROUND INFORMATION

4. Following consideration of a report dated the 31 May 2011 entitled 'East Dulwich Estate Regeneration Scheme Update and Proposals for Revision', cabinet resolved that 'in principle' agreement be given to the disposal of the property to a third party and the detailed terms to be considered at a later date. The report gives a comprehensive history of the funding arrangements underlying the refurbishment of the estate.
5. The property is a broadly square site on which currently stands a derelict three

storey block arranged as six residential units. The entire block is empty, bricked up and fenced off. The Property is identified in bold outline on the attached Ordnance Survey extract, at appendix 1.

6. Following the cabinet decision on the 31 May, the property has been marketed for sale by the council's property team. Following the preparation of both a brochure together with a relevant sales pack and after undertaking adequate due diligence, advertisements were placed in the Estates Gazette on the 9 July and 30 July. A sales board was also erected at the Property during the period of marketing.
7. A list of property contacts including, developers, architects, investors, registered providers and housebuilders were all sent a brochure detailing the development opportunity arising from the proposed sale. These marketing actions generated a healthy response by those that sought further information and the sales pack that detailed the informal tender process.
8. The informal tender exercise generated eighteen bids from ten bidders. The majority of the bids were received by the bid date of the 23 September 2011. These are detailed in the spreadsheet contained in the closed version of this report.
9. The Property is held in the housing revenue account (HRA).
10. Housing regeneration initiatives had originally planned to submit a planning application on the site in conjunction with other sites on the estates. The removal of this peripheral site from the scheme is not considered to have an impact on the other developments moving forward.
11. The Property was declared surplus to the council's requirements by the then strategic director of regeneration and neighbourhoods on 05/07/2011.

KEY ISSUES FOR CONSIDERATION

12. In accordance with the principles and policy of good asset management laid down by government, together with local authority regulations, councils are required to dispose of surplus property assets subject to best consideration requirements. The head of property confirms that the sale of the Property will comply with these requirements and the price achieved equates to its current market value.
13. The Property has been properly marketed for sale by Informal tender and the highest bidder has been identified, thus complying with the council's statutory duty to achieve best consideration. The details are contained in the closed version of this report.
14. The sale of the property to a third party developer and/or investor should ensure that it is quickly brought back into beneficial use.
15. The capital receipt that will be generated as a result of the sale of the property is needed as a contribution to the costs of the estate refurbishment. These costs rose as the project progressed from an initial total capital cost of £25.1m to £30.9m. Cabinet have approved that this additional resourcing will be met by the sale of additional voids and the sale of the Property.

Policy implications

16. The disposal of the Property will generate a substantial capital receipt, which will be used to provide capital funding in support of the council's key priorities. This includes the provision, refurbishment and redevelopment of affordable housing. This assists the council in meeting its commitment to regeneration and sustainability in housing as demonstrated through the 2009-2016 Southwark Housing Strategy.
17. The disposal of the Property is consistent with the recommendations contained within the report considered by cabinet on the 31 May 2011 entitled 'East Dulwich Estate Regeneration Scheme Update and Proposals for Revision'.

Effect of proposed changes on those affected

18. The sale of properties within the HRA stock will have a negative impact on the number of council properties available to let. However, this will be offset by gains made through investment to retained stock.
19. Increased investment into Southwark's stock to provide warm, dry and safe homes will have a positive impact on disadvantaged and minority communities, who are statistically more likely to be council tenants than the general population as a whole.
20. The units in the property have been vacant and derelict for a number of years and therefore have not been available to let and no tenants will be displaced as a result of the sale.

Community impact statement

21. The East Dulwich Estate Regeneration Project Team (EDERPT) has been central to the delivery of the estate regeneration. Consultation and regular communication with the group has been ongoing throughout the delivery of the overall regeneration project.
22. Any refurbishment or redevelopment of this currently derelict and empty block will likely have a positive benefit on the wider community.

Resource implications

23. The derelict block contains 6 former HRA flats on the site, which were deleted from subsidy and rent listings in 2007/08 pending sale. The sale, therefore, has no impact on the subsidy or rent budgets, nor on future HRA self-financing debt.
24. The purchaser has agreed to pay the council a contribution towards its surveyors and legal costs. This is based upon 0.5% of the purchase price.
25. Disposals expenditure would include reasonable incidental management and legal charges which would be reimbursed from receipts, as well as sales and marketing costs.
26. The recommended transaction is subject to the grant of planning consent and the

completion is expected to take in the region of 9-12 months placing the receipt into the next financial year 2012/2013.

27. There are no other risks or costs involved.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

28. Cabinet is advised that the Property falls within the council's housing portfolio and any disposal must proceed in accordance with Section 32 of the Housing Act 1985 for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required. However a number of General Consents have been issued by the Secretary of State under the General Consent for the Disposal of Part II Land 2005 ("General Housing Consents") for the disposal of housing land.
29. General Consent E3.1 of the General Housing Consents enables a local authority to dispose of any land held for the purposes of Part II for the best consideration that can reasonably be obtained, provided that any dwelling-house included in the disposal;
- (a) Is vacant;
 - (b) Will not be used as housing accommodation and
 - (c) Will be demolished.
30. Cabinet is advised that the disposal of the Property will fall within General Consent E3.1 and that the council have power to dispose of the council's freehold interest in the Property.

Finance Director

31. This report recommends that cabinet authorises: the head of property to dispose of the council's freehold interest in 1-11 Pytchley Road, SE22 8DG; the capital receipt to be used to replenish the Housing Investment Programme; the head of property to agree the precise terms of the sale with the purchaser; and for the head of property to be able to agree terms with any of the under bidders subject to best consideration requirements in the unlikely event the original offer fails to progress to completion.
32. Paragraph 15 details the intention for the capital receipt to replenish the housing investment programme, from which the East Dulwich estate refurbishment programme was forward funded.
33. Paragraphs 12 and 13 confirm that this disposal represents best consideration. Paragraph 23 confirms that this sale will have no impact on HRA rent and subsidy. Paragraph 24 confirms that the purchaser will pay 0.5% of the purchase price as a contribution to the council's surveying and legal fees, and the costs of effecting the recommendations will be contained within existing budgeted resources.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
1- 11 Pytchley Road, SE22	Tim Surry Development Team, Property Division, 160 Tooley Street, SE1 2QH	Tim Surry 020 7525 5378

APPENDICES

No.	Title
Appendix 1	OS plans, indicating the property - outlined in bold

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Cabinet Member for Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
Report Author	Tim Surry, Property Services	
Version	Final	
Dated	11 November 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	11 November 2011	

TITLE.

1 - 11 Pytchley Road, SE22 8DG.



DRAWING No.

LBS_2658

DRAWN BY.

MMANKTELOW
Property Division

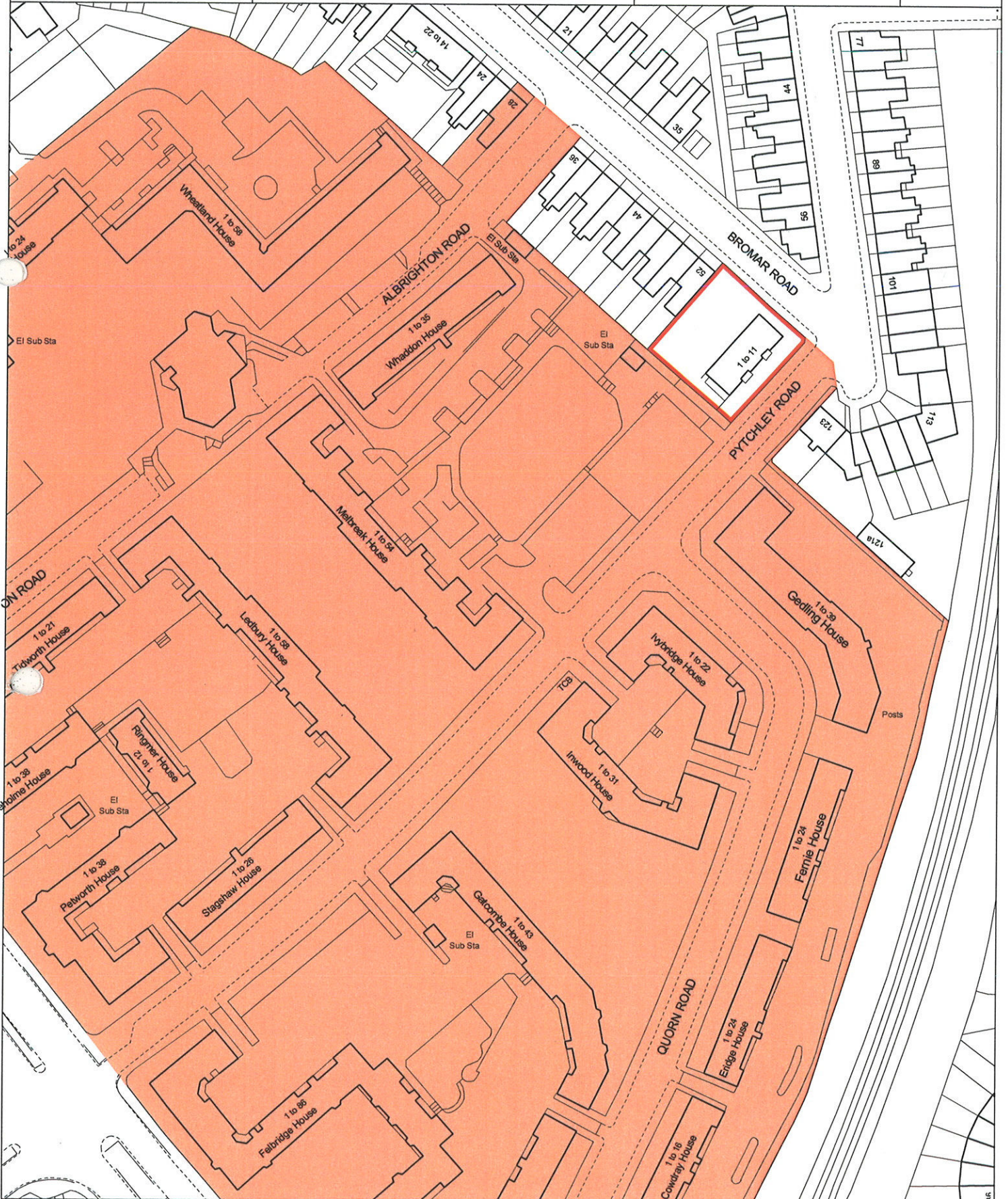
DATE.

18/8/2011

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Item No. 12.	Classification: Open	Date: 22 November 2011	Meeting Name: Cabinet
Report title:		Motions Referred from Council Assembly	
Ward(s) or groups affected:		All	
From:		Strategic Director of Communities, Law & Governance	

RECOMMENDATION

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

BACKGROUND INFORMATION

2. Council assembly at its meeting on Wednesday, 12 October 2011 agreed a number of motions and these stand referred to the cabinet for consideration.
3. The cabinet is requested to consider the motions referred to it. Any proposals in a motion are treated as a recommendation only. The final decisions of the cabinet will be reported back to the next meeting of council assembly. When considering a motion, cabinet can decide to:
 - Note the motion; *or*
 - Agree the motion in its entirety, *or*
 - Amend the motion; *or*
 - Reject the motion.

KEY ISSUES FOR CONSIDERATION

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

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Motions submitted in accordance with council assembly procedure rule 2.10 (6)	160 Tooley Street London SE1 2QH	Lesley John Constitutional Team 020 7525 7228

APPENDICES

Number	Title
Appendix 1	Community response to August's disturbances
Appendix 2	Payday loans

AUDIT TRAIL

Lead Officer	Ian Millichap, Constitutional Manager	
Report Author	Lesley John, Constitutional Officer	
Version	Final	
Dated	10 November 2011	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Environment & Leisure	Yes	Yes
Strategic Director of Communities, Law & Governance	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team	10 November 2011	

APPENDIX 1

MOTION ON THEMED DEBATE: COMMUNITY RESPONSE TO AUGUST'S DISTURBANCES

At council assembly on Wednesday 12 October 2011 a motion on the community's response to August's disturbances was moved by Councillor Michael Situ and seconded by Councillor Rowenna Davis. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

Recommendation

- (1) That council assembly notes the letter to all members from the leader of the council on 7 September outlining tonight's theme.
- (2) That council assembly notes the disturbances and looting that took place on 8 August 2011 and condemns the criminality and lawlessness which took place across the borough. However, it further notes residents' response in the days that followed, and the action by our community to come together and repair the damage that had been done.
- (3) That council assembly believes that this community response more accurately reflects the state of the borough than the disturbances themselves, but further believes that the causes of the disturbances require a genuine and thoughtful response.
- (4) That council assembly notes the authority's ongoing "community conversations", engaging with residents on the causes of the disturbances. It calls on the leader to update members on the council's response to disturbances of the initial findings of the "community conversations".
- (5) That council assembly believes that the themed debate ought to feed into that wider "community conversations" and notes the questions contained within the leader's letter:
 - What caused the outbreak of disturbances and looting in Southwark?
 - What caused the community to respond in the positive way that it did?
 - What can we all do to continue to build our civil society in Southwark?

Council assembly calls on all members to contribute their views on those three questions in the debate. It calls on the cabinet to take those views on board, to feed them into the ongoing community conversation and to feed back to council assembly on what action will be taken following the community conversations in no more than six months.

- (6) That council assembly calls on cabinet to ensure feedback from the council's community conversations informs how we can create a fairer future for all in Southwark.

APPENDIX 2**PAYDAY LOANS**

At council assembly on Wednesday 12 October 2011 a motion on payday loans was moved by Councillor Martin Seaton and seconded by Councillor. Kevin Ahern. The motion was subsequently amended and the amended motion stands referred to the cabinet as a recommendation.

Recommendation

- (1) That council assembly notes the large number of “payday loan” shops in the borough; particularly in Peckham and on the Walworth Road.
- (2) That council assembly notes that the interest rates charged on these loans can often be in excess of 2000% meaning that the average borrower ends up paying far more than the original cost of the loan.
- (3) That council assembly believes that charging such large interest rates on loans to often financially vulnerable people is exploitative and takes money away from individuals and families at a time when the cost of living is rising.
- (4) That council assembly also notes that many lenders use underhand means to lure consumers into automatic loan renewals, fail to disclose the true cost of the loan, or use other usurious tactics to sink consumers in a quagmire of debt.
- (5) That council assembly believes lending of this kind is both socially and financially irresponsible and a scourge on our communities. It condemns the prevalence of these businesses on Southwark high streets and calls for alternative low cost loans to be made available to our residents.
- (6) That council assembly believes this is an issue of concern to people across the political spectrum and calls for all political parties in Southwark to support and prioritise alternative affordable models of lending, particularly those provided by London Mutual Credit Union. Council assembly welcomes the proposal by London Mutual Credit Union to introduce a new affordable loan which will be available to Southwark residents and calls on all members to contribute their views on this issue.

Comments of the Strategic Director of Environment & Leisure

1. Pawn brokers and businesses who buy goods for cash for re-sale have been long established in Peckham and Walworth but an ever increasing number are also offering short term loans in order to compete with the proliferation of pay day loan companies operating both in the area and online.

2. Such businesses are subject to the provisions of the Consumer Credit Act 1974 and associated regulations. Most businesses that;
 - lend money to consumers or;
 - offer goods or services on credit or;
 - engage in certain ancillary credit activitiesare required to be licensed by the Office of Fair Trading (OFT).
3. The OFT is the UK's consumer and competition authority and is a non-ministerial government department established by statute in 1973. One function of the OFT is to ensure that licenses are only given to those who are fit to hold a licence.
4. The council also has a statutory duty to enforce some provisions of the Act (via its trading standards service), for example with regard to advertising. Officers have enforcement powers to facilitate this, for example inspection of books and documents related to the business practices and procedures. Trading Standards can also carry out visits related to licence applications when the OFT makes such a request.
5. The APR or annual percentage rate is a standard way of showing the costs of borrowing expressed in annual terms. It is designed to enable consumers to compare the cost of credit and is most effective when comparing similar types of credit over similar periods.
6. For small loans borrowed over short terms the initial total charge (in pounds) may appear affordable but, due to the duration of the loan, and the high charge relative to the loan value, the calculation of the APR results in incredibly high figures.
7. The APR calculation includes upfront fees charged by the lender but will not take into the account increasing costs if the borrower is unable to repay the loan on time and 'rolls' on the loan for longer than the original period.
8. The cost of short term loans are high due to their unsecured nature and the greater risk of default. Typically 30% of borrowers are defaulting on such loans.
9. Advertising regulations require the APR, and other information, to be made clear to potential borrowers and local authorities enforce these regulations.
10. The Consumer Credit Act regulates the way such businesses operate. For example, there are rules on advertising, pre-contract disclosure, credit agreements and post-contractual information. However there is no cap on the interest rate that may be charged.

11. Irresponsible lending is one of the business practices which the OFT may consider to be deceitful or oppressive or otherwise unfair or improper when considering a persons fitness to hold a credit licence.
12. In March 2010 the OFT published guidance for creditors on irresponsible lending. This was intended to provide greater clarity for businesses and consumer representatives as to the business practices that the OFT considers constitute irresponsible lending practices. The guidance was revised in February 2011 and sets out the standards the OFT expects from businesses engaged in lending if they are to be considered fit to hold a licence. It covers the entire lending process from the initial lending decision up to the handling of arrears and defaults.
13. When a business is found to be engaging in activities which are found to be contrary to the license conditions, the matter may be referred to the OFT who may impose requirements on the company, vary or limit or revoke the licence. It can also impose a financial penalty.
14. Local authorities currently don't have particular powers to stop companies from opening pay day loan shops in their high streets.
15. London Mutual Credit Union (formerly known as the Southwark Credit Union) is a financial co-operative for members who live and/or work in London Boroughs of Southwark or Lambeth. The credit union does offer a variety of short term loans and savings schemes but is also due to launch a pay day loan type product in January 2012. This will have a much lower interest rate than typical pay day loan providers.
16. This facility has been set up because increasing numbers of their members, both working and those on benefits, are known to be taking out pay day loans and getting into financial difficulty. Pay day loan companies tend to take their entitlement via debit card payment very quickly and some members have been left struggling with little or no money to live on.
17. It is hoped that the service will encourage greater take-up of membership, savings encouragement and the use of more appropriate loan services.
18. The practice of rolling over debts is particularly pernicious. The credit union facility will allow customers to pay back over 3 months. If they miss a month the loan will be extended by another however the interest will still accrue at 26% APR. There will be no other charges for missing a loan repayment.
19. While considering this to be an essential service the credit union has limited funds to offer this type of facility.
20. Southwark Credit Union board view is that they are disgusted at the way these companies affect the poorest in the community. But, while there are no other services which offer fast, short term, high risk loans, people will turn to them when they need money urgently.

21. The credit union have been lobbying both the current and the previous Government through their trade organization ABCUL. A number of well-known private equity funds provide backing for the major pay day loan providers while the London Mayor accepted a sponsorship from Wonga to pay the New Years Eve London transport costs last year.
22. The council continues to work with the credit union to support awareness of the services it offers which include affordable loans, a current bank account and a savings account. Specific activities include:
 - Mail outs of credit union leaflets to all Southwark tenants and leaseholders with rent and service charge statements
 - Partnership through the Southwark Financial Inclusion Forum with advice agencies, housing providers and community organisations
 - Attach publicity to council staff payslips
 - Liaison with housing when members have rent arrears or face eviction
 - Manage the home loss prevention fund
 - Outreach at community events
 - Communications to increase awareness of the services on offer.
23. The credit union plan to run a high profile marketing campaign to promote their new product. They may also enter into a partnership with Lambeth Council who are supportive of the proposals.
24. Section 69(5) of the Weights and Measures Act 1984 permits the council “to provide advice to or for the benefit of consumers of goods and services within the area of the authority”. The Trading Standards Service is in liaison with the council’s communications team and is seeking to arrange information on the issues of pay day loans, and their alternatives, to appear in appropriate media - including the next edition of Southwark Life.

CABINET AGENDA DISTRIBUTION LIST**MUNICIPAL YEAR 2011-12**

NOTE: Original held by Constitutional Team; all amendments/queries to
Paula Thornton/Everton Roberts Tel: 020 7525 4395/7221

To	Copies	To	Copies
Cabinet Members	1 each	Officers	
P John / I Wingfield / F Colley / D Dixon-Fyle / B Hargove / R Livingstone / C McDonald / A Mohamed / V Ward		Constitutional Team, Tooley Street	4
		Doreen Forrester-Brown	1
		Jennifer Seeley	1
Other Councillors	1 each	Trade Unions	
C Bowman / A Simmons / T Eckerseley / G Edwards / D Garfield / D Hubber / V Mills / D Noakes/ the Right Revd E Oyewole / G Thornton / M Williams		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
Group Offices		Sylvia Morriss, NAHT	1
Alex Doel, Cabinet Office	1	Irene Bishop, ASCL	1
Steven Gauge, Opposition Group Office	1		
Press		Others	
Southwark News	1	Shahida Nasim, Audit Commission	1
South London Press	1	Robin Campbell, Press Office	1
		Constitutional Officer	20
Members of Parliament		Total:	73
Harriet Harman, MP	1		
Tessa Jowell, MP	1		
Simon Hughes, MP	1		
Corporate Management Team			
Annie Shepperd	1		
Romi Bowen	1		
Deborah Collins	1		
Gill Davies	1		
Eleanor Kelly	1		
Gerri Scott	1		
Susanna White	1		
Duncan Whitfield	1		
Stephen Platts	1		
		Dated: 18 October 2011	