

Cabinet

Tuesday 17 April 2012

4.00 pm

Ground Floor Meeting Room GO1A, 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: 5 April 2012



Cabinet

Tuesday 17 April 2012

4.00 pm

Ground Floor Meeting Room GO1A, 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 - 10
	To approve as a correct record the minutes of the open section of the meeting held on 20 March 2012.	

Item No.	Title	Page No.
6.	DEPUTATION REQUESTS	
	To consider any deputation requests.	
7.	REVIEW OF CHILDHOOD OBESITY AND SPORTS PROVISION FOR SECONDARY AND PRIMARY CHILDREN - REPORT OF THE EDUCATION AND CHILDREN'S SERVICES SCRUTINY SUB-COMMITTEE	11 - 50
	To consider the education and children's services scrutiny sub-committee report relating to a review of childhood obesity and sports provision for secondary and primary school children.	
8.	REVIEW OF LEASEHOLDER CHARGING IN SOUTHWARK - REPORT OF THE HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE	51 - 103
	To consider the report of the housing and community safety scrutiny sub-committee on the review of leaseholder charging in Southwark.	
9.	GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL - LEASEHOLD AND ANCILLARY PROPERTIES BUILDINGS INSURANCE	104 - 118
	To approve the procurement strategy for the leasehold and ancillary properties buildings insurance contract.	
10.	GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL - LIFT MAINTENANCE AND REPAIRS CONTRACT	119 - 130
	To approve the procurement strategy for the lift maintenance and repairs contract.	
11.	SOUTHWARK COUNCIL'S EQUALITY OBJECTIVES	131 - 144
	To agree to the addition of the proposed equality objectives into the Council plan.	
12.	APPROVAL TO ENTER GRANT AGREEMENT WITH THE GLA FOR THE GATEWAY TO PECKHAM PROJECT	145 - 149
	To agree in principle to enter into a grant agreement with the Greater London Authority for the Gateway to Peckham Project.	

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| 13. | ACQUISITION OF FREEHOLD INTEREST IN 66 & 68 AMBERGATE STREET, SE17 | 150 - 156 |
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To approve the terms for the acquisition of the freehold interest in 66 & 68 Ambergate Street, SE17 and the payment of compensation to the existing secure tenants for home loss and disturbance, along with statutory costs.

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| 14. | SELECTION OF PREFERRED DEVELOPER FOR LAND TRANSFER AYLESBURY SITE 7 (1-50 WOLVERTON) | 157 - 170 |
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To agree to the disposal of Site 7 within the Aylesbury Estate.

OTHER REPORTS

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

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| 15. | ESTABLISHMENT OF A SHADOW HEALTH AND WELLBEING BOARD | To follow |
|------------|---|-----------|

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

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| 16. | MINUTES | |
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To approve as a correct record the closed minutes of the meeting held on 20 March 2012.

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17.	ACQUISITION OF FREEHOLD INTEREST IN 66 & 68 AMBERGATE STREET, SE17	
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18.	SELECTION OF PREFERRED DEVELOPER FOR LAND TRANSFER OF AYLESBURY SITE (1-50 WOLVERTON)	
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DISCUSSION OF ANY OTHER CLOSED ITEMS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT

Date: 5 April 2012



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 20 March 2012 at 4.00 pm at 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Peter John (Chair)
Councillor Ian Wingfield
Councillor Fiona Colley
Councillor Barrie Hargrove
Councillor Richard Livingstone
Councillor Catherine McDonald
Councillor Abdul Mohamed

1. APOLOGIES

Apologies for absence were received from Councillors Dora Dixon-Fyle and Veronica Ward.

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

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

- Item 6 – Deputation requests

The following additional information was circulated:

- Item 7 – Four Squares Estate options appraisal – appendix 4 (resident responses to the preferred option survey) and supplementary advice from the strategic director of communities, law & governance
- Item 8 – Abbeyfield Estate: Options Appraisal for Maydew House, Thaxted Court and Damory House - amended officer comments for paragraph 99 of the report
- Item 13 – Elephant and Castle Supplementary Planning Document / Opportunity Area Framework:
 - Amendment to Appendix A, paragraph 5.1.10

- Consultation response from Greater London Assembly (GLA) and details of proposed changes agreed between the GLA and Southwark Council
 - A table of proposed final amendments to the SPD
- Item 17 – Motions referred from Council Assembly – comments from the deputy chief executive in respect of the Save Chambers Wharf motion and comments from the cabinet member for transport, environment and cycling in respect of the motion on the themed debate on the environment.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures of interests or dispensations.

4. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

5. MINUTES

RESOLVED:

That the minutes of the meeting held on 7 February 2012 be approved as a correct record and signed by the chair.

6. DEPUTATION REQUESTS

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent as the requests were received in line with the constitutional deadline for the receipt of deputation requests. Additionally, the deputation requests related to items on the agenda for this meeting.

RESOLVED:

That the deputation requests as set out be heard.

Elephant Amenity Network Group

The deputation spokesperson addressed the meeting to speak on the Elephant and Castle Supplementary Planning Document on behalf of the Elephant Amenity Network, a community group of residents and traders.

The spokesperson proposed amendments to the final version of the SPD which related to the town centre and small traders; improvements to the Walworth Road, pedestrian, cycle routes and the use of S106 contributions.

Four Squares Estate Residents Steering Group

The deputation spokesperson addressed the meeting to highlight their views on the following issues arising out of the Four Squares Estate Options Appraisal report:

- Leaseholders and the high service charges arising out of option 3
- Period to pay the major works service charge and asking that the period for payment be extended
- Value of homes for sale and the price quoted within the report which was felt to be below the market value of the properties
- Issues related to parking during the works.

Abbeyfield Estate Residents Steering Group

The deputation spokesperson addressed the meeting to highlight their views on various issues arising out of the Abbeyfield Estate: Options Appraisal for Maydew House, Thaxted Court and Damory House. The deputation asked for improvements to the officer recommendations to make the future for residents more secure. The deputation raised issues in relation to:

- Setting an upper limit for the disposal of void properties in Maydew house at 71 flats
- An addition to recommendation 4 relating to tenants being rehoused from Maydew with a one or two bedroom housing need
- Right to return for Maydew tenants
- The project management of the works
- Resident Involvement in the works
- Costs to leaseholders
- Funding of the works
- Rents and that secure tenants of Maydew House should pay the same rent (subject to annual increase) previous to moving out of the property.

7. FOUR SQUARES ESTATE OPTIONS APPRAISAL

The following additional information was circulated in respect of this item:

- Feedback from residents consultation on the preferred option survey
- Supplemental comments from the strategic director of communities, law and governance
- Officer amendments to paragraph 70 of the report.

Cabinet heard representations from ward councillors, Councillors Anood Al-Sameri and Eliza Mann in respect of this item.

RESOLVED:

1. That the findings of the Four Squares options appraisal be noted.
2. That approval be given for work to continue to implement a scheme of enhanced refurbishment to all blocks described as option 3 within the report, to run

concurrently with the security works already committed for Marden Square and Layard Square.

3. That officers be instructed to programme future resources from the sources identified in paragraphs 79-82 of the report.
4. That the substantial financial resources required for the refurbishment be noted and it also be noted that the option appraisal identified that no meaningful contribution would be forthcoming from infill development on the estate.
5. That officers be instructed to initiate disposals of void properties on the estate in accordance with the strategy outlined in paragraph 69 of the report to contribute to the cost of the refurbishment works and that it be noted that all disposal decisions in relation to the strategy to be made by the head of property. Such decisions will include consideration of targeted disposals to individuals and housing providers to contribute positively to the future management of the estate.
6. That officers report to cabinet on the progress of the delivery of this option in July 2012.

8. ABBEYFIELD ESTATE: OPTIONS APPRAISAL FOR MAYDEW HOUSE, THAXTED COURT AND DAMORY HOUSE

Amended officer comments for paragraph 99 of the report were circulated.

RESOLVED:

1. That the findings of the Abbeyfield Estate options appraisal, considering Maydew House, Thaxted Court and Damory House be noted.
2. That approval be given for the adoption of enhanced refurbishment of all 3 blocks as the preferred option with the retention of the freehold of Maydew House and disposal of sufficient void properties in the block to bridge the funding gap between the warm, dry, safe works and enhanced refurbishment works on the estate and that these works are programmed into the housing investment programme for financial year 2013/14. The upper limit on the disposal of void properties in Maydew House will be 71 flats.
3. That it be noted that the works required at Maydew House cannot be carried out with residents in situ.
4. That it be agreed that tenants being rehoused from Maydew House as a result of the requirement for works, and who have a one bedroom or two bedroom housing need, be offered the option to return to the block when the works are completed.
5. That officers be instructed to work out the details bringing about the Maydew House option to return to best effect, and to conduct individual consultation with households on that basis. Officers to report to residents within 3 months of the decision by cabinet, with the findings from the individual consultation and proposed terms for tenants' return to the block.

6. That it be noted that the next step to acquire the remaining interests in Maydew House is for the council to instigate compulsory purchase proceedings and that a further report will be submitted to cabinet seeking approval to make a compulsory purchase order.
7. That it be noted that the adoption of the preferred option and the additional benefits that would be achieved requires the scheme to be dealt with as a regeneration project.
8. That officers further report to cabinet on the delivery of this option in July 2012 if significant matters arise that means the preferred option cannot be implemented within the resources that have been made available.

9. RESPONSE TO THE HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE ON THE FIRE SAFETY WORKS AT CANADA ESTATE

RESOLVED:

1. That the responses to the recommendations of the housing and community safety scrutiny sub-committee's investigation into the fire safety works at Canada Estate be noted.
2. That officers report back to cabinet in October 2012 to review progress.

10. SOUTHWARK COORDINATED ADMISSIONS SCHEMES FOR SECONDARY AND PRIMARY ADMISSIONS 2013

RESOLVED:

That the secondary and primary coordinated admissions schemes for 2013 admissions attached as Appendices 1 and 2 of the report respectively be agreed.

11. ADMISSION ARRANGEMENTS FOR COMMUNITY PRIMARY SCHOOLS, NURSERY SCHOOLS AND CLASSES SEPTEMBER 2013

RESOLVED:

That the community primary schools, nursery schools and nursery classes admissions criteria for 2013 attached as Appendix 1 of the report be agreed.

12. GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL - PARKING AND TRAFFIC ENFORCEMENT SERVICES CONTRACT

RESOLVED:

That the procurement strategy outlined in the report for the parking and traffic

enforcement services contract be approved.

13. ELEPHANT AND CASTLE SUPPLEMENTARY PLANNING DOCUMENT / OPPORTUNITY AREA PLANNING FRAMEWORK

The following additional information was circulated in respect of this item:

- A replacement page for Appendix A (a change to paragraph 5.1.10, last bullet point) which was not included in the previous version
- A consultation response from Greater London Assembly (GLA) and details of proposed changes agreed to Appendix A between the GLA and Southwark Council
- A table of proposed final amendments to the Supplementary Planning Guidance (SPD).

RESOLVED:

1. That the Elephant and Castle Supplementary Planning Document/Opportunity Area Planning Framework (Appendix A), together with the table of proposed final amendments to the SPD be adopted.
2. That the comments of the planning committee and the recommendations of the regeneration and leisure scrutiny sub-committee be noted.
3. That the consultation report (Appendix B), the table of representations received on the draft SPD and the council's response (Appendix C), the updated equalities impact assessment (Appendix D), the updated sustainability appraisal (Appendix E) and the sustainability adoption statement (Appendix F) be noted.

14. DISPOSAL OF 143 BARRY ROAD, SE22 AND 19 OAKHURST GROVE, SE22

RESOLVED:

That the head of property be authorised to dispose of the council's freehold interest in 143 Barry Road, SE22 and 19 Oakhurst Grove, SE22 (the "Properties"), for a sum that in each case equates to the market value of the property.

15. BOWLEY CLOSE, CRYSTAL PALACE, SE19 - FREEHOLD PROPERTY TRANSFER TO LONDON BOROUGH OF SOUTHWARK FROM THE PRIMARY CARE TRUST

RESOLVED:

1. That the acquisition of the freehold interest in a small residential care home complex at Bowley Close, London, SE19 1SZ (see the plans at Appendix 1 of the report) from Southwark Primary Care Trust (PCT) be approved.
2. That the agreement of the detailed terms of the transaction be delegated to the head

of property.

16. ACQUISITION OF OFFICE ACCOMMODATION (BLOCK J) AT QUEENS ROAD, LONDON SE15 2HP

RESOLVED:

1. That the acquisition of the freehold in (block J) Queens Road, London SE15 2HP (identified edged red on the attached plan to the report) on the terms specified in the closed version of the report be approved.
2. That the reallocation of existing capital budget in the revised office accommodation strategy capital programme for the acquisition and fit out including all fees as detailed in the report be approved.
3. That it be noted that a capital out-turn refresh report will be presented to cabinet in the first quarter of 2012/13 reflecting the changes in the overall budget that this report is proposing.

17. MOTIONS REFERRED FROM COUNCIL ASSEMBLY

The following additional information was circulated in respect of this item:

- Comments from the cabinet member for the transport, environment and recycling in respect of the motion on the themed debate on the environment
- Comments from the deputy chief executive in respect of the motion on Save Chambers Wharf.

RESOLVED:

Motion on Themed Debate: Environment

That the motion referred from council assembly as a recommendation to cabinet, set out below be noted and agreed.

1. That council assembly believes that even in times of austerity protecting our natural environment is one of the most important issues for the borough and must remain a key priority for the council.
2. That council assembly believes this is recognised by all political parties and so calls on councillors to work together to suggest innovative ways for the council and Southwark residents to tackle carbon emissions and protect our natural environment.
3. That council assembly notes that the majority of emissions from transport in Southwark are from road vehicles and welcomes the council's transport plan which aims to reduce the impact of transport on air quality by encouraging sustainable travel choices within the borough.

4. That council assembly believes that the council should set an example in energy efficiency and welcomes the fact that it has delivered on its promise to reduce carbon emissions in council buildings by 8.5%.
5. That council assembly welcomes the introduction of food waste recycling to all street-based properties in the borough and notes the impact this is already having in areas involved in the scheme where recycling has increased to 51%.
6. That council assembly calls on members to consider these issues and discuss:
 - How the council can encourage more sustainable travel, especially safe cycling and walking
 - How the council can promote energy efficiency, not just in buildings owned by the council, but in all properties
 - Given the huge reductions in the council's budget this year and in the coming years, how the council can protect the public realm, Southwark's parks and green spaces.
7. That council assembly notes the stated aim of the coalition government to be the "greenest government ever" and calls on members to consider how Southwark can use government funding to support green investment and green jobs in our borough.

Changes to NHS Southwark

That the motion referred from council assembly as a recommendation to cabinet, set out below be noted and agreed.

1. That council assembly recognises and appreciates the excellent work done by doctors, nurses and other health workers in Southwark.
2. That council assembly believes the government's Health and Adult Social Care Bill is creating uncertainty in the NHS at a time when budgets are already tight and regrets that Southwark PCT will be required to hold back £21 million, which could be spent on patient care, to pay for the government's reorganisation.
3. That council assembly believes the government's top down reorganisation lacks direction and is an unnecessary distraction to Southwark's NHS staff at a time when they want to focus on patient care.
4. That council assembly also notes that the number of people in Southwark waiting more than 18 weeks from referral to treatment has increased by 168% since May 2010 – the largest increase in London.
5. That council assembly believes the government's decision to abolish waiting time targets has led to this increase in Southwark and now means fewer than 90% of Southwark patients are being treated within 18 weeks.
6. That council assembly believes giving patients' certainty about when they will be treated is fundamentally important to their health and that low waiting times are a benchmark for excellence in the NHS.

7. That council assembly welcomes the opposition of Harriet Harman and Tessa Jowell to the government's NHS reforms and notes Simon Hughes's comments on 8 December that there had been a "particular issue" in Southwark regarding waiting times. It hopes that instead of blaming hardworking NHS staff in Southwark Simon Hughes will take their side and oppose the government's NHS reforms.
8. That council assembly rejects David Cameron's assertion that there was a "real problem" with nursing in UK hospitals and believes that if the Conservative/ Liberal Democrat government really wants to help nurses in Southwark to focus on patient care, it should listen to what nurses are saying and drop this unnecessary health bill.

Save Chambers Wharf

That the motion referred from council assembly as a recommendation to cabinet, set out below be noted and agreed.

1. That council assembly notes the unquestionable importance of a clean River Thames, but notes the purchase of Chambers Wharf by Thames Water and that it is the company's preferred construction site in Southwark for a "Super Sewer" junction.
2. That council assembly notes that 150 residential properties, two schools with over 1000 students and the Thames Path are situated very near to the Chambers Wharf site.
3. That council assembly regrets the impact Thames Water's plans could have on the local community and notes that construction will take at least seven years, three years of which will be 24 hours a day for 7 days a week. This will not only lead to an increase in noise pollution but to increased heavy vehicle traffic on the local roads, which are not only narrow but also where the schools are located posing a real danger to school children and local residents.
4. That council assembly believes construction so close to residents and schools for such a length of time would be a major source of air pollution possibly causing respiratory illnesses, asthma and bronchitis.
5. That council assembly is also concerned that Southwark residents' water bills are likely to increase by £70 per year if Thames Water's proposal goes ahead and, once completed, Thames Water cannot guarantee there will not be sewage smells from the site.
6. That council assembly requests the cabinet to call on Thames Water to find an alternative non-residential site to Chambers Wharf that will have no impact on Southwark residents and welcomes the report of the Selborne Commission which has been set up by a number of riverside London councils to examine alternatives to the Thames Tunnel.
7. That council assembly calls on all political groups in Southwark and local MPs to stand up to Thames Water in opposing Chambers Wharf as a construction site and to respond to the phase 2 consultation. Council assembly also welcomes Simon Hughes MP's calls for a debate on the floor of the House of Commons and calls for all Southwark's MPs to take part in this.

8. That council assembly recognises and formally thanks the Save Your Riverside campaign for all their hard work in raising awareness of the issue and detailing credible technical arguments to challenge Thames Water.

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

18. MINUTES

The minutes of the closed section of the meeting held on 7 February 2012 were approved as a correct record and signed by the chair.

19. BOWLEY CLOSE, CRYSTAL PALACE SE19 - FREEHOLD PROPERTY TRANSFER TO LBS FROM PCT

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

20. ACQUISITION OF OFFICE ACCOMMODATION (BLOCK J) AT QUEENS ROAD LONDON SE15 2HP

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

The meeting ended at 6.15pm

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, 28 MARCH 2012.

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: 17 April 2012	Meeting Name: Cabinet
Report title:		Review of Childhood Obesity and Sports Provision for Secondary and Primary Children – Report of the Education and Children's Services Scrutiny Sub-committee	
Ward(s) or groups affected:		All	
From:		Education and Children's Services Scrutiny Sub-committee	

RECOMMENDATION

1. That the cabinet notes the recommendations of the review of childhood obesity and sports provision for secondary and primary children undertaken by the education and children's services scrutiny sub-committee (attached as appendix A to this report), and asks Councillor Catherine McDonald, cabinet member for children's services to bring back a report to cabinet, in order to respond to the overview and scrutiny committee by June 2012.

BACKGROUND INFORMATION

2. This is the final report on the review of childhood obesity and sports provision for secondary and primary children. The education and children's services scrutiny sub-committee decided to conduct a review on 12 July 2010. The aim of the review is to make recommendations to the cabinet for improvements to the education of children on healthy eating and the dangers of obesity, and to examine whether sports provision is adequate.
3. The sub-committee's focus on obesity is because Southwark has very high levels of childhood obesity. The Childhood Measurement Programme weighs Reception Year and Year 6 pupils. Southwark has had nationally the most obese Year 6 pupils for the past 3 years and, despite a small reduction, is likely to have the highest percentage again this year.
4. The sub-committee chose to look at sports provision because of its link with childhood obesity and because during the last administrative year the education representatives on the sub-committee had raised concerns that many children in Southwark schools were not doing the recommended two hours' exercise.

Recommendations of the Education and Children's Services Scrutiny Sub-Committee

5. The report contains fifty-five recommendations, the number of which partly reflects the holistic approach needed to tackle obesity and increase sports uptake and also affirms the good work currently being done by the council. Recommendations are divided into sections related to service delivery; for example there is a specific section for schools and supporting actions for the council departments.

6. There are twenty eight recommendations that the chair and vice chair have identified as priorities and which are shown as shaded on the report attached as Appendix A and are listed below:

Early Years prevention

- i) Implement NICE guidance (2010) for maternal obesity 'Weight management for before and after pregnancy'. Local authority leisure and community services should offer women with babies and children the opportunity to take part in a range of physical or recreational activities, that are affordable, accessible, with provision made for women who wish to breastfeed and, where possible, crèche provision.
- ii) Develop and implement consistent healthy eating and physical activity policies across Southwark Children's Centres and other early years' settings including child minders, private and voluntary nurseries that promote breastfeeding and ensure compatibility with the Early Years Foundation Stage Framework and Caroline Walker Trust nutrition guidelines.
- iii) Develop initiatives which target parental obesity of both mothers and fathers as a priority
- iv) Undertake a pilot early years local weighing programme with a children's centre. Build on the Health Visitor practice of weighing children at two years and use this as a way of particularly targeting at-risk parents and children and then signposting them to nutritional and exercise advice & programmes.

Schools and the Universal Free School Meals

A Recommendations for schools

- v) Ensure that all primary and secondary school meals are nutritious and tasty at the point of delivery. Promote training for governors, who have responsibility for school meal provision
- vi) Make links between growing food, urban agriculture and nutritional education. Connect with local allotments and city farms. Grow food at the school.
- vii) Increase the quantity and quality of sport and physical activity throughout the school day including curriculum, lunchtime and after school.
- viii) Provide at least three hours of sports provision that includes forty-five minutes of constant cardio-vascular movement, through developing in-house expertise or via Southwark's 'Superstar Challenge'. Time spent travelling to and from the activity should not be counted
- ix) Improve links with voluntary sports clubs and consider providing free or subsidised space and championing their activities

B Recommendations for the Local Authority and partners to support schools

- x) Provide training for governors, who have responsibility for school meal provision, in ensuring tasty meals at the point of delivery, meeting high nutritional standards and an increasing uptake of school meals.
- xi) Provide an option for schools to buy in coaching from Bacon's College to enable teachers to gain the skills to become effective coaches and understand health literacy.
- xii) Work with Bacon's College to ensure that the learning developed by the Bacon's Partnership Health and Wellbeing programme on health literacy is captured and available for schools to utilize through a pack, Inset day, or other suitable method.
- xiii) Promote partnership work between sports clubs and schools.
- xiv) Provide schools with details of urban agriculture opportunities including links to allotments and city farms and information on how to link this to nutritional education and physical activity.
- xv) Evaluate the Universal Free School Meals programme effectively. There is an international and national need for research that helps identify effective methods to reduce health inequalities and childhood obesity and that tracks the cost and outcomes of programmes.

Nutrition

- xvi) Create a healthier environment for our children and young people by restricting the licensing of new hot food takeaways (A5) that sell low nutrient, calorie dense food e.g. within 400m boundary or 10min walking distance of schools, children's centres, youth-centred facilities. High concentrations of fast food outlets are currently in Peckham town centre, Queens Road Peckham, Walworth Road.
- xvii) Support the development of a greater diversity of local food outlets that sell healthy food, particularly near schools after school so children have better options.
- xviii) Use planning and other methods at the local authority's disposal, to promote the establishment of businesses that make available healthy food. For example groceries, market stalls, food cooperatives and supermarkets that sell fruits and vegetables, whole foods etc.
- xix) Set high standards of nutrition in public spaces e.g. schools, offices, sports centers, day centres and libraries.

Urban agriculture

- xx) Promote urban agriculture, for example allotments and city farms. Use the planning process and spatial documents to help this.

Physical activity and sport

- xxi) Continue with the Southwark Community Games wider programme. Ensure it is additionally targeted at very precise areas of population in local neighbourhoods.
- xxii) Collate information on Southwark-wide provision of sports and physical activity and publish this widely. Ensure the public can easily access information on provision by Southwark Council, leisure providers, voluntary clubs and private sector providers. Enable this to be accessed on the website and through other portals, using available resources. Link with the LBS Olympic brand
- xxiii) Continue to support the capacity of voluntary sector organisations and facilitate partnership building, within available resources. Help champion local sports clubs.
- xxiv) Prioritise the maintenance and provision of sports facilities in parks and green spaces, particularly green spaces in deprived areas. Where possible increase the provision of outside gyms and other sports facilities. Ensure good urban design so that spaces feel safe and are located near transport hubs.
- xxv) Maintain Peckham Pulse to a high standard.
- xxvi) Ensure universal sports provision is accessible for disabled people

Working with residents at greater risk

- xxvii) Support people with learning disabilities and mental ill-health, as well as the carers and staff that work with them to encourage healthy eating and physical activity.

Working with the whole population

- xxviii) Ensure that links between Southwark's 'Healthy Weight Strategy'; Physical Activity Strategy and Food Strategy are made so that initiatives are mutually strengthening.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Education and children's services scrutiny sub-committee agendas	Scrutiny Team 160 Tooley Street London SE1 2QH	Julie Timbrell 020 7525 0514

APPENDICES

No.	Title
Appendix A	Report of the Education and Children's Services Scrutiny sub-Committee - Childhood Obesity and Sports Provision for Secondary and Primary Children

AUDIT TRAIL

Lead Officer	Shelley Burke, Head of Overview & Scrutiny	
Report Author	Julie Timbrell, Scrutiny Project Manager	
Version	Final	
Dated	3 April 2012	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	N/a	N/a
Finance Director	N/a	N/a
Chief Officers	N/a	N/a
Cabinet Member	N/a	N/a
Date final report sent to Constitutional Team		3 April 2012

APPENDIX A

Childhood obesity and sports provision for secondary and primary children

Report of the Education and Children's Services
Scrutiny Sub-committee

March 2012



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INTRODUCTION AND BACKGROUND

- 1.1 This is the final report of the review of childhood obesity and sports provision for secondary and primary children. The Education and Children's Services Scrutiny Sub-Committee decided to conduct a review on 12 July 2010. The aim of the review is to make recommendations to the Cabinet for improvements to the education of children on healthy eating and the dangers of obesity, and to examine whether sports provision is adequate.
- 1.2 The review set out to answer these questions in particular:
- What programmes of study are followed by primary and secondary pupils on nutrition, cooking and healthy lifestyles? Are they adequate?
 - How are pupils consulted with regard to sport and exercise? Is there sufficient variety and accessibility for different interests?
 - What facilities are available to young people and their parents if they acknowledge that they have a weight problem and want help?
 - Are we making best use of London Olympics?
- 1.3 The sub-committee chose this subject because Southwark has very high levels of childhood obesity. The Childhood Measurement Programme weighs Reception Year and Year 6 pupils. Southwark has had nationally the most obese Year 6 pupils for the past three years and, despite a small reduction, is likely to have the highest percentage again for 2009/10.
- 1.4 The sub-committee chose to look at sports provision because of its link with childhood obesity and because during the last administrative year the education representatives on the sub-committee had raised concerns that many children in Southwark schools were not doing the recommended two hours' exercise.

EVIDENCE CONSIDERED

- 2.1 Officers from Southwark Council and Public Health outlined the strategies and initiatives Southwark council and Southwark NHS has in place. Many of these are joint initiatives and involve a range of outside partners, including schools.
- 2.2 Officers gave the sub-committee data and insight into the prevalence of obesity in the local and national population. They also gave the sub-committee an overview of government recommendations and relevant reports on obesity and physical activity.
- 2.3 Bacon's College's schools sport partnership submitted a written report on this innovative and current research on sports and physical activity and its relevance to tackling obesity.
- 2.4 The sub-committee's education representatives gave evidence.
- 2.5 Evidence was gathered from the Council Assembly themed debate: 'Sports and Young People'. This included a range of one to one interviews conducted through outreach and community council and council assembly debates, deputations and questions.

- 2.6 National and international reports were considered. The sub-committee considered three reports: The GLA report: 'Tipping the scales: Childhood obesity in London' which was published by the Health and Public Services Committee in April 2011; a Policy exchange report, ' Weighing in' published 2008 and 'A Tale of Two ObesCities', a report published by the City University of New York and the London Metropolitan university.
- 2.7 Academic research on the theme was also considered.
- 2.8 The above evidence is summarised in appendix 1

EXECUTIVE SUMMARY

The obesogenic environment

- 3.1 Although some populations are more at risk, all children are somewhat at risk in what has been described as the obesogenic environment. The 'obesogenic environment' refers to the role environmental factors play in determining both nutrition and physical activity. Environmental factors operate by determining the availability and consumption of different foodstuffs and the levels of physical activity undertaken by populations.
- 3.2 The 'whole community' approach, from France, EPODE ('Ensemble, Prévenons l'Obésité Des Enfants', or 'Together, Let's Prevent Childhood Obesity') is the intervention that most focused on tackling the obesogenic environment, with considerable success. Southwark Healthy Weight Strategy advocates a similar approach on a borough wide level.
- 3.3 Evidence received indicated that the obesogenic environment is most acutely detrimental to populations in deprived areas; for example there are more fast food takeaways and less access to green space in poorer regions of London and Southwark. Leisure facilities can be harder to access for people with limited income, and tend to be less well maintained in poorer areas. Fear of crime can also be a factor in undertaking physical activity, particularly for young people and women. There is also evidence that more high density urban areas are more obesogenic, aside from their relative deprivation, because they are often less walkable and have fewer green spaces.
- 3.4 Evidence from the community emphasised concerns over access to leisure facilities, such as sports facilities in parks, because of safety fears and poor transport links. There was a particularly strong call for outdoor gyms which were perceived as valuable by all the community and particularly young people because they were accessible, free, and safe.

Populations at risk

- 3.5 The evidence received indicated a number of populations at particular risk. Although children of all social economic classes are at risk, those children who live in deprived areas are significantly more at risk. Children who live in less walkable areas, with less green spaces and parks are also more at risk.
- 3.6 One of the biggest risk factors is having an obese parent. The daughters of obese mothers have a ten-fold greater risk of obesity, and the sons of obese fathers six-fold. It could therefore be most profitable to tackle obese parents

in particular, to reduce childhood obesity.¹ There is also growing evidence that most excess weight has already been gained before the child starts school, so pre-school initiatives may be most important. The HENRY programme (featured in the 'Weighing in') and the NICE recommendations on maternal health are interventions designed to prevent the development of obesity in babies and toddlers.

- 3.7 The evidence also indicated that families and young people with learning difficulties and mental health problems are also more at risk of obesity. Certain ethnic groups are also more at risk.

Nutrition and Physical Exercise

- 3.8 The evidence received from Bacon's College seems to suggest strongly that exercise will not prevent excess weight and obesity in children. However, while research indicates that exercise does not prevent children becoming overweight, once children have gained weight they are less physically active. Obesity leads to inactivity, rather than the other way round.
- 3.9 Studies show that participating in sport increases health and wellbeing. Children who keep active are no lighter, but they are metabolically healthier, which means they are less at risk of heart disease, type 2 diabetes, and high blood pressure.
- 3.10 Metabolic health is a key determinant of good health outcomes. Research shows that the body mass index (BMI) of children who exercise more than 60 minutes per day are no different, but their metabolic risk is substantially less.
- 3.11 Bacon's College partnership in seven years ensured schools progressed from 23% of young people participating in two hours' physical education and school sport a week to over 90%, which is significant progress. However children need to do sixty minutes a day exercise to be healthy and many children fall far short of that. Southwark's sports practitioners emphasised in their evidence that both the amount and quality of physical activity needs to increase. Good quality coaching is important to engage and sustain children and young people's participation in sport. Both the Superstars Challenge and the MEND programme also increased the intensity of exercise so that at least forty-five minutes was spent on working out. While regular moderate exercise has health benefits, more intensive exercise leads to better outcomes. Both the Superstars Challenge and MEND programme measured weight and BMI of participants, as well as taking children's waist measurement. A reduction in waist measurement is a very good indicator of an improvement in metabolic health.
- 3.12 Studies cited again and again as being effective and value for money (MEND, Superstars Challenge, Bacon's College, CATCH & ETODE) demonstrate that the best way to achieve reductions in weight is to combine improved diet with exercise, and an increase in 'health literacy'. This is not just about increasing sports participation and reducing global calorie intake, but about improving the nutritional quality of the food available and children's and families' ability to understand and make more healthy choices. The best foods to boost health are whole grains, fruits and vegetables. These foods have been shown to improve health regardless of weight. However under a quarter of

¹ <http://www.earlybirddiabetes.org/findings.php>

London children are eating a healthy diet. Approaches that link healthy eating with family life for example cooking lessons and linking urban agriculture to nutritional education, for example in schools, have also proven to be effective.

RECOMMENDATIONS

Early Years prevention

- 4.1 Implement NICE guidance (2010) for maternal obesity 'Weight management for before and after pregnancy'. Local authority leisure and community services should offer women with babies and children the opportunity to take part in a range of physical or recreational activities, that are affordable, accessible, with provision made for women who wish to breastfeed and, where possible, crèche provision.
- 4.2 Develop and implement consistent healthy eating and physical activity policies across Southwark Children's Centres and other early years' settings including child minders, private and voluntary nurseries that promote breastfeeding and ensure compatibility with the Early Years Foundation Stage Framework and Caroline Walker Trust nutrition guidelines.
- 4.3 Develop and carefully promote courses using professional chefs on cooking, shopping and nutrition through aspirational marketing to appeal to parents and carers in Sure Start Children's Centres and other early years' settings.
- 4.4 Encourage all nursery staff, including catering staff, to attend under 5's physical activity and nutrition training to support implementation of policies. Extend also to anyone caring for a child under 5.
- 4.5 Implement the 'Eat better, Start better' or HENRY programme in Sure Start Children's Centres, and other early years' settings, and ensure it is embedded in early years' practice.
- 4.6 Develop initiatives which target parental obesity of both mothers and fathers as a priority
- 4.7 Undertake a pilot early years local weighing programme with a children's centre. Build on the Health Visitor practice of weighing children at two years and use this as a way of particularly targeting at-risk parents and children and then signposting them to nutritional and exercise advice and programmes.

Schools and the Universal Free School Meals

A Recommendations for schools

- 4.8 Ensure a whole school approach to implementing the universal free school meals programme by involving all staff, children, parents, governors and the wider school community in developing a plan.
- 4.9 Promote the uptake of school meals and nutrition based standards by working towards, or achieving, at least the Bronze Food for Life award and ideally the Silver award.

- 4.10 Ensure that all primary and secondary school meals are nutritious and tasty at the point of delivery. Promote training for governors, who have responsibility for school meal provision
- 4.11 Promote health literacy in schools throughout the curriculum, including PSHE classes.
- 4.12 Make links between growing food, urban agriculture and nutritional education. Connect with local allotments and city farms. Grow food at the school.
- 4.13 Increase the quantity and quality of sport and physical activity throughout the school day including curriculum, lunchtime and after school.
- 4.14 Provide at least three hours of sports provision that includes forty-five minutes of constant cardio-vascular movement, through developing in house expertise or via Southwark's 'Superstars Challenge'. Time spent travelling to and from the activity should not be counted.
- 4.15 Invest in training staff in coaching skills, through in house expertise, linking with outside expertise or via the Bacon's partnership
- 4.16 Encourage active and outdoor play in schools during playtime.
- 4.17 Improve links with voluntary sports clubs and consider providing free or subsidised space and championing their activities

B Recommendations for the Local Authority and partners to support schools

- 4.18 Provide an option for schools to buy in the 'Superstars Challenge'; integrating the 'Superstars Challenge' with the free school meal offer may be an ideal opportunity to embed this initiative in schools.
- 4.19 Provide training for governors, who have responsibility for school meal provision, in ensuring tasty meals at the point of delivery, meeting high nutritional standards and an increasing uptake of school meals.
- 4.20 Promote the Food for Life standards to all schools.
- 4.21 Provide an option for schools to buy in coaching from Bacon's College to enable teachers to gain the skills to become effective coaches and understand health literacy.
- 4.22 Work with Bacon's College to ensure that the learning developed by the Bacon's Partnership Health and Wellbeing programme on health literacy is captured and available for schools to utilise through a pack, Inset day, or other suitable method.
- 4.23 Continue to maintain investment in MEND (Mind, Exercise, Nutrition, Do-it!) programme so that children can be referred to this from the child weighing programme, and in other ways
- 4.24 Promote partnership work between sports clubs and schools.

- 4.25 Promote active travel - ensuring every school has a healthy travel plan that encourages active travel i.e. walking and cycling to school.
- 4.26 Provide pedestrian and cyclist training for schools.
- 4.27 Promote a greater understanding of health through the child weighing programme. Consider screening more effectively for metabolic health by working with school nurses to develop other measures, such as waist measurements. Seek to create a dialogue on this.
- 4.28 Provide schools with details of urban agriculture opportunities including links to allotments and city farms and information on how to link this to nutritional education and physical activity.
- 4.29 Evaluate the Universal Free School Meals programme effectively. There is an international and national need for research that helps identify effective methods to reduce health inequalities and childhood obesity; and that tracks the cost and outcomes of programmes.

Nutrition

- 4.30 Create a healthier environment for our children and young people by restricting the licensing of new hot food takeaways (A5) that sell low nutrient, calorie dense food e.g. within 400m boundary or 10min walking distance of schools, children's centres, youth-centred facilities. High concentrations of fast food outlets are currently in Peckham town centre, Queens Road Peckham, Walworth Road.
- 4.31 Support the development of a greater diversity of local food outlets that sell healthy food, particularly near schools after school so children have better options.
- 4.32 Restrict or place conditions on the licensing of cafes and other food outlets that mainly or exclusively sell food high in calories and low in nutrients. Consider particularly rigorous conditions when outlets are near schools and open during lunch hour or after school.
- 4.33 Use planning and other methods at the local authority's disposal, to promote the establishment of businesses that make available healthy food. For example groceries, market stalls, food cooperatives and supermarkets that sell fruits and vegetables, whole foods etc.
- 4.34 Redefine food safety standards to reflect current threats to health and use environmental health officers to promote healthier eating
- 4.35 Set high standards of nutrition in public spaces e.g. schools, offices, sports centers, day centres and libraries.

Urban agriculture

- 4.36 Promote urban agriculture, for example allotments and city farms. Use the planning process and spatial documents to help this.

Physical activity and sport

- 4.37 Continue with the Southwark Community Games wider programme. Ensure it is additionally targeted at very precise areas of population in local neighbourhoods.
- 4.38 Continue to use the LBS Olympic brand to promote physical activity and sport.
- 4.39 Collate information on Southwark-wide provision of sports and physical activity and publish this widely. Ensure the public can easily access information on provision by Southwark Council, leisure providers, voluntary clubs and private sector providers. Enable this to be accessed on the website and through other portals, using available resources. Link with the LBS Olympic brand.
- 4.40 Continue to support the capacity of voluntary sector organisations and facilitate partnership building, within available resources. Help champion local sports clubs.
- 4.41 Prioritise the maintenance and provision of sports facilities in parks and green spaces, particularly green spaces in deprived areas. Where possible increase the provision of outside gyms and other sports facilities. Ensure good urban design so that spaces feel safe and are located near transport hubs.
- 4.42 Maintain Peckham Pulse to a high standard.
- 4.43 Promote a diverse range of sports, particularly for women.
- 4.44 Ensure that Fusion invests in lifeguard training for women, as a priority, so it can ensure that it only uses female lifeguards for its women-only swim sessions. Once this has been achieved Fusion should promote this widely.
- 4.45 Ensure universal sports provision is accessible for disabled people
- 4.46 Ensure planning applications for new developments always prioritises the need for people (including those whose mobility is impaired) to be physically active as a routine part of their daily life.
- 4.47 Ensure pedestrians, cyclists and users of other modes of transport that involve physical activity are given the highest priority when developing or maintaining streets and roads.
- 4.48 Plan and provide a comprehensive network of routes for walking, cycling and using other modes of transport involving physical activity; particularly in deprived areas.
- 4.49 Ensure public open spaces and public paths can be reached on foot, by bicycle and using other modes of transport involving physical activity.
- 4.50 Promote walking and cycling and other modes of transport involving physical activity in spatial planning documents; particularly in deprived areas.

- 4.51 Incorporate active design codes in neighbourhood planning, housing strategies and building codes.

Working with residents at greater risk

- 4.52 Enhance healthier eating knowledge and behaviour amongst at risk populations, working with relevant geographic and ethnic communities.

- 4.53 Support people with learning disabilities and mental ill-health, as well as the carers and staff that work with them to encourage healthy eating and physical activity.

Working with the whole population

- 4.54 When refreshing Southwark's Healthy Weight strategies, consider evidence from the whole community approach, from France, EPODE ('Ensemble, Prévenons l'Obésité Des Enfants', or 'Together, Let's Prevent Childhood Obesity') and incorporate that where relevant and possible.

- 4.55 Ensure that links between Southwark's 'Healthy Weight Strategy'; Physical Activity Strategy and Food Strategy are made so that initiatives are mutually strengthening.

APPENDICES

- Appendix 1 Considering the evidence: review of childhood obesity and sports provision for secondary and primary children

- Appendix 2 Bacon's Health and Wellbeing leaflet

APPENDIX 1**Considering the evidence: review of childhood obesity and sports provision for secondary and primary children**

Section 1	Prevalence of childhood obesity	2
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Section 1 Prevalence of childhood obesity

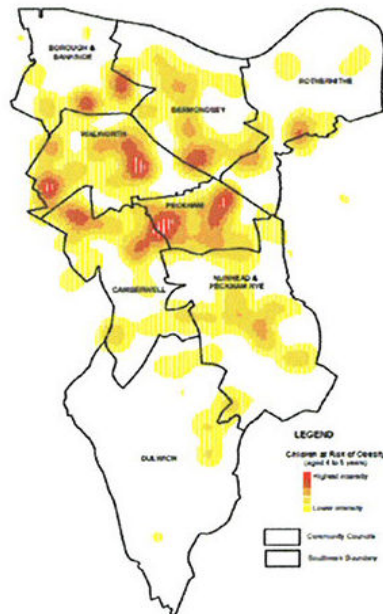
- 1.1 The sub-committee received evidence on the rates of childhood obesity and its prevalence amongst different segments of the local population. This is a national problem; 32.6 % of children in England are overweight or obese by year 6 and 38.9 % of Southwark's children are either overweight or obese by year 6.¹
- 1.2 The National Health Survey for England suggests that the prevalence of childhood obesity is increasing in Southwark across all ages. Local measurements of Reception Year (4 – 5 years old) and Year 6 children (10 – 11 years old) confirm this: for the last three years² Southwark has had the highest obesity rates for Year 6 and the second highest for Year R for the last 2 years. The most recent Childhood Measurement Programme shows that Southwark has the highest levels of Reception Year obesity nationally. In Reception year pupils 14.8% were obese and a similar proportion (15.0%) were overweight. In year 6, one in four children (25.7%) was obese and 14.5% overweight.
- 1.3 Data sets were presented that indicated that as children move from reception to year 6 the percentage of overweight and obese children increases.
- 1.4 Boys in Southwark are more at risk than girls; at year six 38 % of girls are overweight or obese whereas 43 % of boys are overweight or obese.
- 1.5 Obesity is related to socio economic deprivation. Data sets by community council area were presented which show the link between obesity and social deprivation.

¹ Prevalence of underweight, healthy weight, overweight and obese children, with associated 95% confidence intervals, by PCT and SHA, England, 2008/09

² (2006/07, 2007/08 and 2008/09)

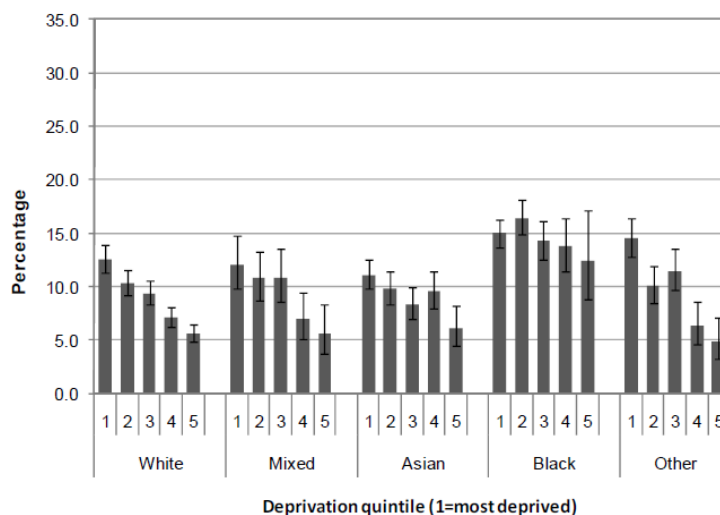
Figure 1 Southwark obesity hot spots

Year 6 (10 – 11yrs)



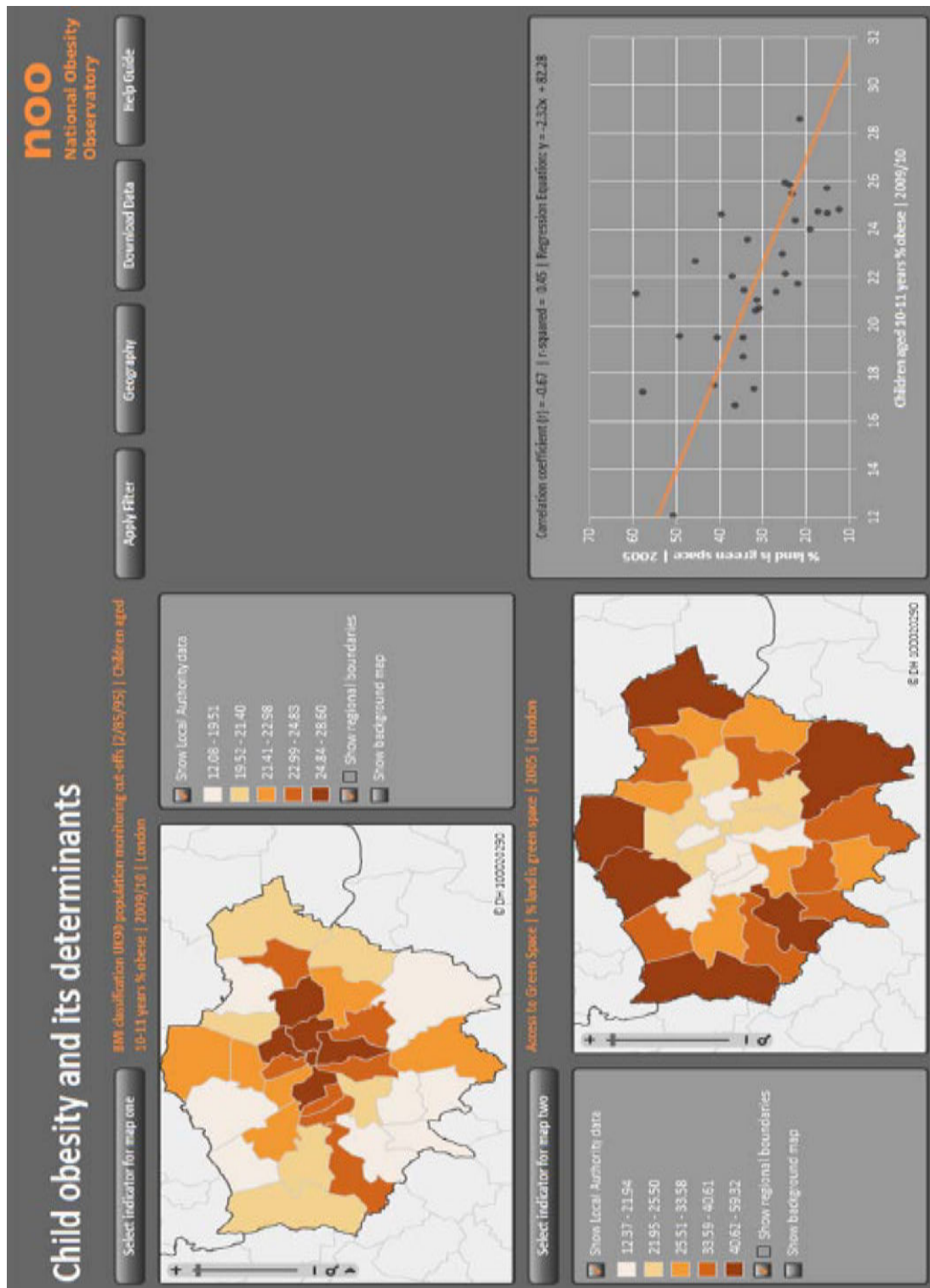
- 1.6 There is some association with ethnicity but deprivation is a much stronger indicator of population susceptibility.

Figure 2: Obesity prevalence among reception year girls by ethnic group and deprivation quintile, London 2008/09
Original source: London Health Observatory



- 1.7 There is a correlation between access to open green space and obesity.

Figure 3 from 'A Tale of Two ObesCities' report highlighted the correlation between access to open green space and obesity



Section 2 Costs

- 2.1 The GLA commissioned a special report on the cost of the obesity epidemic to gather evidence for 'Tipping the Scales'. This research showed that the current generation of obese children (aged 2-15) will cost the London economy £110.8 million per year (2007/08 prices) if they became obese adults. The report also particulars the impacts on health.

Figure 4: Complications of childhood obesity

Psychosocial	Poor self-esteem, anxiety, depression, eating disorders, social isolation, lower educational attainment
Neurological	Pseudotumor cerebri
Endocrine	Insulin resistance, type 2 diabetes, precocious puberty, polycystic ovaries (girls), hypogonadism (boys)
Cardiovascular	Dyslipidemia, hypertension, coagulopathy, chronic inflammation, endothelial dysfunction
Pulmonary	Sleep apnea, asthma, exercise intolerance
Gastrointestinal	Gstroesophageal reflux, steatohepatitis, gallstones, constipation
Renal	Glomerulosclerosis
Musculoskeletal	Slipped capital femoral epiphysis, Blount's disease, forearm fracture, back pain, flat feet

Source: 'Childhood obesity – The shape of things to come', Ludwig, D, New England Journal of Medicine, 357: 23, 2007 Reproduced in 'Tipping the scales'.

Section 3 Causes

- 3.1 'A Tale of Two ObesCities' emphasised poverty as a route to obesity and identified four principal pathways; food, physical activity, health care and the lower quality provision of food and exercise in schools in poorer areas.
- 3.2 Officers presented information on NICE (National Institute for Health and Clinical Excellence) guidance and the Foresight report on what works for childhood obesity; both agree that the approaches must address environment, schools, workplaces and families with an emphasis on a multi-faceted, holistic approach. The 'obesogenic' environment must be addressed i.e. opportunities for physical activity encouraged (e.g. walking to school as part of the school transport plan; access to green space) and the proliferation of fast food outlets. Environmental factors operate by determining the availability and consumption of different foodstuffs and the levels of physical activity undertaken by populations
- 3.3 The Tipping the Scales report identified poor access to nutrient rich food as a cause and it was noted that London-wide most children are not eating their five a day ³and more deprived communities had less access to fruit and vegetables. The overabundance and aggressive marketing of cheap, nutrient

³ The Department of Health recommends eating five portions per day. 23 per cent of boys and 24 per cent of girls in London meet this. *Health Survey for England 2008: Volume 1: Physical activity and fitness*, NHS Information Centre, 2009

poor, calorie dense food in fast food outlets was indentified as partially problematic.

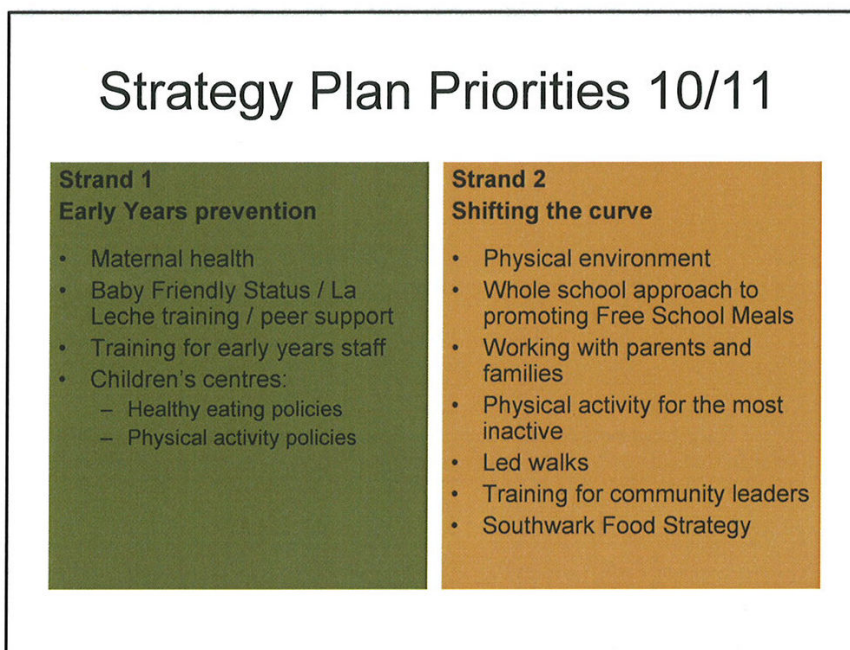
- 3.4 This report found that poor neighbourhoods have fewer parks, green spaces and recreation centres and those that do exist are more likely to be neglected and have fewer facilities. Community safety and the fear of crime are often a deterrent to using outside local space. Furthermore the lack of cycling and walking routes hinder more active lifestyles in deprived localities.
- 3.5 The Tipping the Scales report highlighted evidence that physical activity levels are very low. They cited evidence from the 2008 Health Survey for England which found only 33 per cent of boys and 24 per cent of girls aged 2-15 in London participated in the recommended 60 minutes of moderate activity every day. These results are in line with the national average. (pg 20)
- 3.6 One of the biggest risk factors is parental obesity. Obese mothers are ten times more likely to have obese girls and obese fathers six times more likely to have obese sons ⁴ Southwark Officers reported that locally maternal obesity is of concern and is a factor in poorer maternity outcomes and higher infant mortality.

⁴ EarlyBird is a prospective cohort study of healthy children from the age of 5years, which set out 10 years ago to address the three questions. It finds, counter-intuitively, that the average pre-pubertal child is no heavier now than he or she was 20-25 years ago when the children who contributed to the 1990 UK growth standards were measured. The mean BMI of children has risen substantially, but the median very little, suggesting that a sub-group of children has skewed the distribution but not altered its position. Who are these children? New data suggest that the rise in childhood obesity over the past 25y largely involves the daughters of obese mothers and the sons of obese fathers - but not the reverse.² The daughters of obese mothers have a 10-fold greater risk of obesity, and the sons of obese fathers six-fold, but parental obesity does not influence the BMI of the opposite-sex child. Being non-Mendelian, this gender-assortative pattern of transmission is more likely to be behavioural than genetic. It is well established by the age of 5y, but unaffected by birth weight. <http://www.earlybirddiabetes.org/obesity.php> The EarlyBird Diabetes Study

Section 4 Solutions

Southwark Strategy

- 4.1 Southwark has a Healthy Weight Strategy. This has four main strands; early intervention, shifting the curve (i.e. prevention at a population level), weight management and targeting populations at great risk of obesity. This is a multi agency plan which sets out the key areas of work. The priorities involve a range of settings and different professionals and communities. The strategy is informed by national guidance, best practice and evidence of what works. Officers reported that for interventions to be effective, they have to be multi-component (i.e. inputs to include nutrition, physical activity and mental health).



Strategy Plan Priorities 10/11

Strand 3

Targeting 'at risk'

- Training for at risk BME communities
- Training for providers of LD services
- Health checks for high risk groups
- Training for Primary care on brief interventions

Strand 4

Weight management

- Intervention for families
- Weight management options for adults
- Training for frontline professionals

International strategies

5.1 A 'whole community' approach, from France, was featured in the Tipping the Scale reports. EPODE ('Ensemble, Prévenons l'Obésité Des Enfants', or 'Together, Let's Prevent Childhood Obesity') programme has been running for many years across entire towns. The programme – which is part-funded by private sponsors – involves making a wide range of interventions, including:

- Educating children about healthy lifestyles and the consequences of obesity.
- Improving food in school cafeterias.
- Providing family breakfasts at schools.
- Cooking classes for children and parents.
- Employing sports educators and dieticians in schools.
- Building new sports facilities.
- Introducing walk to school groups.
- Encouraging GPs to identify all overweight children and refer them to a dietician.

5.2 In the first two towns where EPODE was introduced, Fleurbaix and Laventie, childhood obesity prevalence fell in 2000-2004 from 14 per cent to 9 per cent after increasing steadily for many years before that. In nearby towns, used for comparison, prevalence continued to rise and by 2004 was double the rate in Fleurbaix and Laventie. The report noted that all of the towns where this approach has been shown to be successful so far are relatively small; introducing it across a large city could prove to be more challenging

Research evidence

- 5.3 The GLA report highlighted a range of national and international interventions that have demonstrated their value. The best value intervention was regulation of television advertising undertaken in Australia at £3.70 per day. Other cost effective interventions were LEAP (£50-150 QULY), a programme of interventions to increase physical activity, and MEND (£1,700 QULY), which Southwark has piloted. CATCH a school based programme to promote healthy food choices and physical activity, including classroom education, intensive PE lessons, healthier school food and parental involvement was also a cost effective intervention at US 900 per Quality Adjusted Life year.⁵

Physical Activity and Sport

- 5.4 The NICE recommendations for increasing physical activity emphasise the need to improve the physical environment to encourage physical activity and promote evidence based behavior change. NICE has produced a detailed review of the evidence supporting the promotion of physical activity for children and young people⁶. The key recommendations relate to:

- Promoting the benefits of physical activity and encouraging participation at national and local levels
- Ensuring high-level strategic policy planning for children and young people supports the physical activity agenda
- Consultation with, and the active involvement of, children and young people
- The planning and provision of spaces, facilities and opportunities
- The need for a skilled workforce
- Promoting physically active and sustainable travel

- 5.5 Southwark has a Physical Activity Strategy. Overall the strategy seeks to increase sport and physical activity participation. Put simply, enabling more people to be more active, more often. It has six strategic themes

- Using physical activity for both the prevention and management of ill-health
- Maximizing the use of planning policy in providing for sport and physical activity
- Providing a network of appropriate places and spaces for sport and physical activity
- Improving access and choice for the whole population
- Building and maintaining an effective multi-agency delivery system for sport and physical activity

⁵ Summarized from 'Tipping the Scales which draws on their commissioned report on *Childhood obesity in London*, GLA Intelligence Unit, April 2011. Cost-effectiveness has been assessed in terms of the 'cost per Quality Adjusted Life Year' (QALY), a measure of how many additional years of life (adjusted for quality) are gained by the person receiving the intervention. Australian studies use a similar measure of 'Disability Adjusted Life Year' (DALY). The National Institute for Health and Clinical Excellence determines an intervention is cost-effective if it costs less than £20,000 per QALY.

⁶ [PH17 Promoting physical activity for children and young people: guidance](#) Jan 2009

- Maximizing the use of London 2012 to promote physical activity
- 5.6 Leisure centres are currently undergoing major refurbishment: there is investment spread across all the council owned facilities
 - 5.7 Officers highlighted three locally effective interventions. MEND (Mind, Exercise, Do it) was part of a national trial and had been effective at decreasing children's BMI (Body Mass Index) and reducing waist circumference. The 'Superstars Challenge' had been similarly effective. Lastly the Bacon's School Partnership has seen a year on year increase in physical activity.
 - 5.8 Public health, in partnership with the leisure and wellbeing team, successfully delivered the MEND programme (family based weight management intervention) this family based intervention for 7-13 year olds who are overweight or obese is documented to be an effective weight management programme for children. Approximately 150 families have graduated from a MEND programme in Southwark over the last 5 years. Without mainstream funding the extent of delivery varies year to year. In 2011/12 Jubilee Halls charity ran a programme in the summer term. The PCT has agreed to run a further two programmes starting January and May. Benefits to children attending generally include reduced BMI and waist measurements, as well as increased knowledge and improved behaviour on both physical activity and healthy eating scores. Parents are encouraged to make changes as a family as well as supporting the individual child
 - 5.9 'Southwark Superstars Challenge' is a pilot project. So far six schools with the highest obesity rates have been recruited to the programme. The programme introduces intensive physical activity in yr 5 (age 9-10). The 10 week programme runs three times a week for 45 - 50 minutes of physical activity and 10 minutes of nutrition education. At the start and end of the programme children do fitness tests and have their measurements taken. School staff and heads have been very enthusiastic about the programme; impact to date has been highly successful
 - 5.10 Bacon's College had a physical education and school sports partnership team. In seven years the partnership ensured schools progressed from 23% of young people participating in two hours' physical education and school sport a week to over 90%. The college has developed a Health and Wellbeing programme that integrates some of the learning from MEND and promotes "health literacy". The programme's emphasis is on working with schools to increase the coaching skills of teachers in PE and introducing the Health and Wellbeing programme in a sustainable way.
 - 5.11 Bacon's College presented evidence about their programme promoting Health Literacy. This is a relatively new concept in health promotion. It is used as a composite term to describe a range of outcomes to health education and communication activities. From this perspective, health education is directed towards improving health literacy. Through the 'Health and Wellbeing Programme' they look to promote renewed attention to the role of health education, physical education and communication in health promotion, within the context of the 'health and wellbeing' of the family unit. The 'Health and Wellbeing Programme' is designed to use simple health messages to bring about a sustainable change in attitude to physical activity

and ensure families have the ability to make educated decisions on eating habits. See appendix 2 for leaflet

- 5.12 The funding for the School Sports Coordination came to an end in March 2011, but there may be some residual capacity to take forward some of the work; particularly around sports coaching for primary schools and the health literacy programme.
- 5.13 The report submitted by Bacon's College made some key points about exercise and obesity:
- Promoting exercise is a good idea, but if you want to tackle the obesity epidemic it is not the solution. Weight loss is not a key benefit from exercise. Foregoing a small sandwich was as effective as a one-hour run.
 - You cannot exercise your way out of the obesity epidemic. It would take an enormous intervention in physical exercise.
 - It is important for policy makers to realise that if they want to promote weight loss in overweight and obese people, the most effective way is through healthy eating and diets.
 - However, the report says, exercise protects against heart disease, type 2 diabetes, osteoporosis and high blood pressure.
- 5.14 Studies show that those people who exercise regularly are less at risk of diabetes, heart disease and high blood pressure; they are thus more likely to be 'metabolically healthy'. Metabolic fitness can be defined in terms of how the human body responds to the hormone insulin. Healthy bodies tend to have excellent glucose tolerance, normal blood pressures, and heart-healthy blood lipid profiles.⁷
- 5.15 There is only very limited data available for children, however the studies available are consistent with the findings in adults, namely that higher levels of activity and fitness are associated with reduced risk of metabolic syndrome.⁸ Metabolic syndrome is a name for a group of risk factors that occur together and increase the risk of coronary artery disease, stroke and type 2 diabetes. It is often associated with extra weight, particularly around the middle and upper parts of the body

Olympics

- 5.16 The Olympics work in Southwark that focuses specifically on young people includes Young persons volunteering; Cultural offer for young people (including dance); Get Set network to support communications in schools; Sports related engagement opportunities; participation with regional initiatives such as Sportivate, London Youth Games, Us Girls; Coaching qualifications for young people with disabilities; Social networking communications; and sports outreach to youth groups.

⁷ <http://www.thinkmuscle.com/articles/gaesser/obesity.htm>

⁸ http://www.health.gov/PAguidelines/Report/G3_metabolic.aspx#_Toc199933636

- 5.17 In addition to this activity £2M pounds has been invested in capital projects to promote activity and sport including refurbishment/development of the following sites: Bethwin Sports, Burgess Park BMX Track, Camberwell Leisure Centre Sports Hall, Herne Hill Velodrome, Homestall Road Sports Ground Development, Outdoor disability multi-sports court, Peckham Pulse Pool Hoist, Peckham Rye Pitches & changing rooms, Southwark Park Sports complex, Trinity College Centre Outdoor sports area.
- 5.18 Other work that will support the wider population to be more active around the Olympics includes development of the online Get Active London directory, active travel promotions, Change4Life campaign, and potentially follow-on from the Health Factor Challenge which ran in 2011.

Schools

- 5.19 Southwark's recent commitment to universal free school meals will be part of a whole school approach to reducing childhood obesity. The 'whole school approach' emphasises engaging with pupils, teachers and parents, embedding healthy eating in the curriculum, encouraging healthy behaviour in and out of school and linking transports plans with the physical environment and the food strategy
- 5.20 The 'A Tale of Two ObesCities' report advocated a universal school meals programme providing free, nutritious and tasty school meals. It called for linking this to nutrition education and the engagement of parents in school food programmes. It cited evidence from Hull that this programme had positive impacts on the children's food health choices and wellbeing.
- 5.21 The National Child Measurement Programme has been running for four years, whereby pupils in reception and Year Six are measured. From this, school nurses follow up children of very unhealthy weight, providing advice and sign posting to parents

Nutrition

- 5.22 The 'A Tale of Two ObesCities' report advocated redefining food safety standards to reflect current threats to health and using boroughs' Environmental Health Officers to promote healthier eating. There were recommendations to use planning instruments to restrict fast food outlets and promote supermarkets, groceries, and food cooperatives that promote fruit, vegetables and other healthy food.
- 5.23 The Tipping the Scales report noted the importance of nutritious food and access to quality ingredients. The report noted the while there is little evidence that food growing projects, on their own, influence children's diets, but it has been shown that linking food growing to nutritional education and changes in school meals is effective. (page 40)
- 5.24 Southwark is considering developing a fast food outlet strategy aimed at limiting the saturation by reducing the number of new outlets in certain areas and promoting healthier menus at existing outlets and there is some ongoing consultation work as part of the Peckham and Nunhead Area Action Plan.

The physical environment

- 5.25 The 'A Tale of Two ObesCities' report advocated increasing access and the safety of places, such as parks, where people can be physically active. They stated that urban agriculture is a sustainable and health promoting use of green space. The report recommended that local authorities promote cycling and walk ability, particularly in areas of deprivation. It was recommended that regional and local Housing Strategies should incorporate active design principles.
- 5.26 Officers gave evidence-based recommendations on how to improve the physical environment to encourage physical activity.⁹ They include:
- Ensure planning applications for new developments always prioritise the need for people (including those whose mobility is impaired) to be physically active as a routine part of their daily life.
 - Ensure pedestrians, cyclists and users of other modes of transport that involve physical activity are given the highest priority when developing or maintaining streets and roads.
 - Plan and provide a comprehensive network of routes for walking, cycling and using other modes of transport involving physical activity.
 - Ensure public open spaces and public paths can be reached on foot, by bicycle and using other modes of transport involving physical activity.

Population targeted work

- 5.27 Online obesity care pathways for adults and children are being promoted to GPs, practice nurses, school nurses, health visitors and child development workers. Pathways ensure that up-to-date clinical guidance is embedded as well as local opportunities and contacts for interventions and self help.
- 5.28 The council is currently also working with community members (community volunteers) in Peckham and Faraday who will facilitate the gathering of information from their peers on local social issues as well as possible solutions. One area that they may potentially explore in this pilot could be around child healthy eating/weight as data shows that this is a prevalent issue in this area particularly around the BME groups. The exact focus is yet to be decided by the community through their discussions.

⁹ [PH8 Physical activity and the environment: guidance](#) Jan 2008

Section 5 Summary of consultations with southwark residents and partners

Evidence from the Council Assembly Themed Debate: Sports and Young People

Investment in facilities

6.1 The outdoor gym at Burgess Park was hugely popular with residents, particularly young people. Many people praised it as a wonderful idea as it was free, accessible and brought people together. There were many calls for more outdoor gyms. Planned investment in the BMX Park, and new cricket and football pitches, were all welcomed. There was a call for refurbishment of Peckham Pulse. There was a request for the Camberwell pool to be extended and a diving pool installed.

Diversity of sports provision for a diverse population

6.2 Many people said that there should be more of a range of provision; particularly for girls and that there was too much emphasis on football. A number of residents commented that girls were not participating enough in sports. Residents wanted to know what the council was doing to involve disabled people in sports. Muslim women requested female guards at women only swimming sessions, and pointed out that without these they would not use the provision.

Safety and cost of travel and using facilities

6.3 Residents highlighted feeling safe and being able to travel confidently and cheaply at night as important, particularly for young people. They asked officers to consider that when providing and designing facilities and pay particular consideration to safety when travelling at night

The need for coordinated information

6.4 Residents wanted more information on provision. The role and importance of voluntary clubs and the support that they need to thrive Clubs wanted a variety of support, including assistance with capacity building to access funds, assisting with partnership work with schools, and recognition and appreciation of the success that many young people had achieved and the good work of clubs in enabling this.

The added value of sport

6.5 Young people, adults and clubs all emphasised the health, social and psychological benefits of sport, saying that it promoted maturity, self discipline and self esteem and contributed to social cohesion.

Evidence given by the sub-committee's education representatives

6.6 It was reported that one setting had to do lots of work to improve provision of nursery meals because the outside caterer providing lunches prepared the food hours in advance. The lunches were often insipid tasting and then children chose the tastier bits, which may not be the healthiest parts of the meal. Moreover sometimes the food at delivery point had little resemblance to the menu description. Moving the provision in-house and concentrating on

the food at delivery point greatly increased the nutritional content and children's satisfaction.

- 6.7 The majority of primary schools prepare meals on site; either with in-house staff or external caterers. Three schools have meals produced off site, by other local schools.
- 6.8 There was concern that responsibility for school meal provision has now moved to the governors and that it might not be realistic for them to adequately monitor this.
- 6.9 The head teacher representative commented that weight data for 3 year olds would be helpful. Officers commented that 4 years ago the government started to require that children are measured at reception and year 6. This is a national programme and enables comparisons to be made. The potential for undertaking a local weighing programme using school nurses was discussed by the sub-committee.
- 6.10 Kintore Way's children's centre had offered courses on cooking, shopping and nutrition, but it had a very low take up by parents and carers. However when much of the course was rebranded, and a professional chef employed to deliver the content, parents found this much more appealing. Making the course more aspirational proved very effective.
- 6.11 There was concern that school recreation time was used as a time to punish children and that this had an adverse impact on activity levels. Alongside this schools have moved away from an afternoon of sports. The national curriculum changed the priorities of schools meaning that sports provision is now much more the choice of heads.

APPENDIX 2

Bacon's College Health and Wellbeing Leaflet



BACON'S
COLLEGE
SPORTS PARTNERSHIP



HEALTH CHAMPION

Name

Class



My PE Days Are:

.....
.....

My PE Kit Is:

.....
.....

I Attend After School Clubs On:

.....
.....

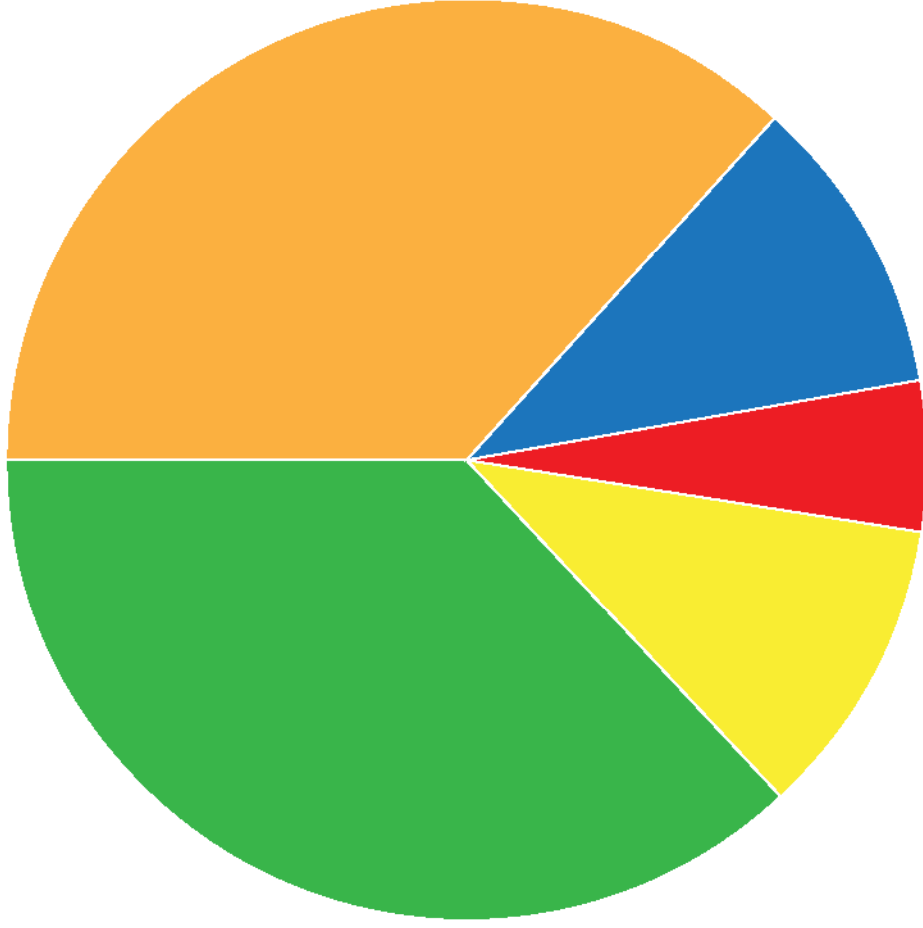
The Community Clubs I Attend:

.....
.....

What Does Healthy Mean To Me:

.....
.....

Create your healthy plate by cutting out the food items found on page 14 and place them on to the five food groups below.



Name The Five Food Groups:

- 1.
- 2.
- 3.
- 4.
- 5.



GO

Carbohydrates:

Are our bodies energisers, they give our bodies all the energy we need to carry out our everyday activities.

Fats and Sugars:

Are also energisers, but wear off quickly and if we have more than we need can lead us to putting on weight.

GLOW

Fruit and Vegetables:

These are our glow foods they keep our insides and outsides healthy.

Have you ever heard the saying, "eat your carrots, they help you see in the dark?" It is true - fruit and vegetables are full of vitamins and minerals, which help our hair shine, skin stay smooth and our eyes sparkle.

GROW

Protein and Dairy:

Are our grow foods. These help our bodies grow big and strong. Protein develops our muscles and helps repair injuries. Protein is full of calcium which makes our bones and teeth grow and keep them hard and strong.

Can you help Mike and his friends improve their performance by improving their diets?

Mike wants to be a professional marathon runner. He has a problem though - he never finishes the race. No one can understand why, as he leads the race up until the last two miles. He then complains that he is too tired to continue.

What foods can Mike eat to help him complete a race?

Jack is an up and coming BMX racing star. Last week he had a nasty crash and broke his leg. The doctor says he needs lots of rest.

What foods will Jack need to get him back racing again as quickly as possible?

Rapunzel is a famous beauty queen. She is currently out of work as people are saying she has lost her sparkle.

What foods can Rapunzel eat to regain her sparkle?

Meet Alisha and Ronnie!

Here's the latest new activity! Help Alisha or Ronnie make smart choices for their meals throughout the day. You'll see how what they choose affects their "balance of good health".

www.foodfactoflife.org.uk



Plan a menu for Mike or one of his friends

Breakfast

.....

.....

Snack

.....

.....

Lunch

.....

.....

Snack

.....

.....

Dinner

.....

.....



Pitta Pizza

This easy snack idea is ideal for when the kids are hungry and you need to make something speedy and healthy.

Serves: 4

Preparation time: 5 mins

Cooking time: 8 mins

Approx cost for recipe: £1.08

- 4 wholemeal pita breads
- 4 teaspoons tomato puree
- 4 medium tomatoes, sliced
- 2 teaspoons dried mixed Italian herbs
- Ground black pepper

1. Preheat the oven to 190°C, fan oven 170°C, gas mark 5.

2. Spread 1 teaspoon of tomato puree over one side of each pita bread. Arrange on a baking sheet and top with the sliced tomatoes. Sprinkle with the mixed herbs.

3. Transfer to the oven and bake for 6-8 minutes.

Tip 1: If you prefer, cook these under a medium-hot grill for 4-5 minutes.

Tip 2: For an easy variation, omit the sliced tomatoes and scatter a 227g can of drained pineapple chunks in natural juice over the top of the pitas, then add 80g of chopped cooked ham. Bake or grill as above.

Checkout more great recipes at...

www.mhs.uk/Change4Life/Pages/lunch-recipe-book.aspx

Bogeyman Soup

This gorgeous green soup is full of vegetables!

Serves: 4

Preparation time: 15 mins

Cooking time: 25 mins

Approx cost for recipe: £1.08

Approx cost per serving: 45p

- 2 leeks, washed and sliced
- 250g broccoli, broken into florets
- 250g potatoes, peeled and chopped
- 600ml (1 pint) vegetable or chicken stock
- 100g spinach, washed
- 300ml (½ pint) semi-skimmed milk
- Ground black pepper

1. Put the leeks, broccoli and potatoes into a large saucepan and add the stock.

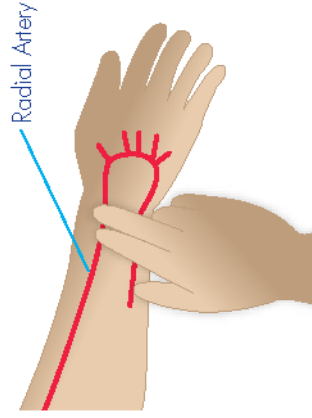
2. Heat until just boiling, then turn the heat down. Cook over a low heat with the lid on for 15-20 minutes, or until the potatoes are tender.

3. Add the spinach and cook gently for another 2-3 minutes, until the leaves wilt down.

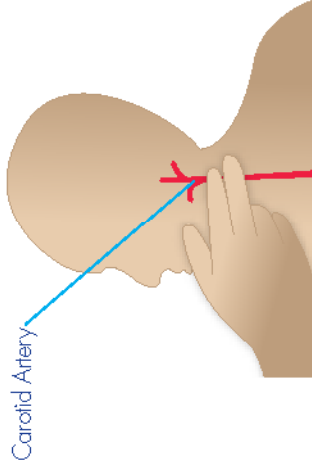
4. Blend the soup to a puree using a hand-held stick blender, or transfer it to a food processor or blender and whizz until smooth. Add the milk and reheat gently, seasoning with ground black pepper. Serve.

Tip 1: Cover, cool and refrigerate the soup, using it within 3 days of making it, and re-heating it thoroughly when ready to serve.

Tip 2: Use vegetable or chicken stock cubes, or concentrated stock from a jar, following the instructions to make it up to the correct strength for 600ml (1 pint) of water



Radial Artery



Carotid Artery

Resting

1.
 2.
 3.
- Average

After Moderate Exercise

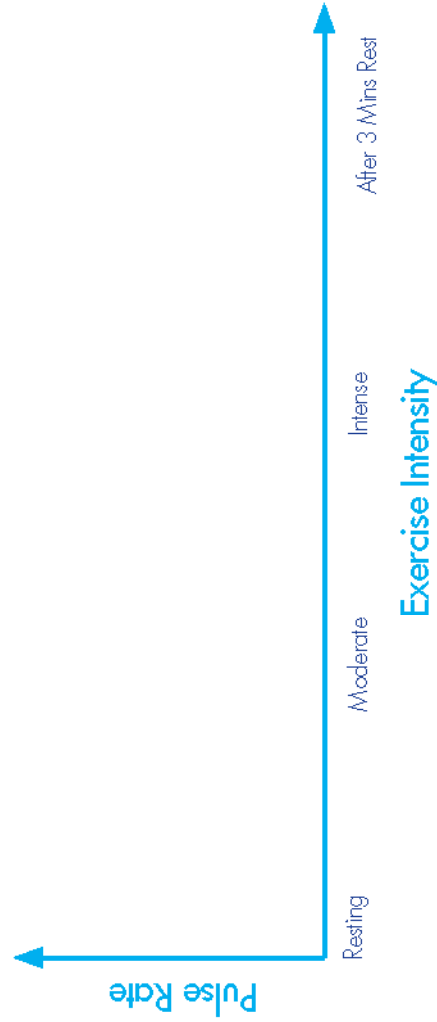
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After Intense Exercise

.....

After 3 Minutes Rest

.....

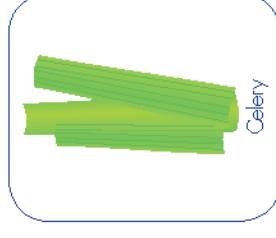


Rank these in order:

Which ones give us the most energy per 100g?



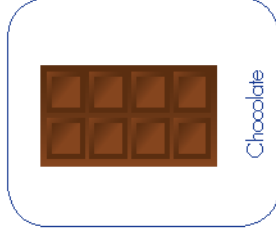
Chicken



Celery

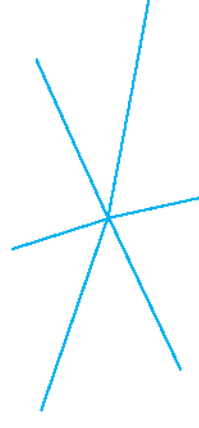
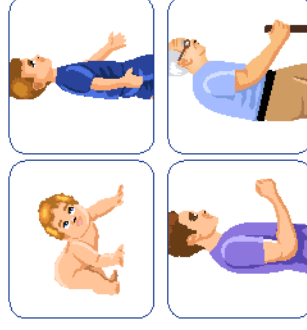


Bread



Chocolate

Can you think of reasons why these people need different amounts of energy?



Why is portion size important?

1.
2.
3.

Ibrahim saw that Bacon's School Sports Partnership was running trials for their development centre. He decided he wanted to try out, but his nerves nearly got the better of him as he didn't think he was good enough. After speaking to his teacher, he thought, "Why not, what have I got to lose?"

Ibrahim went along and met Mr Baltacha, Director of Football, who once played in a world cup and is one of the best football coaches in the country.

Ibrahim had a fantastic day making lots of new friends and was really glad he came. He didn't get into the advanced sessions but received a letter telling how he did in the trials.

Please see the letter opposite.

Dear Ibrahim,

We are going to offer you a place in the academy. However, before the summer camp you must improve your fitness and attitude.

The reasons are shown below:

Technical ability	Rank
Footwork - both feet	10/10
Dribbling - both feet	10/10
Close ball control/turning	10/10
Passing accuracy	8/10

Your touch and close control were exceptional. Overall 10/10.

Physical and Mental	Rank
Focus	3/10
Attitude to training/self discipline	2/10
Speed	4/10
Agility	4/10
Strength	6/10

This area of your game needs work and your fitness levels are low. Overall 5/10.

Your fitness levels affected your game performance. In the first 15 minutes you were very impressive and controlled the game, but after this you seemed puffed out and struggled to stay in the game.

Ibrahim, at this time, we can offer you a place on the advanced football academy but you will need to improve in the areas above to succeed in the Academy

Yours Sincerely

Sergei Baltacha
(Director of Football)

Ibrahim decided he wanted to make some changes to his lifestyle so he could improve his fitness levels. Ibrahim decided that the best way to do this was to make changes to his activity levels and nutrition intake, one small step at a time.

Week	Nutrition/ Lifestyle	Duration	Times per week	Total exercise for the week
Week 1	<ul style="list-style-type: none"> In the first week Ibrahim looked at his current exercise and nutrition levels. 3 fruit and vegetables 7 unhealthy snacks Football at lunch 	Per day 30 mins	Over the week 3 x week	1 1/2 hrs
Week 2	<ul style="list-style-type: none"> 4 Fruit and vegetables. 6 Unhealthy snacks. Swapped Sweets for healthy snack Football at lunch Joined football after school club Walked to school with big sister 	Per day 30 mins 1hr 10 mins	Over the week 3 x week 1 x week 2 x week	2hrs 40 min
Week 3	<ul style="list-style-type: none"> 5 Fruit and vegetables. 4 Unhealthy snacks. Swapped Sweets for healthy snack. Helping his parents do the shopping to create more balanced food plates Football at lunch Joined football after school club Walked to school with big sister Joined another sports after school club 	Per day 30 mins 1hr 10 mins 1hr	Over the week 3 x week 1 x week 3 x week 1 x week	4hrs

So far Ibrahim is active for 4hrs a week, can you get him up to seven hours by week 5? Complete the last two weeks to help Ibrahim reach his goal of joining the Academy.

Week 4				
Week 5				

What's your Goal?

Week	Activity	Duration	How many times a week	Total Exercise
Week 1	What are you doing at the moment?			
Week 2				
Week 3				
Week 4				
Week 5				
Week 6				
Week 7				



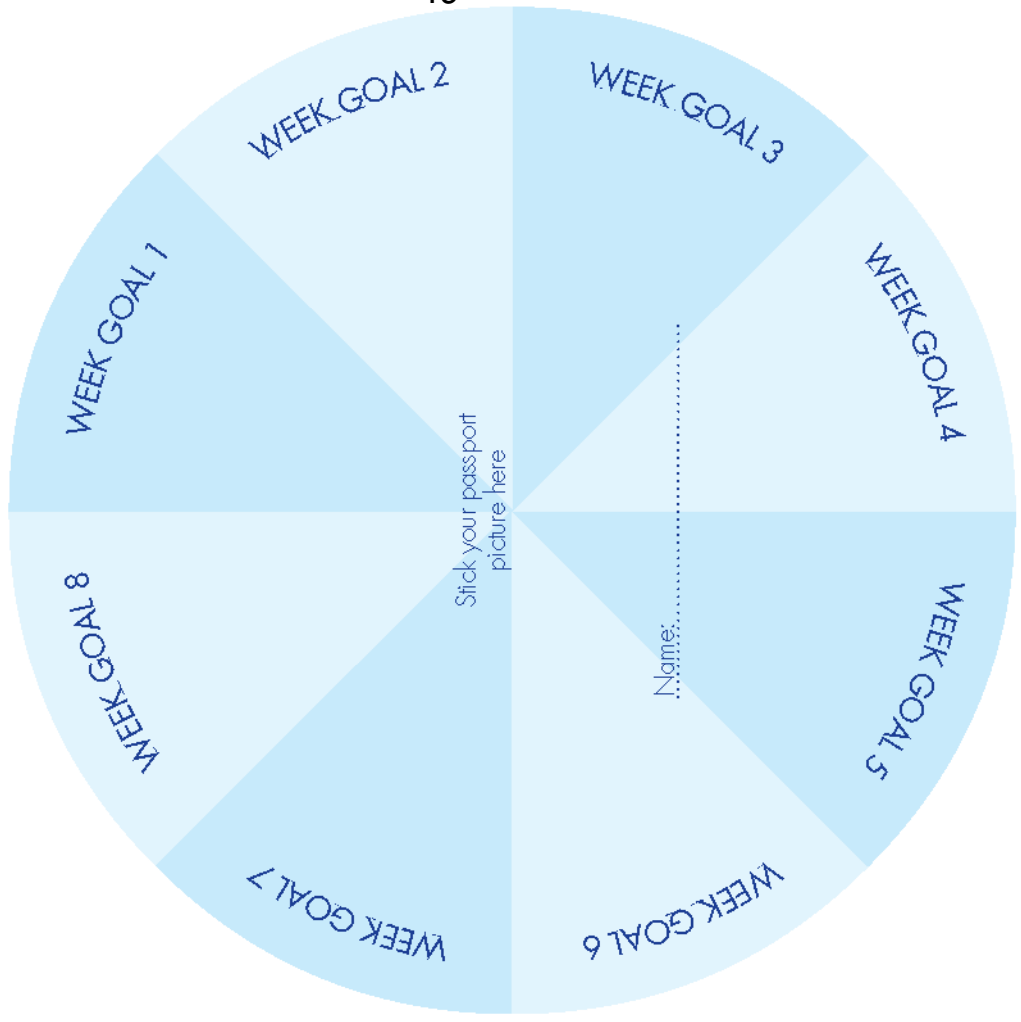
All measures per 100g	Low - a healthy choice	Medium - ok most of the time	High - only eat occasionally
Sugars	5g or less	5.1g - 15g less	More than 15g
Fats	5g or less	5.1g - 15g less, 1-20g	More than 20g
Saturates	1.5 or less	1.6 - 5g	More than 5g
Salt	0.30g or less	0.31-1.5g	More than 1.5g

Traffic light labels on food make it easier to choose healthy options. To apply traffic lights to a product, look at the '100g' information panel on the pack and use the grid to make a healthier choice.



My Goal Achievement Chart

To help you make healthy lifestyle changes we are going to set ourselves personal goals each week, one nutrition goal and one exercise goal.



Item No. 8.	Classification: Open	Date: 17 April 2012	Meeting Name: Cabinet
Report title:		Review of Leaseholder Charging in Southwark - Report of the Housing and Community Safety Scrutiny Sub-Committee	
Ward(s) or groups affected:		All	
From:		Housing and Community Safety Scrutiny Sub-Committee	

RECOMMENDATION

1. That the cabinet notes the recommendations of the review of leaseholder charging in Southwark, undertaken by the housing and community safety scrutiny sub-committee (attached as appendix 1 to this report) and asks Councillor Ian Wingfield as the cabinet member for housing management, to bring back a report to cabinet, in order to respond to the overview and scrutiny committee by June 2012.

BACKGROUND INFORMATION

2. On 12 July 2011, the housing and community safety scrutiny sub-committee agreed to carry out a scrutiny of leaseholder charging in the borough. The sub-committee recognised that any process of systematically charging thousands of people often large sums of money is never going to be a popular council service. However, despite a number of reviews and scrutiny processes in recent years, the sub-committee felt there was a genuine and continuing concern among leaseholders that the charging process could and should be improved.
3. The housing and community safety scrutiny sub-committee recognises that it is in everyone's interests – leaseholders, tenants and the council – to have a system in place which is accurate, fair and efficient and maintains high levels of customer service.
4. By April 2011 there were 13,183 leaseholders in Southwark who were liable to pay service charges of one type or another. In addition there were 1,179 freeholders, making 14,362 property owners affected by this type of charging in the borough.
5. There are various types of charge that might be levied on a leaseholder. Below is a short description of each.
6.
 - (a) Routine annual service charges
 - (b) Major works service charges
 - (c) Ground rent
 - (d) Rechargeable costs (usually due to breach of lease)
 - (e) Court costs
 - (f) Interest (on arrears, either at lease rate or county court rate)
 - (g) Administration fees under the lease (e.g. assignment or re-mortgage)
 - (i) Administration fees for other services (e.g. permissions)

(j) Rent (shared equity leaseholders)

7. At the scrutiny sub-committee meeting on 11 October the cabinet member for housing management, Councillor Ian Wingfield, was interviewed about a range of issues, including leaseholder charging. At this meeting Councillor Wingfield said that he wanted to ensure leaseholders were being treated fairly and that it would be useful for the sub-committee to investigate the issue. The minutes record the following:

“Councillor Wingfield talked about Leaseholder Charging and his view that there was a need to look into how the charging process worked and what could be done better to ensure fairness to leaseholders. He suggested that it would be useful for the sub-committee to investigate the systems in place and make recommendations on areas that need improving.

...Councillor Wingfield went on to explain that from his perspective, although the council did comply to the letter of the law on leaseholder charging issues, this was not always the same as treating leaseholders in the best way it could.

8. The scrutiny sub-committee includes co-opted members from Southwark's Homeowners' Council (the Chair, John Nosworthy) and LAS 2000 (Jane Salmon). Both had expressed the view that it would be useful to investigate this issue and that it was important that leaseholders were involved in the process.
9. Initial consultation with leaseholders and councillors identified the following issues as areas of concern:
- Some examples of over-charging on major works service charges due to miscalculation of costs or over-charging by contractors
 - Charges being levied despite work being incomplete or of poor standard
 - Large administration charges for requests to make external changes to a property
 - A lack of cross departmental working on issues relating to leaseholder charging
 - A lack of detailed information for leaseholders on the works being carried out for which they are charged
 - Examples of leaseholders not being adequately consulted prior to work being carried out
 - A lack of progress on some of the recommendations of the Grant Thornton Audit of Leaseholder Service Charges (published in 2009)
 - A concern among leaseholders that the Administration Fee under the Lease is too high
 - A concern among leaseholders about the ability of the council to accurately manage leaseholder charging for major works in the light of the new five year Housing Investment Programme.

Recommendations from the Housing and Community Safety Scrutiny Sub-Committee

1. During the scrutiny the sub-committee felt that, as a general principle, the more information that could be given to leaseholders to allow them to scrutinise their own service charges, the better. Leaseholders themselves have a strong financial incentive to ensure they are getting value for money. The council

should seek to maximise their involvement in checking that bills are accurate. Interviews with staff from the home ownership and tenant management initiative division also showed that they thought providing leaseholders with more detailed information helped to improve the accuracy of charging. In keeping with this principle, full details of how the actual service charge is calculated should be provided online, rather than waiting for individual requests for this information. Currently, these details are only provided on request, after the actual bill has been issued. The completion of the BAR project should assist officers in providing this additional information.

2. Steps should be taken, as an extension of the BAR Project to make available online details of major works and annual service charges relating to individual leaseholders. Leaseholders would then be able to see an on-going calculation of the charges being levied and to hold the council and its contractors to account for works which are being charged for. Leaseholders should be issued with details of an individual account to which they can log-on and see details of the annual and major works service charge calculations to which they are subject.
3. Clearly there are certain legal requirements around service of invoices; notices etc. which mean electronic communication cannot currently replace letters. However, leaseholders should be able to opt to receive more of the necessary correspondence from the council via email rather than paper letter
4. Given the problems outlined in this report (and previous scrutiny reports), very serious consideration should be given to whether or not a contracted out model of repairs is the most suitable for a service which needs to be flexible and subject to direct management control of senior managers. This recommendation should be borne in mind during the decision making process regarding the reconfiguration of repairs services.
5. Council officers responsible for signing off work should be encouraged to refuse to pay contractors for poor quality or incomplete work. The case studies outlined in this report show that there are incidents in which this happens and this must come to an end.
6. The signing-off of poor quality or unfinished works and repairs continues to be a problem. To help address this, the name of the individual officer who has signed off works should be attached to all works and repairs. The name of the officer should be available to leaseholders as part of the information they will be able to access online about ongoing and recently completed works. (See recommendation 2). The name of the officer signing off works should, in essence, be publicly available. This will encourage clearer lines of responsibility for the signing off of work.
7. In 2012, the housing and community safety scrutiny sub-committee dedicated a meeting to the council's work on contract management in housing. This should be attended by Councillor Ian Wingfield (Cabinet Member for Housing), Gerri Scott (Strategic Head of Housing Management), David Lewis (Head of Maintenance and Compliance) and David Markham (Head of Major Works) to review progress on the council's work to tighten up contract management (both on major works and service contracts) by Southwark's Housing Department. A report will be published by the sub-committee on the progress of this work.

8. It is clear that the ability for leaseholders to “drop in” to the Home Ownership and Tenant Management Initiatives office and speak to a person face to face is highly valued by leaseholders. Whatever changes are made in the future, this aspect of the service should be maintained.
9. Improvements need to be made in cross-departmental working. Works needs to continue to be done in getting officers in the wider Housing Department to work more closely with officers in HO &TMI, and vice versa. The newly appointed senior management team should be supported in their efforts to encourage collaborative and supportive working across divisions in the housing department. Where silos continue to exist, managers need to give consideration to how more co-operative working can be encouraged.
10. Given the consensus that there is a clear lack of appreciation of leaseholder issues by housing management staff, the sub-committee wishes to suggest two possible options which could be considered as ways of rectifying this problem:
 - a) Expand the remit and function of HO & TMI to take on a more general housing management role and activities to cover these issues; or
 - b) Have a dedicated leaseholder officer based in each of the other housing management services who may or may not come under the HO & TMI but will have to liaise and report to it.

There should also be increased training and raising awareness amongst staff dealing with leaseholders, promoting a more integrated system.

11. HO &TMI must be made aware of works which would involve charges (and therefore a section 20 consultation) for leaseholders. Failing to do so is essentially leading to tenants subsidising leaseholders. These incidents should no longer be allowed to “slide”. Prior to this recommendation being implemented, senior managers in the housing department should inform the relevant managers and officers that a new, firmer approach is being taken on this issue.
12. A new two-tier system of charges should be introduced to cater for requests to make minor changes to properties. The current flat rate £193 charge should be replaced so that leaseholders making requests for minor changes should be charged significantly less than those making requests to make major changes.
13. The sub-committee accepts that it would be sensible to investigate further offering leaseholders the option of a fixed service charge which incorporates both the annual services charge and major works service charges. The cabinet member and director should be urged to review counsel’s advice already received, make a thorough assessment of the financial implications for the council, and see whether any difficulties need to be overcome in order to make this option available to leaseholders.
14. That all recommendations of the Grant Thornton report be speedily implemented.
15. The sub-committee (or its successor) should return to this subject in twelve months’ time to assess what progress has been made with regard to the recommendations made in this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing and Community Safety Scrutiny Sub-committee – Agenda and minutes	Scrutiny Team 160 Tooley Street London SE1 2QH	Sally Masson Scrutiny project manager Tel: 020 7525 0324

APPENDICES

No.	Title
Appendix 1	Report of the Housing and Community Safety Scrutiny Sub-committee – Review of Leaseholder Charging in Southwark

AUDIT TRAIL

Lead Officer	Shelley Burke, Head of Overview & Scrutiny	
Report Author	Sally Masson, Scrutiny Project Manager	
Version	Final	
Dated	2 April 2012	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	N/a	N/a
Finance Director	N/a	N/a
Chief Officers	N/a	N/a
Cabinet Member	N/a	N/a
Date final report sent to Constitutional Team		2 April 2012

Review of Leaseholder Charging in Southwark

Report of the Housing and Community Safety
Scrutiny Sub-committee

March 2012



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Part 1 – Introduction

Background to leaseholder charging in Southwark

- 1.1 On 12 July 2011, the Housing and Community Safety Scrutiny Sub Committee agreed to carry out a scrutiny of leaseholder charging in the borough. The sub-committee recognised that any process of systematically charging thousands of people often large sums of money is never going to be a popular council service. However, despite a number of reviews and scrutiny processes in recent years, the sub-committee felt there was a genuine and continuing concern among leaseholders that the charging process could and should be improved.
- 1.2 The Housing and Community Safety Scrutiny Sub-committee recognises that it is in everyone's interests – leaseholders, tenants and the council – to have a system in place which is accurate, fair and efficient and maintains high levels of customer service.
- 1.3 By April 2011 there were 13,183 leaseholders in Southwark who were liable to pay service charges of one type or another. In addition there were 1,179 freeholders, making 14,362 property owners affected by this type of charging in the borough.
- 1.4 There are various types of charge that might be levied on a leaseholder. Below is a short description of each.
- (a) Routine annual service charges
 - (b) Major works service charges
 - (c) Ground rent
 - (d) Rechargeable costs (usually due to breach of lease)
 - (e) Court costs
 - (f) Interest (on arrears, either at lease rate or county court rate)
 - (g) Administration fees under the lease (e.g. assignment or re-mortgage)
 - (i) Administration fees for other services (e.g. permissions)
 - (j) Rent (shared equity leaseholders)
- 1.5 At the scrutiny sub-committee meeting on 11 October the Cabinet Member for Housing, Councillor Ian Wingfield, was interviewed about a range of issues, including leaseholder charging. At this meeting Councillor Wingfield said that he wanted to ensure leaseholders were being treated fairly and that it would be useful for the sub-committee to investigate the issue. The minutes record the following:
- “Councillor Wingfield talked about Leaseholder Charging and his view that there was a need to look into how the charging process worked and what could be done better to ensure fairness to leaseholders. He suggested that it would be useful for the sub-committee to investigate the systems in place and make recommendations on areas that need improving.
- ...Councillor Wingfield went on to explain that from his perspective, although the council did comply to the letter of the law on leaseholder charging issues, this was not always the same as treating leaseholders in the best way it could.
- 1.6 The scrutiny sub-committee includes co-opted members from Southwark's Homeowners' Council (the Chair, John Nosworthy) and LAS 2000 (Jane Salmon). Both had expressed the view that it would be useful to investigate this issue and that it was important that leaseholders were involved in the process.
- 1.7 Initial consultation with leaseholders and councillors identified the following issues as areas of concern:

- Some examples of over-charging on major works service charges due to miscalculation of costs or over-charging by contractors
- Charges being levied despite work being incomplete or of poor standard
- Large administration charges for requests to make external changes to a property
- A lack of cross departmental working on issues relating to leaseholder charging
- A lack of detailed information for leaseholders on the works being carried out for which they are charged
- Examples of leaseholders not being adequately consulted prior to work being carried out
- A lack of progress on some of the recommendations of the Grant Thornton Audit of Leaseholder Service Charges (published in 2009)
- A concern among leaseholders that the Administration Fee under the Lease is too high
- A concern among leaseholders about the ability of the council to accurately manage leaseholder charging for major works in the light of the new five year Housing Investment Programme.

The scope of this report

- 1.8** Leaseholder charging in any London borough is an extremely complex subject. Just to illustrate this point, the first version of the leaseholder charging briefing provided to the sub-committee was more than 300 pages long and included 15 separate appendices. With this in mind the sub-committee felt that from the outset it was important to “follow the evidence” rather than produce a report which just described all the processes which are involved in leaseholder charging. The focus of the sub-committee in carrying out this scrutiny is to find areas in which significant improvements can be made.
- 1.9** For a general description of the processes involved in leaseholder charging in Southwark see Southwark’s Homeowners’ guide here: http://www.southwark.gov.uk/downloads/download/391/homeowners_guide (This is currently being updated)
- 1.10** The evidence gathered by the sub-committee, including the views of leaseholders and councillors, has led us to concentrate on the following areas:
- Customer service standards
 - The accuracy of major works charges
 - Progress on implementing recommendations from the Grant Thornton Report
 - Improvements to IT systems used to administer leaseholder charging
 - Alternative options for leaseholder charging
 - Communications with leaseholders and potential leaseholders
 - Inter-departmental working
- 1.11** In order to collect evidence the sub-committee has used the following methods:
- Statistical analysis of casework and complaints
 - Statistical comparison with other London boroughs
 - Analysis of Southwark’s own Homeowners’ Survey
 - Call for evidence to Southwark councillors
 - Written submissions from Homeowners’ Council
 - Leaseholder charging case-tracking
 - Home Ownership and Tenant Management Initiatives division staff interviews
 - Interview with Head of the Home Ownership and Tenant Management Initiatives division
 - Interview with Head of Repairs Service
 - Background research including the 2009 Grant Thornton Report
 - Chair’s visit to Homeowners’ Council

- Written questions to officers in the Home Ownership and Tenant Management Initiatives division

1.12 The sub-committee appreciates that Leaseholder Service charges reflect the cost of communal services, i.e. services provided to all residents (freeholders, secure tenants and even commercial tenants). Any lack of value in their procurement or lack of quality in their delivery is something which affects all groups of customers not just the leaseholders. There is no doubt that the leaseholders are amongst the most vociferous of critics around the twin issues of value for money and quality but this is simply a function of transparency: their service charges are disaggregated to show the cost of individual services such as cleaning and grounds maintenance at a block/estate level or, in the case of repairs, the cost of individual repairs; whilst the rents are pooled across 40,000 users.

As a result it should be appreciated that a number of the issues highlighted in the report are matters connected to leaseholder charging, because the end results affect charges made to leaseholders. However the issues are, in the main, matters of procurement and contract management. This is an important point to appreciate in reading the conclusions and recommendations of this report.

1.13 With this report the scrutiny sub-committee aims to assist the council in reaching two primary objectives, both of which are equally important. They are:

- To have a fair, efficient and responsive system for charging leaseholders
- To meet the council's legal and financial responsibilities to recover funds from leaseholders


Part 2 – Scrutiny of Leaseholder Charging

Leaseholder Charging in Southwark

2.1 As table 1 shows, in 2009/10 the average revenue service charge for Southwark leaseholders was £1,085. This places the borough near the middle in a table of other inner London boroughs. The same can be said of average charges for major works with the average major works bill totalling £2,799. It would be realistic to expect this average charge for major works to rise over the next five years as Southwark's Housing Investment Programme is implemented.

Table 1. 2009/2010 – Inner London Borough Service Charge Statistics

Rank	Service charge payers	Total Billed	Revenue Service Charges Billed	Average Revenue Service Charge	Major works Billed	Average Major works Bill
1	2779	£7,883,880	£6,887,392	£2,478	£996,488	£570
2	2532	£4,642,500	£3,000,924	£1,185	£1,641,576	£893
3	9311	£1,987,448		£1,162	£1,987,448	£2,448
4	14639	£21,596,192	£16,400,000	£1,085	£5,196,192	£2,799
5	4484	£9,606,890	£4,671,733	£1,042	£4,935,157	£9,832
6	9159	£17,164,331	£11,765,171	£993	£5,399,160	£2,157
7	8687	£8,005,552	£8,005,552	£957		£4,672
8	8290	£15,556,351	£7,643,037	£922	£7,913,314	£6,413
9	4599	£3,320,887	£392,006	£785	£2,928,881	£7,243
10	6035	£989,344		£607	£989,344	£1,540
11	8989					

-  = Southwark
- Ranked by average revenue service charge
 - Blank boxes indicate unavailability of information

2.2 Table 2 shows the service charge comparison between 2009/10 and 2010/11, with some explanatory notes. The figures for 2009/10 differ from those given in table 1 because they exempt properties in TMO's. TMO costs have different overheads, management and administration fees. The average service charge in Southwark has increased by £56.26 or 0.52% between 09/10 and 10/11.

Table 2 – Service Charges in Southwark 2009-2011

Year	Total Billed	Homeowners	Average Service Charge
2009/10	£14,133,588*	13,166***	£1,073
2010/11	£14,746,278**	13,199***	£1,117

* Gross of lift credits for previous years

** inclusive of part year completions

*** Gross of electrical testing - new service

The process for making service charges

2.3 The two most significant and regular charges made to Southwark Leaseholders are the annual service charge and major works charges.

2.4 In Southwark the annual service charge covers the following services:

1. Cleaning and upkeep - based on the hours the contractor's staff spent cleaning the block and estate
2. Estate grounds maintenance - maintaining communal land on housing estates
3. Lighting and electricity - includes maintenance of lamp columns and electricity supplied to all the lighting
4. TV aerials - covers the provision of a communal television aerial to blocks, if it is provided
5. Entry phones - covers the cost of its repair and maintenance
6. Heating - heating and hot water to some blocks and houses, includes repairs and maintenance
7. Lifts - includes repairs, maintenance and electricity
8. Security services e.g. a concierge, CCTV or private security
9. Responsive repairs - delivered through contractors (e.g. water testing; lightning conductors; dry risers; water pumps; mechanical ventilation etc)
10. Building insurance - charges for insuring the building
11. Ground rent for flats or maisonettes annual fee of £10 (in most cases). This is set out in the lease
12. Administration charge - a fee for administering the service charge account. This amounts to 10% of the total of the service charge

2.5 Each year, at the end of March, leaseholders receive an invoice detailing the estimated service charge for the forthcoming financial year, a breakdown of this charge and then given in four quarterly statements throughout the course of the year.

2.6 The statements detail payments made and the balance on the account at the end of that quarter. After the end of the financial year, Southwark's Home Ownership and Tenant Management Initiatives division calculates how much it has actually cost to provide the services to leaseholders and the HO&TMI convert this into the actual charges for each leaseholder.

2.7 A "major works charge" is a charge for larger scale works carried out to a block or an estate. Examples of this work might include:

- Installing security doors
- Renewing the roof or window
- Concrete and brickwork repairs
- Resurfacing the estate roads

2.8 A consultation with leaseholders must be carried out in order to charge any leaseholder over £250 for major works. The consultation is under section 20 of the landlord and tenant act 1985 (as amended). Section 20 consultation applies to both major repair works and to long term agreements to carry out repairs and renewals or to provide goods or services for which leaseholders may be charged. The consultation includes a Notice of Intention. This tells the leaseholder that the council intends to carry out works or enter into a long-term contract. This notice invites comments from leaseholders which the council must then take into account. The Section 20 process then moves on to a Notice of Landlord's Proposals which the leaseholder receives after tenders have been received. It tells leaseholders the results of the tender process, which tender the council intends to accept, and what the estimated individual charge will be. Again leaseholders are invited to comment.

Where repair or renewal works are carried out under a long term agreement (e.g. under the main repairs and maintenance contracts) only one notice is served, as the full statutory consultation would have been carried out on the long term agreement. The one notice served for the repair work itself is a combination of the notice of intention and notice of proposal, but without the results of the tender process.

Over the last two years HO & TMI have issued 7,018 notices of intention and 4,146 notices of proposals for major works. A further 34,246 notices of intention and 37,103 notices of proposals have been issued for long term agreements. In response to these the council has received 950 observations (8.5%) regarding major repairs and 260 observations (0.28%) about proposed long term agreements.

These response rates show that despite detailed consultation relatively few leaseholders respond to consultation even in respect of major works.

2.9 Like annual service charges, major works charges are usually calculated using the weighting method, so the larger the property, the higher the charge. In some instances, however, where it is considered that all properties benefit equally from the works, the council may simply divide the cost by the number of properties.

2.10 Major works charges are normally billed in October each year for properties where a Section 20 notice has been served during the twelve-month period ending the previous 31 July. The invoice will be the estimate quoted in the notice, unless any amendments have been made. Leaseholders are notified of the actual costs as soon as the final account for the contract has been agreed. All major works contracts have a defects liability period during which the contractor must remedy any defects free of charge. This is a minimum of six months, and may be as long as a year. The final account cannot be agreed until after the defects liability period has ended, and all defects have been rectified.

Casework and complaints

3.1 Southwark's member enquiry and complaints system can be a useful source of statistical evidence on the performance of council services. During the scrutiny process the sub-committee requested and received statistics on the number of complaints and members' enquiries received with regard to the HO&TMI division. One of the issues raised by several leaseholders (although not Homeowners' Council) in the initial stages of the scrutiny was that they felt there was a general problem with the way HO&TMI responded to leaseholder enquiries.

Homeowners' Council representatives on the sub-committee made the following point: "HOC and LAS2000 have regularly complained of the inequities in the complaints procedures as it is wholly operated as an internal exercise. The matter was as recently raised at the Repairs Core Strategy Group meeting held on 27 January 2012."

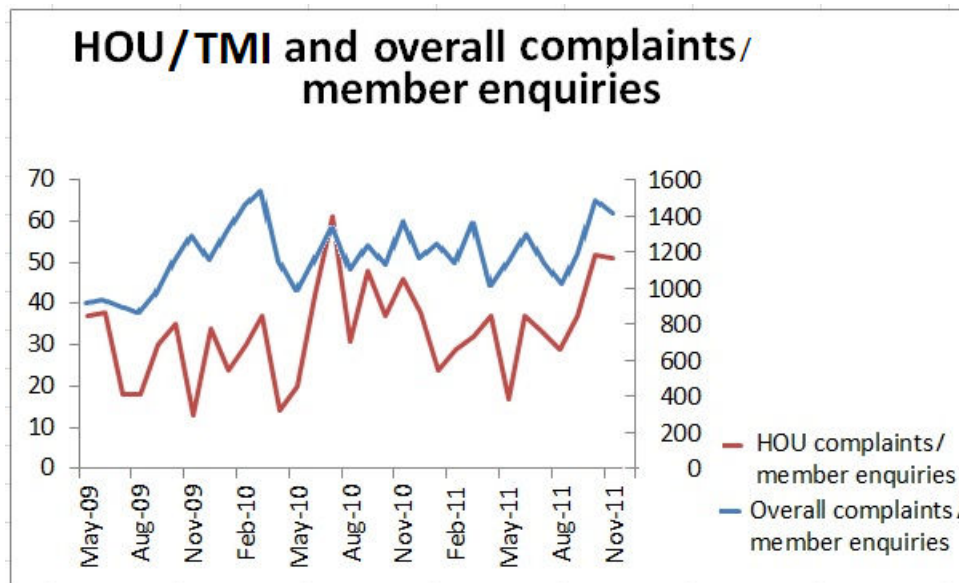
- 3.2** Information regarding complaints and members enquiries (MEs) is particularly useful in establishing systematic failings in customer service. Statistics taken from casework and complaints are a useful tool for identifying "problem areas" rather than providing a reliable indicator of overall customer satisfaction. To assess the latter, surveying is a more reliable source of information and this is considered in more detail in the next section of this report.
- 3.3** It was not possible to isolate complaints and MEs relating solely to leaseholder charging; however it is a fair assumption that the vast majority of these complaints and MEs relate, in some way or other, to charges being levied. The sub-committee recognises that these statistics have to be taken in context. For example, experience shows us that the overall level of complaints and members enquiries rises before and after elections. As a result it is important to view statistics on HO&TMI complaints and MEs in the wider context of the overall number of complaints and MEs which the council is receiving in relation to all services. Table 3 below gives these statistics. The third column from the right gives the monthly % of all complaints and MEs relating to HOU.

Table 3 – Complaints and Member Enquiries received in relation to HO/TMI and across all services

Period	HO/TMI complaints and member enquiries	Overall complaints and member enquiries	HO/TMI Complaints and MEs as a % of total
May-09	37	899	4.12
Jun-09	38	915	4.15
Jul-09	18	881	2.04
Aug-09	18	848	2.12
Sep-09	30	955	3.14
Oct-09	35	1128	3.10
Nov-09	13	1271	1.02
Dec-09	34	1140	2.98
Jan-10	24	1303	1.84
Feb-10	30	1441	2.08
Mar-10	37	1523	2.43
Apr-10	14	1131	1.24
May-10	20	969	2.06
Jun-10	42	1141	3.68
Jul-10	61	1314	4.64
Aug-10	31	1086	2.85
Sep-10	48	1216	3.95
Oct-10	37	1117	3.31
Nov-10	46	1353	3.40
Dec-10	38	1152	3.30
Jan-11	24	1230	1.95
Feb-11	29	1124	2.58
Mar-11	32	1347	2.38
Apr-11	37	1001	3.70

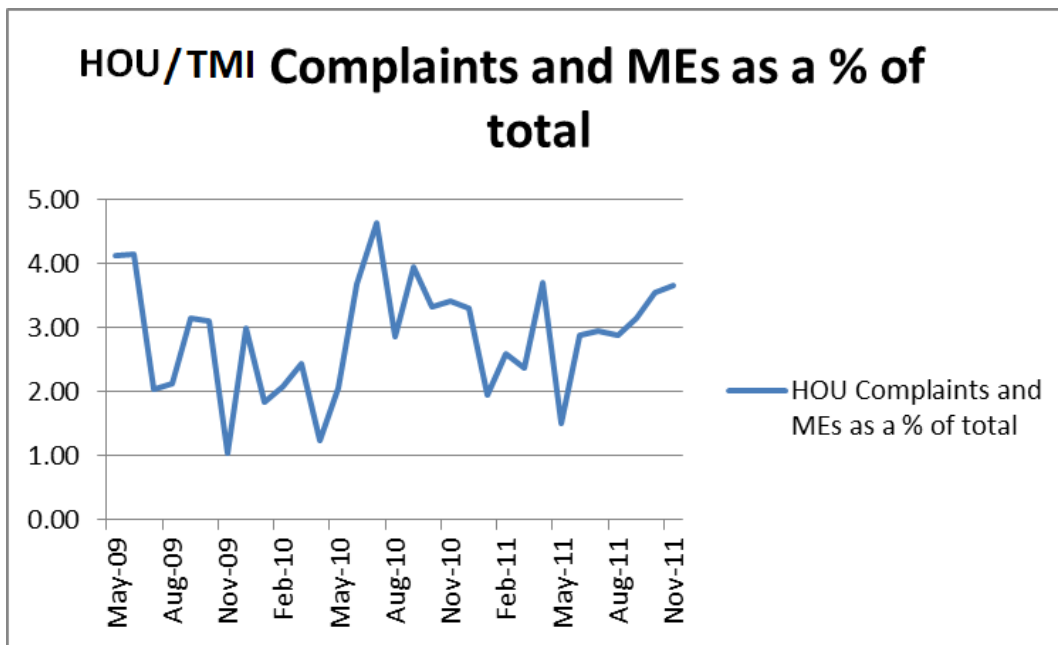
Period	HO/TMI complaints and member enquiries	Overall complaints and member enquiries	HO/TMI Complaints and MEs as a % of total
May-11	17	1128	1.51
Jun-11	37	1284	2.88
Jul-11	33	1121	2.94
Aug-11	29	1011	2.87
Sep-11	37	1177	3.14
Oct-11	52	1467	3.54
Nov-11	51	1399	3.65
Total	1029	36072	

Graph 1



- 3.4 Graph 1 shows the overall number of complaints and MEs and the number of complaints and MEs relating to the Home Ownership and Tenant Management Initiatives Division, plotted on the same graph. The graph shows the general correlation of the two sets of figures.

Graph 2



- 3.5** Graph 2 shows that the monthly % of all complaints and MEs relating to HO&TMI has fluctuated from a low of 1% to a high of 4.5%. Fluctuations may well be the result of service charge and major works bills being issued. The Housing Department generally makes up around 50% of all MEs and complaints. The sub-committee concludes from these figures that the % of complaints and Members Enquiries relating to HO&TMI is generally low.
- 3.6** Also, the number of HO&TMI related complaints and MEs appears to generally reflect the number being made to the council generally. These figures do not provide any evidence that levels of customer service relating to leaseholder charging should be an area for concern. Though, as the next section shows, that does not necessarily mean the majority of leaseholders are satisfied or happy.

Homeowners' Survey

- 4.1** The sub-committee requested and received information regarding the council's own key performance indicators in relation to services relevant to leaseholder charging. The full report provided to the sub-committee can be found here:
<http://moderngov.southwarksites.com/mqConvert2PDF.aspx?ID=24302>
- 4.2** Southwark began a quarterly sample survey of 800 home owners in October 2011. This was subsequently increased to 1000 in quarter two of 2011/12. The survey is carried out over a four-week period using a postal questionnaire and random selection of leaseholders from across the borough. Three £25 vouchers are offered as an incentive to return the questionnaire. Return rates over the three quarters have been between 9% and 11%. Importantly, officers compiling this survey appear to be using industry standard techniques and are avoiding the pitfalls of the repairs service survey which was, in part, the subject of a highly critical report issued by the Housing Scrutiny Sub-Committee in 2011.
- 4.3** The survey results show that satisfaction with the overall service is generally low, although it does appear to be improving. The recent surveys with overall satisfaction between 46% and 57%. Table 4 gives a summary of the most recent set of results:

Table 4

Performance Indicator	05/06 Ipsos MORI	10/11 Qtr 3	10/11 Qtr 4	11/12 Qtr 1	11/12 Qtr 2	Last 4 Qtrs
% satisfied with the overall services provided by the council (NI 160).	33%	46%	57%	47%	53%	51%
% satisfied that their annual service charge represents value for money.	19%	27%	25%	30%	32%	28%
% satisfied that the major works service charges represent good value for money.	17%	12%	5%	24%	6%	11%
% satisfied with the overall quality of the major repairs work carried out.	n/a	18%	21%	31%	27%	24%
% satisfied with the way the council generally deals with communal repairs and maintenance.	27%	30%	32%	35%	48%	36%
% satisfied with the general upkeep of their block or estate.	54%	51%	66%	56%	62%	59%
% who feel that the council is good at keeping them informed about things that affect them as a homeowner.	50%	52%	62%	50%	71%	59%
% who described their officer as very or fairly helpful.	47%	55%	59%	58%	70%	61%
% satisfied with their neighbourhood as a place to live	61%	82%	76%	92%	79%	82%
% satisfied with the play areas in their neighbourhood.	n/a	66%	68%	53%	58%	62%

4.4 It is noteworthy that the two very lowest levels of satisfaction both relate to major works. Results showing satisfaction with the quality of works themselves (24%) and their value for money (11%) present a major challenge to Southwark Council. Annually, almost three quarters of homeowners said that they did not think the major works service charge represented value for money. This compares to only 11.4% of home owners who thought that the service charge represented good value for money. The scheduling of works was identified as an issue of concern. Some residents claimed that there had been no work for over a decade, while others stated that the major works they had anticipated had been continuously cancelled. Some of the recommendations in the final section of this report seek to address this particular problem.

4.5 It is also worth noting the low satisfaction with value for money of the annual service charge (28%), though this improved since the Ipsos Mori survey in 2005/6. For the year, around half (50.4%) of

homeowners believe that the annual service charge does not represent good value for money. Just over a quarter believe that it does represent good value for money, at 27.9%. According to the report provided to the sub-committee, further analysis of the survey returns hinted at some of the reasons for these figures. The report stated:

“Comments from homeowners suggest that there is some work to be done on understanding the nature of service charges. The majority indicated that more detail was needed in order to fully understand the services being provided. Many homeowners noted that the service charges invoices sent to them were often revised later, making budgeting difficult.”

Again, this report seeks to make recommendations to address this issue.

- 4.6** Additional information provided through the survey gave further insight into the areas which are giving rise to frustration amongst leaseholders. Table 5 confirms that the quality of the responsive repairs service remains a serious issue. Table 6 shows that the quality of work done as part of major works is a concern for more than half of leaseholders dissatisfied with the service.

Table 5

The percentage of respondents saying the following services for which they pay annual charges were poor or very poor value for money were (each area assessed separately):

Responsive repairs	40%
Security services	32%
Care and upkeep	32%
Entry phone	29%
Lifts	29%
Estate grounds maintenance	28%
Communal TV aerial	26%
Heating	22%
Lighting and electricity	19%
Building insurance	19%

Table 6

The percentage of respondents saying they were unsatisfied or very unsatisfied with the following areas for the last major works which took place in their block or estate were (each area assessed separately):

Cost of work	74%
Quality of work	54%
Clarity of information provided about work	46%
Consultation with yourself	43%
Consultation with resident representatives	35%

- 4.7** It is welcomed by the sub-committee that the report presented to it did not attempt to sugar-coat the survey results. The sub-committee strongly believes that an honest recognition of the areas of weakness is a vital pre-condition to improving services. The report from officers set out how the information which was gathered would inform on-going and future work.
- 4.8** Among the planned changes specified in the report to address some of these issues were:
- Ensuring that major works represent value for money: through tighter specifications, reduced variation orders and stronger contract management
 - Working across divisions to improve the quality of information on major works to homeowners
 - Delivering the home owner service charge module
 - Improving the quality of information delivered to homeowners
 - Promoting the Right to Manage with Tenant and Resident Associations /Area Forums
 - Delivering self-management to at least 2 of the 5 currently in development

Leaseholder charges case tracking

- 5.1** In October 2011 the scrutiny sub-committee asked officers to give a detailed response to a number of cases that might show weaknesses in the leaseholder charging systems. Details of case studies are shown below in Table 7.

Table 7 - Leaseholder Charges Case Tracking

Address	Brief Description of problems and HO&TMI/Major Works response	Date	Scrutiny Sub Committee Comments
Cardiff House Peckham Park Road, SE15 6TT	<p>Leaseholders said: Final bill is 500% more than original estimate. There was a lack of transparency in billing for works proposed and actually done. For example, about 35% of bills in some cases were allocated to preliminary work. There was a general lack of consultation when works extended beyond section 20 notice agreements.</p> <p>HO&TMI /Major Works response: The section 20 notice detailed the works proposed, gave an individual estimate and invited leaseholders to view any contract documents at the office of the home ownership unit. Southwark provided a calculation sheet of all the works including preliminaries and overheads. The Final Account for the major works contract fell by £748,179.45, there were no additional works or costs incurred that required the landlord to carry out additional section 20 consultation. The main reason for the large increase from the estimate in 2006 to the final account in 2010/11 is as follows: The contract started later and lasted longer than the anticipated date used to construct the estimate; this affected the leaseholders' position in regards to being protected by their s125 limitations. Leaseholder alternative calculations were not done in accordance to the lease or the legislation. The tribunal decision was in favour of the landlord. Due to the size and scale of the works the site prelims were separated between internal and external works and averaged around 23% for externals. The general prelims were part of the tendered percentages for the overall partnering contract at 4%. The contract award was based on the successful contractor submitting the lowest costs and best quality submission.</p>	2007-2009	The key phrase here is: "The contract started later and lasted longer than the anticipated date used to construct the estimate." In other words, Southwark failed to manage the contract effectively. Poor contract management (which in this case is the responsibility of the Major Works Department) including dramatic over runs and increases in service charges is a recurring theme in these case studies.
Elm Grove Peckham SE15 5D	Leaseholders said: The leaseholder's estimate for the work was £1,800-£2,500. The Council's estimate was £6,250, more than 200% more. 95% of the work on the site specification has not been done and nobody has been to see of the work has been done or not.	Feb-11	

Address	Brief Description of problems and HO&TMI/Major Works response	Date	Scrutiny Sub Committee Comments
	<p>Southwark response: This work was subject to a traditional procurement process. The leaseholder had been complaining about the condition of his windows for some considerable time and requesting that the Council carry out an external decorations contract. At his own request he waived his right to have a full observation period in order to proceed the contract and did not nominate a contractor to be added to the tender list, as was his right. The proposed work to his block consisted of decorations and some window repairs.</p> <p>Three quotes were obtained for the work and the lowest was accepted. The works have been post inspected by the project manager for the scheme and the works are satisfactory. The contractor (Standage) has been asked for a more detailed breakdown of works and the project manager is also chasing for the final account.</p>		<p>Clearly it would have been better if the leaseholder had taken the opportunity to nominate a contractor to add to the tender list. The large gap between the leaseholder's estimate and the amount paid by the council is, however, a concern. Nonetheless, this particular case does not provide any clear evidence that the council was paying over the odds.</p>
<p>Ramsfort House Roseberry Street SE16 3N</p>	<p>Leaseholder said: Poor workmanship. Poor planning and design. Work left unfinished. Lack of Council attendance and project management. Incomplete and poor work was signed off. Work charged which should not have been (new work and improvements). Poor decision making and leadership.</p> <p>Southwark response: HO&TMI &TMI said "Issues of new work and improvements are believed to refer to defensible space – the creation of gardens outside the tenanted properties – which were not recharged to leaseholders." Major Works said "This particular case is still being resolved with the leaseholder. This particular scheme coincided with a re-organisation of staff. The management of the project should have been better and the work was accepted when not to the required standard. Subsequently works have been rectified at no additional costs to leaseholders and discussions are currently taking place as to a possible reduction in charges."</p>	<p>Dec 2006 - Present</p>	<p>The sub-committee has been advised that Major Works are dealing with the complaints about the quality of the work and project management issues – HO&TMI are aware of the on-going negotiations, but cannot comment on the outcome.</p>
<p>Osprey House Pelican Estate SE15 5NT</p>	<p>Leaseholder said: No significant work has been undertaken on the block, yet the service charges have rocketed dramatically. The wall is wet due to a problem with the guttering. Water is dripping through and needs urgent repair.</p>	<p>Oct 2009 – Aug 2010</p>	

Address	Brief Description of problems and HO&TMI/Major Works response	Date	Scrutiny Sub Committee Comments
	<p>HOU/Major Works response: Service charges have risen since 2003/04 due both to increased efficiency in identifying costs incurred by the Housing Revenue Account and charging them properly in accordance with the lease, and the general increase in the costs of service provision in the period. However, for the last three years (2007/08 to 2009/10) the actual service charge has been £900.52, £1,176.03 and £1,233.94 respectively. The 2010/11 actual service charge is due to be issued shortly.</p> <p>A review of the repair history for 1-12 Osprey House going back 5 years has highlighted that works were identified and subsequently undertaken to address a problem with guttering outside no 8. This work was raised on 8th June 2010, and completed on 11th August. On 18th March an order was placed to repair the damaged asphalt outside no 12 as this was identified as the cause of water penetration to no 6. This order was completed on 6th April. We are unable to identify any other works orders that relate to water penetration at Osprey House, but have arranged for a survey to be undertaken urgently. Appropriate works will be raised to rectify the fault.</p>		
Osprey House Pelican Estate SE15 5N	<p>Leaseholders said: Communal cobblestones are not cleaned, hedge at the rear is not cut often enough. The gate has been damaged by Council workers. Windows replaced at a cost of £20,000 but locks keep breaking. Roof work is substandard quality. Electrical window fan fitted in the kitchen but not connected. Fuse box was replaced with an old one despite being charged for a new one. No compensation for the removal of a security shutter which had to be removed to install the new windows.</p>	On-going	

Address	Brief Description of problems and HO&TMI/Major Works response	Date	Scrutiny Sub Committee Comments
	<p>HOU/Major Works Said: The final account for the major works has been issued and has a 10% reduction on the original tender. The Major Works Division has stated that all works were completed satisfactorily, allowing the final account to be signed off and all payments made to the contractor.</p> <p>The contract was discussed at LVT and the costs were found to be reasonable for the works. The works were carried out well on site and no major problems have been reported during the defects liability period or subsequently. Leaseholders are responsible for their own wiring to properties and it is therefore their responsibility to connect up fans to their own electrical systems. Compensation is not given to residents who have put up their own grilles. These can be a fire hazard and the new windows provide adequate security.</p> <p>The review of repair history going back 5 years highlighted a number of repairs that related to communal lighting, but there is no record of a fuse board having been renewed to the communal part of the block.</p>		
Curlew House Talfourd Road	<p>Leaseholders said: service charge does not reflect the work that is actually done. Someone should go round and actually list the work that needs to be done and charge for that.</p> <p>HOU/Major Works response: The Council has a regime of post inspection of the works that are undertaken via the Repair & Maintenance contract. A level of physical checks is undertaken by our Technical staff to assess the level of quality, adherence to specifications, and so that appropriate works to resolve faults are performed. Alongside this, our Commercial team also review all payments claimed by contractors. Where appropriate deductions are made from the payments applied for by contractors. Such deductions are made on grounds such as works not undertaken, incorrect measurements, lateness and poor quality. The terms of the contract enable Council to remove works from contractors for repeated poor performance</p>	On-going	

Address	Brief Description of problems and HO&TMI/Major Works response	Date	Scrutiny Sub Committee Comments
Columbia Point and Regina Point	<p>Leaseholders said: Original Tender £532,309.23. Works Tendered for but not carried out £38,736.33. Thus Tendered price for works actually carried out £493,572.90. Final A/C £628,690.84. Increase in cost of works actually carried out £135,117.94. Percentage increase in cost of works actually carried out 27%.</p>	2010	<p>These major works were the subject of an individual scrutiny at the beginning of 2011. This concluded that the variation to the contract to install the venting was not communicated to residents. Indeed, communication with residents generally during these works was poor. Also, a need for much tighter contract management was a key recommendation of the report.</p>
	<p>Southwark Response: It is not uncommon that tendered amounts vary from the actual costs as many items are re-measured when on site. That is the case with most of the smaller differences at both Columbia and Regina Points. It is also fair to say that some issues are not discovered until works are on site and that is the cause of the biggest differences at these blocks, particularly in relation to the cross ventilation issue. This issue represents approximately 75% of the total increase at both blocks. The reason for this increase is in essence because Building Control requirements meant that the original plans to resolve the cross ventilation of the lobbies issue were not practicable and were considered to result in higher costs than with the [a] secondary option</p>		

Address	Brief Description of problems and HO&TMI/Major Works response	Date	Scrutiny Sub Committee Comments
Maddock Way	<p>Leaseholders said: Originally we were quoted a costing which was £4,445 per leaseholder. There are only ten dwellings of which seven are leaseholders. The roof in question had been repaired so many times it was decided to renew in its entirety. Not before the roof above 28/30/32 had to be redone through a total botched job by S.B.S. the second job was fulfilled to a very high standard and then discarded for the complete renewal by Elkins contractors. The reason for the increased costing was over an extended guarantee period. Because of the way the increase came about the additional cost is still to be finalised</p> <p>Southwark response: The initial quote obtained by our team was based on the Southwark schedule of rates contract. This included a minimum requirement to have a 15 year guarantee for all flat roof renewals. At the same time that this was obtained the council asked the consultant, Blakeney Leigh, to obtain a flat roof system renewal cost and this was tendered to various contractors to comply with CSO's. The system specified by Blakeney Leigh incorporates a 30year guarantee as standard and has been used on a number of properties within the borough. The system was successfully tendered with the most cost effective supplier returning a cost in the region of £73,000.00. Incidentally the renewal has also been quoted separately by Morrison's to renew in asphalt at approximately £72,000.00. The asphalt system has a maximum guarantee period of 25years.</p> <p>As can be seen the difference in cost to double the guarantee from 15 years to 30 years does not double the cost, nor does the cost vary greatly between the 20 year and 30 year system, but the benefits of the longer guarantee are clear for both Leaseholders and the Council.</p>	None given	Strange use of language in the response. "The council approached us.." The chair of the sub-committee has submitted an ME asking if Leaseholders were consulted on whether or not they wanted a 15 or 30 year period of insurance and, if so, could he be told the form of that consultation.

Address	Brief Description of problems and HO&TMI/Major Works response	Date	Scrutiny Sub Committee Comments
<p>Bromleigh Court SE23 3PW</p>	<p>Leaseholders said: Several sets of major works to the block (windows, electrics, door entry system, disabled access, fire doors etc).</p> <p>Leaseholders have been challenging many aspects of the costs, including: The cost of a door entry system was doubled by including disabled ramps without any consultation. Some ramps were installed in the wrong place (e.g. a disabled ramp at a back door allowing entrance to a lobby which then required climbing two sets of stairs, when the front door gave access to the ground floor and a lift) and handrails that look like scaffold poles were installed at the wrong height. The door entry system has had repeated problems (visitors not able to hear residents and vice versa).</p> <p>On each occasion Councillors and leaseholders have had to fight to take unacceptable cost elements out of the contractor's bills. The electrical contractors claimed for wiring that leaseholders argue was not completed and by carefully scrutinising costs they have managed to find duplicate invoices, works that were not complete, items charged for that were not actually used etc.</p> <p>The council has charged tenants and leaseholders for a communal TV aerial which essentially doesn't work for most properties and has been the subject of repeated complaints. There are also generic issues such as repeated job numbers for repairs, trades people not attending scheduled appointments and delays getting compensation for missed.</p> <p>Southwark Response: All leaseholders were consulted under the Statutory Leasehold consultation Requirement's and no observations were received. Leaseholders only started to query the works once the project commenced on site.</p> <p>No local consultation at Area level was carried out with leaseholders in respect to the increase in costs due to the inclusion of the ramp and steps to comply with part M building regulations. No disabled ramps were installed incorrectly as suggested.</p> <p>The handrails installed at 22-29 were the wrong height, a resident brought to the Council's attention and the height of the handrails were subsequently reduced. There were issues with the door entry system following the installation being completed.</p> <p>However, the issues have all been addressed. Dialogue with the Leaseholders and Councillors has taken place regarding the costs of the door entry system. Chargeable element's to leaseholders have been reduced and agreed through constructive dialogue.</p> <p>There have not been any duplicate invoices paid against this scheme. The resident carried out a measure of the lateral wiring at Bromleigh court and advised the Council that it had been over measured and overpriced. An independent audit (re-measure) was then carried out to all blocks, which identified an overcharge of £2,300.00 solely against the lateral rewiring element.</p>	<p>200?- 2011</p>	

Address	Brief Description of problems and HO&TMI/Major Works response	Date	Scrutiny Sub Committee Comments
Crystal Court	<p>Leasolders said: Leaseholders were given £30,000 bills for major works which included more than £12,000 for ten mobile phones and broadband costing over £500.</p> <ul style="list-style-type: none"> • There were also issues over the levels of the administration fee charged by the council and the “professional fee.” <p>Southwark response: The administration fee is charged at 10% of the service charge, in accordance with the terms of the lease.</p> <p>Professional fees are charged at the cost of providing the service and normally expressed as a percentage of the service charge. The lease allows the Council to charge for the cost of overheads and management of services including repairs and renewals.</p> <p>Major Works The prelim costs were based on the original costs in the original tender. Over the past few months there have been a number of meetings with leaseholders and their representatives and as a result the contractors have agreed to a number of reductions to preliminary costs including the number of mobile phones charged for. It should be noted that the £12k quoted was the overall contract cost and not the amount charged to leaseholders. The contractors are required to have internet connections and will recharge these at the actual cost. The £500 stated is the overall contract cost for 35 weeks and not the recharge per leaseholder.</p> <p>The Professional fees cover specific areas of the works package such as preparing the works package documentation, preparing & agreeing design issues, statutory health and safety management (CDM 2007), supervision of the works packages, customer satisfaction issues, and managing the defects and final accounts periods. This works package will be managed by the Council’s internal Design & Delivery Team</p>	200?-2011	
Rowland Hill House	<p>Leaseholders said: Large case on separate document. Rowland Hill House – all for Major Works division other than reference to statutory consultation and errors in rechargeable block cos</p>	2010-ongoing	

Address	Brief Description of problems and HO&TMI/Major Works response	Date	Scrutiny Sub Committee Comments
	<p>Southwark response . This was a very long response. Below is just a selection of the points made.</p> <p>Major Works</p> <p>1. Failing to engage with residents in pre-planning There was an open evening in May 2009 and a leaseholders meeting in October 2009. Consultation processes have subsequently been reviewed with a leaseholder service improvement group and if this was a current scheme we would now set up a project team earlier in the project.</p> <p>2. Condition and Decent Homes report 2006 - contained factual errors - We accepted that there was no asphalt on the walkways or balconies and these were kept in the bill as only estimated charges. Attempts were made to access properties and TRA's would not usually be involved in this aspect.</p> <p>3. Survey for electrical work It has been acknowledged by Southwark that an error was made here and this has been apologised for. Better value was obtained as the additional works were price tested and cheaper rates obtained than the original tendered rate.</p> <p>5. No record of works previously carried out to the block It has to be accepted that Southwark's building plan records are not perfect, but we are currently looking to update information using IT more useful as part of the new electronic management of documents system. It is accepted some earlier sets of minutes were not as well laid out as they could have been and this was improved in later minutes of meetings.</p> <p>9. Digital aerials This was an entirely separate contract with separate contractors and nothing to do with the Decent Homes work.</p> <p>11. Communication failures In general adequate information was provided on details of works. There were some individual circumstances where the contractor did not meet the required standards however and this is an area we are working with all our current partner contractors to improve.</p> <p>12. Fees There has not been a lack of competence in the overall management of this scheme. Where errors were made they were rectified. The professional costs charged are reasonable and usual for a scheme of this nature.</p> <p>13. Snagging Works The flooring in the lobby is still outstanding and the contractor is being pursued on this and the only other long standing item is minor paint splashes and these will be picked up at the end of defects. As new defects are reported these are recorded and either dealt with</p>		

Address	Brief Description of problems and HO&TMI/Major Works response	Date	Scrutiny Sub Committee Comments
	immediately or they will be picked up at the end of the defects period.		

Interviews with Staff from the Home Ownership and Tenant Management Initiatives Division (HO&TMI)

- 6.1** On 7 October 2011 the Chair of the scrutiny sub-committee and the Scrutiny Project Manager with responsibility for the sub-committee (Karen Harris) conducted a series of interviews with nine members of staff from the Home Ownership and Tenant Management Initiatives division. The aim of these interviews was to gain a greater understanding of the work of the HO&TMI division and to find out from staff where they thought there were weaknesses in the leaseholder charging system and how these might be addressed.
- 6.2** In order to make the interviews as open, honest and constructive as possible it was agreed that views expressed would not be made individually attributable. The sub-committee would like to thank all the staff who gave up their time to be interviewed. The interviews were extremely helpful in forming the conclusions of this report. Below is a list of job titles of the staff interviewed:
- Revenue and Income Manager
 Service Charge Construction Manager
 Revenue Service Charges Accountant
 Revenue Service Charges Finance Officer
 Capital Works Officer x2
 Capital Collections Officer x2
 Revenue Collections Officer
- 6.3** One of the key themes to come out of the interviews was the view that many of the problems which relate to leaseholder charging arise due to staff delivering services on behalf of housing management not appreciating how their actions impact on leaseholders. One interviewee summed this view up by saying, "Nine out of ten times, problems start because of the provision of services from Housing Management." The same interviewee went on to say that part of the problem arises from the large gap between leaseholders receiving their estimated service charge and then getting the actual service charge bill. This period is usually up to 18 months. Because of this long gap it can be very difficult sometimes to prove that work has actually taken place. This is made doubly difficult because staff in the repairs service and district heating (these two services were singled out) often do not notify HOU& TMI in enough detail of works which have been carried out.
- 6.4** One officer suggested that a solution to this might be to create a system of on-going updates on repairs and major works being done on an estate being put online. Leaseholders would then have a better understanding of the works being carried out on their estates. It would also help them to challenge incomplete or poor quality work. As the officer put it, "In leaseholders we have a highly motivated group of people who want more information about the services they are helping to pay for. Why not get more of their input to help improve the service?" The officer went on to say that implementing such a system would be realistic and would not require a large investment of additional resources. The BAR system (see section below) could help the council achieve this. This suggestion is addressed in the recommendations at the end of this report.
- 6.5** Other officers continued on this theme and emphasised the huge potential for more online servicing instead of using paper and telephone communication.
- 6.6** Another strongly held opinion was that the council's "iworld system" was not fit for purpose for service charging and leaseholder charging generally. iworld is the council's repairs and maintenance IT system that records which works have been carried out and where. The officer commented that when it was introduced there was very little training or preparation for staff on how to use it and, in particular, how it should be utilised to charge leaseholders accurately and efficiently. Incredibly, the system does not allow repairs and major works to be itemised on individual leaseholder accounts. As the officer put it, "It's just a list of transactions, but doesn't allow us to

consolidate.” It is these weaknesses in the iworld system which have led to the BAR system being developed. More detail about this system is in the next section. It is scheduled to come online in April 2012.

- 6.7** During the interviews the chair of the sub-committee asked staff about the possibility of making changes to the system of charging people for making requests to make changes to their property. Councillor Fiona Colley had previously raised this issue with the chair during the initial consultation phase of this scrutiny. Councillor Colley gave the example of a resident of her ward who had been charged a £193 flat rate fee simply for making a request to install a Sky TV system in (and on) her home. Simply for making the request (which was refused) she had to pay the council £193. The resident lives in a street property, not on an estate, so there was no need to consider other residents or the general look of the estate. Councillor Colley gave her opinion that this charge seemed over the top given the minimal amount of time and effort that council officers would presumably have had to expend to make this decision. The chair put a suggestion to a senior member of staff that perhaps a two-tier system for administration charges of this type could be introduced – a smaller charge for minor requests which take up very small amounts of council resources and a slightly higher fee for requests to make more substantial changes. The officer agreed that such a system was feasible and could be delivered. This suggestion is addressed in the recommendations at the end of this report.
- 6.8** Another officer gave the opinion that there was a general and on-going problem with poor quality work from contractors. They believed much more could be done to hold the contractors to account. As the officer put it, “All too often the contractor is getting paid twice. Once for doing the job badly and again for finishing it off.” The sub-committee strongly believes that Southwark must be much tougher in its handling of repairs and maintenance contractors. This is addressed in the recommendations at the end of this report.
- 6.9** The same officer gave their view that too often there is a loss to the Housing Revenue Account when properly incurred costs cannot be recharged to leaseholders. The reason this happens is because the Home Ownership and Tenant Management Initiatives division is sometimes not informed about repairs the cost of which go above the statutory consultation limit and so cannot carry out the Section 20 consultation with leaseholders. They said that three years ago anything up to £1 million a year was being lost to the HRA because HO&TMI was not being informed. This has got better recently (around £200,000 to £300,000 a year) but it still happens. They said, “The officers who do this have all been trained, so I don’t know why they fail to inform us.”
- 6.10** Two separate officers raised the issue of the monthly lump-sum payments made to repairs contracts as a result of the contracts which the council set up with SBS and Morrison in 2009. One said this leads to confusion because iworld says that a repair may have cost £300, but the real cost to the council has been £450, because of the monthly lump sum payments. These payments also act as another disincentive for the contractors to “. . . get their act together”. The officer went on to say that before the contracts were signed HO&TMI warned senior officers involved in the signing of the contracts that the lump sum “on costs” would cause significant problems. He said, “We told them ‘please don’t do this, it is going to cause incredible problems for leaseholders.’ But they did it anyway.”
- 6.11** Another officer discussed the issue of emergency repairs. They said it was “fair enough” that HO&TMI weren’t given enough prior notice of emergency repairs because, by their very nature, there was little time to prepare for them. The officer thought that the LVT could give exemptions to emergency repairs.
- 6.12** It is also clear from the interviews that the ability for leaseholders to “drop in” to the office is highly valued.

Interview with Head of Home Ownership and Tenant Management Initiatives

- 7.1 On 11 October 2011 the sub-committee interviewed the Head of Home Ownership and Tenant Management Initiatives, Martin Green. Sub-committee members questioned Martin Green on a range of issues relating to leaseholder charges. The main issues to come out of the interview are as follows.
- 7.2 One idea which arose during the discussion was that of Southwark implementing a new payment option in relation to service and major works charges, namely a “fixed service charge”. This is how Martin Green described how a fixed service charge could work:
- 7.3 Southwark would use its knowledge of the costs it would be incurring to provide services to leaseholders and would calculate a fixed average service charge which would be uprated by RPI inflation each year. To this could be added a unit management charge and a charge to reflect major works costs. This would give the leaseholders certainty by knowing in advance what their liabilities would be. They would not be surprised by a sudden increase in fuel costs or worried by a major repair job. For the landlord there is some payback for accepting some of the risk. The management of fixed service charges is far simpler to manage. The introduction of fixed service charges has to be seen as cost neutral to the HRA; otherwise tenants will complain that their rents are subsidising the leaseholders. Thus the ‘initial fixed service charge’ must be set at a level that will recover costs over time, leveling out extraordinarily expensive expenditure in any one year. Having a fixed service charge would be offered as an option to all Southwark Leaseholders. Those who wished to take up this option would have to agree to have their leases changed to take account of the new fixed charge.
- 7.4 Martin Green was asked by the chair if he thought the introduction of fixed service charges would be a) legal and b) be financially sensible for the council. Martin Green responded “Yes and yes”. He went on to say that we should seek counsel’s opinion in order to confirm the legal situation. The chair was aware that previous advice had been sought but took the view that the cabinet member/director should revisit the question to see whether any difficulties could be overcome.
- 7.5 The issue of incomplete and poor quality repairs was raised. Both Martin Green and Gerri Scott (Strategic Director of Housing, who was also present) emphasised the need for Southwark to be much tougher in holding the contractors to account. Gerri Scott said that the number of defaults on repairs had substantially increased in recent months as a result of this new approach.
- 7.6 Martin Green was asked by one sub-committee member: “Do you consider yourself to be the champion of leaseholders. He responded by saying “I see it as my role to ensure that charges made are accurate. I walk a very narrow line.”
- 7.7 Following the discussion about fixed service charges during the interview with Martin Green, the sub-committee requested a briefing note from the Head of Home Ownership which would set out the justification for introducing this as an option for leaseholders. The briefing received is set out below.

Briefing Note: Different Basis for Service Charges

Southwark’s service charges are (like all modern service charges) ‘variable’ service charges. This means that they increase or decrease each year in line with the expenditure incurred by the landlord. So, for example, if a landlord incurs a high level of expenditure in a year on repairs, hopefully the following year expenditure would decrease and with it, the level of service charges.

However, variable service charges are a fairly modern device only having been introduced in the mid 1960’s primarily to protect landlords from the effects of high inflation. In earlier leases it was common for the service charges to be ‘fixed’ service charges i.e. they bore no relationship to the

cost of the landlord carrying out the services in any particular year. For example a lease could contain service charge covenants which oblige the landlord to carry out a specified range of services (repairs, cleaning, grounds maintenance, buildings insurance etc) and for the leaseholder to pay, say £1000 pa plus (compound) inflation linked to the Retail Price Index or a Building Cost Index. These 'fixed' service charge arrangements fell into disuse as the cost of services outstripped the RPI and left the landlord having to meet the cost of their contractual commitment to provide services out of their own pocket.

The problem with variable service charges for leaseholders (and indeed the reason that variable service charges were devised) is that the leaseholders bear all the risk. So, for example, should the lift be older and constantly failing, the leaseholder will pay more in responsive repairs but get a poorer service. Should the lift be renewed, the leaseholder will pay for the cost of a new lift. Should the landlord decide on a higher standard of cleaning, the leaseholder will see an increased service charge demand. Should fuel costs rise above inflation, again the leaseholder will see higher service charges. The concept of variable service charges was developed in the private sector where the only income for the landlord is the service charge and therefore it must cover the cost of providing the service.

However in the public sector, landlords have other sources of income and a local authority landlord could decide to share the risk with its leaseholders by charging a fixed service charge.

In Southwark we have enough cost history to be able to calculate an average service charge (be it an average for a service; an average for a block or a block type etc.). To this could be added a unit management charge and a charge to reflect major works costs. This 'initial fixed service charge' for the flat would then be subject to inflation.

The methodology would give the leaseholders certainty - they would know in advance what their liabilities will be. They would not be surprised by a sudden increase in fuel costs or worried by a major repair job.

For the landlord there is some payback for accepting some of the risk. The management of fixed service charges is fair simpler to manage : fixed service charges are not covered by sections 18 – 30 Landlord and Tenant Act 1985 and therefore section 20 consultation does not apply ; neither does the 'reasonableness' of the service charge or application to the Leaseholder Valuation Tribunal.

It has to be stressed that the introduction of fixed service charges has to be seen as 'cost neutral' to the HRA; otherwise tenants will complain that their rents are subsidising the leaseholders. Thus the 'initial fixed service charge' must be set at a level that will recover costs over time, levelling out extraordinarily expensive expenditure in any one year.

Finally the implementation if this suggestion is carried forward, fixed service charges cannot be 'imposed' on existing leaseholders who have variable service charge covenants in their leases. We could offer the alternative to leaseholders which would be dealt with by a variation to their lease. Leaseholders would have to get their own independent legal advice and it would have to be made clear that there would be no opportunity to 'switch back' to variable service charge regime e.g. after major works were carried out.

If the proposal were to go forward a formal IDM/Cabinet policy paper would need to be put together which would incorporate legal and finance comments.

The Billing and Accounts Receivable (BAR) Project

- 8.1** During staff interviews and discussions with officers at the sub-committee meetings it has become clear that the Billing and Accounts Receivable Project is a very significant development for leaseholder charging in Southwark. The information that follows was garnered via discussion with officers and requested written evidence.
- 8.2** Homeowners receive service charges covering their share of the costs incurred by the landlord in managing, maintaining and repairing the structure and communal areas of the block or estate of which the property forms a part, as well as separate charges in relation to major works. Home Ownership Tenant Management Initiatives Division (HO&TMI) use a variety of non-integrated I.T. applications and semi-manual processes for producing bills and managing accounts receivable.
- 8.3** There are limitations with the current process, specifically:
- Due to the lack of an integrated system there is a substantial amount of manual interaction required in monitoring and updating accounts receivable, which is both time consuming and leaves scope for human error where accounts are not properly checked or revised.
 - The systems are inadequate in being unable to automatically provide comprehensive statements that encompass all related accounts and full details of all transactions over a given period.
 - It is not possible to allocate payments against individual invoices.
 - The Grant Thornton audit (see next section) highlighted issues with the robustness of current systems.
- 8.4** The aim of the BAR project is to procure and implement a Billing and Accounts Receivable (BAR) software system which will overcome the limitations identified above. The scope of the project will cover the procurement and implementation of software that will improve the billing and accounts receivable systems. However, at present this will not encompass changes in the current methods used to construct service charges or impact on other services in HO&TMI.
- 8.5** There a number of benefits that a satisfactory and properly implemented system would provide:
1. There would be technical improvements which would improve account management, such as automated invoice production, comprehensive account reporting, and the ability to allocate payments to line items on accounts to facilitate aged debt analysis.
 2. A fully integrated system that reduces reliance on independent applications and regular manual interaction should reduce the risk of human error and minimise potential I.T. system problems.
 3. Functioning effectively, the system will reduce customer query response times, save staff time and improve customer service delivery and satisfaction levels.
- 8.6** It is essential that the system is fully implemented, tested, signed off and staff fully trained before 31 March 2012, so as to go live on 1 April 2012. The procured system must work in conjunction with the council portal and current interface (Citrix), and any relevant systems.

Table 8 – BAR Project Approach / Milestones

Actions required	Duration	Start Date	Original Target Completion Date
Product Installation	124 days	4/4/2011	30/11/11
Bespoke Software	72 days	2/6/2011	12/9/2011
Training	137 days	7/7/2011	24/01/12
Testing	83 days	30/08/11	28/10/11
User Acceptance Testing	46 days	17/10/11	22/12/11
Live Migration	83 days	2/12/2011	4/4/2012
Go-Live	48 Days	1/2/2012	6/4/2012

- 8.7** The criteria used to determine if the project has been a success or not includes a significant reduction in the amount of time it takes to respond to queries relating to charges and an increase in leaseholder satisfaction as measured through the leaseholder survey.
- 8.8** Officers have made strong progress on this project. The new software is currently being tested and officers are confident that this will enable the project to go live in April 2012. Staff training and further communications with Home Owners' Council will follow January/February 2012.
- 8.9** In summary, the new system will enable the council to bill in a much clearer way by using invoice-based accounting, in line with the recommendations of the 2009 independent audit of service charges. Payments may be allocated against individual invoices: this will help clarify exactly which year's charges are being paid. It will also enable our staff to easily produce statements, copies of invoices, and other account information on demand – making things clearer, quicker and simpler for everyone.

Implementation of Recommendations from the Grant Thornton Report

- 10.1** In 2006, Southwark council responded to leaseholder concerns over the accuracy of their service charges by commissioning a firm of consultants (Grant Thornton) to commission an independent audit. The review began in April 2008 and its findings were presented to the Home Owners' Council on 7 September 2009. Grant Thornton found that systems and processes within the council needed to be improved if they were to meet the demands of delivering clear and consistent service charge bills to a large leaseholder population. However, it should be noted that the audit included testing a random sample of service charges – the audit showed no errors in the calculation of the service charges. The audit indicated that resolution to problems encountered by leaseholders fell outside HOU.
- 10.2** The report contains seventeen recommendations including a review of systems for recording and allocating costs; a review of procurement and contract management procedures and improvements to the quality of information provided to leaseholders. Since the publication of the report an action

plan has been put in place to address and implement the recommendations. The joint steering group continues to meet on a quarterly basis to monitor the progress of implementation.

- 10.3** As part of this scrutiny process the sub-committee requested a written summary from officers on the implementation of each of the recommendations.
- 10.4** From this summary and subsequent questioning of officers it is clear that there has been good progress in implementing most of the recommendations. Table 9 below shows the progress which has been made.

Table 9 - Summary of the implementation of recommendations from the Grant Thornton Report

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
Workstream 1 - CORE BUSINESS SYSTEMS							
2a & b	<p>HRA accounting principle: Consider adopting an accounting principle to</p> <ul style="list-style-type: none"> a) hold costs at estate/block level wherever possible b) split costs as chargeable/non-chargeable 	<p>Each relevant budget holder to be instructed that their actual service chargeable spend is reconciled to block and estate definitions supplied by HO. To be reminded that they will be required to sign off accounts at year end. Also that service chargeable budgets (estimates) should also be held at block/estate level. All expenditure/budget to be split (where applicable) between service chargeable (reconciled to block/estate) and non-service chargeable.</p>	Tbc	D Whitfield	Amber	Project Accountant now assigned by Ian Young to undertake this task.	<p>The Council's current IT systems cannot support this and there remains a requirement to manipulate data derived from SAP and IWorld. However progress has been made in defining a number of the major services at block and estate level, eg. estate cleaning, grounds maintenance, pest control, arboricultural services. An IT solution remains a "long-term goal" for the Council but in the meantime it is proceeding with the new AR system (see line 3).</p>

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
2d e & f	<p>Financial systems:</p> <p>a) Establish detailed requirements for reporting at estate/block level and coding chargeable/non-chargeable work in consultation with relevant depts including HOU & Hsg Management</p> <p>b) Review capability of SAP/other systems to meet this requirement Project Plan: Establish a plan and target dates for implementation of revised accounting processes and systems</p>	<p>Priorities</p> <p>Cleaning (complete) Grounds Maintenance (virtually complete) Electricity (virtually complete) Bulk Refuse (virtually complete) Heating (virtually complete) Lifts (complete) Pest Control (virtually complete) Arboriculture (complete) Repairs (not complete) - Service chargeable v non-service chargeable (split into rechargeables, individuals and insurance) - Block/estate - Descriptions</p> <p>Others tbc</p>	1st 5 Complete Meeting scheduled for May 10	D Whitfield/M Green/M O'Brien	Green - on track	Billing and AR system only proceeding. Target implementation by 31/3/12	On programme to meet implementation date of 31/3/12
2c	<p>Management:</p> <p>Establish clear responsibility for ensuring the accuracy of cost recording within HRA (not to be the HOU)</p>	Budget holders to reconcile and sign off spend	Tbc	J Seeley/I Young	Amber	See line 2	See line 2

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
10	<p>Formal service charge account sign-off Establish a formal procedure to sign off the annual service charge accounts to:</p> <p>a) reconcile chargeable and non-chargeable sums to the total costs within HRA and individual service areas; b) identify/explain variances from previous years; c) state chargeable and non-chargeable overheads. Account to be prepared and verified by HOU Manager for approval by Finance Director prior to the issuing of the annual service charge bill</p>	<p>Section 152 of CLRA 2002 no longer due to be implemented.</p> <p>Financial process to be agreed. HO will reconcile service chargeable and non-service chargeable total sums within the HRA and individual service areas to expenditure in SAP. HO will identify variances from previous years and will give explanations supplied by budget holders (and will state if explanations not provided). HO will state overall overheads examined and element charged.</p>	<p>Trial sign offs 2010/12 Full implementation 2011/12</p>	<p>M Green/I Young</p>	<p>Amber</p>	<p>See line 2</p>	<p>Template is now being prepared for this with the intention of implementing it on a trial basis for 2010/11 service charge accounts.</p>
<p>Workstream 2 - PROCUREMENT</p>							
1	<p>Existing contracts: Review existing contracts to assess where contractors can be required to invoice on an estate and block basis. Use reasonable endeavours to establish charging by suppliers, including in-house suppliers, on an estate/block basis</p>	<p>Individual service areas are identified below:</p>					
		<p>Block and estate cleaning</p>					
		<p>Cost allocation based on time spent on estates</p>		<p>I Smith</p>			
		<p>Refuse systems - mapping complete</p>		<p>L Turff</p>			
		<p>Pest control - actual time and costs identified against each block</p>		<p>I Smith</p>			

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
		Grounds maintenance					
		Cost allocation based on time spent on estates		I Smith M Green			
		Arboriculture - map trees on to GIS; correlate to actual costs		H Thompson/J Tinker			
		Reactive repairs					
		Current contract has this as a standard requirement REVISED LBS ICT system provides contractor information by estate/block.		Mike Green			
		Heating and hot water					
		Current contract has this as a standard requirement REVISED LBS ICT system provides contractor information by estate/block.		Mike Green			
		Heating & hot water repairs - asset register on I-World with dwellings supplied by plant rooms. Gas meters read monthly		C Baxter			
		Water tanks; water pumps; lightning conductors - asset register complete and included in heating (ECON) contract with serviced dwellings identified		C Baxter			
		Lifts					
		Current contract has this as a standard requirement REVISED LBS ICT system provides contractor information by estate/block.		M Green			
		Estate lighting					
		Electricity - meter survey underway		B Fiddick			
		Estate lighting - engineers to correctly identify works against		C Baxter			

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
		blocks/estates					
		TV aerials					
		Communal TV aerials - asset register and cost allocation		C Baxter			
		Door entry					
		Door entry asset register complete		C Baxter			
		CCTV					
		Asset register- corporate project		Jonathon Toy	Green - Complete	JT confirmed to complete by 8/4/11	
		Other:					
		Dry risers - asset register complete		C Baxter			
		Fire protection - current Fire Risk Assessment identifying and upgrading assets; follow on exercise to update asset register and Iworld		C Baxter			
3a	Contract specification: Develop contract specification and invoicing requirements to define costs as estate/block & chargeable/non-chargeable as a standard requirement for all future procurement for housing repairs and maintenance, in consultation with HOU and Housing Management	Departmental procurement team (with HOU/Legal) to develop standard contract terms		Mike Green	Amber	Awaiting response from Mike Green	Unclear if this is in place but see line 37 below.

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
3b	Internal consultation process for procurement: Ensure HOU is consulted on the terms of all contracts which will result in a leaseholder recharge to ensure that the contract meets the agreed Council requirement for service delivery and accounting for leaseholder charges	HOU consultation stage at Gateway 1 stage (authority to procure contract). Monthly joint Housing Management & HOU meeting to reconcile repair orders and to validate costs to actualise leaseholder bills.		L Turff, D Hollas			All Housing related contract reports now go to the Departmental Contracts Review Board (DOH and Heads of Service) and include commentary from the Head of Home Ownership. This should pick up leaseholder related issues but the Council will also need to consider how this applies to any new internal SLAs.
Workstream 3 - DATA QUALITY							
	Improve data quality on I-World						
	Review I-World templates and instructions to staff on data input, in consultation with HOU & Hsg Management, and identify any revisions or training requirements	Review I-World template and staff instructions	Mar-11	C O'Mahoney		Data input subject to monthly review meetings with HOU/R&M staff and staff instructions/training identified as necessary	
		Baseline data required to measure performance. Performance indicators to include % increase in unitemised bill elements identifiable and % reduction in error rate	Mar-11	C O'Mahoney	Amber		See separate HOU report on agenda - Baseline data from 2010/11 now available; since April 2011 some improvements but there appear to be remaining issues re S20s and orders raised under general heading of "estate action" days

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
		Provide training to key area, contractor and technical staff sustained by network of staff 'super users'.	Mar 11- Review Sept 11	C O'Mahoney		Revised business rules issued; training sessions with technical officers and communal repairs team held on 10/3/11	Some further training requirements identified - see above.
		100% desk top financial check of communal repairs. Agree target % decrease in overbooking costs.	Mar 11- Review Sept 11	Gavin Duncumb (Commercial Team)	Amber	100% desk top checks underway; 8-10% physical checks; trends in valuing accounts being reported and monitored	April-Aug11 report: - 17.5% of communal repairs inspected - 8.4% failure rate - separate commercial team review resulted in c. £235k savings on communal reps
		Quality checks of data input by contractors & technical officers.	Mar 11- Review Sept 11	C O'Mahoney	Amber	Quality issues reported to HOU/R&M meetings for action	- Commercial Team review - see above - HOU/Housing Management mtgs to reconcile repair bills are now quarterly; monthly reconciliation of repairs not yet in place
		New Performance Manager post to include data quality monitoring.	Mar-11	F Morath (Performance Team)			
5	Incorporate monthly checking to ensure that appropriate and accurate coding and job descriptions are used	Monthly quality checking on ordering-coding and job descriptions	Mar-11	F Morath (Performance team)	Amber		Monthly review not yet established see also line 44

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Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
6	Review I-World processes to flag and record operator responses on works: a) covered by warranties b) covered by insurance c) in excess of the £250 per unit S20 threshold d) which are directly chargeable to the tenant/leaseholder	ICT Project interface Apex (database holding stock condition survey data) with I World. ICT fix to prevent orders being raised on flagged jobs (eg warranted work)	Mar 11- CHANGE Sept-11	C O'Mahoney	Amber		Flags available within Iworld system; not all data re. warranties has been entered
		List of insurable jobs (eg glazing, fencing, walls- external/internal). CSC Script - works order to be flagged 'insurance'.	Mar 11- CHANGE Sept-11	Christian O'Mahoney			
		Flags (pop up/auto set) for a) major works guarantees eg heating, roofs, windows b) R&M new installation guaranteed work	Mar 11- CHANGE Sept-11	C O'Mahoney	Amber		Comments as above
		Scope base data for existing roofing and heating system warranties and business rules for managing through I World & Apex . Agree cash targets for reducing orders on warranted work.	Mar 11- CHANGE Sept-11	C Baxter	Amber	Work underway to identify historic warranted work to load on to database	Business rules on use and maintenance of guarantees not yet established
		Legal advice required re recovery of costs from contractor	Nov-10	G Duncumb	N/A		
		Monthly report on reconciliation of repairs and charges report on all repairs with breakdown to estates, blocks and by type	Mar-11	C O'Mahoney	Amber		Monthly reviews not yet established - see also line 41
	Pre- and post-inspections						
7a	Implement a system to retain properly referenced records of pre-and post-inspections for six years from year end	Record system to be embedded into pre and post inspection process	Mar-11	C O'Mahoney	Complete		

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
7b	Implement an annual audit of pre- and post- inspections and identify and address any failures	Annual audit to be imbedded into pre and post inspection process with quantitative and qualitative hard targets for outcomes including grading system for quality of repairs and decrease in defects.	Mar-11	C O'Mahoney	Complete		- Analysis of trends included in comments above - Commercial Team to work with Tech. officers to highlight key issues on post inspections
Workstream 4 - PERFORMANCE MANAGEMENT							
12a	Lifts, BeServe, R&M contract terms Review current provisions in the Lifts, BeServe and R&M contracts for remedying poor performance with a view to introducing provisions that escalate from warnings through penalties to termination	Current contracts for Lifts, heating and R&M have these requirements		C O'Mahoney/C Baxter			
12b	Integrated Cleaning Contract terms Review the provisions within the Integrated Cleaning Contract (ICC) to consider how to link performance measures with payment mechanisms (e.g. the provisions under the Output Specification for Facilities Management under PFI may be a useful model)	Strategic review of client function to include system development to capture performance and link poor performance (set standards) to financial penalties and adjustment to service charges	Mar-11	M O'Brien/Ian Smith/Guy Valentine-Neale	Amber		System of rectification notices and penalties drafted but not yet implemented
		Agree performance report with Southwark Cleaning Services for existing service level agreement	Mar-11	M O'Brien/Ian Smith/Guy Valentine-Neale	Complete		

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
		Contract management to be enhanced through a new commercial team focusing on cost control	Mar-11	M O'Brien	Complete		
12b	ICC standards Publish performance standards for cleaning and grounds maintenance to residents	System to be developed to capture and publish performance information following strategic review.	Mar-11	M O'Brien/Ian Smith/Guy Valentine-Neale	Amber	Performance standards published on Council website and within tenancy agreement; to be part of new Leaseholder Welcome pack and updated Home Owners' Guide	Draft performance standards included in Welcome pack; and in revised Home Owners guide when published; HOU to clarify status of performance standards (draft/agreed)
	Repairs and Maintenance error levels						
13	Review the reasons for the consistent error level reported by Potter Raper in their sampling of the responsive repairs contract works since 2002	More resources allocated for pre- and post inspection - currently 100% desktop checks; target of 500 post inspections communal repairs per month increasing to 1000 in 2010	Mar-11	C O'Mahoney	Green - complete	Commercial team completed contract valuations back to Jan 2010 and will be valuing contracts back to June 2009.	
14	Monitor potential over-charging from individual contractors and consider how to improve the effectiveness of contractors performance and enforce appropriate contract conditions	Post inspection process will highlight overcharging and escalation to recover. Establish baseline of error rate and set targets for reduction.	Mar-11	Christian O'Mahoney	Green - complete	See above - data being compiled on monthly recovery against different contractors.	See line 47 above - data compiled on monthly recovery against different contractors.
Workstream 5 - VALUE FOR MONEY							

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
11b	Cleaning services VfM Review services delivered under the Integrated Cleaning Contract (ICC) in relation to housing estates against current and appropriate cost and quality bench-marking standards	Strategic review of client function to include development of cost and quality matrix (see point 50 above)	Nov-10	M O'Brien	Complete	HQN benchmark report complete. Should feed into line 50 above.	
15	Cost monitoring & control.						
15a	<i>Process</i> Establish a procedure by which estate/block costs are reviewed on at least an annual basis and an action plan to address abnormally high costs is agreed by senior management.	Test proposed methodology through sample check of top 10 blocks by trade/item on an exception basis ie QS to check all orders above £2500 + heating and fuel certificates + trade by trade analysis + repeat orders. Contracts to include R&M, Heating, BServe, Lifts . Review in the context of new PPM strategy (Potter Raper Partnership)	Mar 11- CHANGE to May-11 (to allow a year)	D Lewis/ C O'Mahoney	Amber	Aimie dashboard to go live April 11 and form basis of analysis & reporting to management.	Aimee went live June 11; being used to identify blocks with high repairs costs; not yet part of formal management reporting
15b	<i>Benchmarks</i> Establish benchmarks to define what constitutes a reasonable cost for specific services and, where appropriate, identify actions that will be taken to reduce costs to this level	Cost benchmarking matrix to be developed for agreed service areas- subject to consultation with leasehold audit PSG.	Nov-11	Guy Valentine- Neale	Amber	Linked to analysis for line 60 above, and subsequent identification of any additional benchmark reports required.	See comment in line 60 above
15c	<i>Responsibility</i> Ensure that primary responsibility for cost monitoring and improving planning and implementation rests within Housing Management and not the HOU	Commercial manager post created in new Asset Management & Investment Planning business unit in housing management with primary responsibility for cost control across repairs, engineering and compliance and investment supported by interim quantity surveying service.	Jul-10	D Hollas			

Workstream 6 - COST ALLOCATION

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
8	Credit notes a) Ensure that credit notes are credited against the relevant works order b) ensure that this action is recorded as part of the works order audit trail	Embed process to upload credit notes and check through quantity surveying team.	Sep-10	C Baxter			
11a	Move away from use of borough wide averages Southwark Cleaning Services (SCS) to price works and invoice on a block/estate basis	Code costs to individual estates/blocks. Monthly listing of ad hoc works from SCS to HM.		I Smith			
17	Overheads Review the calculation of overheads and include its assessment of overhead costs in the annual reconciliation of the service charge account by the FD, so that a clear rationale is presented for the inclusion or exclusion of costs	E mail	Mar-11	I Young	Amber	Project Accountant assigned within HOU to undertake this task	Underway - work to date has identified additional overheads of £200k to be charged in 2010/11 (c. £16 per leaseholder)
Workstream 7 - LEASEHOLDER INFORMATION							
9a	Account statements Identify the exact reason to adjustments to bills within the account statement and retain supporting documentation on leaseholder's file			D Whitfield	Green - on track as part of new billing system to be introduced by April 12	See line 3	See line 3

Rec. No.	Recommendation	Actions	Due date	Officer	GT status Oct 11	GT comments 20 April 2011	GT comments Oct 2011
9b	Invoices Ensure that each invoice has a unique reference number			D Whitfield	Green - on track as part of new billing system to be introduced by April 12	Seeline 3	See line 3

Part 3 – Conclusions and Recommendations

Conclusions

1. There is no evidence to suggest that revenue service charges in Southwark are excessive. When compared to other London boroughs, Southwark is generally speaking a middle ranking authority in terms of the level of its services charges.
2. Casework suggests that the council is not using the defects liability period aggressively enough to pursue contractors to remedy incomplete or sub-standard works.
3. Based on evidence from the complaints and members enquiries system, Homeowners' Council, staff interviews and the Homeowners Survey the sub-committee does not believe that there is a general problem with the standard of customer service being provided by staff in the Home Ownership and Tenant Management Initiatives division. Complaints and MEs tend to track the overall numbers submitted across the council. The Homeowners survey shows much higher levels of satisfaction for services directly provided by HO&TMI than for other areas. For example 71% of leaseholders feel that the council is good at keeping them informed about things that affect them and 70% described their office as very or fairly helpful. In the context of the service being provided (i.e. charging leaseholders) these are relatively impressive results. They sit in stark contrast to the very low levels of satisfaction for issues such as value for money and the quality of works – services which are provided by the wider Housing department. Finally, the levels of knowledge and commitment demonstrated by HO&TMI staff during staff interviews were genuinely impressive. Staff at all levels appeared to have a strong understanding of their roles and responsibilities and were well motivated to provide a good service to leaseholders.
4. It is important that leaseholders, officers and councillors alike appreciate that those who bill service charges, do not provide the services. As a result there is a disconnect between officers providing communal services and the leaseholders. Most large local authorities share this organisational structure. Those doing the billing have a gap in their detailed knowledge about the communal service, how and why it is delivered, how it is procured, the alternatives and the problems. In the private sector a manager will manage a block/estate and be responsible for the running of the estate. The manager knows how the services are procured and pays for them. The manager sets and collects the service charges – there is a natural flow of authority and responsibility. Most local authorities have organised differently: managers manage services not properties. The sub-committee believes these fundamental issues need to be recognised in order for long-term improvements to be made.
5. The Homeowners' survey clearly shows that there is an ongoing problem with the value for money that leaseholders believe they are getting from their annual service charge. This can, only in part, be attributed to a lack of understanding among leaseholders about the services being provided for which they are charged. The three areas which are of most concern to leaseholders in terms of the quality of services being provided are: responsive repairs, security services and care and upkeep. The sub-committee is aware of a number of steps which have been taken over the last twelve months to make improvements to the repairs service. However, the sub-committee does consider the results of the homeowners' survey as yet more evidence of the poor quality of service being provided by contractors to Southwark residents. Clearly, very serious mistakes were made during the original procurement of the repairs service which led to the commencement of the contract with SBS and Morrisson in 2009. The sub-committee believes that leaseholders are, in all likelihood, correct in their belief that they are not getting value for money from the responsive repairs service. Like tenants, they are enduring the results of a service delivery model which is not fit for purpose.

6. According to officers, concerns about value for money in regard to major works have been recognised and will be addressed through “tighter specifications, reduced variation orders and stronger contract management.” The sub-committee believes this is the right approach. In particular a culture of constant vigilance towards contractors needs to be instilled among officers in the Housing Department. Southwark must no longer be seen as a “soft-touch” local authority which will accept poor quality or incomplete work.
7. Many of the problems which relate to leaseholder charging arise due to a lack of appreciation of leaseholder issues among staff delivering services on behalf of the Housing Department. For example, staff in the repairs service and district heating often do not notify HO & TMI in enough detail of works which have been carried out.
8. There is clearly a huge potential for more online servicing instead of using paper and telephone communication which will be assisted by the completion of the BAR Project. There should be an expansion of online servicing for leaseholders to make information more accessible and to make efficiency savings. Phase two of the BAR implementation (post April 2012) should investigate further the feasibility and timescales associated with a “self serve” option.
9. Leaseholders feel it is unfair to charge them a flat rate £193 fee for making requests to make minor changes to their properties. The current system raises anomalies which can be resolved by a two tier approach.
10. The sub-committee accepts that it would be sensible to offer leaseholders the option of a fixed service charge which incorporates both the annual services charge and major works service charges.

Recommendations

1. During the scrutiny the sub-committee felt that, as a general principle, the more information that could be given to leaseholders to allow them to scrutinise their own service charges, the better. Leaseholders themselves have a strong financial incentive to ensure they are getting value for money. The council should seek to maximise their involvement in checking that bills are accurate. Interviews with staff from the Home Ownership and Tenant Management Initiative Division also showed that they thought providing leaseholders with more detailed information helped to improve the accuracy of charging. In keeping with this principle, full details of how the actual service charge is calculated should be provided online, rather than waiting for individual requests for this information. Currently, these details are only provided on request, after the actual bill has been issued. The completion of the BAR project should assist officers in providing this additional information.
2. Steps should be taken, as an extension of the BAR Project to make available online details of major works and annual service charges relating to individual leaseholders. Leaseholders would then be able to see an on-going calculation of the charges being levied and to hold the council and its contractors to account for works which are being charged for. Leaseholders should be issued with details of an individual account to which they can log-on and see details of the annual and major works service charge calculations to which they are subject.
3. Clearly there are certain legal requirements around service of invoices; notices etc. which mean electronic communication cannot currently replace letters. However, leaseholders should be able to opt to receive more of the necessary correspondence from the council via email rather than paper letter
4. Given the problems outlined in this report (and previous scrutiny reports), very serious consideration should be given to whether or not a contracted out model of repairs is the most suitable for a service

which needs to be flexible and subject to direct management control of senior managers. This recommendation should be borne in mind during the decision making process regarding the reconfiguration of repairs services.

5. Council officers responsible for signing off work should be encouraged to refuse to pay contractors for poor quality or incomplete work. The case studies outlined in this report show that there are incidents in which this happens and this must come to an end.
6. The signing-off of poor quality or unfinished works and repairs continues to be a problem. To help address this, the name of the individual officer who has signed off works should be attached to all works and repairs. The name of the officer should be available to leaseholders as part of the information they will be able to access online about ongoing and recently completed works. (See recommendation 2). The name of the officer signing off works should, in essence, be publicly available. This will encourage clearer lines of responsibility for the signing off of work.
7. In 2012, the Housing & Community Safety Scrutiny Sub-committee dedicated a meeting to the council's work on contract management in Housing. This should be attended by Councillor Ian Wingfield (Cabinet Member for Housing), Gerri Scott (Strategic Head of Housing Management), David Lewis (Head of Maintenance and Compliance) and David Markham (Head of Major Works) to review progress on the council's work to tighten up contract management (both on major works and service contracts) by Southwark's Housing Department. A report will be published by the sub-committee on the progress of this work.
8. It is clear that the ability for leaseholders to "drop in" to the Home Ownership and Tenant Management Initiatives office and speak to a person face to face is highly valued by leaseholders. Whatever changes are made in the future, this aspect of the service should be maintained.
9. Improvements need to be made in cross-departmental working. Works need to continue to be done in getting officers in the wider Housing Department to work more closely with officers in HO & TMI, and vice versa. The newly appointed senior management team should be supported in their efforts to encourage collaborative and supportive working across divisions in the housing department. Where silos continue to exist, managers need to give consideration to how more co-operative working can be encouraged.
10. Given the consensus that there is a clear lack of appreciation of leaseholder issues by housing management staff, the sub-committee wishes to suggest two possible options which could be considered as ways of rectifying this problem:
 - a) Expand the remit and function of HO & TMI to take on a more general housing management role and activities to cover these issues; or
 - b) Have a dedicated leaseholder officer based in each of the other housing management services who may or may not come under the HO & TMI but will have to liaise and report to it.

There should also be increased training and raising awareness amongst staff dealing with leaseholders, promoting a more integrated system.

11. HO & TMI must be made aware of works which would involve charges (and therefore a section 20 consultation) for leaseholders. Failing to do so is essentially leading to tenants subsidising leaseholders. These incidents should no longer be allowed to "slide". Prior to this recommendation being implemented, senior managers in the housing department should inform the relevant managers and officers that a new, firmer approach is being taken on this issue.

12. A new two-tier system of charges should be introduced to cater for requests to make minor changes to properties. The current flat rate £193 charge should be replaced so that leaseholders making requests for minor changes should be charged significantly less than those making requests to make major changes.
13. The sub-committee accepts that it would be sensible to investigate further offering leaseholders the option of a fixed service charge which incorporates both the annual services charge and major works service charges. The cabinet member and director should be urged to review counsel's advice already received, make a thorough assessment of the financial implications for the council, and see whether any difficulties need to be overcome in order to make this option available to leaseholders.
14. That all recommendations of the Grant Thornton report be speedily implemented.
15. The sub-committee (or its successor) should return to this subject in twelve months' time to assess what progress has been made with regard to the recommendations made in this report.

Item No. 9.	Classification: Open	Date: 17 April 2012	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Leasehold and Ancillary properties Buildings Insurance	
Ward(s) or groups affected:		All leaseholders and a small number of freeholders	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

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

Southwark's leases provide that the council, as landlord, should insure the flat and the building in which it is situated. This type of arrangement is a prerequisite of being able to obtain a mortgage and is therefore essential if our leaseholders are to be able to buy and sell their flats. The buildings insurance should be comprehensive, covering the full reinstatement of flat and block for a comprehensive range of perils. The current contract started in April 2010 and was for three years (with the possibility of two one year extensions). The terms of the current insurance cover together with recent claims experience indicate that it would be prudent to test the market now rather than risk waiting to the end of the possible five year term. This will be the third procurement of comprehensive buildings insurance cover for our leaseholders and, similar to the previous two exercises, will involve detailed consultation with leaseholders who pay the full cost via their service charges. The report (at paragraph 12) contains some 17 requirements agreed with leaseholder representatives. The increase in the number of leaseholders over the years together with the cost of insurance premiums means that for the first time the contract process falls within the remit of a cabinet decision.

The report (at paragraph 4) also indicates three other, very minor ancillary issues covered by the buildings insurance contract.

RECOMMENDATIONS

Recommendations for the Cabinet

1. That the cabinet approves the procurement strategy outlined in this report for the leasehold and ancillary properties buildings insurance contract for a period of 3 years, with an option to extend for 2 twelve month extensions, making an estimated contract value of £17m.
2. That the cabinet notes in the event that tender bids are significantly higher than the current contract price, the option to extend the current contract may be exercised and would form the subject of a separate Gateway 3 report.

Recommendation for the Leader

3. That the Leader of the council delegates authority to the cabinet member for housing management to award the contract for the reasons set out in paragraph 10.

BACKGROUND INFORMATION

4. The leaseholders and ancillary properties buildings insurance contract relates to flats and maisonettes sold by the council under long lease terms. There are (3) separate policies within the contract covering;
 - The main policy where flats have been sold (under the Right to Buy scheme or through other disposals e.g. auction sales, social home buy)
 - A policy to insure under-leased blocks on a comprehensive basis (there are currently 3)
 - A much smaller policy relating to mortgaged housing properties - currently (3) premises - where the council is still providing a mortgage.

- In addition, the council may need to nominate buildings insurers, as per the terms of houses sold on leases.

5. The terms of the current lease requires the council as the freeholder:
 - Clause 4 (6) "To insure the building to the full insurance value thereof against destruction or damage by fire, tempest, flood and other risks against which it is normal practice to insure, or to make other appropriate and adequate arrangements and in the event of destruction or, damage by any such risk as aforesaid to rebuild or reinstate the property and the building"

6. The most advantageous way to do this is by placing a contract with a single insurer. This ensures that a standard approach can be followed for both the leaseholders and the council. As well as funding the cost of claims, the successful insurer will provide a claims handling and management service.

7. The contract was last awarded in 2009 when Acumus, who are brokers, were awarded the contract which commenced on 1 April 2010. The contract was for an initial period of three years ending 31 March 2013, with the option to extend the contract for two years following annual reviews. This "long term agreement" is the usual practice that has been followed for the last two tenders for this contract. In the past, this has allowed the successful bidder to offer a discounted rate in return for a three year contract and gives both parties an opportunity to end the contract. Insurers may wish not to take up the option to extend should the claims experience be higher than expected.

8. The estimated cost of the new contract is £3.4m per annum for a period of three years, making a contract value of £10.2m (including Insurance premium tax, which is currently 6%). The contract will commence on 1 April 2013. However, it should be noted that it is normal insurance practice for insurers to include a break clause whereby they can withdraw from a contract should the claims experience be higher than expected and this risk will have to be considered during the tender process.

9. The contract will have provision for 2 twelve month extensions, making a potential total estimated contract value of £17m.
10. Due to the tight time constraints that will have to be met as detailed in the latter part of the procurement project plan, it is essential that the council has appropriate insurance cover for its leasehold stock from 1 April 2013 otherwise it will be in breach of 12,900 leases of flats.

Summary of the business case/justification for the procurement

11. The council's leasehold portfolio totals 12,900 properties, making it the second largest local authority flat portfolio in the country. Although there is a limited market for these contracts, the size of the portfolio will attract international insurers and leaseholders should benefit from economies of scale in the premiums payable from those that submit tenders. However, our claims experience has been adversely affected by recent major fires.
12. Leaseholder representatives were closely involved in the procurement of the current contract and will be for the new contract. The main requirements suggested by the leaseholder representatives and council officers from the previous tender process are detailed below and will be included as part of the new tender documents:
 - Premiums to be based on bed numbers
 - Premiums to be further sub divided based on whether the property is a flat or maisonette, purpose built or converted and consideration be given to the height of the block
 - Premiums to be based on a unit price
 - Premiums to be fixed for the duration of the contract with an annual increase linked to the house building cost index
 - No excess on claims, apart from subsidence, when a maximum excess per block would apply
 - Leaseholders to have the option of selecting their own chosen contractor to carry out repairs
 - Claims to initially be administered by council officers
 - A fixed sum insured for all flats
 - Agreement of how to account for new sales and buy backs during the course of the year
 - Agreement as to how to treat leaseholder improvements.
 - Agreement over the rate of commission payable to the council.
 - Agreement over communal claims to be made by the council.
 - Agreement that leaseholders can make a claim for internal works only through the home ownership & TMI division.
 - Agreement that the insurer will be the nominated insurer for houses sold on leases.
 - A separate schedule and rates for where the whole block has to be insured.
 - Participation in compiling a leaseholder's insurance handbook.
 - The council is the insured party with the leaseholder (and their mortgagees) noted as interested parties

Any new suggestions by the leaseholder representatives will also be considered for inclusion in the tender documents.

13. Although there is an option to extend the existing contract beyond 31 March 2013, the council does not want to take this action. Acumus are insurance intermediaries and therefore the council does not directly contract with insurers, so Acumus approach the insurance market on the council's behalf. Adverse claims experience in year 1 of the contract and the high reserves placed for the two major fires in 2009 resulted in the threat of substantially increased premiums in years 2 and 3. Although satisfactory terms were eventually reached for both years of the current contract, the council needs to ensure that they have direct relationships with the insurance company to ensure satisfactory insurance terms going forward. Depending on the premium, a fixed price for 3 years is desirable.
14. It is possible that if the council takes up the option to extend the contract for one year from 1 April 2013, terms offered by Acumus through their underwriters could result in a substantially higher price. The council is reliant on Acumus obtaining the best price, so has no control over their process. Renewal terms are based primarily on the cost of claims paid out with insurers and underwriters requiring the latest available claim cost data prior to the renewal date. The council cannot allow the situation to arise where Acumus offer unsatisfactory renewal terms to the council in early 2013 as there would be insufficient time to appoint an alternative insurer.
15. It should be noted that the contract with Acumus includes a break clause as part of their long term agreement. The effect of this is that the insurer is able to increase premiums should the cost of claims paid out be higher than expected in future years of the contract.
16. Council officers have worked closely with Acumus in introducing procedures to progress and finalise claims from leaseholders and also minimise the cost of claims. This has included investigating the repairs history concerning the cause of the claim and assisting Acumus in seeking recovery from third parties where their costs have increased due to delays or negligence in taking remedial action. The total number of claims made for the last five full years has been consistent, but the total claims submitted for 2011/12 up to 31 December 2011 was only 50% of the total for previous years. The average cost of the current years settled claims has also reduced by 10% compared to the first year of the current contract with Acumus. These are important factors that insurers will consider when tendering for a new contract.
17. One of the main factors in the reduced number and cost of the current year's claims is that Acumus have been more robust investigating claims. Council officers have been pro-active in liaising with officers in housing services by requesting inspections and repair orders to be raised to remedy the cause of the claim. Council officers have also assisted by working closely with Acumus initiating subrogation action – where the insurer attempts to recover their costs from the party that was liable for the claim. A separate budget has been set up under the Investment Manager to contribute towards any of the insurers' costs where it has been agreed that the council were responsible for delays in undertaking repairs, thus increasing the cost of the claim. It is proposed that this practice be continued as successful subrogation action will lower claim costs. The council is therefore taking all reasonable steps to ensure the most favourable renewal terms.
18. The claims experience has been consistent for the last five years ranging between £1.3 and £1.7m annually, apart from 2009/10 when there were two major fires at Lakanal and Sumner Road. Based on the claims experience for

2011/12 up to 31 December 2011, projected claim costs for 2011/12 will be under £1.3m. However, this does not take into account the likelihood of higher claims during the winter months and unforeseen events such as fires. If this trend can be continued for the period up to tendering, favourable renewal terms should be obtainable.

Market considerations

19. Insurance premiums have been low as the global insurance market has been soft and experts consider that this will move into a hard market resulting in higher premiums, on all types of insurance policies following previous historical cycles.
20. The requirements of this contract make it highly specialised with few companies having the capacity, funding and knowledge to administer the contract. Although the contract was widely advertised at the previous tender in 2009, only four tenders were received, two from brokers and two from insurers.
21. The timing of the previous tender was unfortunate in the light of the major fires referred to above and this had an adverse affect on tender prices. It is hoped that the prices achieved in this current tender process will be more competitive.

Proposed procurement route

22. A competitive tendering exercise will be followed through an EU open procedure.

Options for procurement including procurement approach

23. Although the contract sum is large, it is impractical to join in with other authorities in letting a new contract as other authorities will have different lease terms, stock numbers and types, and expiry dates for their contracts. Also, the cost of claims settled in respect of other local authorities may be higher than for Southwark claims, which would have a negative effect on the premiums paid by Southwark leaseholders.
24. Under the terms of the current lease, the council can “make other appropriate and adequate arrangements” rather than insure the building with a provider. The council can therefore opt to self insure and set up a reserve pool to meet the costs of any claims. However, extra staff with insurance experience would need to be recruited to administer claims both within the home ownership & TMI division and also housing services. Contracts would also need to be tendered for the services of a loss adjuster to act on the council’s behalf unless there were sufficient competencies already in place within housing services. These issues cannot be easily overcome without a change to the staffing resources within the council. Self insuring also places the council under a greater risk should the cost of claims be more than is received in service charges from leaseholders and is something the council has no control over. The insurance premiums charged to leaseholders may therefore fluctuate significantly from one year to the next. Apart from these considerations, the earlier form of lease (under which over 5,000 flats were sold) requires the council to insure the whole block for the full range of perils. Self insuring is therefore not considered a feasible option.
25. The council cannot consider doing nothing as such inaction would place it in breach of the terms of 12,900 leases.

26. As with the last two contracts leasehold representatives will be involved in the contract specification, by advising how they would like the contract to be administered. They will also be part of the evaluation panel, although they will have no decision making powers.

Identified risks and how they will be managed

27. The risk log below lays out identified risks. Likelihood and impact ratings are scored from 1-5 with 1 being the lowest risk and 5 being the greatest. The overall score is the likelihood rating multiplied by the overall score. The maximum score indicating highest risk would be 25 with an unacceptable risk deemed to have a score exceeding 16.

Risk	Assessment impact and mitigation	Likelihood	Impact	Overall Score
Price is significantly higher than the current contract	Although the contract cost will be recovered through the annual service charges, the tender will seek bids for a fixed price for the duration of the contract The council will continue to be pro-active in liaising with the insurer to reduce the cost of claims	4	2	8
Insurer goes out of business	The credentials and financial viability of the bidders will be considered as part of the tender evaluation process	2	5	10
Obtaining sufficient returned tenders to make the process competitive	Contact known insurers contracted with other local authorities	3	5	15
Unexpected contract price increase from year to year	Tender document to be specific in definition of fixed price for the duration of the contract with an annual increase to be linked to the house building cost index. Terms and conditions of the contract to be examined by Legal Services before awarding contract	1	5	5
Tender price is	As part of the statutory	2	5	10

Risk	Assessment impact and mitigation	Likelihood	Impact	Overall Score
significantly higher than the current contract price	<p>consultation process, Notices of Intention are sent to all leaseholders. Provision will be included to advise leaseholders that should the tender price be significantly higher than expected, Acumus will be asked to provide a price for an additional year of the current contract</p> <p>Acumus to provide prices from their underwriters. If acceptable, extend the current contract under the option available</p>			
Failure to consult with leaseholders under Section 151 of the Commonhold and Leasehold Reform Act 2002	Meet dates set out in the procurement project plan Tender process is being managed by The home ownership & TMI division who are also responsible for the statutory consultation with leaseholders	1	4	4
Failure to meet the European procurement regulations	Meet dates set out in the procurement project plan Ensure that the procedures are transparent and comply with legislative requirements	1	4	4
Failure to have all the information available at the required times	Keep leaseholder representatives informed and liaise with relevant council officers	2	4	8
Changes to internal procedures and processes should a new insurer be appointed from 1 April 2013	Frequent communications with the insurer at a senior level. Ensure there is a smooth transition from one insurer to another. Communications to leaseholders and 'old' insurer, if relevant to ensure client team have processes in place to cover situation where both	2	2	4

Risk	Assessment impact and mitigation	Likelihood	Impact	Overall Score
	old and new claims are being processed by different insurers during transition period			

KEY ISSUES FOR CONSIDERATION

Key /Non Key decisions

28. This report is a strategic procurement and is therefore a key decision.

Policy implications

29. It is unlikely that many insurers will be interested in tendering as there is a limited market for this type of local authority scheme. Due to the size of the contract, the legislation requires the council to consult with all leaseholders. A Section 20 Notice of Intention must be served advising leaseholders of the nature of the contract. Leaseholders have a period of 30 days to make comments. As this contract will be subject to an EU open procedure, leaseholders are not entitled to nominate insurers. This first stage of the consultation process has to be undertaken before the contract can be advertised.
30. Notices of Proposal have to be sent to all leaseholders before awarding the contract advising them of the successful tenderer with details of the premiums they will pay from the commencement of the contract.

Procurement project plan (key decisions)

Activity	Complete by:
Forward Plan (if Strategic Procurement)	10 Feb 2012
DCRB/CCRB/CMT Review Gateway 1: Procurement strategy	12 Mar 2012 15 Mar 2012
Notification of forthcoming decision - Five clear working days (if Strategic Procurement)	10 April 2012
Issue Notice of Intention	2 May 2012
Approval of Gateway 1 by Cabinet. Procurement strategy report (this report)	17 April 2012
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	1 May 2012
Completion of tender documentation	18 May 2012
Advertise the contract	6 June 2012
Closing date for expressions of interest	n/a
Completion of short-listing of applicants	n/a
Invitation to tender	n/a
Closing date for return of tenders	3 Aug 2012

Activity	Complete by
Completion of evaluation of tenders	31 Aug 2012
Completion of any clarification meetings	28 Sept 2012
Issue Notice of Proposal if procurement to continue or commence Gateway 3 process if appropriate	5 Nov 2012
DCRB/CCRB/CMT Review Gateway 2: Contract award report	14 Jan 2013 24 Jan 2013
Notification of forthcoming decision (five clear working days)	1 Feb 2013
Approval of Gateway 2: Contract Award Report	2 Feb 2013
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	12 Feb 2013
Alcatel Standstill Period (if applicable)	22 Feb 2013
Contract award	23 Feb 2013
Contract start	1 April 2013
Contract completion date	31 March 2016

TUPE implications

31. The appointment of a new contractor in this proposed retender will amount to a Service Provision Change. There are no TUPE implications for the council as an employer because the council's contract management and administrative function will remain with the council and these activities will not form part of the contract specification. TUPE is likely to apply in relation to the incumbent and new contractor. However until due diligence is carried out definitive advice on TUPE cannot be provided. This due diligence work needs to be carried out before the tender process commences as its results need to be included in the tender pack.

Development of the tender documentation

32. The tender will be based on the previous tender documentation, but amended as necessary following comments by leaseholder representatives. The Corporate Risk & Insurance Manager), Departmental Procurement Officer and a Legal Services Officer will be involved in finalising the tender documentation to ensure compliance with best practice.
33. Whilst the council has its own standard form of contracts, there are specific contracts used in the insurance market. Advice will be sought from the Corporate Risk & Insurance Manager on the wording used in other Council insurance contracts to protect the council's interest. The wording used in the insurers draft agreement and terms and conditions will be reviewed by Legal Services for the same reason.

Advertising the contract

34. The contract will be advertised in OJEU and relevant insurance journals recommended by the Corporate Risk & Insurance Manager. Where individual leaseholders nominate insurers, they will be directed to the OJEU notice.

Evaluation

35. The contract will be awarded on the basis of MEAT (Most Economically Advantageous Tender) based on a price/quality ration of 70:30, using an EU Open procedure
36. A larger weighting has been given to the price due to the highly specialised nature of the contract and limited market for bidders to be in a position to submit a tender. The leasehold representatives will be fully involved in the assessment process and their main criteria will be the price.
37. The Evaluation panel will consist of the Accountant (Debtors) and Pre Assignment Manager from the Home Ownership & Tenant Management Initiatives Division, the Corporate Risk & Insurance Manager and a manager from Corporate Procurement. The range of council officers with different specialities and competencies is considered appropriate for this type of contract. The leaseholder representatives will also be fully involved in the assessment process, although not involved in the final decision.

38. The evaluation criteria will be based on price and quality, as follows;

Price

- Overall price for year 1-3

Quality

- Experience of similar contracts in the public sector, particularly mixed tenure blocks
 - Suitably qualified staff available to manage claims
 - Claims handling strategy
 - Information technology and data exchange capabilities
 - Quality control over sub insurers used

Community impact statement

39. It will have an impact on leaseholders and a small number of freeholders as they will have to contribute towards the contract cost in their service charges.

Sustainability considerations

40. There are no sustainability issues

Economic considerations

41. In addition to the OJEU Notice, the contract will be advertised in relevant trade journals. As part of the statutory consultation process, leaseholders are allowed to suggest their own (local) insurer. However, as public notice of this contract will be given, leaseholders cannot nominate providers and will be advised to direct any interested providers to the OJEU Notice.

42. The terms of the contract, should leaseholders have to make a claim under the policy, will permit them to submit quotes from (local) contractors of their own choice to carry out repairs to the internal parts of their property. The contract also allows the insurer to instruct their own nominated contractor should the leaseholder not want to obtain their own quotes.

Social considerations

43. Tenderers will be asked to submit a statement of their policies and procedures regarding equal opportunities, equality and diversity. These will be evaluated and measured against the council's policies.

Environmental considerations

44. All exchanges of information in the tender document and during the course of the contract will be by e-mail, thus complying with the council's policy on "paper lite". The returned tenders will be a hard copy in accordance with contract standing orders.

Plans for the monitoring and management of the contract

45. The contract will be for a fixed sum for the duration of the contract, perhaps with an allowance for inflation based on the house building cost index – depending on the tender price. The financial risk will fall on the insurer should the value of claims exceed the contract sum paid by the council.
46. The council will require access to the insurers IT system detailing claims and action taken. The system will include details of the cost of claim (payments and any reserve) and actions taken by the insurer to finalise the claim. The system should be in such a format that reports can be run by the council for each claim and for specific periods.
47. Regular monitoring meetings between relevant council officers and the insurer will be held at least quarterly or more frequently if required.
48. The contract will be administered in the first instance by council staff. They will send out claim forms, receive them back together with quotes from leaseholders' nominated contractors and scan the documents to the insurer. The staff will liaise with leaseholders and act as a link between the leaseholder and insurer to resolve any queries.
49. Council staff will also liaise with housing services where claims have been caused by a failing in a neighbouring tenanted property e.g., where a leaseholder has a leak originating from the flat above them. Housing services staff will be requested to prioritise a repair to tenanted properties so that the authorisation can be given to leaseholders to instruct their nominated contractor to start repairs to their property. This will benefit leaseholders as claims are progressed quicker and it will assist in minimising the cost of the claim. As claim costs form the basis of bids from insurers, procedures in controlling costs from escalating will have a beneficial effect on future contracts.

Staffing/procurement implications

50. There are no additional resource issues as the home ownership & TMI division already has a buildings insurance officer who is responsible for the administration of the contract.
51. The buildings insurance officer is supported by a manager who has experience of this contract since 2006. In addition, other staff in the team have been trained in dealing with queries from Acumus and leaseholders.

Financial implications

52. The annual cost of the contract will be fixed with an annual inflation allowance specified by the house building cost index.
53. The cost of the contract is recharged in full to the leaseholders as a part of their annual service charges. The contract price includes a commission payable to the council to cover the cost of the administering the contract, paying the insurer in full at the beginning of the financial year and taking the financial responsibility for bad debts on the service charges. There are therefore no budgetary consequences as a result of this contract procurement as there is a neutral effect on the Housing Revenue Account.

Legal implications

54. The Landlord & Tenant Act, 1987, allows leaseholders to request a summary of insurance cover. The council has to provide a summary to the leaseholder which includes the insured amount, name of the insurer and the risks covered. Leaseholders can then apply in writing to the landlord to afford reasonable facilities to inspect the policy, see evidence of payment of premiums for that and previous periods and take copies or extracts.
55. These are further contained in the supplementary advice from the Strategic Director of Communities, Law and Governance.

Consultation

56. Home owners council were consulted on 15 February 2012. Two leaseholder representatives were nominated to assist in how they would like the contract administered and will be part of the evaluation process.
57. Statutory consultation will be carried out with leaseholders by sending Notices of Intention and Notices of Proposal as detailed in the Project procurement plan.
58. Home owners council will be updated as necessary during the course of the tendering.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

59. This report seeks the approval of the cabinet to the procurement strategy for the leasehold and ancillary properties buildings insurance contract for a period of 3 years, with an option to extend for 2 twelve month extensions, making an estimated contract value of £17m as outlined in this report.
60. The report asks the cabinet to note that in the event that tender bids are significantly higher than the current contract price, the option to extend the current contract may be exercised and would form the subject of a separate Gateway 3 report.
61. Contract standing orders 5.4 requires all reasonable steps to be taken to obtain at least 5 tenders following a publicly advertised competitive tendering process for non-construction works and services over £75,000 and construction works and services over the EU threshold.
62. Paragraph 22 of this report confirms that an open stage tendering procedure is proposed which will comply with EU regulations and CSO tendering requirements.
63. It is considered that these services are Part A services under the Public Contracts Regulations 2006. As the estimated value of this contract exceeds the relevant EU threshold it must also be tendered in accordance those Regulations.

64. The contract is classified as a strategic procurement and therefore CSO 4.4.2a) requires the cabinet or cabinet committee to approve the proposed procurement process, after taking advice from the Corporate Contracts Review Board (CCRB).
65. The Leader of the council is asked to delegate the remaining decision making of contract award to the cabinet member for housing management.

Finance Director

66. The Finance Director notes the content of this report. Costs are fully recoverable from leaseholders under the terms of their leases and as such the effect on the HRA is neutral. However, it is incumbent on the Council to achieve the most financially beneficial terms possible on behalf of Southwark leaseholders

Head of Procurement

67. This report is seeking approval to procure insurance cover for leasehold and ancillary properties for a period of 3 years with the option of 2 twelve month extensions. The report explains the need to have insurance cover rather than self insure in order to meet the cost of claims.
68. The proposed procurement strategy will follow an EU open procedure due to a limited market for this type of service. The evaluation criteria will be set at 70:30 (price and quality ratio) in line with the gateway guidance.
69. The procurement timeline is achievable provided the necessary resources are lined up to carry out the required activities e.g. evaluation. It is important that there is appropriate governance arrangements in place for this project as this will help ensure the project delivers on time and continuity of insurance services is maintained.
70. The report confirms that in the event that the procurement process does not secure value for money, consideration will be given to extending the current contract. Such an extension would be the subject of a gateway 3 report and would follow normal contract standing orders in relation to approval.

Head of Home Ownership Unit

71. The council is required under the terms of the lease to make arrangements to insure the building against the normal range of perils. This has been achieved by placing a contract with a recognised insurer.
72. The current contract ends on 31 March 2013 and although there is an option to extend the contract, for two additional one year periods, the council does not wish to pursue this option for the reasons set out in this report. It is therefore necessary to re-tender the contract now so that there is continuing insurance cover from 1 April 2013.
73. The cost of the new contract will be recovered in full through the leaseholders' annual service charges, so there is no effect on the HRA.
74. As part of the council's statutory obligation, full consultation will take place with leaseholders through the issue of Notices of Intention and Notices of Proposal.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Statutory notices, leaseholder responses, claims experience details	Home Ownership & TMI Division, 376 Walworth Road London SE17 2NG	Dave Coombs, Accountant (Debtors) 020 7525 1424

APPENDICES

No:	Title:
None	

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management		
Lead Officer	Gerri Scott , Strategic Director of Housing Services		
Report Author	Martin Green, Home Ownership & TMI Division		
Version	Final		
Dated	4 April 2012		
Key Decision?	Yes	If yes, date appeared on forward plan	February 2012
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
	Contract Review Boards		
	Departmental Contracts Review Board	Yes	Yes
	Corporate Contracts Review Board	Yes	Yes
	Cabinet Member	Yes	Yes
	Date final report sent to Constitutional Team		4 April 2012

Item No. 10.	Classification: Open	Date: 17 April 2012	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Lift Maintenance and Repairs Contract	
Ward(s) or groups affected:		All Wards	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

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

With 755 lifts in the borough we have one of the largest stock in the country and at the same time some of the oldest stock. When lifts break down it is clearly important that they are repaired quickly to avoid the significant inconvenience break downs cause for residents. I am aware that the problem of lift break downs is particularly acute on some estates and we are in the process of identifying a longer-term solution to address the underlying issues.

I have taken a personal interest in the performance of our lift contractor and recently chaired a meeting of the communal repairs working party. The meeting took evidence from the lift contractor and crucially identified areas where lessons can be learnt. Chief amongst these were responding to breakdowns quickly, replacing parts in a planned way before they become obsolete and keeping residents informed of repair work at all times. It was pleasing to note that good progress is being made. Lift availability over the last 12 months has increased from 96% to 97.4% and the London Fire Brigade has recently congratulated us on reducing lift trap-ins by 50% from 1421 in 2009 to 749 at the end of 2011.

It is my expectation that this procurement will build on much of the good work achieved to date and deliver the excellent service residents deserve.

RECOMMENDATIONS

That the Cabinet:

1. Approves the procurement strategy outlined in this report for the Lift Maintenance and Repairs Contracts – Contract A – north of the borough at an estimated annual cost of £696,803.40 and Contract B – south of the borough at an estimated annual cost of £464,535.60, for a period of 5 years from 1st October 2013, with the potential for 2 twelve month extensions, subject to performance, making an estimated contract value of £8,129,373.00.
2. Notes the rationale behind the geographical division of contract areas is based on the need to ensure efficient delivery of the service.

BACKGROUND INFORMATION

3. The current contract delivers essential planned maintenance, repairs and refurbishments of passenger and disability lifts across the borough. The contract is split across the following three contract service areas:
 - Area 1 - Bermondsey, Leathermarket JMB, Borough & Bankside and Rotherhithe.
 - Area 2 - Walworth and Peckham
 - Area 3 - Camberwell, Peckham Rye and Dulwich
4. The provision of the services is essential for the day-to-day maintenance, repairs and refurbishment of passenger and disability lifts at residential properties owned by the council.
5. A contract for the services is currently in place with Liftec Lifts Ltd (“Liftec”) for all of the above areas and is due to expire on 1st January 2013.
6. Originally, Liftec were only awarded a contract for Area 3, with Areas 1 & 2 being awarded to Apex Lift and Escalator Engineers Ltd (“Apex”) for the same term. The contract term (applicable to both contracts) was 5 years from 2nd January 2008 with the option to extend by a further 24 months, in 12 month increments.
7. After the council determined the contract with Apex, Areas 1 & 2 were transferred to Liftec on the 22nd June 2010.
8. With the addition of Areas 1 and 2, Liftec are contracted to provide the Lift Maintenance and Repair works for the whole borough until 1st January 2013. A separate Gateway 3 Report will be submitted in April 2012 seeking approval to extend Liftec’s contract by a further 9 months until 30th September 2013.
9. The intention is to use the time between now and the 30th September 2013 to procure and award two (2) new separate contracts for the Lift Maintenance and Repair works and will commence on the 1st October 2013. The contracts will be awarded based on a revised geographical split of the borough as set out below, with an estimated term for each contract of 5 years. The contracts will include a provision for them to be extended by a further 24 months, in 12-monthly increments.
 - Contract A - North - Bermondsey, Borough & Bankside , Rotherhithe and Walworth
 - Contract B - South - Camberwell, Peckham, Peckham Rye and Dulwich
10. The revised geographical split of the borough shows that Peckham area has been transferred from former area 2 to the new Contract B – south of the borough, while Walworth area remains in Contract A for the north of the borough. This is to facilitate better logistical service coverage. Leathermarket JMB wish to be precluded from the proposed future lift contract. They will appoint their own lift contractor on expiry of the existing contract arrangement for lifts, with the council.
11. It should be noted that, given the number of lift assets across the borough, the appointment of a single contractor for the works would not be appropriate. It is

considered that such an arrangement would present a significant risk to the council should the contractor default or fail to perform. Such a risk would increase in the absence of any 'back-up' or support arrangement with an alternative contractor. Therefore no single contractor will be awarded both Contract Areas and there will be two separate contractors.

12. The current annual budget for the whole Lift Maintenance and Repairs contract stands at £1,161,339.00 and is apportioned at £ 696,803.40 for Area A and £464,535.60 for Area B.
13. Based on the current annual budget above, the total estimated value of the proposed contracts stand at £ 8,129,373.00 broken down as follows:
 - (i) Total cost for 5 year term = £ 5,806,695.00
 - (ii) Total cost of additional 2 year term = £2,322,678.00

Summary of the business case/justification for the procurement

14. The work proposed under these contracts will form an essential service to all residential blocks, with lift facilities, within the borough.
15. Residents with passenger and/or disability lifts facilities within their block, or stair lifts in their properties, rely on the council to ensure such that equipment is maintained in good working order, at all times. This step-free access provisions is essential to the health, safety and quality of life, of council residence.
16. By putting the works out for retender, the council will avail itself of the current market forces within the Lift Maintenance and Repairs sector and any commercial and technical benefits that may be available to promote a regime of continual improvement and cost reduction. A return to the works being contracted to two separate contractors, will also limit the council's risk exposure that exists under the current single source arrangement.
17. The contract duration of 5 plus 2 years achieves a balance between ensuring price competitiveness and allowing sufficient time to develop, embed and improve service delivery.

Market considerations

18. There are a number of lift contractors within the market with the necessary capabilities and resources to undertake lift maintenance and repairs work on such a large scale. Most of these contractors specialise in commercial properties as opposed to social housing developments.
19. In some respects, social housing is considered a niche market within the lift industry and some of the larger contractors prefer not to bid for social housing contracts. It is envisaged that interest in the contract will come from medium to large size lift contractors, who have extensive experience of maintaining large numbers of lift assets for local authorities.

Proposed procurement route

20. Procurement will be carried out in accordance with an EU Restricted Procedure. In response to the notices, contractors interested in tendering will be required to

formally express an interest in order to receive a Pre-Qualification Questionnaire (PQQ).

21. In accordance with the requirements of an EU Restricted Procedure a minimum of 5 contractors will be selected for the tender list, subsequent to the PQQ process.

Options for procurement including procurement approach

22. The council considered the following options before determining the procurement strategy set out in this report:

- Do Nothing – This is not an option open to the council. As a landlord and an employer, the council has a statutory obligation to provide ‘step free’ access in residential buildings. The council must therefore provide this essential service at all times.
- Use an existing Framework Agreement – The council has no existing framework agreements in place for this type of work. There are no other suitable frameworks for this type of work available. This has been precluded as an option.
- Shared Services - The feasibility of sharing services with neighbouring borough council's was investigated by Engineering and Compliance. However, shared services were precluded as an option based on the following:

- **Greenwich Council**

Greenwich Council is 2 years into a 10 year partnering deal with Apex. There is a lack of feedback from them on the contractors' performance to-date.

The contract arrangement does not have provision for the scope to be extended to allow other boroughs to join.

- **Lewisham Council**

Lewisham Council is 2 years into a 5 year contract with Precision Lifts. The total contract value is significantly lower (more than 50%) than the council's Lift Maintenance and Repairs Contract and cannot be varied. This option has therefore been precluded from further consideration.

- **Lambeth Council**

Lambeth Council is 11 months into a 7 year contract with Apex. No detailed feedback was received as the contractors' performance is being assessed.

The contract arrangement does not have provision for the scope to be extended to allow other boroughs to join.

- The council provides these services in-house - the work is highly specialised and the expertise does not exist within the council.

23. Given the specialist nature of the work and its high value, the work will be tendered under an EU Restricted Procedure.

Identified risks and how they will be managed

24. The table below identifies a number of risks associated with this procurement, the likelihood of occurrence and the control in place to mitigate the risks.

R/N	Risk Identification	Likelihood	Risk Control
R1	Gateway 1 approval delayed	Low	Ensure report submitted to DCRB, CCRB and Cabinet on time with all concurrents in place
R2	Procurement process becomes delayed	Medium	Continual review of the procurement process. In the event of a possible delay, re-visit the process and evaluate with the Engineering and Compliance team
R3	Deadline for advertising delayed	Low	Re-evaluate and adjust the programme for procurement
R4	Challenges to procurement outcome	Low	Ensure procurement process is transparent and conducted in accordance with CSO governance and OJEU. Continually monitor throughout the procurement process.

R/N	Risk Identification	Likelihood	Risk Control
R5	Contract award delayed	Medium	Engineering and Compliance to liaise with Legal. If necessary, approach incumbent contractor to provide interim arrangements and extend contract.
R6	Security For Due Performance	Medium	Contractors will be required to provide Performance Bonds and Parent Guarantees (subject to ownership by a parent company)

KEY ISSUES FOR CONSIDERATION

Key /Non Key decisions

25. This report is a strategic procurement and is therefore a key decision.

Policy implications

26. In order to fulfil its duties as a landlord and employer, the provision of 'step free' access in residential buildings across the borough is essential. The Lift Maintenance and Repairs contracts ensure that the council continues to comply with current legislation.

Procurement project plan (Key decisions)

Activity	Complete by:
Forward Plan (if Strategic Procurement)	April 2012
DCRB/CCRB/CMT Review Gateway 1: Procurement strategy approval report (this report)	27 Feb 2012 29 March 2012
Notification of forthcoming decision - Five clear working days (if Strategic Procurement)	5 Apr 2012
Approval of Gateway 1: Procurement strategy report (this report)	17 Apr 2012
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	30 Apr 2012
Issue Notice of Intention	14 May 2012
Completion of tender documentation	26 Jun 2012
Advertise the contract	12 July 2012
Closing date for expressions of interest	3 Sept 2012
Completion of short-listing of applicants	17 Sept 2012
Invitation to tender	19 Sept 2012
Closing date for return of tenders	4 Dec 2012
Completion of evaluation of tenders	19 Feb 2013
Completion of any interviews	27 Mar 2013
Issue Notice of Proposal	28 Mar 2013
DCRB/CCRB/CMT Review Gateway 2: Contract award report	6 May 2013 9 May 2013
Notification of forthcoming decision (five clear working days)	6 Jun 2013
Approval of Gateway 2: Contract Award Report	14 Jun 2013
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	26 June 2013
Alcatel Standstill Period (if applicable)	16 Jul 2013
Contract award	12 Jul 2013
Contract start	1 Oct 2013
Contract completion date	30 Sept 2018

TUPE implications

27. The appointment of two new contractors in this proposed retender will amount to a Service Provision Change and therefore TUPE is likely to apply however until due diligence is carried out definitive advice on TUPE cannot be provided. This due diligence work needs to be carried out before the tender process commences as its results need to be included in the tender pack.

Development of the tender documentation

28. The specification and contract documentation will be prepared by the Engineering & Compliance team in conjunction with the council's legal department.
29. The form of contract to be used will be JCT Measured Term Contract 2011, which will be subject to amendment as directed by the council's legal department.

Advertising the contract

30. The contracts will be advertised by way of an official notice that will be published in OJEU.
31. Subsequent to publication of the OJEU Notice, the contracts will also be placed on the council's website.

Evaluation

32. The PQQs returned will be evaluated by the Engineering and Compliance team. The selection process will be an evaluation of each contractor's economic and financial standing and their technical knowledge, experience, ability and capacity provide the service. Those who successfully pass the short listing stage will be invited to tender. The threshold score percentage, for a successful pre-qualification will be 50%.
33. The tender evaluation criterion will follow the Most Economical Advantageous Tender (MEAT) protocol. The assessment of the tender will be based on price/quality ratio of 70:30.
34. Price evaluation will be undertaken by members of the Engineering and Compliance team. Method statements will be used in assessing the quality and appropriateness of working practices. Tenderers will be required to provide information on their organisation, which will include (but not be limited to) experience, approach to and compliance with health and safety, organisation structure, number of personnel and their relevant qualifications, transport / logistics infrastructure, out of hours working and 24 hour helpdesk support etc., that demonstrates their ability to fulfil the requirements of the contract. The full evaluation methodology will be agreed by the Engineering and Compliance Team.

Community impact statement

35. The Lift Maintenance and Repair contracts will be a borough-wide service. They are concerned with responsive and planned works and seek to improve the quality of the service to residents.
36. They will affect all communities/ groups in the borough and will in turn improve the quality of life for the residents. Direct benefit to residents will include limiting the incidence of breakdown and a more effective lift service.

Sustainability considerations

37. The contracts will adhere to the council's Sustainability Policy. Where possible, materials purchased will be from sustainable sources. However, the overriding decision on material selection will be the materials conformity to BS and IS standards to ensure maximum safety and suitability.
38. Sustainability goals will be set for the contracts and where possible the Lift Maintenance and Repairs contractors will be required to carry (and evidence) out the following:
 - Re-use of materials that can be recycled or reclaimed on site
 - Avoidance of environmentally damaging materials
 - Avoidance of materials that are potentially harmful to humans

Economic considerations

39. It is envisaged that expressions of interest will be submitted by interested parties within the EU in response to the OJEU advertisement for the contract. As the contract will also be put on the Southwark website, it is anticipated that this will also attract the interest of more local lift contractors and afford them the opportunity to register their interest in competing for the work.

Social considerations

40. Contractors will be required to demonstrate that they operate an Equal Opportunity Policy and that they are fully aware and compliant with council's own Equal Opportunity Policy.
41. Operatives pay is based on the Lift and Escalator Association Standard pay rates which exceed the London Living wage.

Environmental considerations

42. The use of low emission vehicles and planning of journeys will be encouraged within the contracts. A waste consignment note will be requested from removal contractors by the consultants to ensure materials containing asbestos are not fly-tipped but disposed at a controlled site.

Plans for the monitoring and management of the contract

43. The contracts will be managed by the Engineering and Compliance team, who will also monitor both the value and quality of the work carried out.

Staffing/procurement implications

44. There will be no impact on council staff caused by re-tendering these contracts. The Engineering and Compliance team are already fulfilling the works ordering and monitoring roles of the current contract and these functions will continue under the new contracts.

Financial implications - (FIN0679 – JP)

45. The Lift contract is an essential contract to ensure Housing Services can provide step free access to Tenants and Leaseholders for their health, safety and quality of life.
46. The current housing management budget is sufficient to cover the £1,161,339 proposed cost for the Lift contract for the foreseeable future.

Legal implications

47. These are contained in the supplementary advice from the Strategic Director of Communities, Law & Governance.

Consultation

48. Consultation will be conducted with residents through tenants' forums.

Other implications or issues

49. Not applicable

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**Strategic Director of Communities, Law & Governance**

50. This report seeks the approval of the cabinet to the procurement strategy for the lift maintenance and repairs contracts – Areas 1 and 2 (Contract A) at an estimated annual cost of £696,803.40 and Area 3 (Contract B) at an estimated annual cost of £464,535.60 for a period of 5 years, with the potential for 2 twelve month extensions, making an estimated contract value of £8,129.373.00 as outlined in this report.
51. Contract standing orders 5.4 requires all reasonable steps to be taken to obtain at least 5 tenders following a publicly advertised competitive tendering process for non-construction works and services over £75,000 and construction works and services over the EU threshold.
52. As these services are Part A services under the Public Contracts Regulations 2006 and the estimated value of this contract exceeds the relevant EU threshold, they must also be tendered in accordance those Regulations.
53. Paragraphs 20 & 21 of this report confirm that a restricted stage tendering procedure is proposed which will comply with EU regulations and CSO tendering requirements.

54. This contract is classified as a strategic procurement and therefore CSO 4.4.2a) requires the cabinet or cabinet committee to approve the proposed procurement process, after taking advice from the corporate contracts review board (CCRB).

Finance Director

55. This gateway report recommends that the cabinet approves the procurement strategy for the lift maintenance and repairs contracts for a period of 5 years from 1st October 2013, with the potential for 2 twelve month extensions subject to performance and notes the rationale behind the geographical division of contract areas.
56. The finance director notes the financial implications contained within the report and the total estimated contract value of £8,129,373.00. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

Head of Procurement

57. This report is seeking approval to procure two separate repairs and maintenance contracts for the lifts across the borough's housing stock. The report explains the two contracts will be based on a geographical split and provides justification for having two separate contracts. With two contractors in place this will provide the necessary back up arrangements in the event that these are required.
58. The procurement process will follow a full EU restricted procurement route which is reflected in the procurement timetable. Paragraph 33 confirms that a weighted evaluation model 70/30 in favour of price will be used which is in line with the councils current recommended approach.
59. The procurement timeline is achievable provided the necessary resources are lined up to carry out the required activities e.g. evaluation. It is important that there is appropriate governance arrangements in place for this project as this will help ensure the project delivers on time and continuity of service is maintained.

Head of Home Ownership Unit

60. These contracts will be qualifying long term agreements within the terms of the Commonhold and Leasehold Reform Act 2002. Consultation with leaseholders is required under schedule 2 of the regulations and must be completed before tenders are invited through OJEU. This first stage of consultation has not yet been undertaken.
61. If there is a requirement that the two contracts should be awarded to different providers, it will be necessary to have in place a defined procedure, that is fair and reasonable, for the allocation of contracts where one provider offers the most advantageous tender for both areas.
62. Further consultation will be required following receipt of the tenders before the Council enters into the agreements. It will be necessary at this second stage of consultation to provide to leaseholders a contract cost, service charge or unit rate.

63. Costs will be service charged through the annual charge and any changes to the way in which work is ordered and paid for should be discussed with the Service Charge Accountant to ensure that all costs can be attributed on a block by block basis.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
None		

APPENDICES

No:	Title:
None	

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management		
Lead Officer	Gerri Scott, Strategic Director of Housing Services		
Report Author	David Lewis, Head of Engineering and Compliance		
Version	Final		
Dated	4 April 2012		
Key Decision?	Yes	If yes, date appeared on forward plan	March 2012
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
	Officer Title	Comments Sought	Comments included
	Strategic Director of Communities, Law & Governance	Yes	Yes
	Finance Director	Yes	Yes
	Head of Procurement	Yes	Yes
	Contract Review Boards		
	Departmental Contracts Review Board	Yes	Yes
	Corporate Contracts Review Board	Yes	Yes
	Cabinet Member	Yes	Yes
	Date final report sent to Constitutional Team		4 April 2012

Item No. 11.	Classification: Open	Date: 17 April 2012	Meeting Name: Cabinet
Report title:		Southwark Council's Equality Objectives	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Abdul Mohamed, Equalities and Community Engagement	

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

Equality is central to our commitment to delivering a fairer future for all across Southwark. The diversity of our community is one of our most valued assets. Strong communities will thrive and prosper if individuals and groups are treated fairly, with respect, and given access to the services they need. We understand that for equality to be achieved it must be something that residents, businesses, community organisations and all other stakeholders and the council are all committed to.

At Southwark equality is central to the day to day delivery of our services. Whether it's delivering services to vulnerable people, to making our democracy more accessible or working to ensure that our young people benefit from the regeneration of the borough, equality is at the heart of what we do.

Southwark Council's approach to equality goes beyond the statutory duty. Through it, we have already agreed a number of overarching equality objectives that are linked to the strategic priorities of the council and are underpinned by a series of equality objectives within our council plan.

As part of our commitment to achieving a fairer future for all we have gone further and identified a number of additional equality objectives which focus on a set of specific issues. These will be added to the cabinet portfolio performance schedules in our council plan, underlining our commitment to mainstream equality into all that we do.

In setting these equality objectives the council is guided by a number of our fairer future principles, seeking to understand and protect the needs of our most vulnerable residents, helping people to lead independent and fulfilling lives and treating people just as we would members of our own family.

RECOMMENDATION

That cabinet

1. Agrees to the addition of the proposed equality objectives to those already in the council plan (see Appendix A).

BACKGROUND

2. There have been a number of changes to the legislative requirements for the council in respect to equality. In October 2010 the majority of the new Equality Act ("the Act") came into force. This consolidated the numerous acts and

regulations that form the basis of anti-discrimination law, all in one single act. The Act introduced nine protected characteristics - age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

3. As part of the Act the public sector Equality Duty (PSED) (section 149 of the Equality Act) came into force in April 2011. The PSED requires public bodies to consider all individuals when carrying out their day to day work – in shaping policy, in delivering services and in relation to their own employees. Under the PSED, a public authority must, in the exercise of its functions, have due regard to the need to;
 - Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

4. Section 153 of the Act gives the government a power to impose “specific duties” on certain public bodies to help them perform the Equality Duty more effectively. The specific duties came into effect on the 10 September 2011. The specific duties require public bodies to publish:
 - Information to demonstrate their compliance with the Equality Duty – including information relating to their employees (for authorities with 150 or more staff) and others affected by their policies and practices, such as service users by 31 January 2012 and then at least annually, and
 - Equality objectives, by 6 April 2012 and then at least every four years.

5. In December 2011 the cabinet agreed Southwark’s Approach to Equality. This sets out what people can expect from the council around equality, what the government expects of the council and what the council is committed to doing. It explains our approach to advance equality of opportunity in the borough by making equality part of our day to day business. The Equality and Human Rights Commission (EHRC) has produced guidance, for public sector organisations for setting equality objectives. The proposed objectives have been developed in line with the guidance.

6. Under the Approach to Equality “Setting Equality Objectives” the council agreed to set equality objectives as part of its business planning processes, including setting equality objectives as part of the council plan. Furthermore, the Approach to Equality stated that the equality objectives the council sets through the council plan will be measurable and specific and published on our website, so that the public can hold us to account on our progress.

KEY ISSUES FOR CONSIDERATION

7. Equality is at the heart of our fairer future vision. The council will create a fairer future for all in Southwark by: protecting the most vulnerable; by looking after every penny as if it was our own; by working with local people, communities and businesses to innovate, improve and transform public services; and standing up for everyone's rights. As a central London borough, our mission is to enhance the things that make Southwark special - its immense diversity and vast depths of

untapped potential. Helping to unlock those talents, with nobody left behind, is what we are about as a council.

8. A number of equality objectives were agreed as part of the council plan that was agreed by council assembly in July 2011. These are listed below in Appendix A in bold.
9. Following this the council agreed its Approach to Equality in December 2011. As part of the Approach to Equality four overarching equality objectives were agreed. These are to:

- *Improve the quality of life for Southwark's people through better access to services and creating sustainable mixed communities with opportunities for local people.*
- *Improve social cohesion by promoting positive relationships and a sense of community and belonging, by reducing fear and tensions, and encouraging civic responsibility so that contributions of individuals and groups to their communities are properly valued.*
- *Promote people's rights and responsibilities. We will do this by ensuring that the Council does all it should in providing leadership and by encouraging its partners to do likewise. We will act to protect the rights of those who live in Southwark by ensuring that abuse; mistreatment or discrimination is identified and dealt with.*
- *Ensure we have a workforce that understands and is committed to achieving these goals and retains the confidence of our local communities.*

10. An additional process has been undertaken to identify a series of further issues that will support the council in meeting its overarching equality objectives. These have been developed for each portfolio area in the council plan (see Appendix A).
11. The commitment to develop further objectives for each portfolio area means that baselines for objectives in some areas are in the process of being developed. In addition some targets will be developed in line with the council's business planning timeframes.
12. These objectives will form part of the council plan Annual Performance Report along side future target setting. The report and supporting portfolio performance schedules will be published on the Southwark Council website.
13. By aligning with the business and performance management processes, equality objectives will be considered at the same time as other performance measures, and form part of the council's regular performance review cycle.

Community impact statement

14. We are acting in accordance with best practice and guidance from the Equalities & Human Rights Commission around the setting of equality objectives. We continue to incorporate consideration of the impact our policies and decisions have on the protected characteristics (race, sex, disability, age, religion or belief,

sexual orientation, pregnancy & maternity, gender reassignment and marriage & civil partnership) into our processes.

Consultation

15. Consultation has been undertaken on the proposed approach to setting equality objectives through an on-line questionnaire on the council's website, through workshops with FEHRS, meetings with staff interest groups and departmental policy leads.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

16. The strategic director of communities, law & governance (acting through the employment section) notes the content of the report.
17. The report seeks cabinet agreement to the addition of a number of equality objectives to those already set out in the council plan.
18. The council plan (formerly the corporate plan) is a matter reserved for council assembly under paragraph 10 of Part 3A of our constitution. Cabinet may agree to recommend that these additions to the council plan be ratified at the council assembly following cabinet's agreement.
19. The legal duties are set out in the main body of the report. The relevant legislation, under the Equality Act 2010, is set out in paragraphs 2 to 4. The Equality Act 2010 introduced a single public sector equality duty (section 149). This duty requires us to have due regard in our decision making processes to the need to:
 - i. Eliminate discrimination, harassment, victimization or other prohibited conduct;
 - ii. Advance of equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
 - iii. Foster good relations between those who share a relevant characteristic and those that do not share it.
20. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also applies to marriage and civil partnership, but only in relation to (a) above.
21. The council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making decisions in the current context.
22. The Equality Act 2010 (Specific Duties) Regulations 2011 came in to force on the 10 September 2011. Section 3 of the regulations requires the council to prepare and publish one or more objectives, no later than 6 April 2012 and subsequently at intervals no greater than four years from the date of the last publication.
23. The objective(s) which the council is required to prepare and publish must be specific and measurable. The proposal goes beyond the statutory minimum requirement: the council is setting a number of specific objectives for each portfolio area in the council plan as set out in the Table at Appendix A.

24. It is recognised that for some of the objectives the baselines will be specified as further objectives for each portfolio area are developed and their targets set in line with the council's business planning timeframes. The objectives as proposed should help the council to improve our performance in meeting the requirements of the general duty set out at (a) to (c) in paragraph (19) above.

Finance Director

25. The finance director notes the proposals within this report. The equalities objectives will be met within the existing resources available to each of the services.

Head of Human Resources

26. The council has a workforce that is made up of people from many different communities and diverse profiles, staff monitoring data is published on the Southwark website through the Workforce Report. All employees have a personal responsibility not to discriminate against others and to do whatever is reasonable and appropriate to promote equality of opportunity.
27. By using the council's employee performance management procedures, these agreed objectives will be included in section and employee work plans with achievement monitored. As part of this process, training needs at an individual and service level will be identified and discussions held with organisational development on the use of appropriate learning and development solutions.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Council's Approach to Equality	http://www.southwark.gov.uk/info/200041/equality_and_diversity	Alex Irvine 020 7525 3672

APPENDICES

No.	Title
Appendix A	Equality Objectives

AUDIT TRAIL

Cabinet Member	Councillor Abdul Mohamed, Cabinet Member for Equalities and Community Engagement	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
Co Report Authors	Claire Webb, Head of Policy & Alex Irvine, Principal Strategy Officer	
Version	Final	
Dated	4 April 2012	
Key decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Human Resources	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional/Community Council/Scrutiny Team		4 April 2012

Equality Objectives

Overarching equality objectives agreed in December 2011 as part of Southwark Council’s Approach to Equality

- Improve the quality of life for Southwark’s people through better access to services and creating sustainable mixed communities with opportunities for local people.
- Improve social cohesion by promoting positive relationships and a sense of community and belonging, by reducing fear and tensions, and encouraging civic responsibility so that contributions of individuals and groups to their communities are properly valued.
- Promote people’s rights and responsibilities. We will do this by ensuring that the Council does all it should in providing leadership and by encouraging its partners to do likewise. We will act to protect the rights of those who live in Southwark by ensuring that abuse; mistreatment or discrimination is identified and dealt with.
- Ensuring we have a workforce that understands and is committed to achieving these goals and retains the confidence of our local communities.

Specific equality objectives by Council Plan portfolio area

NB: *The equality objectives in bold already exist within the Council Plan performance schedules.*

Portfolio area	Equality objective	Lead officer	Baseline	Targets	
				2012/13	2013/14
Regeneration and Corporate Strategy	Bringing full access to the benefits and opportunities of regeneration to all the people of Southwark measured by:				

Portfolio area	Equality objective	Lead officer	Baseline	Targets	
				2012/13	2013/14
	Commissioned employment support targeting borough residents furthest from the labour market.	Graeme Gordon	To secure 217 people into employment. Figures to be broken down by a number of protected characteristics.	20% increase in baseline. Protected characteristic targets to be assessed	20% increase sustained. Protected characteristic targets to be assessed
	Directing the benefits of development and regeneration to borough residents through Section 106-funded employment support.	Graeme Gordon	Figures to be provided and assessed on unit costs achieved across sectors. These will be broken down by a number of protected characteristics.	Target to be developed	Target to be developed
Children's Services	Narrowing the gaps in educational outcomes by:				
	Accelerating year on year a narrowing of the gap between the bottom achievers at Key Stage 2 and 4 and their peers.	Merril Haeusler (Jim Eshelby)	KS2: 0.4% KS4: 5.8%	< 0.4% < 5.8%	Close the gap more quickly than previous year >(2012 performance)
	Accelerating year on year a narrowing of the gap between Southwark pupils with special educational needs at Key Stage 2	Merril Haeusler (Jim Eshelby)	KS2: 1.3% KS4: -0.5%	> 1.3% > -0.5%	Close the gap more quickly than previous year > (2012

Portfolio area	Equality objective	Lead officer	Baseline	Targets	
				2012/13	2013/14
	and 4 and their peers (in expected level of progress in English).				performance)
	Educational outcomes for children looked after: Children in care achieving 5 A*-C GCSEs (or equivalent) at Key Stage 4 including English and Maths) (Existing Council Plan target).	Merril Haeusler (Darren Coghlan)	23.9%	Exceed national average and close the gap with all Southwark pupils	Exceed national average and close the gap with all Southwark pupils
	Narrowing the gap between the lowest achieving 20% in the Early Years Foundation Stage Profile and the rest (Existing Council Plan target).	Merril Haeusler (Jim Eshelby)	30.8%	Close the gap more quickly than national performance	Close the gap more quickly than national performance
Health and Adult Social Care	To provide support for carers that is tailored to meet individuals' needs, enabling carers to maintain a balance between their caring responsibilities and a life outside caring, while enabling the person they support to be a full and equal citizen. This will be done by:				
	Target 1: Improving the experience of all carers in the support they receive from the council as measured by year on year improvements in the outcome measures derived from the national	Sarah McClinton	Baseline to be quantified when national Carer Survey results available	Target to be developed	Target to be developed

Portfolio area	Equality objective	Lead officer	Baseline	Targets	
				2012/13	2013/14
	carers' survey.				
	Target 2: To increase the numbers of Carers receiving needs assessments or review and a specific carer's service or advice and information, expressed as a % of community service users". (NI 135)	Sarah McClinton	Interim proxy target – Carers Assessments Targets based on forecast outturn 28%	33% (or 2011/12 outturn plus 5%)	38% (or 2011/12 outturn plus 10%) 2014/15: target replaced by outcomes measures
Health and Adult Social Care	Supporting vulnerable people to live independent, safe and healthy lives by giving them more choice and control of their care.				
	Increase the proportion of people with learning disabilities who live in their own home, measured by "% in settled accommodation" indicator.	Sarah McClinton	65%	70%	75%
Equalities and Community Engagement	To improve the involvement of our diverse communities in the decision-making processes of the Council.	Stephen Douglass	<ul style="list-style-type: none"> • Deputations and questions to Council Assembly • Attendance at council meetings 	Target to be developed	Target to be developed

Portfolio area	Equality objective	Lead officer	Baseline	Targets	
				2012/13	2013/14
			<ul style="list-style-type: none"> • Participation in pre-Council Assembly themed debate outreach • Community council attendance • Participation in community action research projects • Participation in consultations 		
	To continue to strengthen our engagement work with new and emerging communities in Southwark.	Stephen Douglass	<ul style="list-style-type: none"> • Research/support projects with service departments aimed at specific communities e.g. childhood obesity • Community cohesion projects and events • Participation in consultations 	Target to be developed	Target to be developed

Portfolio area	Equality objective	Lead officer	Baseline	Targets	
				2012/13	2013/14
Equalities and Community Engagement	Maintain the high percentage of local people who think that Southwark is a place where people from different backgrounds get on well together.	Stephen Douglass	80%	80%	80%
Housing Management	Working in partnership to provide support and increased access to services for targeted groups:				
	Prevent homelessness and increase the homelessness prevention rate for 16 and 17 year olds by introducing an Integrated Youth Team based at the Housing Assessment & Support Service to.	Jonathan Joseph	65%	68%	70%
	Reduce potential discrimination to faith groups by introducing a version of the Home Purchase Grant scheme that is complementary of existing Sharia compliant financial products.	Martin Green	New policy- No baseline	Baseline and target set up for 13/14	Baselines to be developed
Finance & Resources	Develop scope for income collection/client payment by telephone and internet, which supports the move away from cash offices whilst helping disabled and	John Chance	At present approx 75% of income is received via internet and telephone banking methods.	2012/13 target 80%	2013/14 target 85%

Portfolio area	Equality objective	Lead officer	Baseline	Targets	
				2012/13	2013/14
	vulnerable groups access services remotely.		There is a strategy to increase this percentage and reduce the flow through cash offices. As direct debit is the councils favoured method, this is promoted further along with other non cash options.		
Community Safety	To improve access to domestic violence services to the community and that there is awareness of the services.	Jonathan Toy	Number of cases referred Number of repeat cases Results of service user survey	Establish a baseline for the number of people accessing the commissioned domestic abuse service	Baseline to be developed
Culture, Leisure, Sport and the Olympics	Increase the take up of library services by diverse communities and deliver the action plan arising from the libraries review. Monitoring usage by age, gender, disability and ethnicity.	Adrian Whittle	Monthly monitoring reports Library visits School visits Evening visits Membership profiles	To maintain current levels of use by demographic groups at libraries with new opening hours. Baseline is 2011/12 usage (data contained in attachment)	Baseline to be developed from usage data year 2012/13

Portfolio area	Equality objective	Lead officer	Baseline	Targets	
				2012/13	2013/14
Culture, Leisure, Sport and the Olympics	Increase the take up of refurbished leisure centres by diverse communities and monitor usage by age, gender, disability and ethnicity.	Adrian Whittle	Monthly monitoring reports of leisure centres visits, daytime/evening visits, and event and membership profiles	Baseline to be developed from usage data in 2011/12	Baseline to be developed from usage data year 2012/13
Transport, Environment and Recycling	Increase recycling rates in low compliance hotspot areas across the borough.	Ian Smith	Recycling rates within those areas targeted Increased awareness within targeted groups	5% increase in participation from baseline Baseline to be calculated in the first six months of 12/13	Baseline to be developed

Item No. 12.	Classification: Open	Date: 17 April 2012	Meeting Name: Cabinet
Report title:		Approval to Enter Grant Agreement with the GLA for the Gateway to Peckham Project	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Fiona Colley, Regeneration & Corporate Strategy	

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

For many years local councillors and groups like Peckham Vision have campaigned for improvements to the Grade II listed Peckham Rye Station. Through the use of small grants such as Cleaner, Greener, Safer and with the hard work of local people and cooperation of Southern Railways we have already seen significant improvements to the old waiting room and the ticket hall.

However, with this report we are finally able to commit to delivering change on a far larger scale - to revive the splendour of Peckham Rye Station and reinstate the station forecourt to support a vibrant local economy. By signing the funding agreement we will formally secure £10.6m for this exciting project - £5.25m from GLA, £5.07m from Southwark Council and £0.35m from LIP funding (TfL/LBS).

Over the next 4 years this project will improve and make best use of space within the station (such as the old waiting room and empty arches) and it will transform the area outside the station with the demolition of the shopping arcade in front of the station and creation of a new public square opening out on to Rye Lane. We recognise that this will not be an easy project to deliver, a number of businesses will need to be relocated and we will support them through that transition.

The report represents the first step in delivering the vision we have set out in the Peckham & Nunhead area action plan to revive Peckham as a great town centre. It will provide a real change for Rye Lane and be a catalyst to bring forward other investment projects in the area.

We look forward to delivering this project with our partners, Network Rail, Southern Railways and the GLA as well as continuing to collaborate closely with Peckham Vision and other local stakeholders as the plans develop

RECOMMENDATION

That cabinet

1. Agree in principle to enter into a grant agreement with the Greater London Authority for the Gateway to Peckham project and authorise the strategic director of communities, law & governance, in consultation with the deputy chief executive, to approve the detailed terms and conditions of the grant agreement.

BACKGROUND INFORMATION

2. In December 2011, the council sought funding through the Mayor's Regeneration Fund for improvements to and around Peckham Rye Station. The project will deliver an attractive point of arrival forming an anchor in the middle of the town centre, bringing redundant space back into use, creating new job opportunities.
3. The project will be the centrepiece of the regeneration programme in Peckham and be a catalyst for further investment leading to the achievement of the vision in the Peckham and Nunhead Area Action Plan (PNAAP).
4. Peckham Rye Station is a strategic rail interchange but has historically failed to live up to the opportunity this creates. Being only 10 minutes from London Bridge and 13 minutes to London Victoria, Peckham is one of the best connected transport nodes in the borough. This will be further expanded with the introduction of the London Overground service in December 2012 creating new travel opportunities to services to the growing area of East London and with a change at Canada Water being only 13 minutes from Canary Wharf. Peckham Rye Station being equidistant from key London termini, activity areas and employment zones makes Peckham a key gateway to London.
5. The accessibility of Peckham as a place and a revitalised station and a new public space for London will create a focus of activity and be a key contributor driving significant development in Peckham. Through this project an additional 90 jobs will be created but further afield this project will support the planned 2,000 additional homes, up to 8,000sqm of business space and up to 1,500sqm of retail space identified in the PNAAP.
6. It is proposed to be delivered in three phases, gaining momentum with the delivery of each stage.
 - Phase one, will make the best use of the space within the station fabric. Currently there is over 280sqm of redundant space within the station; comprising of two vacant arch spaces, which are currently used for intermittent storage by the train operating company, a commercial space that is in poor condition has been vacant for over ten years and the Old Waiting Room. The station is currently listed and retains many Victorian features, to complement internal works, it is proposed to undertake a conservations skills training programme as a precursor to the Townscape Heritage Initiative, ensuring that local people will retain the appropriate skills to deliver this important project for the local area.
 - Phase two will transform the area surrounding the station and will see the demolition of the arcade buildings in-front of the station and the creation of a new high quality public square incorporating active uses.
 - The third phase would involve a careful programme of re-locating existing light industrial uses, improving the occupancy levels within this area and the creation of an active space to support the local evening economy.
7. The project will be delivered over a four year period and has the following identified outcomes. The council and the GLA will continue to work to develop outputs, outcomes and to test the robustness of these as part of an ongoing conversation to develop monitoring and evaluation mechanisms and track the progress of the project.

Direct economic uplift	If fully implemented the project is expected to deliver around 280sqm of new and 3,200sqm of improved commercial space, bringing additional businesses and up to 90 additional jobs to the town centre.
Increased footfall and linger time on Rye Lane	An increase in footfall from public realm improvements alone of around 3%.
Reduced walking times to and from the station	An average saving of 8.58 seconds travel time to the station through the opening up of the station forecourt.
Improved economic outlook in the town centre	Well planned improvements to public spaces within town centres can boost commercial trading by up to 40% and generate significant private sector investment.
Increased retail rents in the town centre	
Improved business coordination	The engagement of local businesses that will take place through the design and implementation phases will support ongoing work to stimulate business network formation in Peckham.
Jobs and training	Through contracting obligations we will aim to secure local employment opportunities in construction trades and apprenticeships. In addition we will ensure supply chain contracts are promoted to local SMEs to retain economic benefit from project spend in the local area.
Increased private sector investment	The project will contribute significantly to strategic improvements in Peckham's retail environment and visitor perceptions to make it a place where developers and landowners will continue to invest over the long term.

8. The bid was successful and the GLA are seeking to support the project through a grant agreement with the council for a sum of £5.25m.

KEY ISSUES FOR CONSIDERATION

9. The grant agreement will form the basis for the funding arrangement with the GLA and by entering into the agreement the council will commit itself to the deliver of the project and its constituent components.
10. The council will remain responsible for providing monitoring information in accordance with the business case, identified milestones and the final outputs, outcomes and milestones agreed in the grant agreements.
11. The grant agreement will require updates to financial and output/outcome data on a quarterly basis, although the borough will be required to collect this information on a monthly basis, which can be provided to the GLA on request.
12. The total cost of the project is £10.6m comprising of £5.25m from the GLA, £5.07m from the council and £0.35m from future Lip funding allocations. Through entering the agreement the council will commit itself to providing the match funding.

Policy implications

13. Gateway to Peckham forms a key component in delivering the aspirations and visions of the PNAAP. The confirmed policies and actions relating to regeneration and economic prosperity are consistent with the council's economic development strategy as well as the council's broader policy framework.

Community impact statement

14. A number of local businesses will be affected and a programme of relocation will be necessary for existing businesses in the arcade and the light industrial businesses to the rear of the station. The council will work with Network Rail and the lessees to identify suitable property in the area and facilitate relocation. Business support to the affected businesses will be provided through the council's existing programmes and resources.
15. As proposals are in accordance with the PNAAP and the council's economic development strategies it should have a positive impact on all Southwark residents. However the council will undertake ongoing monitoring to ensure there are no adverse implications for the community, or that any identified are proportionate to the overall objective of the programme and are minimised where possible.
16. Monitoring will be undertaken through an annual monitoring report collating all available data on the impacts of the programmed and reported to the GLA.

Resource implications

17. The project will be developed in partnership between Network Rail and the council who together form the project board with representation from key stakeholders. The board will provide strategic support and direction for the project and have decision making authority, a working group providing the technical support along with community input.

Consultation

18. As part of the consultation of the PNAAP, issues and options, the council asked the community if they would want to see a square in front of Peckham Rye Station, 86% of respondents were in favour.
19. Extensive consultation will be undertaken in the delivery of the project, with the affected businesses, local stakeholders and the community.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

20. The strategic director of communities, law & governance ("SDCLG", acting through the contracts section) notes the content of this report and will provide advice and assistance to officers in connection with the procurement of any works and services which may be required in the implementation of the proposed project for which funding has been secured. The SDCLG will review the grant agreement upon receipt of the same from the GLA in order to ensure that the council's interests are properly protected. The decision to approve the

recommendations contained within paragraph 1 is one which falls to be taken by the cabinet under paragraph 7 of Part 3C of the council constitution, as a matter concerning the strategic aspects of the regulation and control of the council's finances.

Finance Director (NR/F&R/12/9/2011)

21. This report recommends that the cabinet agrees to enter into a grant agreement with the Greater London Authority for the Gateway to Peckham project.
22. The finance director notes the key issues for consideration and resource implications contained within the report and confirms that approved capital budget to support this proposal is included within the capital programme. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Towards a preferred option, Peckham and Nunhead Area Action Plan	Planning and Transport, 5 th Floor, 160 Tooley Street, London SE1 2QH	Alison Squires on 020 7525 5644
Economic Development Strategy	Economic Development 5 th Floor Tooley Street	Nick Wolff on 020 7525 5676
GLA Draft Agreement	Planning and Transport, 5 th Floor, Tooley Street	Sally Crew on 020 7525 5564

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration & Corporate Strategy	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
Report Author	Sally Crew, Group Manager Policy and Programmes	
Version	Final	
Dated	4 April 2012	
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	4 April 2012	

Item No. 13.	Classification: Open	Date: 17 April 2012	Meeting Name: Cabinet
Report title:		Acquisition of Freehold Interest in 66 & 68 Ambergate Street, SE17	
Ward(s) or groups affected:		Newington	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report proposes the acquisition of 66 & 68 Ambergate Street, under statutory provisions. To achieve this objective, it is necessary to re-house and compensate the existing secure tenants to allow the property to be subsequently sold with vacant possession.

The receipt from the sale of the property would be allocated to the housing investment fund.

RECOMMENDATIONS

That the Cabinet:

1. Approves the terms outlined in this report for the acquisition of the freehold interest in 66 & 68 Ambergate Street, SE17 (“the Property”) plus the payment of compensation to the existing secure tenants for home loss and disturbance, along with statutory costs.
2. Authorises the head of property, once acquired and full vacant possession has been achieved, to market for sale the council’s unencumbered freehold interest in the Property. The results of this marketing exercise to be brought to cabinet for approval and further recommendation.

BACKGROUND INFORMATION

3. The Property is held on a lease by the council which satisfies the criteria for enfranchisement. The lease was granted for a term of 99 years from 24 June 1912 at a fixed ground rent of £4.50pa. The lease was due to expire on 23 June 2011, however the expiry date has been extended as a result of the Formal Notice to acquire the freehold process, which was served by the council on 7 February 2011 and the lease will therefore expire once this process has ended.
4. The Property consists of two 2 bedroom flats, both of approximately 59 m2 in size, within a two storey period built end of terrace house. Both of the units are occupied by secure council tenants.
5. The landlord is a private individual who owns the freehold of the Property
6. Changes to the Leasehold Reform Act 1967 brought in by the Commonhold and

Leasehold Reform Act 2002 enabled non-resident leaseholders of houses, such as the council, to exercise statutory enfranchisement rights for the first time. Following these statutory changes, the then executive approved (on 27 July 2004) a change of policy in respect of leasehold houses occupied by secure council tenants which enabled the council to exercise statutory enfranchisement rights and acquire the freehold interests in 17 occupied leasehold houses held from the Dulwich Estate at a substantial discount to vacant possession market value.

7. Previously Housing policy in respect of occupied leasehold houses had been focussed on the re-housing of secure tenants prior to lease expiries in order to limit dilapidations claims against the council on returning properties to landlords (usually the Dulwich Estate). The change in legislation has also been used to advantage to purchase the freehold interests in some vacant leasehold houses at a discount and then sell at full market value, generating capital receipts.
8. The successful service of a statutory Notice to Enfranchise should enable the council to acquire the freehold interest in the Property at a significant discount to its vacant possession market freehold value.
9. In order to assist with the process, the council appointed an external surveyor to undertake an initial valuation of the estimated price payable for the freehold and to subsequently negotiate settlement terms for acquisition. In addition to the purchase price to be negotiated, compensation will need to be allocated to the tenants for giving up their tenancies that the council have no legal right to end. Any move by the tenants would be solely subject to their agreement and the amount payable will be a matter of negotiation.
10. The appointed external surveyor is an expert in leasehold enfranchisement and has acted successfully for the council on a number of similar freehold acquisitions. The council will need to cover the valuation fees of the external surveyor, in addition to the property division's internal valuation fee for dealing with this matter in a management capacity.
11. The council, as purchaser, is also liable to pay the Landlord's reasonable surveyors and solicitors fees in connection with the purchase. In addition, the council will need to budget for our own legal fees and compensation packages for the secure tenants.
12. A Formal Notice to acquire the freehold was served on the current freeholder on the 7 February 2011 and a Counter Notice was received in return by the freeholder within the statutory deadline date of 7 April 2011.
13. After a lengthy period of negotiations between the valuation surveyors appointed by the council and the freeholder, terms were finally agreed on 21 October 2011 although the council has yet to formally accept the terms and needs cabinet authority in order to do so.
14. Whilst there is no statutory timescale for acceptance of the agreement, the current freeholder reserves the right to refer the matter to the Leasehold Valuation Tribunal (LVT) to expedite the process at any time. If this option is taken, there is no guarantee that the LVT will uphold the agreed premium and the council's professional fees would increase significantly, due to additional work required for LVT preparation and attendance.

15. On 11 January, the valuation surveyor representing the freeholder wrote to the council's appointed surveyor expressing concern over the delays in the council formally accepting the terms agreed, which he felt was unacceptable. It was therefore asserted that the council should either promptly accept the agreement to acquire the freehold or pay a commercial rent of £18,375 pa as calculated within the valuations, as the council were effectively holding over under the old lease. If neither of these actions is taken in the near future, it is anticipated that an application to the LVT will be lodged by the freeholder to decide the matter.
16. On 23 February 2012, funding for the acquisition and associated costs was approved by the Investment Property Group (IPG) without reservations. This was on the basis that the council may have to acquire the Property before the existing secure tenants are re-housed, due to restricted statutory timescales to complete the transaction.
17. Both tenants have agreed to be re-housed and have accepted compensation packages, subject to suitable alternative accommodation being provided.
18. Other options, such as obtaining a lease extension, have been considered and discounted on the basis that it would not be a financially viable option for the council. Under the relevant legislation, the council would be entitled to apply for a 50 year lease extension based on a modern ground rent agreed and calculated at £18,375 pa, as mentioned above. The total liability to the council over the 50 year term, excluding rent reviews, would be £918,700 and the council would further forfeit the option of acquiring the freehold at a discounted rate at a later stage.
19. Authority to acquire property is delegated to the head of property in individual cases where the acquisition price is below £100,000 or less under 3P of the council's constitution. The cost of acquiring the freehold interest of 66 and 68 Ambergate Street will exceed this limit and cabinet approval is therefore required.

KEY ISSUES FOR CONSIDERATION

20. The estimated costs of the statutory purchase of the freehold interest in the Property represents a significant discount, from the freehold vacant possession market value of the Property.
21. Formal valuations have been provided by the council's external surveyor, to support the purchase price agreed with the landlord for the freehold interest.
22. The statutory basis of valuation used to ascertain the agreed prices for the freehold interest in the Property is expected to be the 'site value' method. This is the most advantageous basis of valuation available to an enfranchising leaseholder. In broad terms, the site value method of valuation enables a leaseholder to acquire the freehold interest for the proportion of the freehold value of the property (based on the assumption that the house is fully modernised) attributed to the land only. This figure is then discounted to take account of the remaining term of the lease: the longer the unexpired term, the greater the discount. The date of the valuation is the date when the Notice to Enfranchise was served.
23. Once the freehold interest is acquired by the council the tenants will have a 'right to buy' if they wish although it should be noted that a fully discounted 'right to

buy' purchase price for each of the units in the Property combined should be significantly in excess of the estimated enfranchisement purchase price of the Property.

24. If the council does not exercise its enfranchisement rights in respect of the Property, it will revert to the landlord on expiry of the lease necessitating the re-housing of the occupying tenants and the council may face dilapidation claims from the landlord.
25. Although both tenants have agreed to be re-housed and have accepted compensation packages, the council does not yet have vacant possession of the Property and it is conceivable that the tenants could refuse to move and the council will be left with a prime located asset generating rental income. This could be sold at a later date once vacant, or via Right to Buy.
26. Terms for acquisition will formally be accepted by the council, subject to cabinet approval being obtained on 17 April. Once the council formally accepts the terms, there is a statutory timescale of two months from acceptance to complete the purchase. If the purchase is not completed within this period, the council's right to acquire the freehold will remain, however the current freeholder will reserve the right to refer the matter to court, who would then set a completion price and date.

Financial implications

27. This proposed capital expenditure falls within the capital program and will be resourced via the approved housing investment programme, which has an annual provision per year for leasehold and freehold acquisitions, which is sufficient to cover this bid.
28. Should the matter be referred to court, the council's professional fees for this transaction would increase significantly, which has been budgeted for within the total projected acquisition cost. There is also the possibility that the agreed freehold purchase price could be increased, should the matter proceed to court.

Policy implications

29. Cabinet approved the Asset Management Plan 2010 (AMP 2010), on the 14 December 2010, underpinning its aim of planning for a smaller sustainable operational estate. At the same meeting it also approved the objective of reducing the council's property estate by approximately 30% of its present size (excluding dwellings and schools). The eventual disposal of the Property, once full vacant possession has been achieved, will go some way to meeting these objectives.
30. This 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.
31. The environmental improvements arising from the refurbishment of the Property will assist the council in meeting its cleaner, greener and safer agenda..

Effect of proposed changes on those affected

32. 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 through the investment to retained stock, especially where decent homes have not yet been delivered.
33. 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.

Community impact statement

34. The tenants in occupation of the Property have been consulted about the council's intention to acquire the Property but consultation to the wider community around the acquisition of this third party interest and the decision to offer the Property for sale, once full vacant possession has been achieved, is not thought to be appropriate in this instance.
35. The acquisition of this third party interest and subsequent disposal will not negate the council's diversity and equal opportunities policies.

Resource implications

36. The acquisition and subsequent disposal will be dealt with by the council's property division. This will be resourced from existing budgets.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law and Governance

37. Section 120 (1) of the Local Government Act 1972 ("the 1972 Act") authorises the council to acquire any land by agreement for the purposes of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area. By virtue of Section 120 (2) of the 1972 Act the council may acquire by agreement any land for any purpose for which they are authorised by the 1972 Act or any other Act to acquire land, notwithstanding that the land is not immediately required for the purpose; and until it is required for that purpose, it may be used for the purpose of any of the council's functions.
38. Cabinet is advised that acquisition of land and property, outside any scheme already agreed by members, where the market value is more than £100,000 is reserved to full cabinet for decision under Part 3C of the council's constitution.

Finance Director (NR/F&R/12/3/12)

39. This report recommends that the cabinet approves terms for the acquisition of the freehold interest in 66 & 68 Ambergate Street, SE17 including the payment of compensation and authorises the Head of Property, once acquired and full vacant possession has been achieved, to market for sale the council's unencumbered freehold interest in 66 & 68 Ambergate Street, the results of this marketing exercise to be brought to cabinet for approval and further recommendation.

40. The finance director notes that there is provision within the approved housing investment programme for the cost of the acquisition and professional fees arising from the acquisition. Officer time to effect the recommendations will be contained within existing budgeted resources

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Report To IPG – 26 January 2012. 66 & 68 Ambergate Street	Development Team, Property Division, 160 Tooley Street, SE1, 2QH	Jason Guthrie 020 7525 5681

APPENDICES

No.	Title
Appendix 1	Site plan

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
Report Author	Jason Guthrie, Surveyor	
Version	Final	
Dated	4 April 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
	Officer Title	Comments Sought
		Comments included
	Strategic Director of Communities, Law & Governance	Yes
	Finance Director	Yes
	Cabinet Member	Yes
	Date final report sent to Constitutional Team	4 April 2012

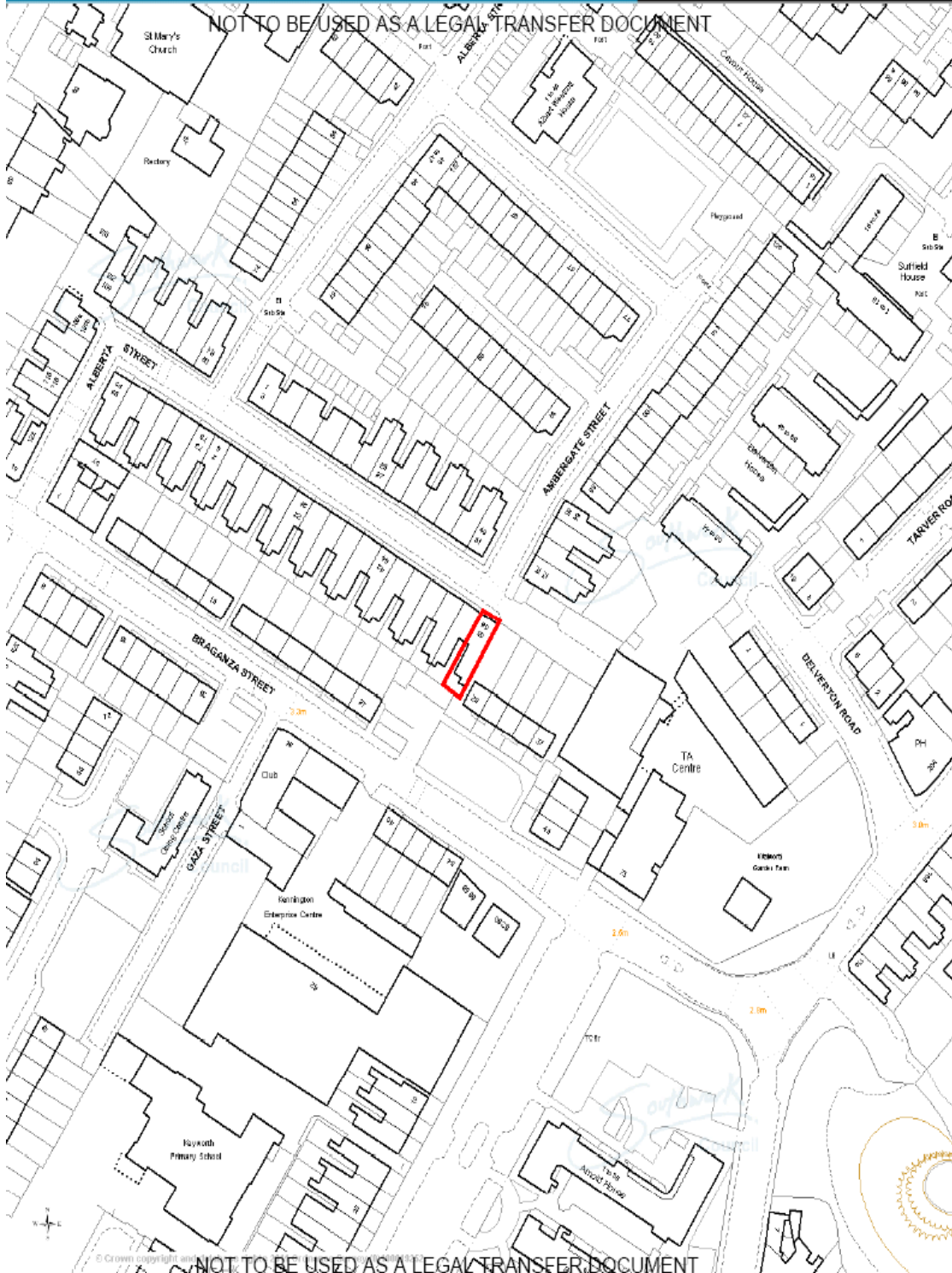
66 & 68 Ambergate Street SE17



Property Services

Date 20/3/2012

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Scale 1/1250
Jason Guthrie

Item No. 14.	Classification Open	Date: 17 April 2012	Decision Taker: Cabinet
Report title:		Selection of Preferred Developer for Land Transfer Aylesbury Site 7 (1-50 Wolverton)	
Ward or groups affected:		Faraday Ward	
Cabinet Member:		Councilor Fiona Colley, Regeneration & Corporate Strategy	

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

I am delighted to present this report to cabinet. Since the Aylesbury Area Action Plan (AAP) was adopted in January 2010 the council has been working hard to bring forward the implementation of this plan and the delivery of new homes in this area despite the disappointment of the government’s removal of the Private Finance Initiative (PFI).

It was agreed in November 2010 that Site 7 Aylesbury, aka 1-50 Wolverton, should be offered on the open market with a view to securing a developer who would build out this site and so progress the regeneration. The site was widely advertised and I am pleased that there was significant interest in this opportunity

A robust tendering process, which has involved the submission of detailed redevelopment schemes and financial offers by the interested parties, has resulted in three strong proposals coming forward for consideration by cabinet. This report recommends that cabinet approves the transfer of this land to the preferred bidder on the basis that it will be developed to provide new mixed tenure homes over 50% will be affordable of which three quarters will be available at social rents, which is a major achievement in the face of government changes to housing policy.

The agreements relating to this land transfer will ensure that the development complies with the key policies set out in the AAP including meeting high standards on room sizes and for 70% of homes to have two or more bedrooms. The development will be highly sustainable with all homes meeting at least Level 4 of the Code for Sustainable homes and with the ability to connect to a combined heat and power system that will serve the wider area long term. Design quality will be ensured through the planning system and the scheme will include an excellent range of quality private and open space.

Subject to the council obtaining vacant possession of the site and the grant of planning permission it is hoped that demolition and then construction work will start early 2013 with the development completing early 2015. I am proud this represents a huge step forward for the regeneration of Aylesbury Estate.

RECOMMENDATIONS

That cabinet agrees:

1. To the disposal of Site 7 within the Aylesbury Estate on the principal terms set out in the closed version of this report.
2. That delegated authority is given to the director of regeneration to agree any variations to these terms that may be necessary to achieve the disposal in the light of further negotiations and securing full planning consent.
3. That in the event that this proposed disposal does not proceed to exchange, that delegated authority is given to the director of regeneration to agree the terms of a sale with any one of the under bidders set out in this report provided that these terms conform with the council's legal obligation to achieve the best consideration reasonably obtainable

BACKGROUND INFORMATION

4. On 2 November 2010, cabinet agreed that Aylesbury sites 7 and 10 should be offered on the open market with a view to securing one or more developers to progress their regeneration in accordance with the Aylesbury Area Action Plan.
5. It was agreed that officers should report back to cabinet following marketing and subsequent bid appraisals with recommendations on the regeneration partner and the principal contractual structure for the transfer of the sites.
6. The development brief for Site 7 was agreed by an individual member decision (IDM) on 2 September 2011 This report noted that analysis of the feasibility and desirability of proceeding with the development of Site 10 through a land transfer at the same time had been carried out. However, this was not recommended for the following reasons.
 - It would not be possible to deliver the right solution for health and community facilities by bringing forward Site 10 at this time. Progressing a development on Site 10 without these facilities would undermine a key part of the council and community's shared aspiration for the regeneration.
 - There would be a risk of constraining long-term development if Site 10 were to be delivered separately to the remainder of the surrounding area and without due consideration to the development of the whole of the estate.

The property and planning policy

7. Site 7 is held freehold by the council and extends to approximately 0.75 hectares. It is located on the corner of East Street and Thurlow Street and is shown edged red on the plan attached at Appendix 1. The site is currently occupied by 2 blocks which comprise Nos 1-27 and 28-59 Wolverton.
8. It should be noted that Nos 51-59 are situated on land that falls outside of the red line but will need to be demolished as an essential part of the redevelopment.
9. The site falls within the area of Aylesbury Area Action Plan which was adopted in January 2012. This sets the planning policy and the framework for the regeneration of the Estate. The location of the property within the Estate is shown on the plan attached at Appendix 2 and the area marked red includes the site plus the full extent of the proposed demolition and landscaping works.
10. The Aylesbury AAP sets out a number of key policies that apply throughout the regeneration area:

- Social housing to be provided to Parker Morris + 10%
- 70% of homes to have two or more bedrooms
- Design excellence and high quality
- Delivery of an excellent range of quality private and open space
- All developments to connect to a combined heat and power system
- All homes to meet at least Level 4 of the Code for Sustainable homes
- The cost of key infrastructure will be met by way of a tariff
- Across the regeneration area 0.4 car spaces per dwelling

11. The specific proposal for Site 7 was to provide 165 homes to replace the 59 properties currently on the site. A breakdown of the proposed provision is shown in Appendix 3.

Current occupiers and obtaining vacant possession

12. The 59 flats and maisonettes on the site are located in two blocks. 18 of these properties have been sold on long leases and the remainder have been occupied as council rented properties.
13. Of the 18 leasehold properties, four have been bought back by the council, four are owned by leaseholder investors and the other ten are owner occupied.
14. There are only two secure tenants remaining in the blocks and housing officers are supporting these tenants in securing new homes through Homesearch.
15. 21 properties are currently occupied by temporary accommodation tenants and notice has been given to these tenants to vacate at the end of March 2012.
16. The remainder of the properties are empty and have been secured.

Negotiation with leaseholders

17. All Aylesbury homeowners are being offered rehousing assistance which means that they can be offered a suitable council property (in terms of size, price and any medical requirement) to purchase on full or shared ownership terms. Those homeowners unable to afford a purchase at the minimum 25% are offered council tenancy. Both sets of homeowners must undergo a financial assessment to ascertain the most appropriate rehousing route and choose the property they will buy or rent from the council's choice-based lettings system, Homesearch.
18. An offer has also been made to Site 7 homeowners of shared equity properties within the first phase 1a of the Aylesbury regeneration by London and Quadrant. This offer would enable leaseholder to buy a share in a new property without incurring any additional costs in terms of rent throughout their lifetime
19. It is hoped that successful resolutions to each homeowner's rehousing issues can be found, either via the council's rehousing assistance policy or another source before the target vacant possession date of 1 January 2013. However, in order to protect the council's position the use of the compulsory purchase order (CPO) powers referred to in paragraphs 22 to 25 is also being progressed.

Approach to Compulsory Purchase

20. On 9 February 2010, the then executive resolved to use its CPO powers under section 226 (1) of the Town & Country Planning Act 1990 and section 13 of the Local Government (Miscellaneous Provisions) Act 1976 to acquire land and new rights within the identified phase 1 of the Aylesbury regeneration project. Authority was given to the Head of Property to determine and implement the optimum number of orders to deliver the overall regeneration aspiration.
21. In order to protect the council's position and ensure that vacant possession can be provided and the regeneration of Site 7 is not delayed, the compulsory purchase process in respect of Site 7 commenced on 9 February with the service of requisition notices and letters requesting information about those parties who have an interest in the site.
22. The compulsory purchase order was made on 27 March 2012 (awaiting final comments from DCLG) and the period for objections ends on 30 April 2012. The inspector acting on behalf of the Secretary of State for Communities and Local Government will then decide whether to consider the objections either by written representations or by public enquiry before confirming the order.
23. The type and relevance of any objections submitted to the Secretary of State will influence the decision on whether a public enquiry is required and the timescales for the confirmation of the order.

KEY ISSUES FOR CONSIDERATION

Basis of disposal

24. The property is held in the housing revenue account and the disposal of this site needs to achieve the best consideration in accordance with section 32 of the Housing Act 1985.
25. Best consideration can include not only the financial offer but also an assessment of the deliverability of that offer.
26. Although it is proposed to dispose of this building for redevelopment by others, the borough will nevertheless want to ensure the completed development reflects the vision set out in the Aylesbury area action plan and the core strategy.
27. The proposed property structure is that the council would enter into an agreement for lease with a long lease of the site being granted to the developer once a number of conditions have been met. These include the council providing vacant possession of 1-59 Wolverton which involves the re-housing of the current secure tenants and the buy back of the leasehold interests in these blocks. The disposal will also be dependant on the grant of a satisfactory planning consent and the stopping up of Sedan Way. The lease will not be granted until there is agreement between the parties that the redevelopment of the site is viable so that development can proceed shortly after the grant of the lease.

Marketing and Expressions of Interest

28. The freehold interest in the property was formally placed on the market in September 2011. Advertisements were placed in the national property press and the marketing pack was sent out to over 50 developers and housing associations.
29. The site was marketed on the basis of a two stage process, with expressions of interest being invited in the first instance. There was a good response to the advertising and 8 expressions of interest were received on 27 October 2011.
30. These expressions of interest did not include a financial offer but applicants were assessed against their track record, their approach to the redevelopment of Site 7, the skills and experience of their team and their commercial submission which included financial capacity and the ability to deliver this redevelopment within the proposed timeframe of two and a half years.

Tender process and selection criteria

31. Four parties were short listed with a view to the submission of informal tenders on 9 March 2012. They were
 - London and Quadrant (L&Q)
 - Hyde Housing
 - Countryside Properties and Peabody
 - Bouygues and Notting Hill
32. The tender process has required the shortlisted parties to submit substantial amounts of information to support their proposals to ensure the council can fully assess the deliverability of each bid in terms of land transfer and the redevelopment of the site.
33. Proposals were assessed on the basis of 60% of the marks for delivery confidence and 40% for consideration.
34. The delivery confidence assessment of the proposals includes the following criteria and the shortlisted parties were invited to submit proposals in respect of the following areas
 - Design
 - Development mix (tenures and unit sizes)
 - S106 and the overall socio-economic element of the bid
 - Programme for the redevelopment
 - Community and resident involvement strategy
 - The provision of intermediate housing in terms of re-housing options for leaseholders on the Estate
 - Any substantial changes proposed to the lease or agreement
 - The commercial robustness of the bid – whether realistic sales values and costs have been assumed
35. The further period of engagement has included the issue of draft legal documentation. Short-listed parties were required to amend these documents so that there would be only very limited negotiations after the selection of the proposed developer.

36. Short-listed parties were given the opportunity to submit the designs of their proposed schemes for comments by planners and formal written pre-application planning advice.
37. The financial element of the proposals or the consideration was assessed through the completion of a financial model for the redevelopment of the site. This assessed the offer in terms of any land value together with the value of the subsidy for the affordable housing within the scheme.
38. Applicants were also asked to consider including overage provisions in the lease so that the council will benefit if the developer achieves more than the sale values currently envisaged. This element has also been assessed as part of the financial proposal.

Assessment of informal tenders

39. Tenders were received from three of the four short-listed parties on 9 March 2012.
40. The detailed assessment of these proposals in accordance with paragraphs 35 to 41 above is set out in the closed version of this report.
41. In order that proposals could be assessed against the requirement to achieve best consideration, a valuation report was obtained from Savills.
42. The submission of schemes for pre-application advice from the planning authority has enabled officers to effectively assess the deliverability of each proposed scheme. This is especially important where tenders are conditional on planning as the sale will not complete until planning consent is obtained. Obtaining details of their proposals at this stage enables the council to clearly define in the contract documentation what is required in terms of a planning consent to allow the grant of the lease to complete.
43. The recommended developer and the principal terms are set out in the closed version of this report.

Next steps

44. If the council decided to proceed and accept the recommended informal tender for Site 7 solicitors would be instructed and the target date for exchange of contracts would be the beginning of June 2012 subject to the additional conditions as outlined in the closed report being satisfied.
45. If contracts are exchanged in accordance with this timetable, a planning application could be submitted by September 2012 and if planning consent is granted, then the land transfer would complete in early 2013 subject to the council achieving vacant possession of the site. This could be subject to further delay in the event that the timetable for securing the compulsory purchase order is delayed beyond the 6-8 months currently envisaged.
46. The council may consider varying the vacant possession condition so that the preferred developer takes the site with the existing blocks and carries out the demolition of these buildings to ensure the redevelopment proceeds as quickly

as possible. The consideration would then be adjusted to reflect the cost of this work.

47. In the event that contracts are not exchanged by the end of June 2012 or there has not been significant progress with negotiations with the preferred bidder, the director of regeneration should be authorised to open discussion with the under-bidders with a view to exchanging contracts for the disposal of the property.
48. If the planning application is not submitted within 6 months of exchange of contracts then the contract can be terminated and the head of property should be authorised to open discussion with the under-bidders with a view to exchanging contracts for the disposal of the property
49. Subject to the timetable set out in paragraph 48 above it is expected that the new affordable homes would be completed by March 2015.

Policy implications

50. Taking forward the Aylesbury regeneration programme is a council commitment and the revised approach advocated here is in pursuance of that.
51. The sites currently house secure tenants, temporary accommodation tenants, owner occupier leaseholders and the tenants of the investment properties. Vacation of the occupied properties will be achieved in accordance with existing policies approved by the then executive on 26 September 2006. Every effort will be made within the statutory framework to purchase leasehold properties by agreement but in recognition that this may not be possible, the council's executive on 9 February 2010 resolved to make a compulsory purchase order to acquire any outstanding third party interests.
52. This proposal will also deliver funding for infrastructure works on the Aylesbury through the infrastructure levy. This will support further phases of the Aylesbury regeneration.
53. The disposal of Site 7 for redevelopment will ensure continuity of construction on the Aylesbury and the delivery of new homes. This proposal will contribute to the further regeneration of the Aylesbury Estate as set out in the area action plan and the core strategy.

Community impact statement

54. A full impact assessment was carried out and submitted as part of the process in the adoption of the Aylesbury area action plan
55. The effect of the compulsory purchase order will be to dispossess persons of their rights in land. This is a necessary process to ensure the redevelopment and regeneration of the site can proceed. This is considered acceptable where the proposals are in the public interest and where, as in this case, the advantages of regeneration substantially outweigh the disadvantages to those dispossessed.

Resource implications

56. The cost of in-house officer and external consultant time necessary to progress the transaction can be contained within existing budget resources

Financial Implications

57. The selected developer will therefore make a payment to the council as detailed in its financial model but subject to any adjustments at the point the lease is drawn down estimated to be early 2013.
58. Further overage payments may be made once the scheme is completed if sales receipts exceed expectations.
59. The s106 funding including the Aylesbury infrastructure tariff arising from this development will further generate funding for reinvestment in the Aylesbury Estate.
60. These receipts will contribute to funding of the housing investment programme and there will be a corresponding adjustment to the budget for the Aylesbury regeneration programme within this overall programme.

Land Assembly

61. The council has budgeted in its housing investment programme for the cost of land assembly and providing vacant possession of the site. This expenditure falls into a number of cost categories including the cost of buying back the leasehold properties, home loss and disturbance payments, securing the blocks to prevent squatting and the demolition of the existing blocks.

Key risks and how they will be managed

Risk	Impact	Mitigation
Bidders proposals for their proposed schemes do not meet planning policy requirements.	Scheme does not get planning consent	Work with preferred bidder to address issues and find solutions
Vacant possession is not obtained by the required land transfer date of April 2013	Sale may not complete	Continued close liaison with Housing to ensure the decants proceed smoothly. Progress CPO to protect council's position
Delays to programme either before or once construction is on site means that affordable units are not completed by March 2015	HCA grant funding will be lost	Ensure programme for acquiring vacant possession and construction is robust
Further deterioration in property markets and availability of funding	Preferred bidder decides not to /cannot proceed	Continue to work closely with preferred bidder to strict timetable. Contract will be determined if issue on funding is personal to preferred bidder and negotiations opened with under bidder.

Consultation

62. Throughout the life of the Aylesbury regeneration programme there has been extensive consultation between the council and the programme' stakeholders in respect of the AAP and proposed transfer of this site.
63. This proposal has been presented to and discussed with the Aylesbury regeneration sub-group and Creation Trust and they are supportive.
64. The four initial designs were presented to all residents on the estate at an open afternoon and evening and comments invited. This has formed part of the design development process.
65. The application for planning consent to develop this site will be subject to the usual statutory consultation

Legal implications

66. These are set out in the concurrent of the strategic director of communities, law & governance.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

67. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation.
68. As the Property falls within the council's housing portfolio, the disposal can only proceed in accordance with section 32 of the Housing Act 1985, for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required.
69. A number of general consents have been issued in the General Housing Consents 2005.
70. General consent E3.1 provides that:

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

 - a) *Is vacant;*
 - b) *Will not be used as housing accommodation; and*
 - c) *Will be demolished*
71. The report confirms that the site will be transferred with vacant possession and that the buildings on the site will be demolished.
72. The report confirms that the bids received have been assessed such that confirmation can be given that the consideration to be received will represent the best consideration that can reasonably be obtained. This will be confirmed again at the time of the disposal through advice from independent valuers.

73. If cabinet is satisfied that the transaction represents value for money they may approve the recommendation for sale.
74. Negotiation of the terms of the transaction is delegated to the director of regeneration subject to meeting the requirements of statute set out above.

Finance Director (AV/200312/FR)

75. The recommendations of the report are noted that the site is disposed of on the terms set out in the closed report, that delegated authority is given to the director of regeneration to agree necessary variations to these terms, including agreement of terms of sale with one of the under bidders in the event that a disposal to the preferred bidder does not proceed to exchange.
76. A clear financial evaluation methodology was developed by officers, supported by advice and input from the council's financial advisors for the scheme Grant Thornton. The methodology as detailed in paragraphs 35 to 41 enabled clear assessment of the best bid in financial terms with the contractual requirement upon the developer to provide residual land value and overage payments to the council in line with the content of its approved bid
77. The finance director acknowledges the methodology used to agree the disposal of the site and that the director of regeneration has confirmed the result generates best consideration. Officers will need to contractually agree the payment date for the final agreed residual land value of the site, and any overage payment dates in accordance with the viability mechanism set out in the report
78. The land assembly implications of the report are seen and are a key aspect of successfully bringing this site to market. Close monitoring of the programme plan should be undertaken by project managers, with appropriate input from finance colleagues to mitigate programme and financial risks which could impact on successful achievement of vacant possession.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Tender documents	Aylesbury Regeneration Team 5 th Floor, 160 Tooley Street London SE1 2QH	Jane Seymour 020 7525 4907

APPENDICES





No.	Title
Appendix 1	Plan of the Property
Appendix 2	Location of Site 7 within Aylesbury Area Action Plan
Appendix 3	Aylesbury AAP proposals for Site 7

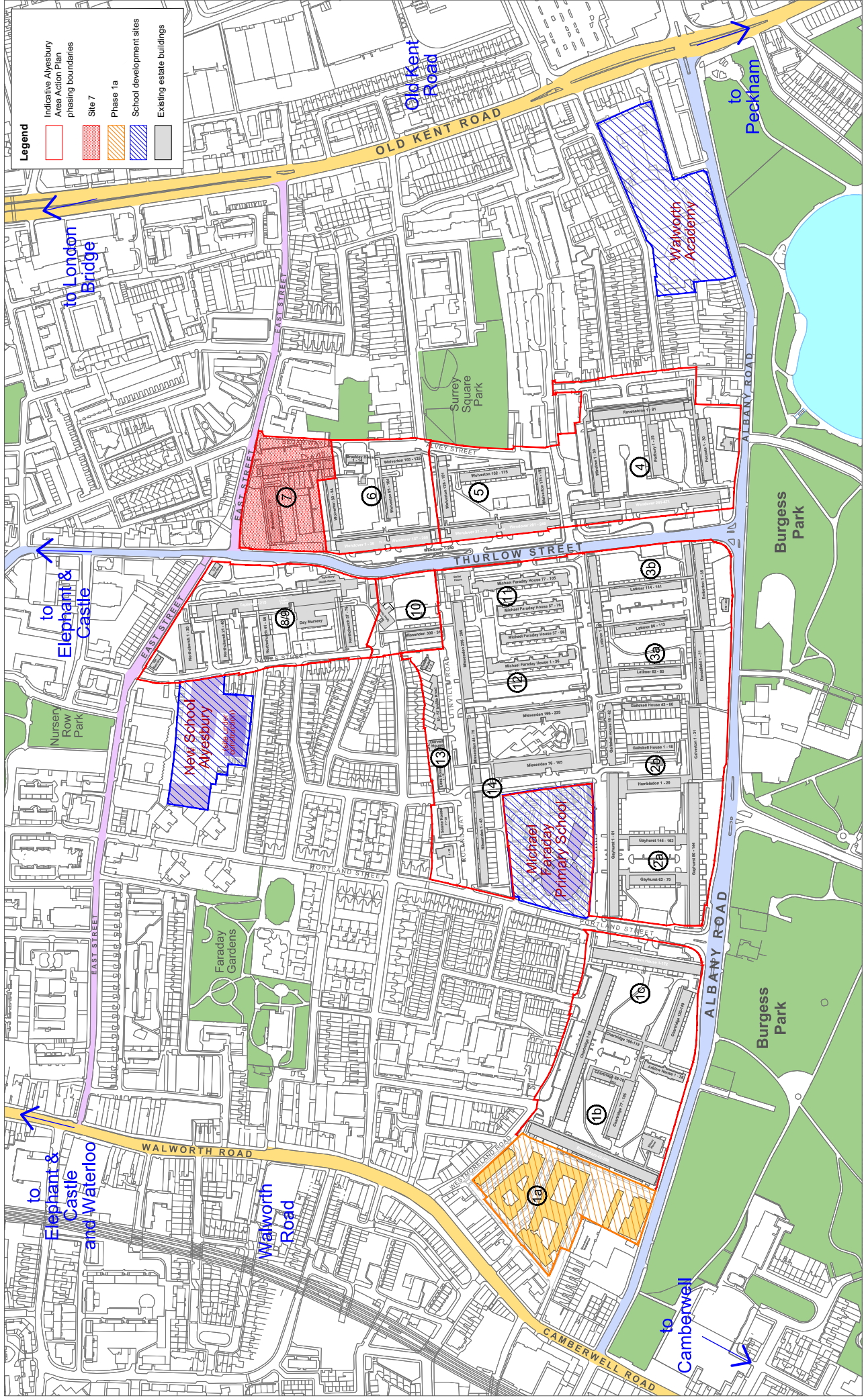
AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Regeneration & Corporate Strategy	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
Report Author	Jane Seymour, Development Partnership Broker, Aylesbury Team	
Version	Final	
Dated	4 April 2012	
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		4 April 2012



Legend

-  Site red line
-  Indicative extent of site works including proposed demolition and highways works
-  Existing estate buildings
-  Existing trees



Appendix 2

Aylesbury Regeneration: Site 7 - Location Plan

Revision: /
Date: March 2012
Scale: NTS @ A4



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Appendix 3:

Aylesbury Area Action Plan

Site 7 - Indicative development block sub-totals

Development number and block address	Existing uses	Proposed uses (all figures are approximate)	Sizes of homes (all figures are approximate)							Types of homes (all figures are approximate)			Anticipated phasing
			Studio	1 bed	2 bed	3 bed	4 bed	5 bed	Total	Flats	Maisonettes	Houses	
Site 7: 1-27 Wolverton; and 28-59 Wolverton	59 homes (C3 Use Class)	165 homes (C3 Use Class)	4	39	61	41	13	7	165	49%	19%	32%	Phase 1 (2009-2016)

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NOTE: Original held by Constitutional Team; all amendments/queries to
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Tom Greenwood, Opposition Group Office	1	Paula Thornton, Constitutional Officer	20
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Southwark News	1	Dated: 13 March 2012 (pt)	
South London Press	1		
Members of Parliament			
Harriet Harman, MP	1		
Tessa Jowell, MP	1		
Simon Hughes, MP	1		