

# Housing and Community Safety Scrutiny Sub-Committee

Monday 30 January 2012

7.00 pm

Ground Floor Meeting Room G01B - 160 Tooley Street, London SE1 2QH

## Membership

Councillor Gavin Edwards (Chair)  
Councillor Linda Manchester (Vice-Chair)  
Councillor Michael Bukola  
Councillor Rowenna Davis  
Councillor Tim McNally  
Councillor Michael Situ  
Councillor Martin Seaton  
Miriam Facey  
John Nosworthy  
Jane Salmon  
Lesley Wertheimer

## Reserves

Councillor Claire Hickson  
Councillor Paul Kyriacou  
Councillor Darren Merrill  
Councillor Wilma Nelson

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**Contact:** Shelley Burke on 020 7525 7344 or email: [Shelley.burke@southwark.gov.uk](mailto:Shelley.burke@southwark.gov.uk)

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Members of the committee are summoned to attend this meeting

**Annie Shepperd**

Chief Executive

Date: 20 January 2012



# Housing and Community Safety Scrutiny Sub-Committee

Monday 30 January 2012

7.00 pm

Ground Floor Meeting Room G01B - 160 Tooley Street, London SE1 2QH

## Order of Business

Item No.	Title	Page No.
	<b>PART A - OPEN BUSINESS</b>	
1.	<b>APOLOGIES</b>	
2.	<b>NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT</b>	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
3.	<b>DISCLOSURE OF INTERESTS AND DISPENSATIONS</b>	
	Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.	
4.	<b>REPORT BACK ON REVIEW OF RECHARGING ARRANGEMENTS BETWEEN GENERAL FUND AND HRA</b>	1 - 48
	Action Plan included at the back of the agenda, on A3 spreadsheet.	
5.	<b>UPDATE ON LEASEHOLDERS AUDIT ACTION PLAN</b>	
	To Follow.	
6.	<b>DISCUSSION OF DRAFT SCRUTINY REPORT ON LEASEHOLDER CHARGING</b>	
	To follow.	
7.	<b>TACKLING DOMESTIC VIOLENCE IN SOUTHWARK</b>	

<b>Item No.</b>	<b>Title</b>	<b>Page No.</b>
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Presentation to be given to members at the meeting.

<b>8.</b>	<b>WORKPLAN</b>	49 - 122
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Hawkstone Estate – Potential Item of business for Scrutiny

**PART B - CLOSED BUSINESS**

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

Date: 20 January 2012

London Borough of Southwark

Review of General Fund Charges to the  
Housing Revenue Account

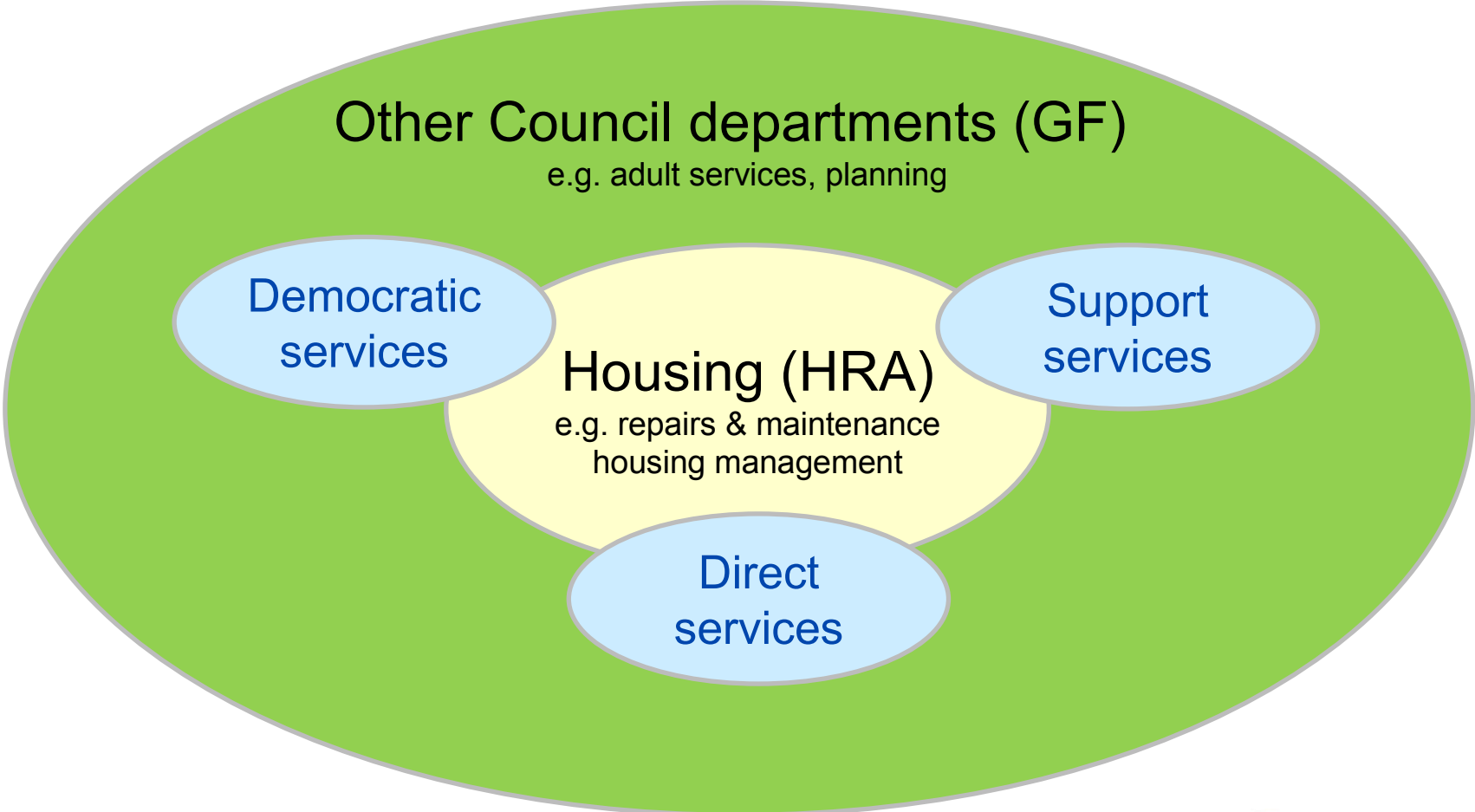
Presentation to Tenants Council/Home  
Owners Council - 7 Dec 2011

# Our brief

- Review allocation of costs to the HRA
- Includes central support costs and services delivered by other departments
- Excludes "mainstream" HRA costs e.g. repairs delivered directly by the Housing Dept.
- List of cost areas agreed with Steering Group

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# HRA Ring Fence



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# Scope

Service Area	HRA charge (£millions)
Corporate and Democratic Core	1.1
Central Service Support Cost Recharges	15.8
Environment	18.2
Other Service Areas	6.4
<b>TOTAL</b>	<b>41.5</b>

By comparison:

- HRA annual expenditure £265million
- Total Council gross revenue expenditure £1,276million

# Approach

- Review c. 40 cost areas
- In each case, assess whether charges are:
  - in accordance with current legal and accounting practice;
  - calculated on a reasonable basis;
  - likely to be an accurate reflection of actual costs; and
  - applied in a consistent way e.g. is the service is charged to other social landlords?
- Set out our conclusions as either
  - Accept
  - Review
  - Exclude

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# Issues

- Some Govt guidance but significant discretion left to local authorities
- Self-financing will not change this
- General principle that HRA accounts for costs associated with council housing including land acquired for these purposes
- Some dispute over costs of public realm areas on estates
- Accounting guidance provides general principles on allocating support costs and overheads

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# Corporate and Democratic Core

Total cost (£m)	HRA charge (£m)
11.4	1.1

- Covers costs of:
  - Chief Executive's Department
  - Corporate Management Charges
  - Democratic Representation
- Basis of charge is historic and unclear - therefore, review

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# Central Service Support Cost Recharges

Description	Total cost (£m)	HRA charge (£m)
<b>Accept:</b>		
Legal	2.3	0.6
HR	3.4	0.3
Mktg & communications	1.6	0.4
Customer Services*	14.9	7.1
IT	10.6	1.5
Shared Professional	9.3	1.9
Tooley St	11.2	1.6
<b>Sub-total</b>	<b>53.3</b>	<b>13.4</b>
<b>Review:</b>		
Improvement & development	3.5	1.2
Insurance	4.5	1.1
<b>Sub-total</b>	<b>8.0</b>	<b>2.3</b>

\* subject to a review of data quality

## Central Support Services (contd)

Plus:

- the way in which data is collected for the Customer Services costs should be reviewed;
- generally, SCRs should be reviewed regularly through the year.

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# Environment recharges

Description	Total cost (£m)	HRA charge (£m)
<b>Accept:</b>		
Grounds maintenance	2.0	2.0
Pest control	1.1	1.1
Estate cleaning	10.2	10.2
Refuse collection	1.1	1.1
Tree maintenance	0.4	0.4
Estate parking	0.5	0.5
Energy management	0.3	0.3
Garden maintenance	0.1	0.1
<b>Sub-total</b>	<b>15.7</b>	<b>15.7</b>

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# Environment recharges (contd)

Description	Total cost (£m)	HRA charge (£m)
<b>Review:</b>		
Community wardens	3.6	0.4
Enviro - enforcement	1.2	0.5
Anti-social behaviour	1.0	0.8
CCTV	0.8	0.1
Abandoned Vehicles	0.1	0.1
<b>Sub-total</b>	<b>6.7</b>	<b>1.9</b>
<b>Exclude:</b>		
Noise reduction	1.2	0.2
Snr Management Team	n/a	0.1
Directors office	n/a	0.2
Procurement	n/a	0.2
<b>Sub-total</b>	<b>n/a</b>	<b>0.7</b>

# Environment (contd)

Plus:

- the system of rectification notices for the ICC should be implemented

# Other services' recharges

Description	Total cost (£m)	HRA charge (£m)
<b>Accept:</b>		
Temp. accommodation	1.3	0.6
Tenancy support	0.3	0.3
Disabled adaptations	0.1	0.1
Property services	0.7	0.7
Play areas	0.1	0.1
Estate lighting	2.7	2.7
Sheltered housing	1.2	0.4
<b>Sub-total</b>	<b>6.4</b>	<b>4.9</b>
<b>Review:</b>		
Regeneration	3.2	1.5



## Other services (contd)

Plus:

- The case for appropriating the pedestrian area on the edge of Castlemead Estate from the HRA to the GF should be considered

# Summary

Service Area	HRA charge	Accept	Review	Exclude
Corporate and Democratic Core	1.1		1.1	
Central Service SCR	15.8	13.4	2.4	
Environment	18.2	15.7	1.8	0.7
Other Service Areas	6.4	4.9	1.5	
<b>TOTAL</b>	<b>41.5</b>	<b>34.0</b>	<b>6.8</b>	<b>0.7</b>

All figures in £m



## London Borough of Southwark

Review of the Recharging Arrangements between the General Fund and  
Housing Revenue Account

October 2011

## Contents

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# 1 Executive Summary

## **Introduction**

- 1.1 The London Borough of Southwark ("the Council") is the largest social landlord in London, manages 53,695 properties (including 14,633 properties where the leasehold interest has been bought by the tenant under the Right-to-Buy).
- 1.2 The Council is required to keep a "ring-fenced" Housing Revenue Account (HRA) which accounts for costs and income in relation to its landlord function separately from its other functions and services which are charged to the General Fund (GF). In Southwark the HRA accounts for annual expenditure of £265million out of a total gross revenue expenditure by the Council of £1,276million
- 1.3 The Council apportions costs for corporate services, support services and other overheads to the HRA. There are also some direct services which are undertaken by other departments and then charged to the HRA. The guidance on what costs can be charged and how they are to be apportioned is contained primarily in DoE Circular 8/95, which reflects the statutory framework, and accounting guidance from the Chartered Institute of Public Finance and Accounting (CIPFA). No further substantive guidance has been issued and it is up to local authorities to take their own decisions within this statutory and accounting framework, rooted in the principle of "who benefits, pays".

## **Scope of this study**

- 1.4 The Council has commissioned Grant Thornton UK LLP to review the allocation of costs to the Housing Revenue Account (HRA). In undertaking this project, we have agreed our brief with the Council's HRA Working Party which comprises tenant and leaseholder representatives as well as Council officers.
- 1.5 We have split the service areas under consideration into the following areas:
  - Corporate and Democratic Core;
  - Central Service Support Cost Recharges;
  - Services delivered by the Environment and Leisure Department; and
  - Other service areas.

Within each area there are a number of charging areas, some of which may comprise a range of cost heads.

- 1.6 Our analysis considers the following for each charge to the HRA:
  - is it in accordance with the current legal and accounting framework?
  - is the allocation of the charge between the GF and HRA made on a reasonable basis, in terms of its methodology and in some cases applying a test of whether a charge for the service would be made if the Council offered it to another social landlord?

- is the charge likely to be accurate – does the Council have systems in place to accurately collect cost data and reflect the actual cost of the service? We have not tested individual charges to validate the source data or confirm that the calculations are arithmetically correct; and
- is a consistent approach applied to comparable service areas and in respect of third parties?

## Key Findings

### Corporate and Democratic Core

- 1.7 It is legitimate to apportion Corporate and Democratic Core (CDC) charges to the HRA. These reflect the costs of Democratic Representation (the role of elected Members), the Chief Executive's office and Corporate Management. However the recharge is based on a historic budget allocation and does not reflect the actual cost of the service.

### Central Service Support Cost Recharges

- 1.8 It is legitimate to apportion Central Service Support Cost Recharges (SCRs) to the HRA. These reflect the cost of central support services and overheads including legal support, human resources, communications, customer services, the Deputy Chief Executive, IT support, procurement, finance, insurance and accommodation at 160 Tooley Street. The methodology used in making these apportionments is largely reasonable but we would make these observations:

- the cost for Customer Services (£7.1m) is almost 50% of the total SCR (£15.8m); the charge is apportioned on the basis of which department is seen as the primary subject of each enquiry. Given the amount of the recharge, it is important that this data is robust and we understand the Housing Services Department is undertaking work this year to review the quality of data provided and to ensure it is aligned with the recent restructuring;
- the Improvement and Development cost centre appears to include capital charges which should not be accounted for within the SCRs;
- insurance costs are based on budgeted sums and so do not accurately reflect actual costs;
- in some cases the final stated recharge could not be reconciled to the detailed breakdown provided by the Council which reflected an earlier position statement.

### Environment

- 1.9 The Environment and Leisure Department delivers a number of services to the Housing Services Department.
- 1.10 The charges for **estate cleaning, grounds maintenance and pest control** are direct costs attributable to the HRA for services on housing estates and reflect the cost of the service. There remain concerns from residents on the standard of service delivery and we note that the system of rectification notices on the Integrated Cleaning Contract recommended in our earlier report on leasehold charges has been developed but has not yet been implemented.
- 1.11 The charges for **refuse storage and collection** reflect the cost of additional services to housing estates over and above the standard collection service. These include the provision and maintenance of refuse containers, the delivery of black refuse sacks, multi-level collections and additional collections requested by estate managers. This is a legitimate HRA charge and reflects contract costs
- 1.12 The **Community Warden, Enviro-enforcement, Southwark Anti-Social Behaviour Team and CCTV** services are legitimate costs to the HRA as they support the Council's landlord function. However the costs are based on historic budgets and do not reflect the actual cost of the service.

- 1.13 The **Noise Reduction** service offers the same level of service to residents regardless of tenure. Although there is a high volume of calls from HRA properties this does not differentiate the service from that offered to other residents and therefore we do not view this as a legitimate charge to the HRA. It is also a historic budget and so the cost charged do not reflect the actual cost of the service
- 1.14 The **Tree Maintenance** service provides for the maintenance of trees on HRA land under an SLA with Parks and Open Spaces and is a legitimate charge to the HRA based on actual costs.
- 1.15 The **Estate Parking** service provides parking control on HRA estates delivered through an external contractor and is managed within the Environment Department. It is a legitimate charge to the HRA and the costs for 2011/12 have been significantly reduced following a recent contract review.
- 1.16 The **Abandoned Vehicles** service removes untaxed cars from HRA estates under an SLA with the Environment Department. Environment also removes cars from the public highway but not from other social landlords' estates. Therefore this is a service specific to the HRA and is a legitimate charge. However, whilst the charge reflects the agreed cost of the service the low volume of cars actually removed (5 in the first quarter of 2011/12) suggests the Value for Money of this service should be reviewed.
- 1.17 The charge for **Energy Management** covers the provision of Energy Management Certificates (EPCs) for HRA properties on re-let or sale. It is a statutory requirement and is a legitimate charge to the HRA, based on a contracted cost per EPC. This budget also covers the administration of energy accounts for the HRA by staff within the Environment Department.
- 1.18 **Garden Maintenance** is a charge for assistance to elderly or disabled residents in maintaining their gardens. The service is provided by the Walworth Garden Farm under a contract with the Housing Services Department which is managed by the Environment Department. This is a direct charge to the HRA and supports the Council's landlord function.

#### **Other Service Area Recharges**

- 1.19 There are a number of other service areas which are charged to the HRA which the Working Party has asked to us to review.
- 1.20 **Temporary Accommodation** reflects the cost of staff salaries in the management, placement, monitoring and moving on of people in temporary accommodation in HRA properties. **Tenancy Support** provides advice and support to tenants on rent arrears, financial hardship and ASB issues. The **Disabled Adaptations** budget covers minor repairs and minor disabled adaptations (defined as costing less than £1,000) to HRA properties. As these are all in support of the landlord function they are legitimate charges to the HRA.
- 1.21 **Property Services** provides professional services in relation to Right-to-Buy disposals and managing the commercial portfolio within the HRA. As these costs are incurred in relation to HRA assets they are a legitimate charge to the HRA.
- 1.22 The costs of **Regeneration** schemes at Elephant and Castle (including Heygate estate) and Aylesbury Estate reflect the costs of preparing for the disposal of HRA assets. These are legitimate landlord costs. In the case of Elephant and Castle the charge reflects a budget allocation rather than actual costs.

- 1.23 The cost of maintaining **play areas** on HRA estates are relatively small (a HRA budget of £87,283 in 2011/12). There does not appear to be a strong argument for apportioning these costs between the HRA and GF as play areas are typically provided and maintained in connection with accommodation provided under Part II of the Housing Act 1985 and therefore come under the HRA. The same applies to **Estate Lighting**.
- 1.24 However there are some **public realm areas** of estates which have remained within the HRA due to the historic boundary of the original estate development but which now could be argued to form part of the general streetscape and assignable to the GF. An example of this is a pedestrian area on the edge of the Castlemead Estate which allows the general public access to a parade of shops. Its cost is borne by the HRA but there is an argument that it should be assigned to the GF. We would regard these cases as exceptional historic anomalies to be considered by the Council on a case by case basis.
- 1.25 The Council provides **sheltered accommodation** for elderly people within the HRA. Currently the HRA is charged with the cost of the buildings' maintenance and repairs and this reflects relevant costs incurred on HRA stock. The provision of wardens, caretakers, senior Support Managers and a floating support service are met through the Supporting People Grant. Subject to the exclusions within Circular 8/95 of "essential care services" these costs may fall to the HRA if Supporting People Grant were not available.

### Recommendations

- 1.26 Our review has identified some charges which should be reviewed and one which should be excluded from the HRA. Where we recommend a cost area to be reviewed this is principally to reflect actual costs rather than budgeted costs; for this reason it is not possible to say at this stage whether post-review the actual charge will be higher or lower than the current one.
- 1.27 This is summarised in the table below. A full breakdown is attached at Appendix A.

#### HRA charges summary (£)

Service area	HRA charge	Accept	Review	Exclude
Corporate and Democratic Core	1,106,000	-	1,106,000	-
Central Service Support Cost Recharges				
- Legal Services	633,426	633,426	-	-
- Deputy Chief Executive's Dept	8,985,408	7,744,543	1,240,865	-
- Finance and Resources Dept	3,435,894	3,435,894	-	-
- Insurance	1,109,270	-	1,109,270	-
- Accommodation at 160 Tooley Street	1,592,133	1,592,133	-	-
SCR total	15,756,131	13,405,996	2,350,135	-
Environment	18,240,097	15,655,006	1,842,808	742,283
Other Service Areas' Recharges	6,427,575	4,887,919	1,539,656	-
<b>TOTAL</b>	<b>41,529,803</b>	<b>33,948,921</b>	<b>6,838,599</b>	<b>742,283</b>

- 1.28 The items which we have included in the "Exclude" category are:

- the cost for Noise Reduction of £211,988;
- the charges from the Environment Department for Senior Management recharges (£121,575), the Director's office (£222,945) and procurement (£185,775) which will be



excluded in 2011/12 following the restructuring of the Environment and Housing Departments.

1.29 Individual recommendations are set out below.

#### **Corporate and Democratic Core**

1.30 The CDC allocation does not meet the CIPFA criteria of "transparency" and "reality". It should be reviewed to define actual costs and how the apportionment is applied to these costs. The apportionment method may be reasonable but should be checked on a marginal basis (i.e. the extent to which the charge would reduce if the authority transferred all of its housing stock and closed its HRA) to see if a reasonable apportionment of housing related costs is being made.

#### **Central Service Support Cost Recharges**

1.31 The way in which data is collected for the apportionment of Customer Service costs should be reviewed to ensure it is robust and accurately reflects the number of housing related enquiries.

1.32 The Improvement and Development cost centre should be reviewed to ensure capital charges are not included within the SCR calculation.

1.33 The method of calculating Insurance costs should be reviewed so that it accounts for actual costs rather than budgeted sums.

1.34 Generally, SCRs should be reviewed regularly during the year to ensure that actual costs are being captured and budget forecast are amended and current. We understand that the Council is already putting processes in place to do this.

#### **Environment**

1.35 The system of rectification notices and penalties (which has already been developed) should be implemented on the Integrated Cleaning Contract.

1.36 The charges for the Community Warden, Enviro-enforcement, Southwark Anti-Social Behaviour Team and CCTV services should be reviewed to reflect actual costs for services to HRA estates based on agreed SLAs with Housing Services.

1.37 The charge for Noise Reduction should not be applied to the HRA.

1.38 The value for money of the Abandoned Vehicles SLA should be reviewed in light of the low number of vehicles removed.

#### **Other services**

1.39 The cost of Regeneration schemes on HRA land should be reviewed to ensure actual costs are charged to the HRA rather than budgeted amounts.

1.40 The case for appropriating the pedestrian square on the edge of the Castlemead Estate from the HRA to the GF should be considered. Other similar areas should be considered on an exceptional case by case basis.

## 2 Introduction

### Background

- 2.1 Local authorities with retained housing stock are required to keep a "ring-fenced" Housing Revenue Account (HRA) which accounts for income and expenditure arising from its functions as a housing landlord.
- 2.2 The London Borough of Southwark ("the Council") is the largest social landlord in London, manages 53,695 properties (including 14,633 properties where the leasehold interest has been bought by the tenant under the Right-to-Buy). Its HRA accounts for annual expenditure of £265million out of a total gross revenue expenditure for all Council services of £1,276million.
- 2.3 Whilst the majority of this expenditure is incurred directly by the HRA, there are also charges from other Council departments for support services and for direct services such as cleaning and grounds maintenance.
- 2.4 The principle of a "ring-fenced" HRA means that the Council must be able to account for income and expenditure related to its role as a housing landlord separately to its other functions and services. There has been some guidance issued by government and professional bodies such as the Chartered Institute of Public Finance and Accountancy (CIPFA) on what costs can and cannot be charged to the HRA. However this is not a prescriptive framework and, as recent government guidance states, local authorities are expected "to take their own decisions, rooted in the principle that 'who benefits pays'"<sup>1</sup>.
- 2.5 Whilst this was the subject of a previous external review in 2005<sup>2</sup>, following concerns expressed by tenants and leaseholders, the Council has commissioned Grant Thornton UK LLP to undertake an up-to-date independent review of its current approach.

### Our brief and approach

- 2.6 The Council commissioned Grant Thornton UK LLP in June 2011 to undertake a review of the allocation of costs between the Council's GF and HRA to assess the legality, reasonableness and accuracy of its approach.
- 2.7 This review tests the validity and methodology of the allocations, whether they are reasonable and in accordance with accounting practice, and, where relevant, highlight where an alternative methodology may be more appropriate.
- 2.8 We report to the HRA Working Party, a joint steering of Council officers and tenant and leaseholder representatives. Following two meetings with the Working Party in June 2011 to discuss and agree the scope of our brief we agreed that we would include the following costs to the HRA in this study:

- Corporate and Democratic Core (CDC)

<sup>1</sup> Implementing Self-Financing for Council Housing, CLG, Feb 2011

<sup>2</sup> Southwark Housing Recharges, Local Government Futures, 2005

- Central Service Support Cost Recharges:
  - Corporate Finance
  - Insurance
  - Human Resources
  - Legal Services
  - Corporate IT
  - Performance
  - Procurement
  
- Other services:
  - Community Wardens
  - Southwark Anti-Social Behaviour Unit (SASBU)
  - Abandoned Vehicles
  - Noise Reduction
  - CCTV
  - Sheltered Housing
  - Tenancy Support
  - Estate Cleaning
  - Grounds Maintenance
  - Office Cleaning
  - Play Areas
  - Property Services
  - Regeneration
  - Refuse Storage
  - Estate lighting
  - Fly-tipping
  - Disabled adaptations
  - Costs associated with regeneration schemes
  - Homelessness
  - Call centre services
  - The use of non-housing office accommodation including Tooley Street and "One-Stop" shops.

2.9 We have adopted a standardised approach across these charging areas and identified for each:

- the basis on which the total charge is derived;
- the basis on which it is allocated between the GF and HRA;
- the means by which it is monitored and reviewed internally by the Council; and
- the means by which it is aggregated into the overall HRA each year.

2.10 Our analysis then seeks to reach a conclusion for each as to:

- is the charge in accordance with the current legal and accounting framework?
- is the allocation of the charge between the GF and HRA made on a reasonable basis, in terms of its methodology and in some cases applying a test of whether a charge for the service would be made if the Council offered it to another social landlord?
- is the charge likely to be accurate – does the Council have systems in place to accurately collect cost data and reflect the actual cost of the service? We have not tested individual charges to validate the source data or confirm that the calculations are arithmetically correct; and
- is a consistent approach applied to comparable service areas and in respect of third parties?

2.11 In undertaking this study we have:

- reviewed previous Council reports, cost data and GF/HRA split calculations for each service area;
- undertaken one-to-one interviews with the relevant officers with responsibility for cost allocation and calculation ( a list of consultees is attached at Appendix C);
- considered how third parties such as social landlords who receive similar services are dealt with; and
- reviewed the processes within the council for signing off the GF/HRA split calculation annually.

### Structure of this report

2.12 The HRA charges which are the subject of this report amount to £40million. We have used 2010/11 figures, and have indicated in our report where these may change in 2011/12. A summary is set out below and full breakdown enclosed at Appendix A, which also reflects our recommendations on which should be accepted, reviewed or excluded

### HRA charges which are the subject of this report (£)

Service area	HRA charge
Corporate and Democratic Core	1,106,000
Central Service Support Cost Recharges	
- Legal Services	633,426
- Deputy Chief Executive's Dept	8,985,408
- Finance and Resources Dept	3,435,894
- Insurance	1,109,270
- Accommodation at 160 Tooley Street	1,592,133
SCR total	15,756,131
Environment	18,240,097
Other Service Areas' Recharges	6,427,575
<b>TOTAL</b>	<b>41,529,803</b>

2.13 Section 3 gives an overview of the current statutory and accounting framework; sections 4 – 7 summarise our findings in each charging category whilst our detailed findings are recorded in templates for each individual cost area in Appendix B.

## 3 Statutory framework and accounting guidance

### Introduction

3.1 This section describes the statutory framework for the HRA and the current accounting guidance in relation to ring-fencing.

### Statutory Framework

3.2 Part II of the Housing Act 1985 ("HA1985") describes local authorities' powers to provide housing and other accommodation including:

- Housing;
- Other buildings associated with the housing provision (e.g. garages, laundry facilities);
- Shops and recreation grounds which serves beneficial purpose for the authority's housing tenants where there is a connection with housing provided under the HRA;
- Land acquired for these purposes, including estate roads and pathways;
- Council offices; and
- Hostels provided under Part II of the HA1985 – dependent on the nature of the services being provided to the tenants (welfare services).

3.3 The Local Government and Housing Act 1989 ("LGHA1989") Section 74 requires local authorities to keep a ring-fenced landlord account – the HRA – separate from the Council General Fund (GF) account. The HRA should account for income and expenditure related to the provision of housing and other accommodation provided under Part II of HA1985.

3.4 The HRA will reflect major items of expenditure – maintenance, administration, contributions to capital costs – and how these are funded by rents and other income. Ring-fencing the HRA established the principle that rents cannot be subsidised by transfers from the GF, and similarly Council Tax (which funds about 18% of the GF) cannot be subsidised by rents.

3.5 However there have been differing views and practices over the years on how charging items are separated between the HRA and the wider Council functions. Some of this has been tested in court e.g. *Regina v the London Borough of Ealing, ex parte Lewis* (1992) concluded that not all costs associated with homelessness administration and housing advisory services can be charged to the HRA, and excluded "social services" outside the specified description of management and other property. This was further clarified by subsequent legislation (Leasehold Reform, Housing and Urban Development Act 1993 (s126 and 127) which stated that housing authorities have the powers to provide housing welfare services to their tenants but "essential care services" are required to be charged to the GF

3.6 Guidance was issued by The Department of the Environment in May 1995 in "Circular 8/95: the Housing Revenue Account" but this still left significant discretion to the local authority. For example, in the treatment of the costs of amenities (play and other recreational areas, grassed area and gardens and community centres) the guidance states

that it is for the authority to form their own judgement about the extent to which costs should be charged to the HRA taking into account "the purpose of the provision" and "the use made of facilities by tenants and other people". This is considered in more detail in our section on play areas.

- 3.7 In 2012 the Government will introduce significant changes to the way in which the HRA is financed with the abolition of the subsidy system and the implementation of self-financing. However this will not change the requirement on local authorities to maintain a statutory, ring-fenced HRA. The Government has not issued any new guidance on the operation of the ring-fence and note that they "expect local authorities to take their own decisions, rooted in the principle that 'who benefits pays'".<sup>3</sup>
- 3.8 The HRA Working Party have also highlighted the case of *Gulliksen v Pembrokeshire County Council 2002* to us. This determined that an estate road was a highway maintainable at the public expense for the purposes of the Highways Act 1980, and so enabled the claimant to claim compensation for injury arising from the authority's failure to maintain the highway. Members of the HRA Working Party are of the view that this also means that where an estate road is so designated its maintenance costs should not be charged to the HRA but to the GF. The Council's view is that the sole issue considered by the court was in relation to designation of the road for the purposes of compensation under the Highways Act 1980 and that the budgetary issues were not relevant to, or addressed by, the decision. We understand that the Council did obtain counsel's opinion on this although we have not seen a copy.
- 3.9 The HRA should account for costs provided under Part II of the Housing Act 1985 and, as noted above, this includes housing and other buildings associated with the housing provision and "land acquired for these purposes, including estate roads and pathways". This must be the default position for accounting purposes and we are not aware of any legal advice which contradicts this<sup>4</sup>. We have concluded therefore that the cost of estate roads are chargeable to the HRA.
- 3.10 However there are some public realm areas of estates which have remained within the HRA due to the historic boundary of the original estate development but which now could be argued to form part of the general streetscape, and therefore chargeable to the GF. An example of this is the Castlemead Estate where a parade of shops on the edge of the estate faces onto a public square. The square remains part of the HRA and the costs for its upkeep are charged to the HRA; however, it is difficult to differentiate the square from the adjacent public street and the general public cross it to access the shops. The argument here would be that the square should be assigned to the GF from the HRA. We would regard these cases as exceptional historic anomalies to be considered by the Council on a case by case basis.

### **Accounting Guidance**

- 3.11 The Housing Revenue Account Manual (DCLG, 2007) notes that "CIPFA's BVACOP (Best Value Accounting Code of Practice) provides a standard classification of income and expenditure for housing services generally. It is for each authority to consider the allocation of their overheads between the HRA and the General Fund. In deciding what

<sup>3</sup> Implementing Self-Financing for Council Housing, CLG, Feb 2011

<sup>4</sup> We have located a Leasehold Valuation Tribunal (LVT) case which dismisses the argument that an estate road should be designated a public highway due to the *Gulliksen* decision in assessing leasehold charges to estate maintenance (*LB of Camden v Mr P Palley*, Nov 2010, LON/00G/LSC/2010/0370). Whilst LVT cases do not form Case Law it does indicate there is no general assumption that *Gulliksen* applies.

costs should be allocated and how the amounts should be calculated, authorities should be guided by proper accounting practices, including the provisions of the BVACOP".

- 3.12 The Chartered Institute of Public Finance and Accountancy ("CIPFA") has now published the Service Reporting Code of Practice for Local Authorities ("SeRCOP") to replace BVACOP. In relation to total costs within the HRA, SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within the total cost".
- 3.13 SeRCOP sets out seven principles governing the charging of support services and other overheads to service expenditure areas:

### Principles Governing the Charging of Overheads

1. Complete Recharging of Overheads	All overheads not defined as Non Distributed Costs or Corporate and Democratic Core should be fully recharged to the service expenditure headings as defined in the Service Expenditure Analysis Section of SeRCOP. Note that Corporate and Democratic Core costs should receive an appropriate allocation of overheads.
2. Correct Recipients	The system used must correctly identify who should receive overhead charges.
3. Transparency	Recipients must be clear what each recharge covers and be provided with sufficient information to enable them to challenge the approach being followed.
4. Flexibility	The recharging arrangements must be sufficiently flexible to allow recharges to be made regularly enough and to the level of detail appropriate to meeting both users' and providers' needs.
5. Reality	Recharging arrangements should result in the distribution of actual costs which has the basis of fact. Even if the link cannot be direct, reality should be the main aim.
6. Predictability/Stability	Recharges should be as predictable as possible, although there will be practical limitations to this.
7. Materiality	It is unlikely that a simple system will be adequate to meet all other requirements noted above. However, due regard should be made to materiality to minimise the costs involved in running the system.

### **Charging Overheads, Corporate and Democratic Core and Non Distributed Costs to the Housing Revenue Account**

3.14 In relation to total costs of the HRA SeRCOP states the following:

"2.15.82 Although the direct costs which may be charged to the HRA are defined, there is no statutory definition about how overheads can or cannot be apportioned to it. *Authorities should therefore apply the same bases when recharging overheads to the HRA as they do for other services, in accordance with the 'reality' principle.*

2.15.83 Core and Democratic Core costs ("CDC") and Non Distributed Costs ("NDC") are not overheads and are therefore not allocated or apportioned to services. However, the HRA will benefit from the overall democratic process and corporate management reflected in CDC. In addition, some of the costs in NDC may have arisen from previous HRA activities.

2.15.84 For these reasons, the HRA is permitted to make contributions to CDC and NDC provided these comply with the statutory framework for the HRA.

2.15.85 This contribution by the HRA, which is outside its total cost, should be determined by each authority according to principles that it can explain and justify. For example, one possibility would be to consider the extent to which CDC and NDC would reduce if the authority transferred all its housing stock and closed its HRA. If this was the amount of the HRA contribution it would lead to comparable costs being carried by the General Fund by authorities with and without HRAs. Alternatively, it could be done on an average rather than on a marginal basis, assessing a reasonable HRA contribution towards each CDC/NDC heading."

3.15 The Central Services Expenditure Analysis ("SEA") requires Authorities to ensure that they satisfy the appropriate legislative requirements and statutory provisions when accounting for the HRA. *Authorities wishing to make a contribution to the General Fund for CDC would calculate such contributions depending on local and organisational circumstance. Local discretion will need to be exercised to make an appropriate and realistic estimate of the relevant contribution.*

3.16 Finally the Housing Services SEA states in relation to the HRA contribution to CDC and NDC costs:

"Authorities should ensure that they satisfy the appropriate legislative requirements and statutory provisions when accounting for the HRA. Authorities wishing to make a contribution to the GF for CDC would calculate such contributions depending on local and organisational circumstances. To do this, an authority will need to calculate the resources used by officers and members and other corporate management costs to estimate accurately the proportion of its CDC costs that relate to its own housing stock. Similarly, authorities may consider it necessary to make a contribution to NDC from the Housing Revenue Account."



## 4 Corporate and Democratic Core Recharges

### Introduction

4.1 Corporate and Democratic Core (CDC) costs represent the costs of the Chief Executive's Department, Corporate Management and Democratic Representation. Democratic Representation is the total cost of Members Services.

4.2 CIPFA guidance notes that:

"Core and Democratic Core costs ("CDC") and Non Distributed Costs ("NDC") are not overheads and are therefore not allocated or apportioned to services. However, the HRA will benefit from the overall democratic process and corporate management reflected in CDC. In addition, some of the costs in NDC may have arisen from previous HRA activities.

For these reasons, the HRA is permitted to make contributions to CDC and NDC provided these comply with the statutory framework for the HRA.

This contribution by the HRA, which is outside its total cost, should be determined by each authority according to principles that it can explain and justify."

### Calculation of the CDC charge

4.3 The Council applies a formula to the total budgeted sums for these costs designed to exclude the amount funded through Council Tax (17.71%), leaving 82.29% of the total cost to be charged. Once this is done:

- Chief Executive's Office and Corporate Management costs are then apportioned on the basis of the budgeted HRA as a proportion of the Council's gross revenue expenditure (20.8%); and
- Democratic Representation costs are apportioned on the basis of the amount of time assumed to be spent by Cabinet Members on HRA business. This is calculated on the basis of there being ten full-time Cabinet Members, of which one is a full-time Housing Member, and four (the Leader, Resources, Community Safety, and Equalities and Community Engagement) spend part of their time on HRA business. This results in a 15.25 % charge.

4.4 This results in a HRA recharge of £1.1million when calculated from the base budgets for these areas totalling £11,371,817.

### Analysis

4.5 It is unclear where responsibility for this recharge rests within the Council, mainly it would appear due to the restructuring of teams and changes in personnel. Consequently we have been unable to reconcile actual costs for these headings against the recharge, which instead is applied as a budget allowance within the HRA for the CDC.

4.6 Therefore we recommend that the CDC charge is reviewed to define actual costs and restate how the apportionment is applied to them.

- 4.7 Once the actual costs are established we would also suggest testing the formula approach by calculating the HRA charge on a "marginal basis" i.e. "to consider the extent to which CDC would reduce if the authority transferred all its housing stock and closed its HRA. If this was the amount of the HRA contribution it would lead to comparable costs being carried by the General Fund by authorities with and without HRAs" (CIPFA guidance in SeRCOP) so that the reasonableness of the approach can be established.

### Summary

- 4.8 The table below summarises our findings:

#### Corporate and Democratic Core charges (£)

Service area	HRA charge	Accept	Review	Exclude
Corporate and Democratic Core (CDC)	1,106,000	-	1,106,000	-

## 5 Central Service Cost Recharges

### Introduction

- 5.1 SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within the total cost" of the HRA.
- 5.2 Central Service Support Cost Recharges (SCRs) represent recharges from three Council Departments: Communities, Law and Governance; the Deputy Chief Executives Department; and Finance and Resources.
- 5.3 The total SCR to the HRA is £15.8million, out of a total SCR to all Council departments of £63million.

### Communities, Law and Governance (CLG)

- 5.4 This reflects charges for legal advice from CLG to the Housing Services Department. The HRA is charged £0.63million out of a total cost SCR of £2.3million.
- 5.5 The main element of this charge - £522,508 - is calculated on an analysis of client data for the previous year by the Legal Department and attribution of cases to Housing Services. On this basis the recharge appears reasonable.

### Deputy Chief Executive's Office (DCE)

- 5.6 DCE recharges are summarised in the table below:

DCE SCRs (£m)			
Description	Total cost	HRA charge	Basis of recharge
Human Resources (HR)	3.4	0.3	Number of employees (FTE)
Marketing and communications	1.6	0.4	Gross Expenditure
Customer Services	14.9	7.1	Enquiries relating to housing
Improvement & Development; DCE office; transfers into DCE	3.5	1.2	Pro rata to total expenditure
<b>TOTAL</b>	<b>23.4</b>	<b>9.0</b>	

- 5.7 The basis of these apportionments seem appropriate given the nature of the services. For example, HR is a people related cost and so is charged against the number of FTEs in the Housing Services Department as a proportion of the whole Council's FTEs. Marketing and Communications costs are calculated on relative Gross Expenditure which is used as an indicator of the relative size of the service departments and their communications needs. This could be tested further by trying to identify actual housing

activity dealt with by this team but given the practical difficulties of collating and managing this data may not be cost effective.

- 5.8 By far the largest cost within the DCE recharge is Customer Services and at £7.1m this is also almost 50% of the overall SCR to Housing Services. This represents the costs of managing the complaints service within the Council; and the Customer Service Centre run by Vangent for the Council both through the One Stop Shops and the telephone enquiry line. The majority of this charge is calculated on the proportion of enquiries logged as "housing related" out of the total number of enquiries. The only exception to this is for complaints where "Gross Expenditure" is used as we understand no data is kept on allocating complaints to departments. We would suggest that this is reviewed to align this with the rest of Customer Services on the basis of the primary complaint issue.
- 5.9 The methodology for allocating Vangent's costs appears reasonable as the cost of the service will broadly reflect the volume of enquiries. Given the amount of the recharge, it is important that this data is robust and the Housing Services Department is undertaking work with Vangent this year to review the quality of data provided and to ensure it is aligned with the recent restructuring.
- 5.10 The **Improvement and Development** cost centre is wrongly named and we understand that it includes capital charges which are calculated centrally at the end of each year. Although it may be a legitimate HRA charge these should not form part of the SCR and this cost centre is under review by the Council.
- 5.11 Transfers into DCE represent DCE overheads and can be charged out as part of the SCR. This is done on the basis of the proportion of DCE expenditure already chargeable to Housing Services which appears reasonable, and the cost of the DCE and the DCE's office are charged in the same way.

### Finance and Resources (F&R)

- 5.12 F&R recharges are summarised in the table below:

F&R SCRs (£m)			
Description	Total cost	HRA charge	Basis of recharge
IT Services	10.6	1.5	Number of IT users
Shared Professional Services includes:	9.3	1.9	
Corporate Procurement	Incl. above	Incl. above	Number of employees (FTE)
Corporate Facilities Management	Incl. above	Incl. above	Number of employees (FTE)
Corporate Finance Services	Incl. above	Incl. above	Gross Expenditure (for 80% of the charge)
Housing Finance	Incl. above	Incl. above	100% HRA costs
Transfers into F&R	Incl. above	Incl. above	Pro rata to total expenditure
<b>TOTAL</b>	<b>19.9</b>	<b>3.4</b>	

- 5.13 IT services are provided through the Council's contract with Serco and the apportionment is based on the number of IT users with a current user log-on. This appears reasonable as a measure of IT support requirements. For example, the use of FTEs as an alternative would include employees who have no access to IT services, or

trying to measure the comparative IT usage of individual users would be overly complex and may not give a significantly different answer given the number of core IT systems which are common across the Council.

- 5.14 Corporate Procurement and Corporate Facilities Management are relatively small sums; however the Council could consider Gross Expenditure as a more relevant apportionment.
- 5.15 Corporate Finance Services includes all corporate finance functions such as budgets and financial planning, financial governance, audit and risk, debt management and payments control, and senior management. The majority of these costs (80%) are attributed on the basis of Gross Expenditure which is reasonable as the largest spending department would require the most financial management. The remainder use apportionments which are consistent with the approach for management and facilities costs used elsewhere.
- 5.16 Housing Finance costs are charged 100% to the HRA as would be expected. The remaining costs for transfers into F&R are calculated on the basis of the proportion of F&R expenditure already chargeable to Housing Services which is reasonable.

### Insurance

- 5.17 Insurance costs are a separate SCR and are set out in the table below.

#### Insurance SCRs (£m)

Description	Total cost	HRA charge	Basis of recharge
Liability insurance	3.1	0.8	75% Liability insurance claims; 25% FTEs
Property insurance: HRA charge	0.2	0.2	100% HRA
All risks, general, admin	0.5	0.1	Other insurance
Property insurance other	0.3	0	Property insurance claims
Motor insurance (Fleet and leased)	0.4	0	100% DSO
<b>TOTAL</b>	<b>4.5</b>	<b>1.1</b>	

- 5.18 The principal charge here to the HRA is for liability insurance. This is apportioned on the basis of the number of claims made (75%) and the number of full-time employees (25%). This approach ensures that each department makes some contribution to cover their potential risk (25% FTEs) and some contribution in relation to their actual claims history (75% claims). There is a cap of £50k on the amount of any one claim which can be included in the calculation to ensure that the recharge calculation is not skewed by a one-off large claim against a small department.
- 5.19 However the total costs for each category are calculated against budget figures set at the beginning of the year rather than actuals costs. In 2010/11 there was an overspend which was funded by the Council's reserves.
- 5.20 We understand the charging methodology for insurance will be reviewed by the Council this year, in particular to address how insurance charges are recorded on SAP so that accurate forecasts can be made and the SCR reflects the actual requirement for service departments.

### Charges for 160 Tooley Street

5.21 The HRA charge for Tooley Street in 2010/11 was £1.6m. This represents the cost of accommodating housing staff in the building. The total cost for Tooley Street is about £11.2m and the apportionment is based on the number of workstations allocated to housing staff as a proportion of all staff workstations.

5.22 The basis of this apportionment is reasonable.

### Summary

5.23 The table below summarises our findings.

#### Central Service Support Cost Recharges (SCRs) (£)

Service area	HRA charge	Accept	Review	Exclude
Legal Services	633,426	633,426		
<b>Deputy Chief Executive's Dept:</b>				
- Human Resources	307,745	307,745		
- Communications	378,017	378,017		
- Customer Services including One Stop Shops	7,058,781	7,058,781		
- Improvement and Development	1,240,865		1,240,865	
<b>Total DCE</b>	<b>8,985,408</b>	<b>7,744,543</b>	<b>1,240,865</b>	<b>0</b>
<b>Finance and Resources Dept</b>				
IT services	1,492,086	1,492,086		
Shared Professional Services	1,943,808	1,943,808		
<b>Total F&amp;R</b>	<b>3,435,894</b>	<b>3,435,894</b>	-	-
Insurance	1,109,270		1,109,270	
Accommodation at 160 Tooley Street	1,592,133	1,592,133		
<b>SCR total</b>	<b>15,756,131</b>	<b>13,405,996</b>	<b>2,350,135</b>	<b>0</b>

5.24 In some cases the final stated recharge could not be reconciled to the detailed breakdown provided by the Council which reflected an earlier position statement. These cost areas are shown as (TBC) in the detailed breakdown in Appendix B.

## 6 Environment recharges

### Introduction

- 6.1 In this section we summarise our findings on the recharges from the Environment and Leisure Department. These are charges for direct services which are mostly provided by Environment and Leisure to Housing Services or which are managed financially and/or operationally by Environment and Leisure on behalf of Housing Services.
- 6.2 A summary of the charges is set out below.

#### Environment Recharges (£m)

Description	Total cost	HRA charge	Basis of recharge
Estate cleaning	10.2	10.2	Direct costs and overheads
Grounds Maintenance	2.0	2.0	Direct costs and overheads
Pest Control	1.1	1.1	Direct costs and overheads
Refuse storage and collection	1.1	1.1	Direct costs and overheads
Community wardens	3.6	0.4	Historic budget
Enviro-enforcement	1.2	0.5	Historic budget
Noise Reduction	1.2	0.2	Historic budget
Southwark Anti-Social Behaviour Unit (SASBU)	1.0	0.8	Historic budget
CCTV	0.8	0.1	Historic budget
Tree Maintenance	0.4	0.4	Direct costs and overheads
Estate Parking	0.5	0.5	Direct costs and overheads
Abandoned Vehicles	0.1	0.1	Direct costs and overheads
Energy Management	0.3	0.3	Direct costs and overheads
Garden Maintenance	0.1	0.1	Direct costs and overheads
Snr. Management Team, Directors Office and Procurement	n/a	0.5	Will be excluded from 2011/12 following restructure
<b>TOTAL</b>	<b>23.6</b>	<b>18.3</b>	

### Estate cleaning, grounds maintenance and pest control

- 6.3 Southwark Cleaning Services (SCS) delivers these services under the Integrated Cleaning Contract (ICC). SCS is an in-house service within the Environment Department, but the ICC is managed as if it was an arms-length contract, so the ICC acts as a Service Level Agreement (SLA) with the Housing Services Department.

- 6.4 The service budget is based on the pricing of a specification in 2003 which has been annually indexed with one adjustment for service changes in 2004. Actual costs represent direct staff time attributed by time sheets to housing estates, direct supervision costs and management overheads based on a split of FTE posts. The estate cleaning SLA includes clearance of fly-tipping and graffiti removal on estates within the contract sum.
- 6.5 As these costs represent discrete teams serving housing estates there is no split calculated between housing and GF costs aside from the management overheads. The basis of the charge therefore appears reasonable.
- 6.6 The ICC has over recent years moved to allocating costs on direct staff time allocated to estates from simply using a borough wide total budget, and this now enables a more accurate reflection of costs at an estate level.
- 6.7 A separate issue which has been raised by the HRA Working Party is the standard of service delivery. We have addressed this in our previous reports on leasehold charges and recommended that housing introduce a system of issuing rectification notices and financial penalties for non-performance against the Service Level Agreement with SCS. This system has been developed by the Housing Services Department but we understand that it has not yet been implemented. Therefore we would recommend that this is progressed so that a more robust and transparent system of performance management is introduced.

#### **Refuse Storage and collection**

- 6.8 SCS acts as the client for this service which delivered by Veolia under the borough's Waste contract.
- 6.9 Costs incurred to the HRA represent costs in excess of the standard service delivered to households in the borough by Veolia for services specific to housing estates. These include the provision and maintenance of refuse containers, the delivery of black refuse sacks (2 per week to 11,655 properties), multi-level collections on larger blocks and additional collections requested by estate managers.
- 6.10 These costs are specific to HRA properties and therefore appear reasonable.
- 6.11 We understand that unit rates were set in 2001 and have been annually indexed. Costs are broken down by estate and by service and so can be adjusted as services are added/discontinued or if estates/blocks were to be vacated/transferred out of the HRA.

#### **Community Wardens, Enviro-enforcement, Noise Reduction, Southwark Anti-Social Behaviour Unit and CCTV**

- 6.12 All of these services are delivered by the Community Safety and Enforcement Team.
- 6.13 The **Community Wardens** provide patrols on housing estates, a response team and a team which will focus activity on particular estates to deal with anti-social behaviour. This supports the Council's landlord role and so it is reasonable to charge the HRA for these services.
- 6.14 This is part of wider service provided to the borough focussed on the town centre areas and so the cost to the HRA should reflect time spent on activities related to HRA properties. We understand the current budget is actually a historic allocation. Officers in the Community Safety Team carried out an exercise last year to re-assess the budget based on a breakdown of time required for delivering the HRA service which resulted in



an increased estimate of the required budget of £580,000 compared to the current £357,434. However this has not been reviewed by Housing Services and has not been implemented.

- 6.15 The **Enviro-enforcement** team respond to "enviro-crime" on estates such as investigating large scale fly-tipping, patrolling and undertaking operations on specific estates in response to issues raised by the Housing Services Department and picking up and re-homing stray dogs. This supports the Council's landlord role and so it is reasonable to charge the HRA for these services.
- 6.16 The cost of £470,667 within the 2010/11 budget is to be reduced to £370,000 in 2011/12. The re-assessment of HRA costs for this service undertaken last year resulted in a lower figure based on estimated time on HRA activities of £175,000, but this has not been reviewed by Housing Services and has not been implemented.
- 6.17 The **Noise Reduction** Team respond to complaints of noise nuisance in the borough. Its current budget of £211,988 is also based on a historic allocation. Officers re-assessed this last year based on the typical annual call-outs from Council properties and concluded that based on officer time and management overheads, the actual annual cost would be £465,000. This has not been reviewed by Housing Services and has not been implemented.
- 6.18 This service responds to call-outs by individuals to incidents located around the borough. In respect of the HRA, whilst this role can be seen as supporting the landlord function and a significant number of calls are related to HRA properties, it is difficult to differentiate this element of the service from that offered throughout the borough to all residents. Whilst the majority of calls are to HRA property, the same level of service is offered to residents regardless of tenure or landlord, and no other landlords are charged, and so it does not seem reasonable for this to be a separate charge to the HRA.
- 6.19 The **Southwark Anti-Social Behaviour Unit (SASBU)** actions requests from Housing Services on Anti-Social Behaviour (ASB) including legal enforcement, provides a referral service, support and rehousing on domestic violence cases, provides risk assessment for victims and witnesses, support on dangerous dogs enforcement, and dealing with rough sleeping in estates. These services support the Council's landlord role and so it is reasonable to charge the HRA.
- 6.20 The current budget of £770,136 represents a historic budget and the recent re-assessment by officers based on time spent on HRA activities suggested a revised budget of £849,000. This has not been reviewed by Housing Services and has not been implemented.
- 6.21 The **CCTV team** provides monitoring of 120 out of a total of 300 CCTV cameras on Southwark housing estates. It also project manages repairs and has recently undertaken an audit of 50% of the network. This is a function specific to HRA estates and so it is reasonable that a charge is made to the HRA.
- 6.22 The current budget of £107,162 is also historic, and the recent re-assessment by officers on time spent on HRA activity suggested a revised budget of £150,000. This has not been reviewed by Housing Services and has not been implemented. An upgrade to the CCTV systems on housing estates is due to be completed in 2012 and this should be taken into account in any future budget review.

- 6.23 **Overall** it appears reasonable to apply charges to the HRA for Community Wardens, Enviro-enforcement, the Southwark Anti-Social Behaviour Unit and the CCTV team as these support the Council's landlord function.
- 6.24 The charge for Noise Reduction services should be re-considered as it provides a responsive service to call-outs by individual residents and as such it not differentiated from the service provided to all residents in the borough regardless of tenure or landlord.
- 6.25 The current charges are based on historic budgets and so do not necessarily reflect the actual cost of the service provided to housing. The estimates which were undertaken last year by the Community Safety Team represent an improved methodology in terms of framing a budget based on time spent on HRA activities but we are not able to comment on the reasonableness of any proposed budget revisions. This will require Housing Services as the "client" department to agree how services are defined and quantified; there should also be consideration of how to identify and record actual time spent on HRA activities and relate this to outcomes. This is important to ensure transparency on the actual level of service and outcomes being delivered for the costs incurred to the HRA.
- 6.26 Therefore we would recommend a review of current budgets for these services to reflect actual costs for services to HRA estate based on agreed SLAs between the Community Safety Team and Housing Services.

### **Tree Maintenance, Estate Parking and Abandoned Vehicles**

- 6.27 These budgets are managed by the Public Realm team within Environment and Leisure.
- 6.28 **Tree Maintenance** provides for the maintenance of trees on HRA land by Parks and Open Spaces.
- 6.29 The 2010/11 charge is £360,680. The draft SLA for 2011/12 is still subject to approval but includes a reduced budget of £317,087 which includes a full survey of the housing stock in 2011/12, and the management of the tree-stock on a three year routine maintenance cycle.
- 6.30 As this is a charge for services to maintain HRA assets it is reasonable to recharge; and, as a direct charge with no apportionment applied, it reflects the cost of the service,
- 6.31 The **Estate Parking** service has undergone a significant service review in 2011/12. The revised budget for 2011/12, subject to approval of the final Business Case, is £150,000 compared to £522,446 for 2010/11.
- 6.32 The service provides parking control on HRA estates, delivered through an external contractor. The budget for 2011/12 reflects a revised contract arrangement which takes into account the income generated by charges for clamping/towing away to balance the clamping/removal contractor's cost; other costs are Environment staff salaries and overheads for contract management.
- 6.33 As this is a charge for services to HRA estates it is reasonable. The reduction in the budget in 2011/12 indicates a much more effective approach to contract management.
- 6.34 The **Abandoned Vehicles** service removes untaxed vehicles from housing estates, undertakes a DVLA search and unclaimed cars are scrapped within 28 days. The service is delivered by the Environment and Leisure Department under an SLA with Housing

Services. The total cost is £137,409 in 2010/11: £82,125 of this reflects the cost of 50 reserved spaces in the car pound; the remaining £55,000 represents staff costs.

- 6.35 This is a specific service to HRA housing estates and is therefore reasonable: Environment and Leisure also remove abandoned cars from the public highway but not to other non-Council estates – if this service was offered to other social landlords it would be charged for.
- 6.36 Whilst costs currently reflect the terms of the service agreed with Housing Services, the first quarter return for 2011/12 shows that only five cars were removed from Council estates. This suggests that the service cost is high and, in particular, the number of reserved car pound spaces appears excessive. Therefore the Council should review the value for money of this service.

### **Energy Management**

- 6.37 This cost of £258,409 covers the provision of Energy Performance Certificates (EPCs) and the costs for the administration and processing of energy accounts and bills totalling c. £14million for HRA properties.
- 6.38 The provision of EPCs is a statutory requirement when a property is let or sold, although in the latter case it can be recovered from the buyer. A budget of £140k per year is set aside for this based on historic volumes. It is a direct HRA charge which, for historic reasons, is administered by Environment
- 6.39 The administration of energy accounts is undertaken by staff who were located in Environment and have since been transferred to Finance and Resources. However, the budget for £118k for their salaries and on-costs remains with Environment and is paid by them with no administrative overhead.

### **Garden Maintenance**

- 6.40 This service provides assistance to elderly or disabled tenants who are unable to maintain their gardens themselves and is delivered by Walworth Garden Farm under a contract with the Housing Services Department. Environment act as the budget-holder and process payments on their behalf. Costs are charge directly to the HRA with a budget of £108, 920 per year.

### **Senior Management Team, Directors' office and Procurement**

- 6.41 The cost for the Senior Management Team (£121,575), Director's office (£222,945) and Procurement support (£185,775) reflect the costs of overheads and support services when Housing was part of the Environment and Housing Department. Following the restructure and separation of Housing from Environment in 2011, these will no longer apply in 2011/12.

## Summary

6.42 The table below summarises our findings.

### Environment charges (£)

Service area	HRA charge	Accept	Review	Exclude
Grounds Maintenance	1,953,611	1,953,611		
Pest Control	1,107,471	1,107,471		
Estate Cleaning (incl. fly-tipping/hsg offices)	10,244,371	10,244,371		
Refuse storage & collection	1,099,098	1,099,098		
Community Wardens	357,434		357,434	
Enforcement	470,667		470,667	
Noise Reduction	211,988			211,988
Southwark Anti-Social Behaviour Unit (SASBU)	770,136		770,136	
CCTV	107,162		107,162	
Tree maintenance	360,680	360,680		
Estate Parking	522,446	522,446		
Abandoned Vehicles	137,409		137,409	
Energy Management	258,409	258,409		
Garden Maintenance	108,920	108,920		
Snr Management Team	121,575			121,575
Directors office	222,945			222,945
Procurement	185,775			185,775
<b>Environment total</b>	<b>18,240,097</b>	<b>15,655,006</b>	<b>1,842,808</b>	<b>742,283</b>

## 7 Other services' charges into the HRA

### Introduction

- 7.1 In this section we consider the charges to the HRA for services excluding CDCs, SCRs and the Environment Department.
- 7.2 A summary of the charges is set out below.

#### Other services' charges (£m)

Description	Total cost	HRA charge	Basis of recharge
Temporary Accommodation	1.3	0.6	No. of TA units within HRA
Tenancy Support	0.3	0.3	Direct costs and overheads
Disabled Adaptations	0.1	0.1	Direct costs and overheads
Property Services	0.7	0.7	Time charge
Regeneration	3.2	1.5	Historic budget
Play Areas	0.1	0.1	Direct costs and overheads
Estate Lighting	2.7	2.7	Direct costs and overheads
Sheltered Housing	1.2	0.4	Direct costs and overheads
<b>TOTAL</b>	<b>9.6</b>	<b>6.4</b>	

### Temporary Accommodation

- 7.3 This budget of £556,183 reflects the cost of the management, placement, monitoring and moving on of people placed in temporary accommodation in HRA properties. This is a recharge from Community Housing Services to the HRA.
- 7.4 The costs are calculated on the basis of the number of units within the HRA used for this purpose (c. 200 void properties plus 722 bed spaces in 21 hostels) as a proportion of the overall placements – i.e. it excludes the placements in bed and breakfast accommodation and Private Sector Leasing which are paid through the GF.
- 7.5 Circular 8/95 notes that a hostel provided under Part II of the Housing Act 1985 must be accounted for within the HRA.
- 7.6 These costs relate to the Council's landlord function in managing and supporting tenancies for properties within the HRA and therefore it is reasonable to charge them to the HRA.

- 7.7 The cost reflects staff salaries and associated costs and so is an accurate reflection of the actual cost of the service (though we have not checked the actual derivation of the units' numbers for the HRA/GF apportionment but assume these to be correct).

### **Tenancy Support**

- 7.8 The SUSTAIN team provides advice and support to Council tenants who may be at risk of losing their tenancy. Its 7.5 FTE staff work full-time on HRA cases and so their costs (£348,657) are charged directly to the HRA.
- 7.9 Referrals are made to the Sustain Service primarily by Housing Officers. The reasons for these referrals include rent arrears, breaches of tenancy conditions, anti-social behaviour, inability to manage their tenancy on a day-to-day basis, health and safety concerns for the tenant, or their neighbours or environmental health issues. These tenancy support services are essentially an extension of the housing management role and therefore a landlord function and eligible to be charged to the HRA. The costs reflect the actual salary costs of the team.

### **Disabled Adaptations**

- 7.10 There is a small budget of £82,423 within the HRA for minor disabled adaptations to Council homes following referral from Social Care Services or a hospital Occupational Therapist. This covers adaptations which cost less than £1,000 such as lever taps, external grab rails and altering door thresholds.
- 7.11 This is a landlord function and eligible to be charged to the HRA. Costs are charged directly to the cost code.

### **Property Services**

- 7.12 The Council's in-house Property Team charge on a time-charge basis for work such as Right-to-Buy (RTB) valuations, commercial lettings and disposals; they also charge a 5% management fee on all HRA commercial property accounts.
- 7.13 The total HRA charge for this service in 2010/11 was £0.7m.
- 7.14 As these costs are incurred in managing HRA assets they are a reasonable charge to the HRA and indeed enable income to be generated to the HRA from its commercial portfolio.

### **Regeneration**

- 7.15 The Council incurs costs on two regeneration schemes – Elephant & Castle (E&C) and Aylesbury Estate some of which are charged to the HRA. E&C includes the Heygate Estate, an HRA asset, as well as large areas on non-HRA land. The HRA charge in 2010/11 was £1.5m; out of a total spend of £3.2m.
- 7.16 Historically the Council has set a budget for the HRA contribution on the E&C of £250,000 (although this originally included the Aylesbury as well). In 2010/11 the cost charged to the HRA was actually £331,000 which allowed for additional sums to contribute to the cost of maintaining security of the vacant Heygate site prior to demolition. The actual cost for the Heygate in 2010/11 was £468,205; of this around £350,000 was for security and the remainder for power supplies, hoardings and other costs.
- 7.17 As the Heygate is an HRA asset it is reasonable to charge costs in relation to its disposal to the HRA. These should reflect actual costs rather than the budgeted amount.

- 7.18 The total cost for the Aylesbury Estate in 2010/11 was £1.9m of which £1.2m was charged to the HRA. The apportionment appears to be based on a historic arrangement including the Aylesbury New Deal for Communities (NDC) Project funding 40% of the masterplanning costs and some staff costs.
- 7.19 The Aylesbury regeneration project will entail the disposal of the Aylesbury Estate, which is an HRA asset. Therefore it is reasonable to charge costs to the HRA, aside from any contribution that may be available from residual NDC grant (as the NDC has now ended).

### **Play Areas**

- 7.20 Circular 8/95 includes play areas in its definition of amenities as "play and other recreational areas, grassed areas and gardens and community centres". The guidance states that:

"in each case it is for the authority to form their own judgement about whether provision is proper under Part II of the 1985 Act and the extent to which the costs should be charged to the HRA. Much of this will depend on local circumstances. Among the issues to be considered are the provision and the use of the facilities by tenants and other people. There can only be a charge to the HRA where the amenities are provided and maintained in connection with Part II accommodation.

Where an amenity is shared by the community as a whole, the authority must have regard to paragraph 3 of Part III of Schedule 4 of the 1989 Act. This requires a contribution to be made from the General Fund to the HRA reflecting the general community's share of the amenity."

- 7.21 However there is little other general advice on this subject and the guidance allows local authorities discretion depending on local circumstances.
- 7.22 The current repairs and maintenance budget for plays areas within the HRA is £87,163 which is used for repairs to play-ground equipment and for any resurfacing required. Given this relatively small allocation the issue of recharges to the GF will not make a material impact on the HRA. However we have considered the arguments below.
- 7.23 We would assume that typically play areas on estates are provided as part of the original development or as an improvement to an estate – as such they are "provided and maintained in connection with Part II accommodation" and are chargeable to the HRA.
- 7.24 The second question would be whether they are for the principle use of the tenants. Our assumption would be that having been built as part of the estate they were intended for the principle use of the tenants - in most cases actual use will be impossible to ascertain and unless a play area was part of a gated community could not practically be reserved for estate residents. In this sense play areas on HRA estates would appear to be no different to play areas provided on, for example, an estate owned and managed by a housing association which would be open to use by others - the housing association as the landlord still bears the cost of providing and maintaining the play area.
- 7.25 Overall there does not appear to be a strong argument for apportioning costs of play areas between the HRA and GF or sufficient evidence to support a methodology. The sums involved are relatively small and the impact, in any event, would not be material.

### Estate Lighting

7.26 The electricity budget for estate lighting is £2.7million in 2011/12; repairs and maintenance costs have not been separately identified. Estate lighting serves HRA property and so its associated costs should be charged to the HRA.

### Sheltered Housing

7.27 The Council provides 20 blocks of sheltered accommodation within the HRA comprising 850 units for elderly people.

7.28 Circular 8/95 specifies that authorities have the powers to provide housing welfare services to their tenants but "essential care services" are required to be charged to the GF i.e.:

- assistance with personal mobility;
- assistance at meal times;
- assistance with personal appearance or hygiene;
- administration of medication; and
- nursing care.

7.29 Other welfare services (e.g. general counselling support, emergency alarm systems and other services most commonly associated with wardens in sheltered housing schemes) can be charged to the HRA. However since 2003 these services have been covered by the Supporting People Grant.

7.30 Currently the HRA is charged with the actual cost of the buildings' maintenance and repairs which is about £380,000 per year. The remaining costs of £850,000 are paid through the GF and this element of expenditure is 100% funded by Supporting People Grant. Support functions associated with Sheltered Accommodation include the provision of a warden, caretakers, senior Support Managers and a floating support service.

7.31 The current charge to the HRA is therefore reasonable and reflects relevant costs incurred to HRA stock.

### Summary

7.32 The table below summarises our findings.

#### Other Services' charges (£)

Service area	HRA charge	Accept	Review	Exclude
Temporary Accommodation	556,183	556,183		
Tenancy Support	348,657	348,657		
Disabled Adaptations	82,423	82,423		
Property Services	733,493	733,493		
Regeneration	1,539,656		1,539,656	
Play Areas	87,163	87,163		
Estate Lighting	2,700,000	2,700,000		
Sheltered Housing	380,000	380,000		
<b>Other Services' charges total</b>	<b>6,427,575</b>	<b>4,887,919</b>	<b>1,539,656</b>	<b>0</b>



## A HRA Charges

Service area	HRA charge	Accept	Review	Exclude
<b>Corporate and Democratic Core (CDC)</b>	<b>1,106,000</b>		<b>1,106,000</b>	
<b>Central Service Support Cost Recharges (SCRs)</b>				
Legal Services	633,426	633,426		
<b>Deputy Chief Executive's Dept:</b>				
Human Resources	307,745	307,745		
Communications	378,017	378,017		
Customer Services including One Stop Shops	7,058,781	7,058,781		
Improvement and Development	1,240,865		1,240,865	
<b>Total DCE</b>	<b>8,985,408</b>	<b>7,744,543</b>	<b>1,240,865</b>	<b>0</b>
<b>Finance and Resources Dept</b>				
IT services	1,492,086	1,492,086		
Shared Professional Services	1,943,808	1,943,808		
<b>Total F&amp;R</b>	<b>3,435,894</b>	<b>3,435,894</b>	-	-
Insurance	1,109,270		1,109,270	
Accommodation at 160 Tooley Street	1,592,133	1,592,133		
<b>SCR total</b>	<b>15,756,131</b>	<b>13,405,996</b>	<b>2,350,135</b>	<b>0</b>
<b>Environment</b>				
Grounds Maintenance	1,953,611	1,953,611		
Pest Control	1,107,471	1,107,471		
Estate Cleaning (includes fly-tipping & housing office cleaning)	10,244,371	10,244,371		
Refuse storage & collection	1,099,098	1,099,098		
Community Wardens	357,434		357,434	
Enforcement	470,667		470,667	
Noise Reduction	211,988			211,988
Southwark Anti-Social Behaviour Unit (SASBU)	770,136		770,136	
CCTV	107,162		107,162	
Tree maintenance	360,680	360,680		
Estate Parking	522,446	522,446		
Abandoned Vehicles	137,409		137,409	
Energy Management	258,409	258,409		
Garden Maintenance	108,920	108,920		
Snr Management Team Recharges	121,575			121,575
Directors office	222,945			222,945
Procurement	185,775			185,775
<b>Environment total</b>	<b>18,240,097</b>	<b>15,655,006</b>	<b>1,842,808</b>	<b>742,283</b>
<b>Other Service Areas' charges</b>				
Temporary Accommodation	556,183	556,183		
Tenancy Support	348,657	348,657		
Disabled Adaptations	82,423	82,423		
Property Services	733,493	733,493		
Regeneration	1,539,656		1,539,656	
Play Areas	87,163	87,163		
Estate Lighting	2,700,000	2,700,000		
Sheltered Housing	380,000	380,000		
<b>Other Service Area charges total</b>	<b>6,427,575</b>	<b>4,887,919</b>	<b>1,539,656</b>	<b>0</b>
<b>TOTAL</b>	<b>41,529,803</b>	<b>33,948,921</b>	<b>6,838,599</b>	<b>742,283</b>

## B Service Area Templates

see separate file

## C Consultees

We would like to thank the following officers for their contributions to this review.

<b>Name</b>	<b>Role</b>	<b>Department</b>
Ian Young	Finance Manager (HRA)	Finance and Resources
Shaun Regan	Finance and Performance Manager (HRA)	Finance and Resources
Mark Dean	Finance Manager	Corporate Services
Edwin Thomas	Snr Finance Manager	Environment
Daniel Brew-Riverson	Finance Manager	Sustainable Services
Danae Kiely	Finance Manager	Community Housing Services
Richard Bennett	Principal Investment Officer	Regeneration and Neighbourhoods
Nick Ridgmet	Finance Manager	Regeneration and Neighbourhoods
Shane Cunningham	Finance Manager	Regeneration and Neighbourhoods
Chris O'Brien	Senior Accountant	Finance and Resources
John Braggins	Snr Strategy Accountant	Finance and Resources
Ian Smith	Hygiene Services Manager	Southwark Cleaning Services
Jonathan Toy	Head of Community Safety	Community Safety
Sandra Robb	Divisional Accountant	Community Safety and Enforcement
Martin Green	Assistant Director	Housing Services
John Ziolkowski	Divisional Accountant	Finance and Resources
Jamshed Manzoor	Divisional Accountant	Environment & Leisure
David Sole	Planning and Operations Manager (Abandoned Vehicles)	Environment and Leisure
Sean Bonner	Divisional Accountant, Housing Management	Finance and Resources

<b>Service Area</b>	<b>Corporate and Democratic Core</b>
HRA charge 2010/11	£1,106,000
Total cost to the Council	£11,371,817
Service provided	Chief Executive's office Corporate Management Democratic Representation
Basis on which total costs are derived	Salary costs, office costs and SLAs from other depts. (incl. Facilities Management; Legal; Performance & Strategy; Property)
Basis of allocation between GF and HRA	Proportion of total expenditure funded by grants ( i.e. excludes proportion funded by Council Tax) (82.3%)  Then, of this: <ul style="list-style-type: none"> <li>• CE and Corporate Management – HRA expenditure as % of Total Gross Revenue Expenditure (20.8%)</li> <li>• Democratic Representation – amount of Cabinet Member time spent on Housing issues (1 full-time Member, 4 others which have cross-departmental role) x HRA as a proportion of gross housing expenditure (15.25%)</li> </ul>
Method by which charge is monitored within the Council	Charge is made on budget allocation;
Means by which it is charged into the HRA	Recharge to HRA code from GF
Legality/accordance with current accounting practice	SeRCOP allows local authorities to charge a proportion of CDC costs to the HRA
Reasonableness	The recharge methodology appears reasonable but could be tested by adopted an alternative marginal basis.
Accuracy	Charge is made on budget allocation and so does not reflect the actual cost of the service
Consistency	N/A
Other issues	N/A

Service Area	SCRs: Legal Services
HRA charge 2010/11	£633,007
Total cost to the Council	£2,298,812
Service provided	Legal support to Housing Dept
Basis on which total costs are derived	Includes: <ul style="list-style-type: none"> <li>• Trading account for case work</li> <li>• Director's office</li> <li>• Costs for SLAs from other depts.</li> </ul>
Basis of allocation between GF and HRA	The majority of costs are based on an analysis of time spent on housing work (£522k)
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and adjusted against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharges from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	Charging on the basis of actual cases is a reasonable approach.
Accuracy	Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12.
Consistency	N/A
Other issues	N/A

Service Area	Human Resources
HRA charge 2010/11	£307,745
Total cost to the Council	£3,365,485 (tbc)
Service provided	HR support to Housing Department
Basis on which total costs are derived	Total costs of HR function within the Council
Basis of allocation between GF and HRA	Number of full-time employees (FTEs) within housing as a proportion of Council's FTEs (14.56%)
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and adjusted against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	<ul style="list-style-type: none"> <li>• Costs are relevant to Housing</li> <li>• Allocation is reasonable as these are people related costs</li> </ul>
Accuracy	Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12.
Consistency	N/A
Other issues	N/A

Service Area	Marketing and Communications
HRA charge 2010/11	£378,017
Total cost to the Council	£1,591,701 (tbc)
Service provided	<ul style="list-style-type: none"> <li>• Press and marketing management, including staff salaries and publication of "Southwark Life"</li> <li>• Individual housing campaigns agreed at start of year and monitored against an agreed budget</li> </ul>
Basis on which total costs are derived	Staff salaries and cost of publications
Basis of allocation between GF and HRA	HRA expenditure as % of Total Gross Revenue Expenditure (22.65%)
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and adjusted against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	Allocation of the basis of Gross Expenditure is reasonable
Accuracy	Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12.
Consistency	N/A
Other issues	N/A

Service Area	Customer Services including One Stop Shops
HRA charge 2010/11	£7,058,781
Total cost to the Council	£14,944,957 (tbc)
Service provided	Customer Service Centres including one-stop shops and call centres
Basis on which total costs are derived	<ul style="list-style-type: none"> <li>• "Complaints" – Gross Expenditure (22.65%)</li> <li>• One stop shops and call centres - % of housing related calls and enquiries</li> </ul>
Basis of allocation between GF and HRA	<ul style="list-style-type: none"> <li>• "complaints " – Gross Expenditure (22.65%)</li> <li>• Housing proportion of Customer Service Centre (CSC) One Stop Shop (OSS) calls (57.64%)</li> <li>• Housing proportion of CSC calls excluding OSS (46.66%)</li> </ul>
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and adjusted against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	Allocation on the basis of proportion of enquiries relating to Housing is reasonable
Accuracy	<ul style="list-style-type: none"> <li>• This is a large expenditure area and SCR contribution rests on the accuracy of allocating call by Department – there are a large number of miscellaneous calls which are pro-rated</li> <li>• Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12.</li> </ul>
Consistency	N/A
Other issues	N/A



Service Area	DCE's office
HRA charge 2010/11	£74,901 (tbc)
Total cost to the Council	£210,307 (tbc)
Service provided	Deputy Chief Executive, office and overheads
Basis on which total costs are derived	Salaries and departmental overheads
Basis of allocation between GF and HRA	Amount of DCE expenditure already charged to HRA as a proportion of the overall DCE cost
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and adjusted against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	The method of allocation is reasonable
Accuracy	Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12
Consistency	N/A
Other issues	N/A

Service Area	Improvement and Development
HRA charge 2010/11	£1,240,865
Total cost to the Council	tbc
Service provided	We understand that this is wrongly named and actually represents capital charges – on this basis this should not be part of the SCRs.
Basis on which total costs are derived	
Basis of allocation between GF and HRA	
Method by which charge is monitored within the Council	
Means by which it is charged into the HRA	
Legality/accordance with current accounting practice	
Reasonableness	
Accuracy	
Consistency	
Other issues	

Service Area	IT Services
HRA charge 2010/11	£1,492,086
Total cost to the Council	£10,551,365 (tbc)
Service provided	IT infrastructure, maintenance and support
Basis on which total costs are derived	Salary costs and overheads; 3 <sup>rd</sup> party IT charges (e.g. printers, telephones)
Basis of allocation between GF and HRA	Proportion of IT users within housing
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and adjusted against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	The basis of the recharge calculation broadly reflects IT requirements and is therefore reasonable
Accuracy	Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12.
Consistency	N/A
Other issues	N/A

Service Area	Corporate Procurement
HRA charge 2010/11	£54,163 (tbc)
Total cost to the Council	£367,199 (tbc)
Service provided	Corporate support on procurement
Basis on which total costs are derived	Salaries and overheads
Basis of allocation between GF and HRA	Number of FTEs within housing as proportion of total FTEs in the Council (14.75%)
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and adjusted against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	It could be argued that Gross Expenditure is a better basis for calculation
Accuracy	Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12.
Consistency	N/A
Other issues	N/A

Service Area	CfM Site Operations
HRA charge 2010/11	£93,656 (tbc)
Total cost to the Council	£634,938 (tbc)
Service provided	Facilities Management
Basis on which total costs are derived	Salaries and overheads
Basis of allocation between GF and HRA	Number of FTEs within housing as proportion of total FTEs in the Council (14.75%)
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and adjusted against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	It could be argued that Gross Expenditure is a better basis for calculation
Accuracy	Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12.
Consistency	N/A
Other issues	N/A

Service Area	Corporate Finance Services
HRA charge 2010/11	£1,356,358 (tbc)
Total cost to the Council	£7,109,805 (tbc)
Service provided	Finance Services including budgeting and financial planning, audit and risk, Chief Accountant and Finance Director's office, SAP helpdesk
Basis on which total costs are derived	Salaries and overheads
Basis of allocation between GF and HRA	Primarily Gross Expenditure (23.01%)
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and issues identified re underspend against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	Charging Finance costs on the basis of gross expenditure seems reasonable as the largest department requires the most financial management.
Accuracy	Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12.
Consistency	N/A
Other issues	N/A

<b>Service Area</b>	<b>Housing Finance</b>
HRA charge 2010/11	£676,572 (tbc)
Total cost to the Council	£676,572 (tbc)
Service provided	HRA and housing management finance
Basis on which total costs are derived	Salaries and overheads
Basis of allocation between GF and HRA	100% charged to HRA as housing related costs
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and adjusted against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	Reasonable as these are housing related costs
Accuracy	Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12.
Consistency	N/A
Other issues	N/A

Service Area	Transfers into F&R
HRA charge 2010/11	£59,873 (tbc)
Total cost to the Council	£514,418 (tbc)
Service provided	Departmental SLA charges into F&R
Basis on which total costs are derived	SLA recharges allocated to F&R
Basis of allocation between GF and HRA	Amount of F&R expenditure already charged to HRA as a proportion of the overall F&R cost
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and adjusted against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	The method of allocation is reasonable.
Accuracy	Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12.
Consistency	N/A
Other issues	N/A



Service Area	Insurance
HRA charge 2010/11	£1,109,269
Total cost to the Council	£4,250,487
Service provided	<ul style="list-style-type: none"> <li>• All risks insurance</li> <li>• General insurance</li> <li>• Liability insurance</li> <li>• Insurance Administration</li> <li>• Insurance for HRA property</li> </ul>
Basis on which total costs are derived	<ul style="list-style-type: none"> <li>• Premiums and actual claims</li> <li>• Largest item is "Liability insurance" (£3.049m)</li> </ul>
Basis of allocation between GF and HRA	<p>Liability insurance, the largest budget, is apportioned on the number of claims attributable to Housing as a proportion of overall claims</p> <p>The next largest, HRA Property insurance, is 100% HRA</p>
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and issues identified re underspend against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	It is reasonable to apportion costs on the basis of actual claims.
Accuracy	Costs are calculated against budget figures rather than actuals which means in 2010/11 the Council had to fund an overspend on this budget from reserves
Consistency	N/A
Other issues	N/A

Service Area	Accommodation at 160 Tooley Street
HRA charge 2010/11	£1,592,133
Total cost to the Council	£11,158,431 (tbc)
Service provided	Accommodation for housing staff at Tooley St
Basis on which total costs are derived	Total accommodation costs at Tooley St
Basis of allocation between GF and HRA	Proportion of workstations allocated to housing staff
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• In 2010/11 SCRs calculated as at month 9 forecasts and adjusted against actual at year end</li> <li>• This year SCR monitor is being developed with monthly forecast update – to be introduced for qtr 2.</li> </ul>
Means by which it is charged into the HRA	Recharge from GF to HRA code
Legality/accordance with current accounting practice	SeRCOP states that "an apportionment of all support service costs and some overheads are to be included within total cost".
Reasonableness	Reasonable as it reflects the proportion of Tooley St utilised by Housing
Accuracy	Where SCRs were calculated at month 9 in 2010/11, this may misstate the end year figure. This approach is being revised in 2011/12.
Consistency	N/A
Other issues	N/A

Service Area	Estate cleaning
HRA charge 2010/11	£10, 548,428
Total cost to the Council	£10, 548,428
Service provided	<ul style="list-style-type: none"> <li>• Cleaning of all communal areas outside flats</li> <li>• Contract defined by inputs e.g. no. of visits and outputs e.g. quality of finish</li> <li>• Fly-tipping &amp; graffiti removal are within contract</li> <li>• Only additions may be e.g. charges for garage clearance or void clearance</li> </ul>
Basis on which total costs are derived	<ul style="list-style-type: none"> <li>• Direct staff time attributed through timesheets to housing estates</li> <li>• Direct supervision costs</li> <li>• Other overheads allocated based on a split of direct FTE posts attributed to housing estates</li> </ul>
Basis of allocation between GF and HRA	<ul style="list-style-type: none"> <li>• Separate GF code for Housing direct staff and materials</li> <li>• Split of management overheads</li> </ul>
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> <li>• Budget based on pricing of original DICE specification (2003?), with annual indexation</li> <li>• Subject to variation when estates move in/out of HRA – e.g. through demolition, or TMO</li> <li>• Service has been subject to recent House Mark benchmarking report</li> </ul>
Means by which it is charged into the HRA	<ul style="list-style-type: none"> <li>• Transfers into HRA code</li> <li>• Can disaggregate estate/block costs for leasehold charges</li> </ul>
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985
Reasonableness	All costs charged are associated with time spent on HRA properties
Accuracy	Costs reflect contract costs and the SCS has improved its processes for allocating costs to estates for recharging leaseholders.
Consistency	Same approach applied to grounds maintenance
Other issues	Housing client side have agreed a system of rectification notices and financial penalties for non-performance under cleaning contract with Southwark Cleaning Services; but this is not in place yet.

Service Area	Grounds maintenance
HRA charge 2010/11	£1,953,611
Total cost to the Council	£1,953,611
Service provided	Maintenance of the grounds of housing estates including grass cutting, maintenance of shrub beds, weeding
Basis on which total costs are derived	<ul style="list-style-type: none"> <li>• Direct staff time attributed through timesheets to housing estates</li> <li>• Direct supervision costs</li> <li>• Other overheads allocated based on a split of direct FTE posts attributed to housing estates</li> </ul>
Basis of allocation between GF and HRA	<ul style="list-style-type: none"> <li>• Separate GF code for Housing direct staff and materials</li> <li>• Split of management overheads</li> </ul>
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> <li>• Budget based on pricing of original DICE specification (2003), with annual indexation</li> <li>• Subject to variation when estates move in/out of HRA – e.g. through demolition, or TMO</li> </ul>
Means by which it is charged into the HRA	<ul style="list-style-type: none"> <li>• Transfers into HRA code</li> <li>• Can disaggregate estate costs for leasehold charges</li> </ul>
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985, including land acquired for these purposes
Reasonableness	All costs charged are associated with time spent on HRA properties
Accuracy	Costs reflect contract costs and the SCS has improved its processes for allocating costs to estates for recharging leaseholders.
Consistency	Same approach applied to estate cleaning
Other issues	N/A

Service Area	Pest control
HRA charge 2010/11	£1,107,471
Total cost to the Council	£1,107,471
Service provided	Block treatments (for over 10% infestation) plus re-active service (free to Council tenants but charged to others)
Basis on which total costs are derived	<ul style="list-style-type: none"> <li>• Budget set in 2007 at £1.2m</li> <li>• Now reduced to £1.1m (cost savings achieved by reducing number of technicians from 27 to 24)</li> </ul>
Basis of allocation between GF and HRA	<ul style="list-style-type: none"> <li>• Separate GF code for Housing direct staff and materials</li> </ul>
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> </ul>
Means by which it is charged into the HRA	<ul style="list-style-type: none"> <li>• Transfers into HRA code</li> <li>• Can disaggregate estate costs for leasehold charges</li> </ul>
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985
Reasonableness	Costs are in accordance with agreed budget for services on housing estates
Accuracy	Costs reflect contract costs and the SCS has improved its processes for allocating costs to estates for recharging leaseholders
Consistency	Services provided to non-Council tenants will be charged for
Other issues	N/A

Service Area	Refuse storage and collection
HRA charge 2010/11	£1,099,098
Total cost to the Council	£1,099,098
Service provided	<p>Services in excess of the standard Veolia provision in the borough got waste collection e.g.</p> <ul style="list-style-type: none"> <li>• Provision and maintenance of refuse containers (e.g. Eurobins)</li> <li>• Black refuse sack delivery (2 per week to 11,655 properties)</li> <li>• Multi-level collections – door-to-door on larger blocks where hoppers have been locked for safety reasons</li> <li>• Plus there may be additional collections where requested by Estate Managers because bin stores are too small for volume of rubbish</li> </ul>
Basis on which total costs are derived	<p>Unit rates (original costs 2001) indexed totalling:</p> <ul style="list-style-type: none"> <li>• Refuse containers c. £560k</li> <li>• Multi-level collection £340k</li> <li>• Refuse sacks £190k</li> </ul>
Basis of allocation between GF and HRA	<ul style="list-style-type: none"> <li>• Separate GF code for Housing</li> </ul>
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> </ul> <p>Southwark Cleaning Services client the service; breakdown of cost allocation provided; service monitored against contract specification</p>
Means by which it is charged into the HRA	<ul style="list-style-type: none"> <li>• Transfers into HRA code</li> <li>• Can disaggregate estate/block costs for leasehold charges</li> </ul>
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985
Reasonableness	All costs charged are associated with HRA properties and are for services in excess of the standard waste collection provision under the Veolia contract
Accuracy	Costs reflect contract costs, and are identified by estate
Consistency	Charge would be applied to non-Council estates in receipt of additional services
Other issues	The provision of black refuse sacks could be seen as a non-essential service

Service Area	Community Wardens
HRA charge 2010/11	£357,434
Total cost to the Council	£3,341,502
Service provided	<ul style="list-style-type: none"> <li>• Warden patrols on housing estates between 09.00 and 22.30, 7 days per week</li> <li>• Response team 7 days per week</li> <li>• Problem solving team dealing with crime and ASB</li> <li>• (plus support from Control room; Area Manager x2 and Snr Manager x1)</li> </ul>
Basis on which total costs are derived	Salaries and overheads
Basis of allocation between GF and HRA	Historic budget
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> </ul>
Means by which it is charged into the HRA	Budget allocation charged to HRA
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985, including land acquired for these purposes
Reasonableness	It is reasonable to charge for services on Council estates which support the landlord function
Accuracy	The charge is based on a budget allocation and does not reflect the actual cost of the service
Consistency	This service is delivered by the Council to the town centre areas and Council estates. It should be charged for if it were to extend to other non-Council estates.
Other issues	N/A

Service Area	Enforcement
HRA charge 2010/11	£470,667 (reduced to £370k in 2011/12)
Total cost to the Council	£1.2m
Service provided	<ul style="list-style-type: none"> <li>• Respond on a reactive basis to "enviro-crime" reports (e.g. large scale fly-tipping on housing estates)</li> <li>• Planned estate operations (e.g. patrolling estates in response to issues raised by housing office such as waste, graffiti, fly-tipping)</li> <li>• Stray dog service (pick-up, deliver to kennels, re-homing – 80% of strays from LBS properties)</li> </ul>
Basis on which total costs are derived	<ul style="list-style-type: none"> <li>• Budget includes staff, equipment and legal budget.</li> <li>• Team of 6 officers, 1 supervisor, 1 team leader (+ overtime for weekends/late evenings).</li> </ul>
Basis of allocation between GF and HRA	<ul style="list-style-type: none"> <li>• Service covers whole borough – public realm and council housing estates.</li> <li>• Service to housing defined within a Service Level Agreement.</li> </ul>
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> </ul>
Means by which it is charged into the HRA	Budget allocation charged to HRA
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985, including land acquired for these purposes
Reasonableness	It is reasonable to charge for services on Council estates which support the landlord function
Accuracy	The charge is based on a budget allocation and does not reflect the actual cost of the service
Consistency	The service is not provided to other social landlords who would be charged for.
Other issues	N/A



Service Area	Noise Reduction
HRA charge 2010/11	£211,988
Total cost to the Council	£1.2m
Service provided	Respond on a reactive basis to complaints of noise nuisance
Basis on which total costs are derived	Cost of providing 7 days per week service (Mon-Thurs 6am-midnight; weekends 6am-2.30am)
Basis of allocation between GF and HRA	<ul style="list-style-type: none"> <li>• HRA cost represents a historic budget</li> <li>• Real cost based on time allocated to housing is estimated to be £465k</li> </ul>
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> </ul>
Means by which it is charged into the HRA	Budget allocation charged to HRA
Legality/accordance with current accounting practice	This is assumed to reflect costs associated with housing provided under Part II of the Housing Act 1985. However as this is primarily a responsive service to call-outs from individuals it is difficult to differentiate this service from that offered to the wider Southwark population
Reasonableness	The same service if offered to residents regardless of tenure and so it does not seem reasonable to identify a separate charge for the HRA
Accuracy	The charge is based on a budget allocation and does not reflect the actual cost of the service
Consistency	See comment under "Reasonableness"
Other issues	N/A

Service Area	Southwark Anti-Social Behaviour Unit (SASBU)
HRA charge 2010/11	£770,136
Total cost to the Council	£1,002,773
Service provided	<ul style="list-style-type: none"> <li>• Action Housing ASB requests</li> <li>• Domestic violence referral service</li> <li>• Risk assessment for victims and witnesses</li> <li>• Manage estate action</li> <li>• Deal with rough sleeping issues on housing estates</li> </ul>
Basis on which total costs are derived	Salaries, overheads, legal costs
Basis of allocation between GF and HRA	<ul style="list-style-type: none"> <li>• HRA cost represents a historic budget</li> <li>• Real cost based on time allocated to housing is estimated to be £849k</li> </ul>
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> </ul>
Means by which it is charged into the HRA	Budget allocation charged to HRA
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985
Reasonableness	It is reasonable to charge for services on Council estates which support the landlord function
Accuracy	The charge is based on a budget allocation and does not reflect the actual cost of the service
Consistency	The same services are not delivered to non-Council estates
Other issues	N/A

<b>Service Area</b>	<b>CCTV</b>
HRA charge 2010/11	£107,162
Total cost to the Council	£780k
Service provided	<ul style="list-style-type: none"> <li>Monitoring of 120 estate cameras through central control room (service monitors 120 out of 300 estate cameras – others are "self-recording" or linked to a concierge)</li> <li>Project manage repairs</li> <li>Audit network (50% in 2010/11)</li> </ul>
Basis on which total costs are derived	Monitoring c. 287 cameras (120 housing; 167 public realm) 24 hour CCTV monitoring
Basis of allocation between GF and HRA	<ul style="list-style-type: none"> <li>Reflects charge for monitoring and download of housing cameras charged at 50% of the cost of public realm cameras</li> <li>Technical support on camera inspections and repairs</li> <li>Audit costs</li> </ul>
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>Quarterly budget monitoring</li> </ul>
Means by which it is charged into the HRA	Charged to HRA budget
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985, including land acquired for these purposes
Reasonableness	It is reasonable to charge for services on Council estates which support the landlord function
Accuracy	The charge is based on a budget allocation and does not reflect the actual cost of the service
Consistency	This service is delivered by the Council to the town centre areas and Council estates. It should be charged for if it were to extend to other non-Council estates
Other issues	N/A

<b>Service Area</b>	<b>Tree Maintenance</b>
HRA charge 2010/11	£360,680; reduced to £317,087 in 2011/12
Total cost to the Council	£360,680
Service provided	Maintenance of trees on HRA land; service provided by Environment & Leisure under an SLA with Housing and charged directly to HRA
Basis on which total costs are derived	Cost of works and fees incurred on HRA land
Basis of allocation between GF and HRA	Direct charge to the HRA
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> </ul>
Means by which it is charged into the HRA	Direct charge to HRA
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985, including land acquired for these purposes
Reasonableness	This is a charge for services to maintain trees on HRA land so it is reasonable to recharge.
Accuracy	The cost reflects actual costs of works and fees to HRA land
Consistency	Yes - if this service was offered to non-Council estates it would be charged for.
Other issues	N/A

<b>Service Area</b>	<b>Estate parking</b>
HRA charge 2010/11	£522,446; reduced to £150,000 in 2011/12 due to contract review – subject to Business Case approval
Total cost to the Council	£522,446
Service provided	Parking control on housing estates, including clamping and towing away – delivered through contractor
Basis on which total costs are derived	<ul style="list-style-type: none"> <li>• Total cost of service including client costs within Environment and Leisure</li> <li>• New contract terms have been negotiated in 2011/12 which deliver significant reductions in cost reflecting the income generated by parking enforcement</li> </ul>
Basis of allocation between GF and HRA	Direct charge to HRA
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> <li>• Recent contract review and revised Business Case awaiting approval</li> </ul>
Means by which it is charged into the HRA	Direct charge to the HRA
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985, including land acquired for these purposes
Reasonableness	This is a charge for parking control services on HRA estates so it is reasonable to recharge.
Accuracy	The cost reflects contract costs but appears high for 2010/11. The reduction in the budget in 2011/12 indicates a much more effective approach to contract management and a charge based on a defined SLA.
Consistency	Yes - if this service was offered to non-Council estates it would be charged for.
Other issues	N/A

Service Area	Abandoned vehicles
HRA charge 2010/11	£137,409; budget reduced to £124,668 in 2011/12
Total cost to the Council	£137,409
Service provided	Removal of untaxed cars from housing estates to car pound; DVLA search; unclaimed cars scrapped after 28 days – staff based within Environment and Leisure – SLA with Housing
Basis on which total costs are derived	<ul style="list-style-type: none"> <li>• 50 reserved spaces in the car pound over 1 year at £4.50 per space per day = £82,125 (4.50 x 50 x 365days)</li> <li>• Staff costs £55,000</li> </ul>
Basis of allocation between GF and HRA	Direct charge to the HRA
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> </ul>
Means by which it is charged into the HRA	Direct charge to the HRA
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985, including land acquired for these purposes
Reasonableness	This is a charge for the removal of abandoned cars from Housing estate and so is reasonable. Environment & Leisure also remove untaxed cars from the public Highway but not from other (non-Council) housing estates.
Accuracy	Charge reflects actual cost of car pound spaces and staff time
Consistency	If this service was offered to non-Council estates it would be charged for.
Other issues	In the first quarter 2011/12 only five cars were removed from Council estates. The Council may wish to review the VfM aspects of this service, in particular the number of spaces reserved in the car pound.

Service Area	Energy management
HRA charge 2010/11	£258,409
Total cost to the Council	£258,409
Service provided	<ul style="list-style-type: none"> <li>• Provision of Energy Performance Certificates (EPCs) by external contractor for HRA properties on re-letting or sale (statutory requirement)</li> <li>• Management of energy accounts for HRA properties</li> </ul>
Basis on which total costs are derived	<ul style="list-style-type: none"> <li>• EPCs - £140k budget for an assumed turnover of properties</li> <li>• Management of energy accounts – staff salaries and overheads</li> </ul>
Basis of allocation between GF and HRA	Direct HRA charge although budget is managed within Environment
Method by which charge is monitored within the Council	<ul style="list-style-type: none"> <li>• Quarterly budget monitoring</li> </ul>
Means by which it is charged into the HRA	Direct HRA charge
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985
Reasonableness	This is reasonable as it is a cost for services relating to the Council landlord function
Accuracy	EPCs are charged on a unit basis; and energy account management reflects staff time on HRA accounts. Therefore these costs are accurate.
Consistency	N/A
Other issues	N/A

<b>Service Area</b>	<b>Garden maintenance</b>
HRA charge 2010/11	£108,920
Total cost to the Council	£108,920
Service provided	<ul style="list-style-type: none"> <li>• Assistance with gardening for elderly or disabled tenants</li> <li>• Service is delivered by Walworth Garden Farm (WGF)</li> </ul>
Basis on which total costs are derived	Contract with WGF based on unit rates for services; contract managed within Environment on the basis of tenant referrals from Housing Management
Basis of allocation between GF and HRA	Direct charge to the HRA
Method by which charge is monitored within the Council	Quarterly budget monitoring
Means by which it is charged into the HRA	Direct charge to the HRA
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985
Reasonableness	This is reasonable as it is a support function to tenants which contributes to the council's landlord function.
Accuracy	The cost reflects contract costs with WGF.
Consistency	This service is only offered to Council tenants
Other issues	N/A



Service Area	Temporary accommodation
HRA charge 2010/11	£556,183
Total cost to the Council	£1.275m
Service provided	<ul style="list-style-type: none"> <li>• Temporary accommodation due to e.g. homeless, disputes, fire</li> <li>• Service reflects costs of management, placement, monitoring and moving on</li> </ul>
Basis on which total costs are derived	<ul style="list-style-type: none"> <li>• Total cost of staff over 3 teams</li> </ul>
Basis of allocation between GF and HRA	<ul style="list-style-type: none"> <li>• HRA costs reflect costs associated with HRA property: estate voids (c. 200 p.a.) and hostels (722 bed spaces in 21 hostels)</li> <li>• GF costs reflect bed and breakfast accommodation and Private Sector Leasing</li> <li>• Split calculated on unit numbers</li> </ul>
Method by which charge is monitored within the Council	Quarterly budget monitoring
Means by which it is charged into the HRA	Recharge to HRA budget
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985
Reasonableness	The charge reflects costs associated with the Council's landlord function and is reasonable
Accuracy	The costs represents time spent on HRA activities
Consistency	N/A
Other issues	N/A

Service Area	Tenancy support
HRA charge 2010/11	£348,657
Total cost to the Council	£348,657
Service provided	Advice and support provided by SUSTAIN team to HRA tenants in particular to manage rent arrears, financial hardship, ASB.
Basis on which total costs are derived	Team of 8 staff
Basis of allocation between GF and HRA	100% of team costs charged as team work full-time on HRA cases
Method by which charge is monitored within the Council	Quarterly budget monitoring
Means by which it is charged into the HRA	Charged directly to its own cost centre within the HRA
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985
Reasonableness	Tenancy support services are a landlord function and so should be charged to the HRA
Accuracy	The costs represent a discrete team delivering this function and so are accurate
Consistency	N/A
Other issues	N/A

Service Area	Disabled adaptations
HRA charge 2010/11	£82,423
Total cost to the Council	£82,423
Service provided	<ul style="list-style-type: none"> <li>• Minor adaptations to Council homes following referral from Social Care Services or hospital Occupational Therapist</li> <li>• Minor adaptations are low cost (less than £1,000) and include e.g. lever taps, external grab rails, altering door thresholds</li> </ul>
Basis on which total costs are derived	Budget allowance within HRA
Basis of allocation between GF and HRA	Direct charge to the HRA
Method by which charge is monitored within the Council	Quarterly budget monitoring
Means by which it is charged into the HRA	Charged directly to HRA
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985
Reasonableness	As these costs are for minor works to HRA properties in support of the Council's landlord function they are reasonable
Accuracy	The costs reflect actual works undertaken and so are accurate
Consistency	N/A
Other issues	N/A

Service Area	Property services
HRA charge 2010/11	£733,493
Total cost to the Council	£733,493
Service provided	Property services including Right-to-Buy (RTB) valuations, commercial lettings and disposals; plus management of all HRA commercial property accounts.
Basis on which total costs are derived	The service is provided by the in-house Property Team and charged on a time-charge basis based on agreed hourly rates; commercial property account management is undertaken for a 5% fee.
Basis of allocation between GF and HRA	Direct charge to the HRA
Method by which charge is monitored within the Council	Quarterly budget monitoring
Means by which it is charged into the HRA	Direct charge to the HRA
Legality/accordance with current accounting practice	Reflects costs associated with housing and other assets provided under Part II of the Housing Act 1985
Reasonableness	As these costs reflect services in relation to HRA assets it is reasonable to charge them to the HRA
Accuracy	The costs reflect time charged on defined projects at an agreed hourly rate.
Consistency	N/A
Other issues	N/A

Service Area	Regeneration
HRA charge 2010/11	£1,539,656
Total cost to the Council	£3,162,084
Service provided	Services relating to the regeneration of Elephant & Castle (E&C) and Aylesbury Estate including masterplanning, procurement and demolition
Basis on which total costs are derived	Total annual cost for E&C and Aylesbury
Basis of allocation between GF and HRA	<ul style="list-style-type: none"> <li>E&amp;C: capped annual budget of £250k; in 2010/11 this was increased by £81k to cover some of the demolition costs of the Heygate Estate</li> <li>Aylesbury: allocation of actual costs for staff team, master planning, consultancy support and procurement of developers</li> </ul>
Method by which charge is monitored within the Council	Quarterly budget monitoring
Means by which it is charged into the HRA	Charged from GF into HRA code
Legality/accordance with current accounting practice	Reflects costs associated with housing provided under Part II of the Housing Act 1985
Reasonableness	These costs relate to HRA property and land which is being disposed of for development. Whilst it remains in the HRA, costs associated with it is a reasonable charge to the HRA. Where projects such as E&C contain non-HRA land, an appropriate apportionment should be made.
Accuracy	<ul style="list-style-type: none"> <li>The E&amp;C HRA budget has been fixed at £250k since 2003; it should reflect actual costs rather than a budget sum; in 2010/11 it is less than the full costs of Heygate security and demolition.</li> <li>The Aylesbury budget has historically received some NDC funding which will now cease; however costs are reducing and so the budget should decrease.</li> </ul>
Consistency	N/A
Other issues	N/A

Separate forms are not included for plays, areas, estate lighting and sheltered housing as these are discussed in more detail in the main report.



This is a possible scrutiny item and the following pages contain papers regarding Hawkstone Estate:-

1. Hawkstone Estate Final Report – Cabinet – 13.12.2011
2. Hawkstone Estate table paper – Cabinet – 13.12.2011
3. Hawkstone Estate – Appendix 1
4. Hawkstone Estate Appendix 2
5. Cabinet Minutes (13.12.2012)

The sub-committee has a further two meetings for the remainder of this financial year and the meeting dates are listed below:-

1. Wed 14<sup>th</sup> March 2012
2. Wed 2<sup>nd</sup> May 2012



<b>Item No.</b> 7.	<b>Classification:</b> Open	<b>Date:</b> 13 December 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Hawkstone Low-Rise Options Appraisal	
<b>Ward(s) or groups affected:</b>		Rotherhithe Ward	
<b>Cabinet Member:</b>		Councillors Fiona Colley, Regeneration and Corporate Strategy and Ian Wingfield, Deputy Leader and Housing Management	

**FOREWORD - COUNCILLORS FIONA COLLEY, CABINET MEMBER FOR REGENERATION AND CORPORATE STRATEGY AND IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT**

After years of uncertainty and delays we are delighted to be able to take a firm decision for the future of the Hawkstone Estate Low-rise blocks.

Having closely monitored works on three pilot flats, we can now be confident that the Hawkstone low-rise blocks can be safely refurbished without residents having to move out of their homes and that the works can be delivered within the budget initially allocated to the Hawkstone estate in the council's 2 year investment programme, which members will be aware should have meant that works were already underway to these blocks prior to the commencement of the current 5 year housing investment programme.

It is right that a range of other options were considered and consulted on alongside the refurbishment options considered for the Hawkstone low-rise blocks. Although it has required intensive focus and commitment from residents, it would not have been right to extend the period of uncertainty when steps could have been taken to reach a decision as soon as possible - Hawkstone low-rise residents have been living with uncertainty over the future of their homes for too long

Following this work we are pleased to recommend our preferred option of enhanced refurbishment of the Hawkstone low-rise blocks which can be afforded within the money already made available for the Hawkstone estate, and which will contribute towards the council's aspirations for a 30 year asset management plan to follow on from our commitment to make all homes warm, dry and safe.

We'd like to thank all the residents who have assisted us in this appraisal and consultation work and in particular the residents who kindly allowed pilot study works to be conducted in their homes.

We now look forward to progressing these works as quickly as possible and making every home on the Hawkstone Estate warm, dry and safe.

**RECOMMENDATIONS**

1. That the cabinet notes the findings of the Hawkstone low-rise options appraisal.

2. That the cabinet approves the adoption of the preferred option of enhanced refurbishment of the Hawkstone low-rise blocks and that these works are programmed into the housing investment programme for financial year 2012/13.
3. That officers report to cabinet on the implementation of this option only if matters arise that mean that an enhanced refurbishment option can not be implemented within the resources that have been made available for the Hawkstone estate.

#### **BACKGROUND INFORMATION**

4. On 31 May 2011, cabinet approved consultation on the council's draft five year housing investment programme. Within that report, 6 housing estates were identified as requiring high investment in order to refurbish them to the government decent homes standard. These estates were the Brandon Estate, Aylesbury Estate, Elmington Estate, Four Squares, Hawkstone low-rise and Abbeyfield estate.
5. Agreed investment approaches are in place for the Brandon, Aylesbury and Elmington estates. Cabinet therefore agreed that officers undertake options appraisals for the remaining three estates in consultation with residents, namely the Four Squares, Abbeyfield and Hawkstone low-rise.
6. Officers reported back to cabinet on 18 October 2011 on the progress made to date in carrying out these options appraisals. Cabinet noted progress and approved an updated project plan for the three estates, which stated that a further report would be provided to cabinet in December 2011 outlining the outcome of the Hawkstone low-rise options appraisal. Officers were directed to report back on the outcome of the Four Squares and Abbeyfield estate options appraisals in February 2012.

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

7. It was noted in the cabinet report of 18 October 2011 that the council's options appraisal methodology consists of an evaluation of net present value, strategic fit and risk.
8. In order to provide the quantitative information required to feed into this evaluation, a technical advisor team was appointed to undertake costed building condition and land capacity surveys. A quantity surveyor was appointed to review the stated costs identified in these surveys. These appointments were made in keeping with council contract standing orders, with two residents from the Hawkstone low-rise options appraisal resident steering group (hereafter referred to as the Hawkstone RSG) participating fully in the procurement exercise. MACE was appointed to advise on building condition, PRP architects was appointed to advise on land capacity and Potter Raper was appointed as independent advisors on cost.

#### **Building condition survey findings**

9. MACE was directed to review existing information on stock condition held by the council in relation to the Hawkstone low-rise blocks as well as carrying out their own surveys. An important element of this information concerned the findings emerging from works undertaken to three pilot flats in the low-rise blocks.

10. Works were undertaken to an initial void pilot flat in a Hawkstone low-rise block by the council's major-works partnering contractor Wates. Wates concluded that it would not be possible to undertake decent homes refurbishment works with residents in situ due to the prevalence of asbestos within dwellings. Following further discussion, Wates undertook to carry out and closely monitor works to an additional two pilot flats in order to determine if it were possible to safely replace windows in these flats with residents in situ.
11. The findings that have emerged from the second pilot flat indicate that it is possible to replace windows in these flats without causing any risk to the occupants' health by the disturbance of asbestos. Works to a further pilot flat were undertaken to further verify that this is the case. The second pilot flat has confirmed that the metal single-glazed windows in the low-rise blocks can be removed and replaced safely with double-glazed UPVC windows, leaving the timber surrounds in place without disturbing the asbestos within the overall structure. The second pilot has also identified that it is possible to safely over-clad the remaining timber frame, encapsulating the external asbestos board with residents in situ.
12. Taking into account the findings of previous surveys, including the Wates pilot works, and their own representative sample survey of 10 per cent of the low rise properties, MACE identified the range of works that were necessary in order to ensure that the homes met the following criteria:
  - Warm, dry and safe in accordance with the investment strategy adopted in May 2011 and the 5 year programme agreed in October 2011
  - An enhanced standard to enable the blocks to meet the 30 year investment cycle criterion set for the council's housing investment programme.
13. In order to ensure that the lifecycle costs of each refurbishment option were taken into account in making an investment decision for the Hawkstone low-rise blocks, MACE was also asked to identify a schedule of maintenance that would need to be undertaken on the blocks, based on the assumption of a 10 year maintenance cycle.
14. One of the key findings to emerge from the MACE surveys was that refurbishment works could be carried out to both the standards set out above with residents in situ, only requiring residents to temporarily vacate their properties for a period of up to five hours where asbestos-bearing kitchen or bathroom panels would be disturbed due to major kitchen or bathroom works and full asbestos management measures were therefore necessary.

#### **Land capacity survey findings**

15. PRP architects were asked to identify areas of additional land capacity on the Hawkstone estate.
16. In identifying viable infill development or redevelopment opportunities within the area, PRP considered the following:
  - Existing development within the area
  - Current use and quality of existing spaces
  - Resident feedback on both of the above

17. All these factors were of importance because the purpose of considering development was to provide finance for the scheme to be delivered, and if necessary to provide rehousing capacity.
18. PRP then designed three, phased, additional development options for the Hawkstone estate which were:
  - Infill development on the old doctor's surgery and Hawkstone Road garage site with environmental improvements to the areas immediately surrounding the low rise blocks.
  - Infill development on the old doctor's surgery and Hawkstone Road garage site with redevelopment of Rotherhithe Old Road and 15 1-bedroom homes from Canute Gardens with environmental improvements to the areas immediately surrounding the low rise blocks and also to existing amenity space.
  - Infill development on the old doctor's surgery and Hawkstone road garage site with complete, phased redevelopment of all the Hawkstone low-rise blocks.

### **Developing the five options**

19. The findings of both the building surveyors and architects were then combined to produce five draft options to be appraised for the Hawkstone low-rise blocks, which were then discussed with residents at a Hawkstone RSG meeting on 12 October 2011 and at a Hawkstone Tenant and Residents' Association meeting on 26 October 2011.
20. Taking into account feedback from residents, and information made available as the building surveys progressed, the options were developed in further detail and then consulted on at an options appraisal day held on 3 November 2011, Residents of the low-rise Hawkstone blocks and of John Kennedy House and Brydale House were leafleted and encouraged to attend this event.
21. Residents from 45 households from the Hawkstone Estate attended. Display boards describing the detail of each option, and a 3D scale-model were made available for residents to consider. Both the architect and building surveyor teams were available for residents to question about each option, as were council officers from the Estate Regeneration and Housing Investment Teams. Residents' feedback was collected by use of questionnaire forms.
22. The five draft options were:
  - Option 1: Refurbishment of the low rise blocks to make homes warm, dry and safe
  - Option 2: Enhanced refurbishment of the low rise blocks to enable the blocks to last for 30 years
  - Option 3: Enhanced refurbishment of the low rise blocks with additional works to communal areas and facades, including full replacement of kitchens and bathrooms with infill development on the Hawkstone garage site and old doctor's surgery site
  - Option 4: Demolition of Old Rotherhithe Road and part of Canute Gardens with enhanced refurbishment of the retained low rise blocks and infill development on the Hawkstone garage site and old doctor's surgery site.
  - Option 5: Full demolition and redevelopment of the Hawkstone low-rise

blocks.

23. The option that received the most favourable response from Hawkstone low rise residents was for an enhanced refurbishment option, with 15 low-rise residents responding favourably and seven responding unfavourably. When residents were asked if they would support infill development if it helped to generate sufficient resource to facilitate an enhanced refurbishment option, respondents were evenly split, with seven saying yes, and seven saying no. There was a largely indifferent or negative response to option three, with 10 low rise residents disliking the option and only six liking it. Officers received a number of questions from residents about the rehousing implications of the options that involved a level of redevelopment of the low-rise blocks, particularly around the rehousing process and the option to return.
24. Following on from the consultation event, it was confirmed by the building condition study that the replacement of kitchens as part of option two could substantially increase the cost of an enhanced refurbishment standard by requiring the removal of asbestos and the replacement of external panels attached to kitchen windows. Given the responses received from the consultation event that seemed to show support for an enhanced refurbishment standard without infill development, it was decided by the project team to adjust options two, three and four to take into account this new information and the feedback received from the consultation event as below:
  - Option two: Refurbishment of the low-rise blocks to ensure a 30 year life, including replacement of kitchens only where it is evident that they are not fit for purpose; replacement of windows with double glazed UPVC windows, with overcladding.
  - Option three: Refurbishment of the low-rise blocks to ensure a 30 year life, including new kitchens and bathrooms where they are either unfit for purpose or fail on the decent homes 'modernity' criterion with replacement of windows with double glazed composite timber-aluminium windows, with overcladding to the blocks, and development on two infill sites (the old doctor's surgery site and the garage site)
  - Option four: Refurbishment of Jarman House and part of Canute Gardens to ensure a 30 year life to the same standard as listed in option three, with redevelopment of Rotherhithe Old Road and 15 properties in Canute Gardens.
25. Residents were then written to and informed of the changes that had been made to the draft options in response to the consultation event and offered the opportunity to attend a drop-in session with council officers in order to pose any questions they might have about the revised options.
26. The feedback session was relatively well attended with 20 residents dropping in to find out more about the final options to be appraised. Many of the residents who attended the feed-back session had attended the options appraisal drop in session (11 of the 14 respondents who provided this information). Of the 14 residents who filled in a feedback survey, 10 were from the low-rise blocks. Five of the low-rise respondents expressed a strong preference for a refurbishment option, one respondent expressed a preference for option three and three respondents did not comment.
27. The draft options remained the basis of the final options to be appraised,

although further detail had emerged before appraisal concerning the precise extent of refurbishment works to each option; precise rehousing dates for the redevelopment options taking into account the council's existing rehousing in regeneration schemes commitments and feedback from planners on PRP's designs for the options with development implications – options 3 to 5.

### **The preferred option**

28. The options appraisal consultation process was run in parallel with the undertaking of the building surveys, land capacity surveys and cost analysis of the works identified as necessary to the Hawkstone low-rise blocks. These processes were run in parallel, rather than subsequent to each other, in order to provide the opportunity to arrive at an investment decision over the future of the Hawkstone low-rise blocks at cabinet by December 2011.
29. One of the major implications arising from the findings of the two pilot flats and the wider surveys undertaken by MACE was a consensus that refurbishment works to the low-rise blocks could largely be undertaken with residents in situ, with a limited range of works perhaps requiring residents to move to a daytime respite facility for up to five hours. This significantly brought the estimated cost of works down from previous estimates.
30. The need to develop and consider options three to five arose from the potential need to explore investment options for the Hawkstone low-rise blocks, should it emerge that refurbishment could not be achieved within the council's available resources, and if rehousing was found to be necessary.
31. For the purposes of completeness, the five options that had been consulted on with residents were run through the council's options appraisal model after it became known that according to estimates, both options one and two could be resourced from the provision made in the council's housing investment programme, and were assessed against the criteria as outlined in the October 2011 cabinet decision.
32. Assessment of NPV was based on the costings provided to the council by the quantity surveyor and the anticipated land values as provided by a council valuer for options three, four and five. The information informing these valuations was provided by architects and advice from council officers concerning planning requirements affecting the Hawkstone estate. The following was assumed:
  - All new homes were compliant with Southwark's minimum dwelling sizes as set out in the residential design standards supplementary planning document (2011)
  - In accordance with the core strategy (2011) that for each option, 60% of the homes provided had 2 bedrooms or more, and that 20% of the homes provided had 3 bedrooms or more.
  - In accordance with the core strategy (2011) and the saved Southwark Plan (2007) that for each option, a minimum of 35% of the homes provided were affordable, with 70% of those homes being of intermediate tenure and 30% being social rented
  - That all social rented homes were set at target rent in accordance with the affordable housing supplementary planning document.
33. Initially, across all three options, land values were predicated on the assumption

that all affordable housing lost via redevelopment was re-provided as part of the new scheme and that 35% of the net additional homes were provided as affordable housing to enable existing Hawkstone residents to move into new homes if they chose too. This assumption rendered the redevelopment values of options 3, 4 and 5 as negative. Following on from this, the assumption that was modelled and run through the options appraisal is as appears at paragraph 32 – namely that 35% of new homes across the development are provided as affordable. This yielded positive land values.

34. The resulting implication of the above is that a deliverable redevelopment option would be one that did not make provision to rehouse all Hawkstone low-rise residents. Based on the figures run through the options appraisal model, under option four, nine social rented homes would be made available and under option five, 21 social rented homes would be made available. Taking into account Southwark's nominations protocols, Southwark would be able to nominate to seven and 16 of these properties respectively.
35. The strategic fit and risks associated with each option were scored by five council officers drawn from the estate regeneration, property and housing services teams. The ranking of the options against net present value (NPV), strategic fit and risk are shown in table one below.

**Table 1: Average ranking of options 1 to 5 (1 is best performing, 5 is worst)**

Option	Ranking			Average ranking
	NPV	Strategic Fit	Risk	
Option 1: Warm, Dry, Safe	2	5	3	3.3
Option 2: Enhanced refurbishment	3	1	1	1.7
Option 3: Enhanced refurbishment and infill development	4	4	2	3.3
Option 4: Enhanced refurbishment of retained low rise blocks and partial redevelopment of the remainder, with infill development	5	3	4	4.0
Option 5: Full redevelopment	1	2	5	2.7

36. Overall, option 2 ranked best, averaging a rank of 1.7 across the three areas of consideration. Option 2 scored particularly well on risk and strategic fit; the fit of this option with resident aspirations was deemed to be extremely good based on the priorities that had been made known to the council by residents via the written consultation carried out over September 2011 and the two options appraisal consultation events that were held in November 2011. These showed that there was:

- Support amongst survey respondents for the refurbishment of the low rise blocks – 81% of respondents would rather have their blocks refurbished than redeveloped.
- A desire amongst low-rise Hawkstone respondents to remain as council tenants (100% of respondents indicated this in the September survey)
- A desire amongst low-rise Hawkstone respondents to remain in the Bermondsey and Rotherhithe area (84% of respondents indicated this in the September survey).

- Significant concerns amongst Hawkstone low-rise tenants and leaseholder respondents about the availability of suitable properties should relocation be required as part of a redevelopment option (76% of respondents indicated this in the September survey)
  - No substantial concerns amongst Hawkstone low-rise respondents about the levels of crime/antisocial behaviour or availability of local services such as GPs, community facilities and shops in the area.
  - A good level of satisfaction from low-rise residents who commented on the draft options with option two; opposition from low rise residents who commented on the draft options to options three, four and five and an even response to option one.
37. On the basis of the above, option one, warm, dry, safe, also scored well with its fit with resident priorities. Its low overall strategic fit ranking is accounted for by its limited focus in relation to the range of long-term council priorities that are assessed as part of the strategic fit scoring, against which the longer-term and broader ranging options scored better. Option five did not score well on its fit with resident aspirations as based on the results of the financial modelling that was undertaken, a viable redevelopment scheme would not be able to support re-provision of the number of homes, at their current bedroom mix and level of affordability, as currently exist across the Hawkstone low-rise blocks. This means that residents would most likely be required to move away from the estate, with no guarantee that they would be successful in bidding for properties within the immediate area.
38. Option five scored well on NPV, yielding the smallest negative return on investment. Option one, Warm, Dry, Safe, was the best of the other options on NPV, reflecting its rigorous focus on managing investment across the borough's housing stock as a first step towards the council's 30 year asset management strategy.
39. Option five was assessed as the riskiest option, which is reflective of the comparatively higher levels of uncertainty that surround redevelopment schemes that require residents to be rehoused. There are currently more than 800 residents with band-one (highest) priority active on Homesearch, making rehousing an uncertain process, particularly for residents who have indicated a strong preference to remain as council tenants. Option one scored an average score, with the majority of its risks being associated with its higher lifecycle costs.
40. In determining a preferred option to recommend to councillors for the Hawkstone low-rise blocks, the following was considered:
- The findings of the building surveys undertaken by MACE
  - That the Hawkstone estate was initially placed in the council's two year programme, the programme that was due for completion prior to the start of the current five year housing investment programme.
  - That the revision of anticipated costs for the refurbishment options (one and two) meant that refurbishment of the Hawkstone low-rise blocks could be resourced from within existing investment allocations.
  - The council's 30 year approach to asset management
  - The outcome of resident consultation to date
  - The outcome of the options appraisal modelling
41. Taking into consideration the factors listed above, option 2 (an enhanced



refurbishment option) has emerged as the preferred option for the Hawkstone low-rise blocks. Provision has been made within the Housing Investment Programme for the implementation of this option in financial year 2012/13.

42. Hawkstone low-rise tenants and leaseholders received information packs on 30 November 2011 informing them of the preferred option that would be recommended to cabinet. A copy of the material provided to residents, including a summary of the items included within the enhanced refurbishment option, appears at appendix one. The implications of the preferred option were set out and residents were asked to fill in a survey outlining their response to the preferred option and detailing whether it met their priorities and aspirations. High rise residents were written to on 1 December to inform them that the preferred option for the Hawkstone low-rise blocks would not involve any infill development or redevelopment on the estate.
43. In order to ensure that leaseholders were fully aware of the costs of option two, the scope of works identified for the preferred refurbishment standard was reviewed by officers from the council's home ownership service to arrive at outline estimates for leaseholder charges arising from the works. These costs were listed in the information packs referred to in paragraph 41 and were clearly labelled as budget estimates that could either increase or decrease once the cost of works was identified by the contractor carrying out the works. Leaseholders were informed that further consultation would be carried out before they were issued with a final charge.
44. The estimates provided to leaseholders were placed within a range that varied according to property size and block. The ranges are provided in table two below. The ranges for option one, warm, dry and safe, are provided for comparison and show that although the upfront capital cost for leaseholders will be higher under option two than under option one, in addition to receiving additional benefits in terms of heat and sound insulation under option two, the subsequent cost of cyclical maintenance over a 30 year period, assuming works occur every 10 years, is lower. The total cost to leaseholders over 30 years is therefore similar between options one and two.

**Table 2 – Costs to leaseholders**

Block	Warm, Dry, Safe (for comparison)			Enhanced refurbishment		
	Initial capital cost	Lifecycle cost*	Payment over 30 years	Initial capital cost	Lifecycle cost*	Payment over 30 years
Canute Gardens	£20,600 - £40,000	£16,600 - £26,600	£37,200 - £66,600	£27,300 - £43,700	£10,700 - £17,100	£38,000 - £60,800
Rotherhith e Old Road	£25,500 - £29,100	£21,400- £24,400	£47,000- £54,500	£33,800 - £39,000	£13,400 - £15,300	£47,200 - £54,300
Jarman House	£23,700 - £31,500	£19,900 - £26,600	£43,600 - £57,100	£31,000 - £41,400	£12,800 - £17,100	£43,800 - £58,500

\* This is the total lifecycle cost over 30 years, making allowance for cyclical maintenance every 10 years, so leaseholders can expect to pay half of the amount listed in this column after 1 cycle in year 10 and the other half after cycle 2 in year 20.

45. Officers have been invited to a Hawkstone tenant and resident association meeting on 1 December 2011 to explain the preferred option to residents. An open Hawkstone RSG Meeting will also be held on Wednesday 7 December for low-rise residents. Finally, a drop in session for tenants and leaseholders of the Hawkstone low rise blocks has been scheduled for Thursday 8 December 2011.
46. As the results of this consultation will not be known until 8 December, its findings will therefore be submitted as a late appendix to this report.

### **Resident consultation**

47. Council officers approached the Hawkstone tenant and resident association (TRA) in June 2011 to form a resident steering group to work with through the options appraisal process. Officers were made aware of a pre-existing group of residents that had formed in response to the council's proposed major works to the low-rise blocks. Council officers worked with the Hawkstone RSG as a consultative body that fed back to the Hawkstone TRA throughout the options appraisal process, rather than constituting a formal subgroup of the TRA.
48. Hawkstone low-rise residents have been engaged throughout the options appraisal process via the following means:
  - Meetings with the Hawkstone RSG and circulation of minutes (once finalised) to all Hawkstone low-rise residents and Hawkstone high rise residents where discussion has touched on topics related to the high rise blocks.
  - Feedback from the Hawkstone RSG and council officers at Hawkstone TRA meetings
  - Open days where Hawkstone RSG members, council officers and technical advisors are available to answer queries
  - Provision of an independent resident advisor to answer any queries residents may have independently of the council.
49. As the council identified possible options that might include infill development, efforts were made to broaden the membership of the Hawkstone RSG to incorporate residents from the high rise blocks. A meeting for high-rise residents was held on 21 September 2011 where information was provided to residents of these blocks about the options appraisal process and nominations to the steering group were sought. Those in attendance at the event expressed concern that they would not feel comfortable in representing high rise residents without having been nominated at a better-attended meeting. It was expressed that insufficient notice of the meeting had been provided to residents. It was decided that nominations would be more appropriately sought at an open meeting for residents.
50. An open meeting was held on 5 October 2011 to find four volunteers from the high rise blocks (two from Brydale House, two from John Kennedy House) to sit on the Hawkstone RSG. The proposal from officers for four volunteers was to seek a balance to reflect the proportion of the two 2 block types on the estate against the fact that more radical solutions were being considered for the low rise blocks. In the event, no volunteers were forthcoming.

### **Policy implications**

51. Implementing the preferred option for the Hawkstone low-rise blocks by refurbishing them to an enhanced refurbishment standard will contribute towards meeting the council's housing policy target to ensure that all homes are warm, dry and safe and will be in keeping with the council's aspiration to develop a 30 year asset management plan.

### **Community impact statement**

52. Refurbishing these homes to an enhanced refurbishment standard will make these homes warm, dry and safe. Residents of these blocks will benefit from better noise and heat insulation as a result of the renewal of window frames, installation of double glazed windows and overcladding of their blocks. They will also indirectly benefit from reduced fuel bills over winter. The worst cases of internal disrepair to kitchen elements will also be addressed and all bathrooms will be replaced.
53. Leaseholders of the Hawkstone low-rise blocks will be financially affected by the refurbishment as outlined in table two, but will benefit from better noise and heat insulation as outlined at paragraph 52.

### **Resource implications**

54. The Hawkstone estate was initially identified as a high-cost estate in terms of meeting the warm, dry, safe standard because of indications that significant asbestos-related works and precautions would be needed. However, recent surveys have indicated that refurbishment can be carried out without these extra costs. The recent option appraisal took account of these recent surveys and focussed on five options ranging from standard warm, dry, safe works to full demolition.
55. Option 2, enhanced refurbishment, is the recommended option, taking into account net present value of cash flows, strategic fit and risk (see table 1 within this report). The cost implication of this option is £4.7 million capital, to be met from housing investment programme provision for the whole estate. It should be noted that other options have better net present value but lower overall ratings. Option 1, warm, dry, safe works, would have higher secondary future replacement costs and only partly meets tenant aspirations. Option 5, full redevelopment, would add to the council's rehousing pressures and has delay and land value risk.

### **Investment implications (inv/ii2574/1Dec11/rjb)**

56. The 5-year housing investment programme approved by cabinet on 18 October 2011 includes indicative funding for the refurbishment of the Hawkstone Estate. The costs of the enhanced refurbishment standard currently estimated at £4.7m can be met from this provision.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Head of Home Ownership**

57. 26 of the 117 properties are owned on a leasehold basis with varying distribution

over the three affected blocks.

58. The head of home ownership notes and approves the preferred option 2 as presented by this report. Exercising this option should provide the most balanced result.
59. Options 1 to 4 all include items of repair and renewal to the structure, common areas and communal services of the blocks and estate. These are rechargeable to leaseholders under the terms of their leases. Leaseholders will not be recharged for works carried out inside tenanted properties.
60. Option 1 does not have the intended longevity of all the other options and is likely to result in additional works becoming necessary sooner in comparison to other options. As well as causing further disruption to residents, this could also result in a higher cost overall when compared to option 2 which would be particularly unpopular with leaseholders.
61. Should options 3 or 4 be exercised, the head of home ownership who manages the council's portfolio of garages would need to consider the surplus declaration. There are currently 80 garages on the estate, 56 of which are rented. The current income per annum from the rented garages is £53,464.32. While the potential annual income from all garages on the estate is £76,377.60. The potential loss of revenue to the council must be considered if either of these options is to be exercised.
62. Option 4 would require the repurchase of the six leasehold properties at Rotherhithe Old Road and option 5, the repurchase of all 26. Gaining vacant possession of leasehold properties through negotiation or by use of the council's compulsory purchase powers will not be an easy or quick process, especially since it has been ascertained that residents are unsupportive of these options. They would naturally require significant available capital. Leaseholders financially unable to afford to move to a suitable property would likely be offered the same rehousing assistance opportunities as agreed for other estates subject to redevelopment. This will have housing supply and interdepartmental resourcing implications.
63. Although option 2 is not the most expensive one, the service charge will still be significant with initial rechargeable costs estimated to range between £27k and £41k depending on the size of the property. A case recently heard at the Lands Tribunal Upper Chamber (*Garside & others v RYFC Ltd and others* [2011] UKUT 367) considered that the LVT should, in determining whether costs have been reasonably incurred, take account of the financial impact on leaseholders and whether major works should be phased to mitigate this. Here, the costs were in the region of £7.6k per property. It is recommended that a statement is made as to why phasing is considered to be inappropriate and which lays out the payment plans offered by the council which have the same effect of spreading the cost over time but with less physical disruption. The estimated service charges outlined here are based on budget estimates only, and could vary considerably once further surveys have been carried out and specifications written and priced.
64. The calculated estimates do not include any allocation for rectifying any necessary damage caused to a leaseholder's fixtures or fittings during the course of the works. The council would have an obligation to make good any such damage but would pass on the cost of doing so to the leaseholder.

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

65. Under Section 105 of the Housing Act 1985, the council is required to consult with its tenants on matters of housing management that it considers is likely to substantially affect secure tenants as a whole or a group of them. This includes maintenance, improvement or demolition of dwellings that represents a new programme of maintenance, improvement or demolition or a change in the practice or policy of the council. Similarly affected council long leaseholders are likely to have an expectation that they will also be consulted on such matters.
66. The recommendation in this report that cabinet approves the implementation of the preferred option of enhanced refurbishment of the low rise blocks at Hawkstone engages legal requirements to consult with affected residents. To meet legal requirements consultation must be undertaken when the proposals are still at a formative stage, include sufficient reasons for the proposals to allow any interested party the opportunity to consider the proposal and formulate a response and allow adequate time for interested parties to consider the proposal and formulate their response. Those responsible for taking decisions on proposals should take into account the product of consultation when making decisions on the matters concerned.
67. In May 2011 cabinet agreed that option appraisal work be carried out for the low rise blocks on the Hawkstone estate in consultation with residents; to include the facilitation of residents' project groups with independents expert support.
68. The report details consultation with residents that has taken place. The outcome of consultation is set out in the report; it is indicated that the results of ongoing consultation will be made available for members to consider at the meeting. Members should give careful consideration to the consultation responses when taking a decision on the recommendation in this report.

### **Finance Director**

69. This report recommends that the cabinet approves that work continues to implement the preferred option of enhanced refurbishment as set out in the body of this report and notes the findings of the Hawkstone low-rise options appraisal.
70. The finance director notes the confirmation in paragraph 56 that the costs of the recommended option can be met from the capital budget for the Hawkstone Estate contained within the approved housing investment programme. Paragraph 55 explains the risks and issues surrounding other options with a better net present value.

### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
None		

**APPENDICES**

No.	Title
Appendix 1	Information pack sent to residents

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillors Fiona Colley, Regeneration and Corporate Strategy and Ian Wingfield, Deputy Leader and Housing Management	
<b>Lead Officer</b>	Maurice Soden, Regeneration Initiatives Manager	
<b>Report Author</b>	Jennifer Daothong, Project Officer (Estate Regeneration)	
<b>Version</b>	Final	
<b>Dated</b>	2 December 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBERS</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Home Ownership	Yes	Yes
<b>Cabinet Members</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	2 December 2011	

<b>Item No.</b> 7.	<b>Classification:</b> Open	<b>Date:</b> 13 December 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Hawkstone Low-Rise Options Appraisal – Appendix (consultation feedback)	
<b>Ward(s) or groups affected:</b>		Rotherhithe Ward	
<b>Cabinet Member:</b>		Councillors Fiona Colley, Regeneration and Corporate Strategy and Ian Wingfield, Deputy Leader and Housing Management	

### APPENDIX TO HAWKSTONE CABINET REPORT – PREFERRED OPTION CONSULTATION RESPONSE

- Hawkstone low-rise residents were provided with an information pack detailing the outcome of the preferred option and the implications of that option on 30 November. This information pack included a preferred option survey to fill in and return, an invitation to an open Hawkstone low-rise Resident Steering Group (hereafter referred to as the Hawkstone RSG) meeting on Wednesday 7 December to discuss the preferred option and an invitation to a preferred option drop-in session on Thursday 8 December (a copy of the pack appears at appendix one). Residents were also made aware of these events at a meeting of the Hawkstone Tenant and Resident Association on Thursday 1 December.

#### Preferred option survey

- 48 low-rise residents responded to the preferred option consultation, representing a response rate of 41 per cent. There was a fairly even response across the low-rise blocks, with the fewest responses received from Jarman House. The breakdown by block is shown at table 1. For the purposes of the following analysis, the response from the sub-lettee has been discounted.

**Table 1 – breakdown of responses by block**

<b>Block</b>	<b>Leaseholder</b>	<b>Tenant</b>	<b>Sublettee</b>	<b>Did not specify tenure</b>	<b>Total (%)</b>
Canute Gardens	2	12		1	15 (31%)
Jarman House	3	5		1	9 (19%)
Rotherhithe Old Road	0	10			10 (21%)
Did not specify block	1	11	1	1	14 (29%)
<b>Total</b>	<b>6</b>	<b>38</b>	<b>1</b>	<b>3</b>	<b>48</b>

- The response rate from leaseholders was particularly poor, with only 4% of leaseholders in the low-rise blocks responding to the consultation; 42% of tenants responded to the consultation.

4. Residents were asked if they were happy with the preferred option, the responses to which are detailed in table 2. 74% of respondents overall indicated that they are happy with the preferred option. If this response is broken down by tenure, however, it shows that 5 of the 6 respondents who identified themselves as leaseholders (83%) are not happy with the preferred option. Of the five negative responses, three leaseholders gave the high cost of refurbishment works as the reason for their response. The remaining two responses questioned how the preferred option had been identified. Excluding leaseholder responses, the positive response to the preferred option amongst tenants rises to 83%.

**Table 2 - Responses to “Are you happy with the preferred option?”**

<b>Block</b>	<b>Tenure</b>	<b>Yes</b>	<b>No</b>	<b>Total</b>
Canute Gardens	Tenant	10	2	12
	Leaseholder	1	1	2
	Did not specify	1	0	1
	<i>Subtotal (%)</i>	<i>12 (80%)</i>	<i>3(20%)</i>	<i>15 (100%)</i>
Jarman House	Tenant	5	0	5
	Leaseholder	0	3	3
	Did not specify	1	0	1
	<i>Subtotal (%)</i>	<i>6 (67%)</i>	<i>3 (33%)</i>	<i>9 (100%)</i>
Rotherhithe Old Road	Tenant	6	4	10
	<i>Subtotal (%)</i>	<i>6 (60%)</i>	<i>4 (40%)</i>	<i>10 (100%)</i>
Did not specify block	Tenant	10	1	11
	Leaseholder	0	1	1
	Did not specify tenure	1	0	1
	<i>Subtotal (%)</i>	<i>11 (85%)</i>	<i>2 (15%)</i>	<i>13 (100%)</i>
<b>Total (%)</b>		<b>35 (74%)</b>	<b>12 (26%)</b>	<b>47 (100%)</b>

5. The least positive response to the preferred option, by block, came from Rotherhithe Old Road, where 4 residents were not happy with the option. Of the four negative responses received from residents of Rotherhithe Old Road, one of the responses cited a desire to leave the area rather than stay; one cited dissatisfaction that kitchens were not included as part of the standard and one referred to the fact that ‘the chosen few seem to get everything, while others of us get nothing’.
6. Residents were also asked if the preferred option included all the works that were important to them. 68% of respondents said that it did, whilst 28% of respondents said that it did not. The breakdown of responses is shown in table 3. Of those respondents who felt that the preferred option did not include the works important to them, 4 respondents cited the lack of inclusion of replacement kitchens as their reason and 2 respondents cited that they would prefer to move.
7. Residents were also asked whether the implications of the preferred option were acceptable to them. The responses indicated that:
- 33% of respondents did not find it acceptable that kitchens would only be replaced where they were over 20 years old and deemed to be beyond their reasonable life (52% thought it acceptable)



- 29% of respondents did not find it acceptable that they may be required to vacate their homes for up to five hours if specialists advise that it is safer for some works to be done without residents in situ (56% thought it acceptable)
  - 83% of respondents thought it acceptable that the Hawkstone low-rise blocks be programmed into year 2012/13 of the Housing Investment Programme.
  - 60% of respondents found it acceptable that repairs needs would be reduced over the longer term as a result of investment in an enhanced refurbishment standard.
8. Finally, residents were asked to list their three top priorities for the estate. The three that received the greatest response were:
- Having the works done to my flat that are most important to me (39 of 48 survey respondents listed this in their top three)
  - Improving the condition and appearance of the low-rise blocks and their common parts (29 of 48 survey respondents listed this in their top three)
  - Improving the condition and appearance of the areas immediately external to the low rise blocks eg) repairing the communal refuse cupboards and communal stairwells (22 of 48 survey respondents listed this in their top three)
9. It should be noted that four out of the six leaseholders who responded to this question prioritised 'having a solution that is affordable to me'.

**Table 3 – Response to 'Does this option include the works that are important to you?'**

Block	Tenure	Yes	No	No response	Total
Canute Gardens	Tenant	8	3	1	12
	Leaseholder	0	2	0	2
	Did not specify	0	1	0	1
	<i>Subtotal (%)</i>	<i>8 (53%)</i>	<i>6 (40%)</i>	<i>1 (7%)</i>	<i>15 (100%)</i>
Jarman House	Tenant	4	1	0	5
	Leaseholder	1	2	0	3
	Did not specify	1	0	0	1
	<i>Subtotal (%)</i>	<i>6 (67%)</i>	<i>3 (23%)</i>	<i>0</i>	<i>9 (100%)</i>
Rotherhithe Old Road	Tenant	7	3	0	10
	<i>Subtotal (%)</i>	<i>7 (70%)</i>	<i>3 (30%)</i>	<i>0</i>	<i>10 (100%)</i>
Did not specify block	Tenant	9	1	1	11
	Leaseholder	1	0	0	1
	Did not specify tenure	1	0	0	1
	<i>Subtotal</i>	<i>11 (86%)</i>	<i>1 (7%)</i>	<i>1(7%)</i>	<i>13</i>
<b>Total (%)</b>		<b>32 (68%)</b>	<b>13 (28%)</b>	<b>2 (4%)</b>	<b>47</b>

### Open RSG meeting

10. The Hawkstone RSG met on Wednesday 7 December to discuss the preferred option. This meeting was not attended by any non-members of the Hawkstone RSG. The RSG noted that the preferred option consultation was underway and discussion centred around what the next steps would be for the start of

refurbishment works should Cabinet make a decision to implement the preferred option.

### **Drop-in session**

11. Nineteen Hawkstone low-rise residents attended the preferred option drop-in session on Thursday 8 December. This included eight residents from Rotherhithe Old Road, seven residents from Jarman house and three residents from Canute Gardens. Four of the attendees were leaseholders. Leaseholders who attended this event expressed strong concern over the cost of the refurbishment proposed as the preferred option. There was a general dissatisfaction with the value for money provided by works that they had previously been re-charged for. A number of queries were raised around the reliability of the costing of the various elements of work that comprised the budget estimates.
12. A number of residents from Rotherhithe Old Road expressed concern that the preferred option would not be sufficient to redress the transmission of noise from the main road into their homes and indicated that they would want to explore the potential to use more noise resistant materials in the works specifications for their homes than had been modelled as part of the options appraisal.

### **The options appraisal consultation process**

13. Concerns over the approach to consultation undertaken as part of the options appraisal have been expressed.
14. The consultation process surrounding the options appraisal has been intensive in order to keep to the deadlines outlined in the Cabinet report of October 2011, which noted significant slip in the timescales that officers were initially working to. The communications sent to residents and open events that have been held for residents of the Hawkstone low-rise blocks and also high rise blocks since the October cabinet report are listed below for Cabinet members' information:
  - 26 October – Outline of the draft options to be appraised presented at an open meeting of the Hawkstone Tenant and Resident Association.
  - 3 November – Hawkstone options appraisal open day for tenants and leaseholders of the Hawkstone low-rise blocks and high-rise blocks.
  - 14 November – Leaflets provided to residents of the Hawkstone low-rise and high-rise blocks summarising the feedback received at the 3<sup>rd</sup> November drop-in session and publicising a drop-in session for those with further questions on 21<sup>st</sup> November.
  - 21 November – Drop in session to feedback on the comments received at the 3<sup>rd</sup> November options appraisal open day.
  - Week commencing 21<sup>st</sup> November – mail out of remainder of Hawkstone low-rise RSG minutes to Hawkstone low-rise residents, with one set discussing issues that affect high-rise residents sent to high-rise residents.
  - 30 November – Hawkstone low-rise residents receive the information pack provided at appendix one of this report, including a preferred option survey for them to fill in.
  - Week commencing 5 December – the Hawkstone low-rise independent resident advisor undertakes door-knocking to provide assistance to any residents who have questions about the preferred option survey.

- 1 December – The preferred option is explained at an open meeting of the Hawkstone TRA with officers on hand to answer any questions received. Hawkstone high-rise residents are written to informing them of the preferred option, explaining that it will not include either infill development on the estate or redevelopment of the estate
- 7 December – An open meeting of the Hawkstone low-rise RSG is held.
- 8 December – A preferred option drop-in session for Hawkstone low-rise residents is held for residents to ask any questions about the preferred option and provide any feedback they may have.

## SUPPLEMENTARY ADVICE FROM OTHER OFFICER

### Strategic Director of Communities, Law and Governance.

15. The supplementary appendix sets out the details and the outcome of consultation with affected low rise residents on the recommended option that took place in early December. It also summarises previous consultation with residents referred in the body of the report. Cabinet members are referred to the advice of the Strategic Director of Communities, Law and Governance set out in the report; the statutory requirement to consult is engaged where in the opinion of the landlord council a matter of housing management is likely to substantially affect secure tenants as a whole or a group of them. In the opinion of officers, the preferred option recommended to cabinet is only likely to affect the group of residents in low rise accommodation on the Hawkstone estate with whom consultation has taken place. Members are reminded that they should give careful consideration to the consultation responses when taking a decision on the recommendation in the report.

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillors Fiona Colley, Regeneration and Corporate Strategy and Ian Wingfield, Deputy Leader and Housing Management	
<b>Lead Officer</b>	Maurice Soden, Regeneration Initiatives Manager	
<b>Report Author</b>	Jennifer Daothong, Project Officer (Estate Regeneration)	
<b>Version</b>	Final	
<b>Dated</b>	13 December 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBERS</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Head of Home Ownership	Yes	Yes
<b>Cabinet Members</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	13 December 2011	

**To residents of:**  
1-51 Canute Gardens,  
1-32 Jarman House,  
and 22-88 Old Rotherhithe Road

**Estate Regeneration Team**  
**Direct dial: 020 7525 1231**

30 November 2011

Dear Resident,

### **Hawkstone low-rise options appraisal outcome: preferred option consultation**

As you will know, we have been comparing the different options for the future of the Hawkstone low-rise blocks. We have now completed our analysis and have chosen a preferred option that we will be recommending to Cabinet. The preferred option that we will be recommending to Cabinet on 13<sup>th</sup> December 2011 is option 2: the enhanced refurbishment option. Enclosed in this pack is an information sheet summarising the works that we have included in our specification for the preferred option. Please read this sheet carefully.

Enhanced refurbishment has been chosen as the preferred refurbishment option as, overall, it offers the best overall fit with the Council's strategic priorities, is manageable within the Council's financial resources and does not pose any unmanageable risks to residents or the Council. A key consideration in reaching this conclusion is that refurbishment works can be safely carried out without needing to move residents out of their homes for long periods.

### **Information for leaseholders**

On the back of the information sheet summarising the works that we have included within the specification for an enhanced refurbishment option are our budget estimates of the cost of this option to leaseholders. Please read this sheet carefully. Leaseholders should note that this is a budget estimate only, intended to give an estimate of the likely cost implications of enhanced refurbishment. This estimate is subject to change (either up or down). Prior to refurbishment works commencing, our contractors will need to issue us with final costs for works, which will then be consulted on with you. Please refer to the information sheet for further detail. Also enclosed is a leaflet that describes leaseholder payment options offered by Southwark for major works. This leaflet is enclosed for your consideration only, we are not asking you to pay anything at this point.

### **Preferred option consultation survey**

Enclosed within this pack is a preferred option consultation survey. The purpose of this survey is for us to understand resident opinion of the preferred option, and its implications, so that when Cabinet makes its decision on 13 December, Cabinet members are fully aware of what residents think of the preferred option. It is important that you complete this survey and return it to us in the freepost envelope enclosed by 8<sup>th</sup> December 2011. You can also hand in your survey to a Council officer at the preferred option drop-in session on Thursday 8<sup>th</sup> December.

**Hawkstone low-rise RSG meeting, Wednesday 7<sup>th</sup> December**

We will be discussing the preferred option put forward in the Cabinet report with the Hawkstone low-rise Resident Steering Group (RSG) on 7<sup>th</sup> December. Hawkstone low-rise residents who would like to attend the meeting are welcome to come along. The meeting will start at 7pm and finish at 8.30pm and will be held at the Tissington Court TRA Hall, located at the base of Tissington Court, next to the surgery.

**Preferred option consultation drop in session, Thursday 8<sup>th</sup> December**

We will be holding a preferred option drop-in session on Thursday 8<sup>th</sup> December between 4.30pm and 7.30pm at the Red Lions Boys Club at the top of Hawkstone Road. This will be an opportunity for you to come in and talk to Council officers about the preferred option before filling in your survey. You will also be able to hand in your survey on the evening. Jill Hasler, your independent resident advisor, will be there to answer any queries you might have.

**Next Steps**

We will be recommending option 2 – refurbishment of all Hawkstone low-rise blocks to an enhanced refurbishment standard - to Cabinet on 13<sup>th</sup> December 2011 and asking for permission to put the Hawkstone low-rise blocks into the Housing Investment Programme for the financial year 2012/13 (the financial year runs from April to March).

We will write to you again to inform you of the outcome of the Cabinet decision.

If Cabinet agrees the recommendations put forward by officers, then our Major Works team will start the process of engaging contractors in order to have works carried out. Please note that this will involve further consultation with residents over the detail of the specification and with leaseholders prior to any works being carried out.

Should you require further information about any of the information contained within this pack, you can contact myself on 0207 525 1231 or at [jennifer.daothong@southwark.gov.uk](mailto:jennifer.daothong@southwark.gov.uk) or Jill Hasler, your independent resident advisor on the freephone number 0800 073 1051.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Daothong".

Jennifer Daothong  
**Project Officer**  
Estate Regeneration Team

**The works proposed in the Enhanced refurbishment standard are:**

- External works including:
- Works to repair the concrete and brickwork on the low-rise blocks
  - Works to repair and renew the roofs
  - Replacement of windows with double glazed UPVC windows with repairs to the frames of windows and over-cladding of the panels below windows
  - Renewal of existing front entrance doors with fire resistant doors
- Works to communal areas including:
- Repairs to doors and windows in communal areas and staircases
  - Repairs to handrails and floors in communal areas
  - Repairs to intake rooms/ refuse cupboards
  - Redecoration of existing decorated surfaces to include fire resistant coating
- Works to areas directly external to the block including:
- Repairs to garden walls
  - Testing and repairs to underground drainage
  - Repairs to landlord lighting
  - Works to garages
- Internal works (these works will not be carried out to leasehold properties)
- Kitchen renewal only to those kitchens that are assessed as 20 years old and beyond their reasonable life
  - Full bathroom renewal
  - Renewal of electrics and heating installations



Artist's impression only

**Next steps**

We will report the preferred option to Cabinet on 13 December alongside the findings of this consultation (the preferred option consultation).

Your blocks will be programmed into the Council's Housing Investment Programme for works in financial year 2012/13 (the financial year runs from April to March)

The Council's Major Works team will manage the implementation of the enhanced refurbishment standard and will be in touch with you in due course to confirm the final list of works and to consult with both Council tenants and leaseholders before proceeding with refurbishment.

**PREFERRED OPTION INFORMATION SHEET**  
**Option 2:**  
**Enhanced refurbishment – information for leaseholders**

As part of the options appraisal process, we have costed the list of works for this option, including those works identified on the other side of this page (excluding works internal to your property). These are budget estimates only and should not be treated as final. Once further surveys have been done and specifications drawn up the charges may well vary considerably – they could go either up or down.

Before any refurbishment work starts on the Hawkstone low-rise blocks the Council will be carrying out section 20 consultation with you. You will be issued with a notice based on the final specification of works which will include an estimated service charge based on the prices received from the contractor.

Based on budget estimates we have estimated the costs to leaseholders of the enhanced refurbishment option over 30 years. This is shown in the table below. Column 3 shows what we think the cost of work will be for leaseholders for this round of works. We have also estimated what the costs of maintaining this refurbishment standard over 30 years will be, assuming that major works are done to the low-rise blocks every 10 years. Column 6 shows you what we estimate the total cost to be over 30 years.

<b>Preferred Option: Enhanced refurbishment (Budget estimate costs only NOT FINAL)</b>					
1. Block	2. Property size	3. Initial capital cost	4. Maintenance cycle 1 (projected after 10 years)	5. Maintenance cycle 2 (projected after 20 years)	6. Cost over 30 years
Canute Gardens	2 bed	£27,300	£5,350	£5,350	£38,000
	4 bed	£43,700	£8,550	£8,550	£60,800
Rotherhithe Old Road	2 bed	£33,800	£6,700	£6,700	£47,200
	4 bed	£39,000	£7,650	£7,650	£54,300
Jarman House	2 bed	£31,000	£6,400	£6,400	£43,800
	4 bed	£41,400	£8,550	£8,550	£58,500

**Notes**

The cost that you will be consulted on as part of section 20 consultation will be the cost identified in column 3 – Initial capital cost. Please note that this is a budget estimate only. The initial capital cost will be updated once further surveys have been done, specifications drawn up and prices for works have been received from the contractor.

The costs identified in columns 4 and 5 are costs that we have modelled in order to understand what the long term implications of the preferred option might be.



# THE PREFERRED OPTION SURVEY



The Council's Cabinet will be deciding on which works will take place to the Hawkstone low rise blocks on 13<sup>th</sup> December 2011. We will be recommending that the Hawkstone low-rise blocks are refurbished to an enhanced refurbishment standard (option 2). We want to know what you think of the preferred option. Please fill in the survey below and return it to us by **Thursday 8<sup>th</sup> December 2011 – details on how to return the survey are provided on page 3.** If you would like independent advice or help with filling in this survey, please contact your Independent Resident Advisor, Jill Hasler on the freephone number **0800 073 1051**. If you require this information in your language please contact **0207 525 5000**.

## Section A: First, we'd like some information about you:

1. Which block do you live in? (please write below)

2. Are you a (please tick one):

Secure tenant                       Leaseholder                       Temporary occupier/ sub-tenant)

## Section B: The preferred option – Enhanced refurbishment

Officers will be recommending to Cabinet that all the Hawkstone Low-Rise blocks are refurbished to an enhanced refurbishment standard. Please refer to the information sheet included in your preferred option pack for a summary list of the works that we will be proposing to include.

1 **Following are the implications of the preferred option. Are they acceptable or unacceptable to you?**

- A Kitchens will only be replaced where they are assessed as 20 years old and beyond their reasonable life (this does not apply to leaseholders)
- B Works to your block will be programmed into the Housing Investment Programme for works in Financial Year 2012/13 (the financial year runs from April to March)
- C Where it is advised as necessary for safety reasons, residents may be required to vacate their home for periods of up to 5 hours. Respite facilities will be provided for residents.
- D Refurbishment to the Enhanced Standard means that over the next 30 years, repair needs will be reduced.

	Acceptable	Not Acceptable
A	<input type="checkbox"/>	<input type="checkbox"/>
B	<input type="checkbox"/>	<input type="checkbox"/>
C	<input type="checkbox"/>	<input type="checkbox"/>
D	<input type="checkbox"/>	<input type="checkbox"/>

## Section C: Your views of the preferred option/options

1 Are you happy with the choice of option 2 (enhanced refurbishment of all low-rise blocks) as the preferred option? (please tick one)

Yes  
 No

2 Does this option include the works to your home that are most important to you? (please tick one)

Yes  
 No

3 If you answered 'No' to questions 1 or 2, please tell us why (please write below)



### Section D: Your priorities

1 Which of the following 3 items in the list below are most important to you? **Please tick only 3** of the boxes below

- |   |                          |  |
|---|--------------------------|--|
| a | <input type="checkbox"/> | Improving the condition and appearance of the low-rise blocks and their common parts   |
| b | <input type="checkbox"/> | Improving the condition and appearance of the areas immediately external to the low rise blocks eg) repairing the communal refuse cupboards and communal stairwells. |
| c | <input type="checkbox"/> | Environmental enhancements to the estate to improve the quality of the green spaces and areas between blocks   |
| d | <input type="checkbox"/> | Not losing existing green space and/or garages to new development  |
| e | <input type="checkbox"/> | Having a solution that is affordable to me   |
| f | <input type="checkbox"/> | Not having new development overlook or overshadow my home  |
| g | <input type="checkbox"/> | Having the works done to my home that are most important to me   |
| h | <input type="checkbox"/> | Other (if there are other priorities more important than those listed above, please tick this box and write them in the box below)                                   |

2 **If you ticked the 'other' box above, please tell us what your other priority is by writing it in this box.**

### Section C: Your comments

Please use the space below to provide any additional comments you may have. Please attach additional pages if you need to.

**HAWKSTONE LOW RISE OPTIONS APPRAISAL 2011****Section D: Monitoring**

We want to make sure we deliver services fairly regardless ethnicity, disability, gender, sexual orientation, age, or faith. All information will be treated confidentially. It will not be used for any purposes other than monitoring and to measure the priorities of different groups. This information will not be shared with anyone else in a way that you could be personally identified, without your written consent. This part of the questionnaire is optional.

**1 Age**

- 16-24                       25-34  
 35-44                       45-54  
 55-59                       60-64  
 65-74                       75-84  
 85+                          Prefer not to say

**2 Gender**

- Female                       Male  
 Transgender                 Other  
 Prefer not to say

**3 Disability**

Does anyone in your household have any long-term illness, health problems or disability, which limits their daily activities or the work you can do, including any problems that are due to old age?

- Yes                          No  
 Prefer not to say

**4 Sexual orientation**

- Bisexual                       Lesbian  
 Gay man                       Other  
 Heterosexual                 Prefer not to say

**5 Religion/beliefs**

- Agnostic                       Jewish  
 Atheist                         Muslim  
 Buddhist                       Sikh  
 Christian                       Other  
 Hindu                          Prefer not to say

**6 Ethnicity****White**

- White British  
  
 White Irish  
 Gypsy/Romany/Irish Traveller  
 Any other white background

**Mixed**

- White and Black Caribbean  
 White and Black African  
 White and Asian  
 Any other mixed background

**Asian or Asian British**

- Indian  
 Pakistani  
 Bangladeshi  
 Any other Asian background

**Black or Black British**

- Caribbean  
 African  
 Any other Black background

**Chinese**

- Chinese  
 Any other Chinese background

**Other ethnic group**

- Any other ethnic group

**Prefer not to say**

- Prefer not to say

**Thank you for completing this survey**

**Please return this survey to us by Thursday 8 December. You can do this by:**

- Enclosing it in the FREEPOST envelope included in this pack
- Posting it to Hawkstone survey, Estate Regeneration Team, FREEPOST RSCE-TGHU\_CUZZB, Southwark 160 Tooley Street, 5<sup>th</sup> Floor-HUB 3, London SE1 2QH
- Emailing it to [estateregen@southwark.gov.uk](mailto:estateregen@southwark.gov.uk)
- Handing it in at the drop in session on Thursday 8 December, 4.30-7.30pm at the Red Lions Boys Club at the top of Hawkstone Road.

## Payment options 2011

Southwark leaseholders and freeholders

[www.southwark.gov.uk/homeowners](http://www.southwark.gov.uk/homeowners)

### How to pay a major works bill

You may make payment of the major works bill by any of the following methods:

- By setting up a standing order with your bank
- By telephoning the 24 hour automated credit and debit card line 0845 6000 611 Please choose option six and quote your payment reference number
- At one of the council's cash offices
- By sending a cheque to cashiers, PO Box 11767, SE16 3ZF
- By sending a cheque to the home ownership, 376 Walworth Road London SE17 2NG
- Online on the council's web site [www.southwark.gov.uk/onlinepayments](http://www.southwark.gov.uk/onlinepayments)

We recognise that major works bills can be substantial, and so we have a number of payment plans.

You may pay over 12 equal monthly instalments using the standing order form enclosed with this letter. No interest will be charged. If you wish to pay over a longer period, still interest free, you may pay over a maximum of 36 equal monthly instalments. However, you must start paying immediately, and if you fail to make a payment the entire outstanding amount will become due, and interest will be added until the balance of the invoice is paid. This option is not available to leaseholders who sublet their properties.

In exceptional circumstances, resident leaseholders may apply for an extension of the 36 months interest free period to 48 months.

The interest charged is stated in the terms of the lease (usually 5% above the base rate of the NatWest bank). You may negotiate a longer repayment period, up to ten years, but interest will be charged on the

outstanding balance. This is an unsecured debt and the interest is stated in the terms of your lease. You may apply to us for a service charge loan.

This is effectively a mortgage on the property and can be repaid over up to 25 years. Interest will be charged, but the rate is lower than for the unsecured debt option. We do charge an arrangement fee (£498 as of April 2011) to cover our legal, valuation and administrative costs, but this can be included in the loan. You may, of course, also approach your existing lender, or any other finance company, for a loan.

If you cannot afford any of the options listed above, we may consider allowing you to secure the debt through a voluntary charge on your home. This means that you do not have to make any payments and the debt, including interest, will be repaid when your home is sold.

Over the past few years we have been lobbying the government for powers to provide more ways to help you pay major works service charges. We can now offset major works service charges by taking an equity share in your property, either by way of a surrender of the right to buy lease and re-grant of a shared ownership lease (Equity share scheme under s309), or by way of legal charge (Equity loan scheme under s308).

In both cases we need to do a valuation of the property to see what the works cost as a percentage of the value.

For more information, please contact us directly. We are making every effort to help you with major works service charges.

**This leaflet contains information about Southwark Council services. If you require information in your language, please call 020 7525 5000**

### **Spanish**

Este folleto contiene información sobre los servicios prestados por el ayuntamiento de Southwark. Si necesitara alguna información en su propio idioma, por favor llame al 020 7525 5000

### **French**

Ce dépliant contient des renseignements sur les services de Southwark Council (municipalité de Southwark). Si vous avez besoin d'obtenir ces renseignements dans votre langue, veuillez appeler le : 020 7525 5000

### **Turkish**

Bu broşür Southwark Belediyesi'nin servisleri ile ilgili bilgi içerir. Eğer kendi dilinizde bilgi edinmek isterseniz, lütfen 020 7525 5000 numaralı telefonu arayınız

### **Vietnamese**

Tờ rơi này cung cấp thông tin về các dịch vụ của hội đồng quận Southwark. Nếu quý vị muốn có bản dịch sang ngôn ngữ mình nói, xin vui lòng gọi số: 020 7525 5000

### **Somali**

Warqaddaan yar waxaa ku qoran macluumaad ku saabsan adeegyada Guddiga Dowladda Hoose ee Southwark. Haddii aad u baahan tahay macluumaad ku qoran luqaddaada, fadlan wac lambarka 020 7525 5000

### **Arabic**

يحتوي هذا المنشور على معلومات عن الخدمات التي تقدمها بلدية سوزرك (Southwark). إذا كنت ترغب في الحصول على معلومات بلغتك الأصلية الرجاء الإتصال بالرقم المبين هنا: 020 7525 5000

### **Bengali**

এই লিফলেটটিতে সাদার্ক কাউন্সিলের পরিষেবাসমূহের তথ্য দেওয়া আছে। আপনার যদি নিজের ভাষায় তথ্যের প্রয়োজন হয়, তাহলে যে টেলিফোন নম্বর দেওয়া আছে তাতে টেলিফোন করুন।”

টেলিফোন নম্বর: 020 7525 5000



## Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 13 December 2011 at 4.00 pm at 160 Tooley Street, London SE1 2QH

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

### 1. APOLOGIES

All members were present.

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

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

Item 6 – Deputation requests

Item 10 – Policy and Resources Strategy 2012/13 – 2014/15 – Provisional Local Government Settlement

### 3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosure 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 22 November 2011 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 this item as urgent as the requests were all received in line with the constitutional deadline for the receipt of deputation requests and were therefore eligible for consideration by cabinet. Additionally, the first two deputation requests related to an item on "Hawkstone low-rise options appraisal" which was on the agenda for this meeting.

### RESOLVED:

That the following deputation requests be heard.

#### **Residents living in the high rise blocks at John Kennedy House/Brydale House in respect of the Hawkstone low rise options appraisal report**

The deputation spokesperson addressed the meeting asking that cabinet agree option 2 as set out in the report, providing that John Kennedy House major works were not affected. It was explained that works to John Kennedy House had still not commenced meaning that residents were experiencing another cold winter of high fuel bills. It was suggested that the majority of residents indicated in the consultation feedback were those from the low rise properties only and not the "estate" Concern was echoed on behalf of leaseholders and the likely costs that would arise. The spokesperson asked that cabinet request a full investigation into the whole option appraisal for future lessons and learning.

#### **Hawkstone low rise residents steering group in respect of the Hawkstone low rise options appraisal report**

The spokesperson addressed the meeting welcoming option 2 as set out in the report. Residents in the low rise have been anxious for works to start for some time and hope that the monitoring of performance, materials and costings were all in place to ensure works progress satisfactorily. The spokesperson emphasised that the Hawkstone was not just an "estate" but an area with strong community spirit. The issue of fuel costs for residents was identified requesting reimbursement of the excessive costs that have been endured.

#### **The home owners council in respect of the housing management plan**

The spokesperson addressed the meeting to identify a number of ongoing issues for the home owners council that require assistance from cabinet to progress as follows:

- Leaseholders service charge audit. It was suggested that this process requires a lot of time and asked that this be examined and monitored for future.
- Management fees charged for major projects. Raised previously and identified

as a costly measure for leaseholders, suggesting that there is no consultation as part of this process.

- Annual service charge. Concern was echoed in respect of the manner that these charges were handled. For example an estimate was sent to a home owner followed by a 19 month gap before the final bill arrived; with no feedback or communication in this intervening period.

The deputation were keen to emphasise that underlying all these issues was the need to improve communication and consultation with leaseholders.

The cabinet expressed their thanks to the deputations and for their hard work and commitment.

## **7. HAWKSTONE LOW-RISE OPTIONS APPRAISAL**

An additional appendix was tabled setting out the details and feedback from recent consultation meetings and comments of the strategic director of communities, law & governance (see supplemental agenda no.3).

### **RESOLVED:**

1. That the findings of the Hawkstone low-rise options appraisal be noted.
2. That the adoption of the preferred option of enhanced refurbishment of the Hawkstone low-rise blocks be approved and that these works are programmed into the housing investment programme for the financial year 2012/13.
3. That officers report to cabinet on the implementation of this option only if matters arise that mean that an enhanced refurbishment option can not be implemented within the resources that have been made available for the Hawkstone estate.

## **8. FIRE SAFETY WORKS AT CANADA ESTATE - REPORT OF THE HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE**

Councillor Gavin Edwards, chair of the housing and community safety scrutiny sub-committee presented the report to cabinet.

### **RESOLVED:**

That the recommendations of the review of fire safety works at Canada estate undertaken by the housing and community safety scrutiny sub-committee be noted and that the deputy leader and cabinet member for housing management bring back a report to cabinet in order to respond to the overview and scrutiny committee by 13 February 2012.

## 9. ESTABLISHMENT OF A HOUSING COMMISSION FOR SOUTHWARK

### RESOLVED:

1. That the establishment of an independent housing commission for Southwark, entitled "London Borough of Southwark Independent Commission on the Future of Council Housing" be approved.
2. That it be noted that the commission will formally commence work in January 2012 and report back to cabinet in October 2012.

## 10. POLICY AND RESOURCES STRATEGY 2012/13 - 2014/15 - PROVISIONAL LOCAL GOVERNMENT SETTLEMENT

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

### RESOLVED:

1. That the provisional local government settlement for 2012/13 which was published on 8 December 2011 be noted.
2. That the confirmation of the payment of New Homes Bonus to the council in 2012/13 in so far as £1.5m is allocated to support general fund services be noted.
3. That it be noted that the issues in the report and subsequent analysis will form the basis of a formal response to the consultation on the provisional local government settlement which must be submitted to government by 16 January 2012.
4. That the amendment to the medium term resources strategy to reflect the change in housing revenue account resources set out in paragraph 176 of the report be agreed.
5. That the establishment in principle of a £1m community restoration fund be agreed for 2012/13 to support those areas most affected by the August disturbances (paragraphs 109 - 114 of the report).
6. That it be noted that because government funding beyond 2012/13 is not known, and is unlikely to be announced until November 2012, the finance director proposes that a single year budget for 2012/13 only will be set. The report sets out changes that are likely to impact on 2013/14 and beyond, but at this stage cannot be quantified. Officers will report back at the earliest opportunity once any announcements are made.
7. That the announcement by the government of a further council tax freeze grant for 2012/13 be noted, as outlined in paragraphs 32 to 34 of the report.
8. That the medium and long term impact of accepting the council tax freeze grant on



the council tax base be noted, especially in the context of the grant being removed from 2013/14, as described in paragraphs 33 and 34 of the report.

9. That the budget principles agreed by cabinet on 21 September 2010 be confirmed, supported by the ten fairer future promises agreed by council assembly on 6 July 2011, which will continue to guide and underpin the work of officers in arriving at a balanced budget in February 2012.
10. That officer recommendations on the 2012/13 budget and comments invited on the proposals from stakeholders and scrutiny be noted.
11. That taking all the issues in the report, the finance director be instructed to report back to the cabinet at its meeting on 24 January 2012, and after the overview and scrutiny meeting on 9 January 2012 on the budget for 2012/13.

#### **11. HOUSING REVENUE ACCOUNT - INDICATIVE RENT - SETTING AND BUDGET REPORT 2012/13**

##### **RESOLVED:**

1. That it be noted on a provisional basis, a rent increase of 7.96% in compliance with the government's rent guidance as set out in paragraphs 12 - 22 of the report. This is equivalent to an increase of £6.78 per week on average, to be applied to all housing revenue account (HRA) dwellings (including estate voids and hostels), with effect from 2 April 2012. Average budgeted dwelling rent for tenanted stock in 2012/13 will be £91.94 per week.
2. That it be noted on a provisional basis the intention of the council to charge new-build and newly let properties at formula rent levels from the commencement of their letting as set out in paragraph 23 of the report.
3. That it be noted on a provisional basis no increase to tenant service charges as set out in paragraph 24 of the report.
4. That it be noted on a provisional basis no increase to the standard charge for garages, consideration of amendments to the concessionary scheme, and the potential introduction of a 'market rent' for private sector renters as set out in paragraphs 25 – 27 of the report with effect from 2 April 2012.
5. That it be noted on a provisional basis no increase to heating and hot water charges as set out in paragraphs 28 – 30 of the report with effect from 2 April 2012.
6. That officers provide a final report on rent-setting and the housing revenue account (HRA) budget for 2012/13 after due consultation processes have been followed for consideration at their meeting on 24 January 2012.

## 12. SOUTHWARK COUNCIL'S APPROACH TO EQUALITY - DELIVERING A FAIRER FUTURE FOR ALL

### RESOLVED:

1. That the requirements of the Equality Act 2010 and the Public Sector Equality Duty 2011 as set out in paragraphs 7 - 9 of the report be noted.
2. That Southwark Council's Approach to Equality be agreed (see Appendix A of the report).

At 5.35pm Councillor Peter John left the meeting. Councillor Ian Wingfield as deputy leader chaired cabinet for the remaining business.

## 13. CHANGES TO DELIVERY ARRANGEMENTS FOR THE YOUTH SERVICE

The legal comments from the strategic director of communities, law & governance were circulated in supplemental agenda no. 1.

### RESOLVED:

That the development of new delivery arrangements for the youth service in accordance with the design principles as set out in Appendix 1 of the report from April 2012 in order to create a better and more cost effective service with the aim of reaching 25% of young people in the borough aged 13 to 19 years be agreed. This new model will also achieve a saving of £1.5m as agreed by council assembly

## 14. VIOLENT CRIME STRATEGY UPDATE

### RESOLVED:

1. That the progress made in delivering the recommendations set out in the violent crime strategy 2010-15 be noted.
2. That the significant reductions in most serious violence offences in 2010/11 of 34% or 250 less recorded crimes compared with the previous financial year, and the improvement in comparison to similar boroughs in our family group be noted. This reduction has continued in the first six months of 2011/12 with a -12% reduction compared to the same period 2010. Using the Home Office economic cost of crime figures, the cost of violent crime in Southwark has reduced by £3.888m for the period April - September 2011 compared to the same period in 2010.
3. That the information on the summer riots in the report be noted and that a future report on the community conversations on the riots comes to a later meeting of the cabinet.

**15. HATE CRIME STRATEGY****RESOLVED:**

1. That the hate crime strategy for Southwark 2011-2015, as set out in Appendix 1 to the report, be approved.
2. That the five overarching strategic aims as outlined within the strategy and the supporting delivery plan be approved. The strategic aims are:
  - Re-energise interest in tackling hate crime
  - Promote the support services available
  - Encourage communities to work together to tackle the issue
  - Encourage people to approach services to seek support and report hate crime, and
  - To take a robust approach to tackle those who are repeat perpetrators of hate crime.
3. That it be noted "Stop Hate UK", a charity that provides independent and confidential support to victims of hate crime, has been jointly commissioned between the London Borough of Southwark and the Metropolitan Police Services to run a short pilot in 2011/12.

**16. DISPOSAL OF THE ROTHERHITHE LIBRARY, ALBION STREET, LONDON SE16 7HY****RESOLVED:**

1. That the disposal of the Rotherhithe Library and Civic Centre ("the property"), shown edged in bold at Appendix 1 of the report be agreed to Canada Quays Limited on the principal terms set out in the report on the closed agenda for this meeting.
2. That the head of property be authorised to agree any variations to those terms that may be necessary to achieve the disposal of the property and in the event of further negotiations and securing full planning consent by the selected bidder.
3. That in the event the sale to Canada Quays Limited does not proceed to completion, the head of property be authorised to agree terms for a sale to any one of the recommended under bidders, provided that these terms conform to the council's legal obligation to achieve the best consideration reasonably obtainable.

**17. BADMINTON HOUSE, QUORN ROAD, SE22 - DISPOSAL OF FREEHOLD INTEREST****RESOLVED:**

1. That the disposal of the council's freehold interest in Badminton House, Quorn Road, SE22 ("the property") on terms outlined in the closed version of the report be approved, subject to council assembly's approval of an application to the Secretary of State for the Department for Communities and Local Government for consent to

the disposal of the property.

2. That council assembly be recommended to approve an application to the Department for Communities and Local Government for consent to the disposal of the property.
3. That the capital receipt be authorised to replenish the housing investment programme from which the East Dulwich Estate refurbishment programme was forward funded.
4. That the head of property be authorised to agree any minor variations to the terms of the sale, with the purchaser, which may arise prior to completion of the transaction or alternatively to agree terms with any of the under bidders subject to best consideration requirements if in the unlikely event the original offer fails to progress to completion.

**18. DISPOSAL OF LONG LEASE OF SOUTHWARK TOWN HALL, 31 PECKHAM ROAD, SE5 8UB**

**RESOLVED:**

1. That the Town Hall, 31 Peckham Road SE5 8UB ("the property"), together with ancillary areas as shown hatched black on the attached plan to the report, be transferred for use by the University of Arts London ("the University") by way of a long lease subject to planning consent to its development partner Alumno on the terms set out in the closed report.
2. That the ongoing implementation of the recommendations of the Democracy Commission as set out from paragraph 20 of the report be noted and that further development work be undertaken to bring forward firm proposals for any necessary works required to make 160 Tooley Street suitable for potentially hosting occasional meetings of council assembly along with other civic events.

**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.

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

**19. MINUTES**

The minutes of the closed section of the meeting held on 22 November 2011 were approved as a correct record and signed by the chair.

**20. DISPOSAL OF THE ROTHERHITHE LIBRARY, ALBION STREET, LONDON SE16 7HY**

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

**21. BADMINTON HOUSE, QUORN ROAD, SE22 - DISPOSAL OF FREEHOLD INTEREST**

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

**22. DISPOSAL OF LONG LEASE OF SOUTHWARK TOWN HALL, 31 PECKHAM ROAD, SE5 8UB**

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

The meeting ended at 5.55pm.

**CHAIR:**

**DATED:**

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

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

**DISTRIBUTION LIST****MUNICIPAL YEAR 2011/12****COMMITTEE:** HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE**NOTE:** Please notify amendments to Scrutiny Team (0207 525 0324)

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Councillor Gavin Edwards (Chair)	1	Local History Library	1
Councillor Linda Manchester (Vice-Chair)	1	Scrutiny Team SPARES	10
Councillor Michael Bukola	1	Nicki Fashola/Debbi Gooch, Legal Services	1
Councillor Rowenna Davis	1	Gerri Scott, Strategic Director of Housing Services	1
Councillor Tim McNally	1	Shelley Burke, Head of Overview & Scrutiny	1
Councillor Martin Seaton	1	Alex Doel, Cabinet Office	1
Councillor Michael Situ	1	Paul Green, Opposition Group Office	1
Councillor Kevin Ahern (Reserve)	1	John Bibby, Principal Cabinet Assistant	1
Councillor Claire Hickson (Reserve)	1		
Councillor Paul Kyriacou (Reserve)	1		
Councillor Darren Merrill (Reserve)	1		
Councillor Wilma Nelson (Reserve)	1		
<b><u>CO-OPTED MEMBERS</u></b>			
John Nosworthy (Homeowners Council)	1		
Jane Salmon (Homeowners Council Reserve)	1		
Miriam Facey (Tenants' Council)	1		
Lesley Wertheimer (Tenants' Council Reserve)	1		
<b><u>OTHER MEMBERS</u></b>			
Councillor Catherine Bowman	1		
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HARD COPIES OF THIS AGENDA ARE AVAILABLE ON REQUEST FROM THE SCRUTINY TEAM Tel: 0207 525 0324