

## Cabinet

Tuesday 17 July 2012

4.00 pm

Ground Floor Meeting Room GO1A, 160 Tooley Street, London  
SE1 2QH

### Membership

Councillor Peter John  
Councillor Ian Wingfield  
Councillor Claire Hickson  
Councillor Dora Dixon-Fyle  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Catherine McDonald  
Councillor Veronica Ward

Councillor Fiona Colley

### Portfolio

Leader of the Council  
Deputy Leader and Housing Management  
Communities and Economic Development  
Children's Services  
Transport, Environment and Recycling  
Finance, Resources and Community Safety  
Health and Adult Social Care  
Culture, Sport, the Olympics and  
Regeneration (South)  
Currently on maternity leave

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### Contact

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

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Members of the committee are summoned to attend this meeting

### Councillor Peter John

Leader of the Council

Date: 9 July 2012



# Cabinet

Tuesday 17 July 2012

4.00 pm

Ground Floor Meeting Room GO1A, 160 Tooley Street, London SE1 2QH

## Order of Business

Item No.	Title	Page No.
	<b>PART A - OPEN BUSINESS</b>	
	<b>MOBILE PHONES</b>	
	Mobile phones should be turned off or put on silent during the course of the meeting.	
<b>1.</b>	<b>APOLOGIES</b>	
	To receive any apologies for absence.	
<b>2.</b>	<b>NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT</b>	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
<b>3.</b>	<b>DISCLOSURE OF INTERESTS AND DISPENSATIONS</b>	
	Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.	
<b>4.</b>	<b>PUBLIC QUESTION TIME (15 MINUTES)</b>	
	To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules.	
<b>5.</b>	<b>MINUTES</b>	1 - 11
	To approve as a correct record the minutes of the open section of the meeting held on 19 June 2012.	

<b>Item No.</b>	<b>Title</b>	<b>Page No.</b>
<b>6.</b>	<b>DEPUTATION REQUESTS</b>	
	To consider any deputation requests.	
<b>7.</b>	<b>REPORT INTO THE COLLAPSE OF SOUTHERN CROSS CARE HOMES (REPORT OF THE 2011/12 SOUTHWARK HEALTH AND ADULT SOCIAL CARE SCRUTINY SUB-COMMITTEE)</b>	12 - 22
	To consider the report of the 2011/12 Southwark health and adult social care scrutiny sub-committee into the collapse of Southern Cross Care Homes.	
<b>8.</b>	<b>EMPLOYMENT AND UNEMPLOYMENT IN SOUTHWARK (REPORT FROM REGENERATION &amp; LEISURE SCRUTINY SUB-COMMITTEE)</b>	23 - 40
	To consider the report of the regeneration and leisure scrutiny sub-committee in respect of the review of employment and unemployment in Southwark.	
<b>9.</b>	<b>ABBEYFIELD ESTATE - REGENERATION PROJECT UPDATE</b>	41 - 54
	To consider a regeneration project update in respect of the Abbeyfield Estate.	
<b>10.</b>	<b>FOUR SQUARES ESTATE - MAJOR WORKS UPDATE</b>	55 - 63
	To consider a major works update for the Four Squares Estate.	
<b>11.</b>	<b>GATEWAY 1 LONG-TERM REPAIRS AND MAINTENANCE CONTRACT</b>	64 - 79
	To approve the procurement strategy for the procurement of a repairs and maintenance contract covering Camberwell, Peckham, Peckham Rye, Nunhead and Dulwich.	
<b>12.</b>	<b>DIRECTLY FUNDED HOUSING DELIVERY</b>	80 - 86
	To seek agreement in principle to the council directly building and providing new affordable homes in the borough.	
<b>13.</b>	<b>COMMUNITY INFRASTRUCTURE LEVY (CIL) PRELIMINARY DRAFT CHARGING SCHEDULE</b>	87 - 148
	To approve the community infrastructure levy (CIL) preliminary draft charging schedule for public consultation.	

Item No.	Title	Page No.
14.	<b>LOCAL COUNCIL TAX SUPPORT SCHEME</b>	149 - 182
	To approve, subject to consultation, the preferred option for Council Tax Support Scheme (CTS) which will result in capping future council tax support to 85 per cent and the proposed consultation strategy.	
15.	<b>QUARTERLY CAPITAL MONITORING REPORT OUTTURN AND CAPITAL PROGRAMME REFRESH 2012-2022</b>	183 - 216
	To consider the outturn position for 2011/12 for the general fund capital programme including the overall position of the programme from 2011-21 and approve any amendments.	
16.	<b>REVENUE OUTTURN REPORT 2011/12, INCLUDING TREASURY MANAGEMENT</b>	217 - 247
	To consider the revenue outturn report 2011/12, including treasury management.	
17.	<b>AUTHORISATION OF DEBT WRITE-OFFS OVER £50,000 FOR NATIONAL NON DOMESTIC RATES - REVENUES &amp; BENEFITS SERVICE</b>	248 - 269
	To consider the write off of debt which is irrecoverable.	
18.	<b>DISPOSAL OF THE COUNCIL'S FREEHOLD INTEREST IN ELMINGTON ESTATE SITES C, D, E AND G, CAMBERWELL, SE5</b>	270 - 276
	To approve the disposal of Elmington Estate sites C, D, E and G.	
19.	<b>APPROVAL TO TAKE A LEASE ON THE GROUND FLOOR OFFICERS, 1 LUGARD ROAD, SE15 2HG AND OF THE PRINCIPLE HEADS OF TERMS</b>	277 - 283
	To seek agreement to take a lease of block C, 1 Lugard Road, London SE15 2HG.	
20.	<b>DISPOSAL OF 170 SUMNER ROAD, SE15 6JL</b>	284 - 288
	To approve the disposal of the council's freehold interest in 170 Sumner Road, SE15.	

Item No.	Title	Page No.
21.	<b>APPOINTMENTS TO OUTSIDE BODIES 2012/13</b>	289 - 291

To consider and agree appointments to the Better Bankside Board, Waterloo Quarter Business Alliance and the Kings College Hospital NHS Council of Governors.

#### **OTHER REPORTS**

The following items are also scheduled for consideration at this meeting:

**22. PUBLIC HEALTH SHARED SERVICE BETWEEN LAMBETH AND SOUTHWARK COUNCILS**

**23. 161-179 (ODD) MANOR PLACE AND 6 STOPFORD ROAD, SE17 - DISPOSAL OF FREEHOLD INTEREST**

To authorise disposal of the council's freehold interest in 161-179 (odd) Manor Place and 6 Stopford Road, London SE17.

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

#### **EXCLUSION OF PRESS AND PUBLIC**

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

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

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

#### **PART B - CLOSED BUSINESS**

**24. SELECTION OF PREFERRED BIDDER AND DISPOSAL OF THE COUNCIL'S FREEHOLD INTEREST IN SITES C,D, E AND G AT ELMINGTON ESTATE, CAMBERWELL, LONDON SE5**

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**25. APPROVAL TO TAKE A LEASE ON THE GROUND FLOOR OFFICERS,  
1 LUGARD ROAD, SE15 2HG AND OF THE PRINCIPLE HEADS OF  
TERMS**

**26. DISPOSAL OF 170 SUMNER ROAD, SE15 6JL**

**27. 161-179 (ODD) MANOR PLACE AND 6 STOPFORD ROAD, SE17 -  
DISPOSAL OF FREEHOLD INTEREST**

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

Date: 9 July 2012



## Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 19 June 2012 at 4.00 pm at 160 Tooley Street, London SE1 2QH

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**PRESENT:** Councillor Peter John (Chair)  
Councillor Ian Wingfield  
Councillor Claire Hickson  
Councillor Dora Dixon-Fyle  
Councillor Barrie Hargrove  
Councillor Richard Livingstone  
Councillor Catherine McDonald  
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 to be specified in the relevant minute:

Item 13: Response to the Education and Children's Services Scrutiny Sub-Committee's Review of Childhood Obesity and Sports Provision for Secondary and Primary Age Children

Item 14: Appointments to Outside Bodies 2012/13

Item 15: Nominations to Panels, Boards and Forums 2012/13

### 3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures of interests or dispensations.

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

There were no public questions.

## 5. MINUTES

### RESOLVED:

That the open minutes of the meeting held on 15 May 2012 be approved as a correct record and signed by the chair.

## 6. DEPUTATION REQUESTS

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent as the requests were all received in line with the constitutional deadline for the receipt of deputation requests and were therefore eligible for consideration by cabinet. Additionally the deputation requests related to an item on the agenda for this meeting.

### RESOLVED:

That the following deputation requests from local residents in respect of the future of cemeteries service item be heard.

#### **Ryedale, East Dulwich Area**

The deputation spokesperson addressed the meeting to raise concerns in respect of the council's cemetery strategy and its impact on Ryedale, East Dulwich. The spokesperson requested that if it was not possible to remove the Ryedale Site from the strategy that it is moved to the end of the 'medium term options' and recognised as the least preferable medium term option. It was argued that the Ryedale site deserved special consideration due to the extreme proximity to local residential properties and its status as a unique meadow green space within Camberwell Old Cemetery.

#### **Gate House to Camberwell Old Cemetery**

The deputation spokesperson outlined to the meeting their concern about the consequences of any proposals arising from the council's cemetery strategy for the Gate House property at Camberwell Old Cemetery which is currently occupied by a family. The spokesperson outlined a number of security, practical and anti-social behaviour issues currently being experienced by the family. Cabinet requested that a meeting be set up with the occupier of the property, the acting chief executive and head of legal services to discuss the issues and options.

## 7. FUTURE OF CEMETERIES SERVICE

Written comments in respect of this item were received and circulated at the meeting from the following:

- Matt Beale-Collins (for Friends of Honor Oak Recreation Ground)



- Ryedale, East Dulwich deputation
- Dr. Barry Albin-Dyer, Funeral Director

In addition to the deputation requests, Councillors Victoria Mills and Renata Hamvas, local ward councillors also made representations to the cabinet in respect of this item.

**RESOLVED:**

1. That the outcomes of the public consultation on future burial provision in the Borough undertaken in the summer of 2011(Appendix D of the report) be noted.
2. That the vision for the Cemetery service as set out in paragraphs 34 and 35 of the report be agreed.
3. That the commitment to providing burial space within the Borough and to the adoption of the Cemetery Strategy (Appendix A of the report) be confirmed.
4. That the creation of short and medium term burial space in Camberwell Old and New Cemeteries as identified in the action plans as amended by the proposals for phasing in the supplementary information report be agreed subject to the agreement to the Council capital programme 2012-2022 (Appendices B and C of the report) with the exception that sites H1 and D2 are considered by Cabinet upon completion of investigations in 2014.
5. That the council seek the amendment of the London Local Authorities Act 2007 to provide the Council with the powers to reuse graves currently available to all other London Boroughs.
6. That the additional work being undertaken with the London Environmental Directors Network (LEDNET) and the Greater London Authority to identify a regional solution to the shortage of burial space in London be noted.
7. That officers explore further the procurement of burial space outside the Borough.
8. That the future of Honor Oak Recreation Ground and the Borough cemeteries be referred for consideration within the parks and open spaces strategy review due to report later in the year.

**8. COUNCIL PLAN ANNUAL PERFORMANCE REPORT 2011/12**

**RESOLVED:**

1. That the progress against the ten fairer future promises in the Council Plan be noted.
2. That the Council Plan Cabinet member portfolio objectives and targets for 2012/13 (revised Appendix 1 of the report) be agreed.

**Note:** This item forms part of the policy framework and updates agreed by cabinet will be referred to council assembly for approval.

**9. SUPPORT FOR PARENTS AND CARERS OF DISABLED CHILDREN AND YOUNG PEOPLE - REPORT FROM THE EDUCATION AND CHILDREN'S SERVICES SCRUTINY SUB-COMMITTEE**

Councillor David Hubber, Chair of the Education, Children's Services and Leisure Scrutiny Sub-Committee presented the report.

**RESOLVED:**

That the recommendations of the Review of Support for Parents and Carers of Disabled Children and Young People by the education and children's services scrutiny sub-committee (attached as Appendix A to the report) be noted and that Councillor Dora Dixon-Fyle cabinet member for children's services to bring back a report to cabinet, in order to respond to the overview and scrutiny committee by the 25 September 2012 cabinet meeting.

**10. SOUTHWARK CLINICAL COMMISSIONING CONSORTIA - REPORT FROM THE SOUTHWARK HEALTH AND ADULT SOCIAL CARE SCRUTINY SUB-COMMITTEE**

Councillor Mark Williams, Chair of the Health, Adult Social Care, Communities and Citizenship Scrutiny Sub-Committee presented the report.

**RESOLVED:**

That the recommendations of the review of Southwark Clinical Commissioning Consortia by the Southwark health and adult social care scrutiny sub-committee (attached as Appendix A to the report) be noted and Councillor Catherine McDonald, cabinet member for health and adult social care bring back a report to cabinet, in order to respond to the overview and scrutiny committee by the 25 September 2012 cabinet meeting.

**11. REPORT FROM OVERVIEW AND SCRUTINY COMMITTEE - RESIDENT INVOLVEMENT AND RESIDENT ASSOCIATION RECOGNITION AND GRANTS**

**RESOLVED:**

That the recommendations of the brief scrutiny review of resident involvement and resident association recognition and grants be noted, and Councillor Ian Wingfield, 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 the 25 September 2012 cabinet meeting.

**12. RESPONSE TO THE HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE - REVIEW OF LEASEHOLDER CHARGING IN SOUTHWARK**

**RESOLVED:**

1. That the officers' responses to the housing and community safety scrutiny report dated March 2012 'Review of Leaseholder Charging in Southwark' be received.
2. That the deputy leader and cabinet member for housing management receive a report in June 2013 on further progress toward implementing the recommendations contained in the scrutiny report.

**13. RESPONSE TO THE EDUCATION AND CHILDREN'S SERVICES SCRUTINY SUB-COMMITTEE'S REVIEW OF CHILDHOOD OBESITY AND SPORTS PROVISION FOR SECONDARY AND PRIMARY AGE CHILDREN**

**RESOLVED:**

1. That the response to the recommendations of the education and children's services scrutiny sub-committee be agreed.
2. That the action plan attached as Appendix 1 to the report be agreed.

**14. APPOINTMENTS TO OUTSIDE BODIES 2012/13**

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent as any delay in making the appointments may result in newly appointed representatives missing the first meetings of these bodies.

**RESOLVED:**

1. That the appointments to the outside bodies listed for 2012/13 set out in Appendix A be agreed as follows:

**Age Concern London**

Councillor Catherine McDonald

**Better Bankside Board**

Nomination deferred pending further information.

**Canada Water Consultative Forum**

Councillor Fiona Colley  
Councillor Jeff Hook  
Councillor Wilma Nelson  
Councillor Michael Situ

**Central London Forward**

Councillor Peter John

**Centre for Literacy in Primary Education**

Councillor Dora Dixon-Fyle

**Creation Trust**

Councillor Fiona Colley  
Councillor Dan Garfield  
Councillor Abdul Mohamed

**Cross River Board**

Councillor Fiona Colley

**Crystal Palace Community Development Trust**

Councillor Lewis Robinson

**Cycling England (Member Champion for Cycling)**

Councillor Barrie Hargrove

**Greater London Enterprise Limited**

Councillor Fiona Colley

**Green Chain Joint Committee**

Councillor Barrie Hargrove  
Councillor Victoria Mills

**Groundwork Borough Steering Group**

Councillor Mark Glover  
Councillor James Barber  
Councillor Toby Eckersley

**Groundwork South London Sub-Regional Committee**

Councillor Mark Glover

**Guys and St Thomas NHS Foundation (Council of Governors)**

Councillor Catherine McDonald

**Lambeth and Southwark Housing Association Limited**

Councillor Ian Wingfield

**Lee Valley Regional Park Authority**

Councillor Veronica Ward

**Local Government Association (LGA) Urban Commission**

Councillor Peter John (3 votes)  
Councillor Anood Al-Samerai (2 votes)

**London Road Safety Council (LRSC) formerly London Accident Prevention Council (LAPC)**

Councillor Barrie Hargrove  
Councillor Dora Dixon-Fyle

**London Youth Games Limited**

Councillor Veronica Ward  
Councillor Dora Dixon-Fyle (Deputy)

**North Southwark Environment Trust**

Councillor Neil Coyle

**Potters Fields Park Management Trust**

Councillor Peter John  
Eleanor Kelly, Acting Chief Executive

**South Bank Partnership**

Councillor Fiona Colley  
Councillor Geoffrey Thornton  
Councillor Adele Morris  
Councillor David Noakes

**South Bank and Bankside Cultural Quarter Directors Board**

Councillor Veronica Ward

**South London Gallery Trustee Limited**

Councillor Darren Merrill  
Councillor Michael Bukola

**South London and Maudsley (Slam) NHS Trust Members Council**

Councillor Catherine McDonald

**Southwark and Lambeth Archaeological Excavation Committee (SLAEC)**

Councillor Darren Merrill  
Mr Bob Skelly

**Southwark Cathedral Education Centre**

Councillor Cleo Soanes

**Southwark Community Leisure Ltd. (Fusion) Management Board**

Councillor Veronica Ward  
Councillor Michael Bukola  
Councillor Toby Eckersley

**Southwark Police and Community Consultative Group**

Councillor Althea Smith  
Councillor Cleo Soanes  
Councillor Kevin Ahern  
Councillor Mark Williams  
Councillor Martin Seaton  
Councillor Richard Livingstone  
Councillor Linda Manchester  
Councillor Eliza Mann  
Councillor Michael Bukola  
Councillor Poddy Clark

**Waterloo Quarter Business Alliance**

Nomination deferred pending further information

2. That nominations to Better Bankside Board and Waterloo Quarter Business Alliance be deferred pending information regarding Councillor representation on these bodies.

## 15. NOMINATIONS TO PANELS, BOARDS AND FORUMS 2012/13

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept the item as urgent as delaying a decision until the next scheduled cabinet on 17 July 2012 may result in a delay to the required membership changes.

### RESOLVED:

1. The allocation of places to the panels and boards and forums set out in Appendix A for the 2012/13 municipal year be agreed and members nominated as follows:

#### **Adoption Panel**

Councillor Althea Smith

#### **Fostering Panel**

Councillor Victoria Mills

#### **Joint Partnership Panel (Trade-Union Consultation)**

Councillor Peter John  
Councillor Richard Livingstone

#### **Leaseholders Arbitration Panel**

Councillor Norma Gibbes  
Councillor Mark Glover  
Councillor Victoria Mills  
Councillor Right Reverend Emmanuel Oyewole  
Councillor Martin Seaton  
Councillor Althea Smith  
Councillor Michael Bukola  
Councillor Poddy Clark  
Councillor Jeff Hook  
Councillor Linda Manchester  
Councillor Eliza Mann  
Councillor Tim McNally  
Councillor Wilma Nelson  
Councillor Geoffrey Thornton

#### **Secure Accommodation Panel**

Councillor Patrick Diamond  
Councillor Helen Morrissey (Reserve)  
Councillor Wilma Nelson  
1 Liberal Democrat Group (Reserve) vacancy

**Southwark Safeguarding Children's Board**

Councillor Dora Dixon-Fyle

**Standing Advisory Council on Religious Education**

Councillor Right Reverend Emmanuel Oyewole  
 Councillor Cleo Soanes  
 Councillor Columba Blango  
 Councillor Pody Clark

**Tenancy Agreement Arbitration Panel**

Councillor Rowena Davis  
 Councillor Norma Gibbes  
 Councillor Mark Glover  
 Councillor Victoria Mills  
 Councillor Right Reverend Emmanuel Oyewole  
 Councillor Mark Williams  
 Councillor Althea Smith  
 Councillor Michael Bukola  
 Councillor Pody Clark  
 Councillor Jeff Hook  
 Councillor Linda Manchester  
 Councillor Eliza Mann  
 Councillor Tim McNally  
 Councillor Wilma Nelson  
 Councillor Geoffrey Thornton

**Tenancy Management Organisation Liaison Committee**

Councillor Claire Hickson  
 Councillor Darren Merrill  
 Councillor Michael Bukola  
 Councillor Tim McNally  
 Cabinet Member for Housing Management

2. That the Standing Advisory Council on Religious Education appoint its own chair and vice chair for 2012/13.

**EXCLUSION OF PRESS AND PUBLIC**

It was moved, seconded and

**RESOLVED:**

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 categories 3 and 5 of paragraph 10.4 of the Access to Information Procedure Rules of the Southwark Constitution.



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

## **16. MINUTES**

The closed minutes of the meeting held on 15 May 2012 were agreed as a correct record and signed by the chair.

The meeting ended at 6.30pm

**CHAIR:**

**DATED:**

**DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, WEDNESDAY 27 JUNE 2012.**

**THE ABOVE DECISIONS WILL NOT BE IMPLEMENTABLE UNTIL AFTER THAT DATE (WITH THE EXCEPTION OF ITEM 8 WHICH FORMS PART OF THE POLICY FRAMEWORK). SHOULD A DECISION OF THE CABINET BE CALLED-IN FOR SCRUTINY, THEN THE RELEVANT DECISION WILL BE HELD IN ABEYANCE PENDING THE OUTCOME OF SCRUTINY CONSIDERATION.**

<b>Item No.</b> 7.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Report into the collapse of Southern Cross Care Homes	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		2011/12 Southwark Health and Adult Social Care Scrutiny Sub-Committee	

## RECOMMENDATION

1. That the cabinet notes the recommendations of the report into the collapse of Southern Cross Care Homes by the 2011/12 Southwark Health and Adult Social Care Scrutiny Sub-Committee (attached as appendix A to this report). The Overview and Scrutiny Committee (OSC) asks that Councillor Catherine McDonald, cabinet member for Health and Adult Social Care bring back a report to cabinet, in order to respond to OSC, by the 25 September 2012 cabinet meeting.

## BACKGROUND INFORMATION

2. This is the final report on into the collapse of Southern Cross Care Homes. The 2011/12 Southwark Health and Adult Social Care Scrutiny Sub-Committee initiated this review in June 2011.
3. This report seeks to ascertain what lessons can be learnt from the collapse of Southern Cross care homes in order to mitigate potential risks to providing care for some of our most vulnerable residents.

## SUMMARY OF RECOMMENDATIONS

4. The sub-committee's 12 recommendations are listed below.
  1. That the council works with other local authorities to monitor the financial viability of the company(ies) that own and operate care homes in the borough on an annual basis, or more frequently as required.
  2. That the council work with other local authorities to lobby central government to widen the scope of the Care Quality Commission or Monitor's remit to include oversight of the financial viability of care home providers.
  3. That the council conduct an assessment of a provider before or immediately after a change of operator/ownership occurs (e.g. now that Terra Firma have taken over from Four Seasons).
  4. That the council works with the operators of the care homes to ensure residents and their families receive timely and accurate information of any future changes in ownership, clearly setting out what has changed, what

remains the same and where residents/family members can go for further information.

5. To drive continued improvements in care standards it is recommended that the council works closely with Southwark LINK, SPAG and the lay inspectors to continually monitor the standard of care and receive an alternative point of view.
6. That the health & adult social care scrutiny sub-committee is sent copies of all future inspection reports from the lay inspectors, and the formal responses from the strategic director/contract management team and where appropriate from the registered care home manager.
7. That reports generated by Southwark LINK be submitted to the Director of Adult Social Care, the Cabinet Member and the management of the home concerned and that a formal response is provided with a timetable for rectifying any deficiencies found, and that the health & adult social care scrutiny sub-committee is sent copies of any such correspondence.
8. That a 'leadership network' is established. This would be a forum where care home and residential home managers and relevant staff from the council can meet on at least a quarterly basis to share best practice.
9. That the care home managers ensure that staff are sufficiently trained to handle residents with the appropriate level of care and that staff members' English skills reach the required standard.
10. That the care home providers (monitored by the council) produce timely bills to residents and their family members and to ascertain whether there are any issues to be addressed arising from the move to personal budgets.
11. That visiting times for family, friends and lay inspectors should be flexible.
12. That cabinet be asked to explore the feasibility of requiring indemnification from future care contractors in the event that the provider ceases to operate.

## **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Southwark 2011/12 Health and Adult Social Care Scrutiny Sub-Committee Agendas	Scrutiny Team 160 Tooley Street London SE1 2QH	Julie Timbrell 020 7525 0514

## APPENDICES

No.	Title
Appendix A	Report into the collapse of Southern Cross Care Homes – report of the 2011/12 Southwark Health and Adult Social Care Scrutiny Sub-Committee. Appendices (a) – (e) available on the council’s website: <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?Clid=302&amp;Mid=4245&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?Clid=302&amp;Mid=4245&amp;Ver=4</a>

## AUDIT TRAIL

<b>Lead Officer</b>	Shelley Burke, Head of Overview & Scrutiny	
<b>Report Author</b>	Julie Timbrell, Scrutiny Project Manager	
<b>Version</b>	Final	
<b>Dated</b>	25 June 2012	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	No	No
Strategic Director of Finance and Corporate Services	No	No
<b>Cabinet Member</b>	No	No
<b>Date final report sent to Constitutional Team</b>		25 June 2012

APPENDIX A

# **Report into the collapse of Southern Cross Care Homes**

Report of the Health & Adult Social Care  
Scrutiny Sub-Committee

June 2012



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## Introduction

1. This report seeks to ascertain what lessons can be learnt from the collapse of Southern Cross care homes in order to mitigate potential risks to providing care for some of our most vulnerable residents.
2. The report seeks to influence Southwark Council, Southwark Health Commissioning and national government. The key issues this report seeks to address are:
  - The financial collapse of Southern Cross and the monitoring and contingency arrangements in place
  - The impact on residents; including communication with residents and their families
  - Whether there are any issues around competition and diversity that the council and the Business Support Unit need to consider when commissioning health and adult social care services in the future to better deal with market failure and promote market resilience
  - The steps the council/government is putting in place to monitor the viability and standards of care of the new organisations who will take over the operation of the three former Southern Cross care homes in the borough
  - How the new organisations will ensure clinical governance and continuity of care
3. To address the above issues, the report will focus on three key areas:
  - Financial monitoring
  - Standard of care
  - Communication with residents and their families
4. It is beyond the remit of this sub-committee to change the nature of care provision in Southwark and further afield, but it is the belief of this sub-committee that instead of a patchwork of providers, many of whom are driven by the profit motive and make their decisions based on this and not on the best interests of their patients, that a National Care Service be established in a similar manner to the National Health Service (pre 2012). It is hoped that these changes will one day be implemented but until that time the sub-committee makes recommendations to attempt to alleviate and mitigate the potential negative outcomes of the current arrangements.

## Why did Southern Cross collapse?

5. The reasons for Southern Cross' collapse are well-documented elsewhere and will not be repeated in detail here. In summary, Southern Cross sold its care homes and leased them back. The homes were sold to over eighty different landlords, although one – Four Seasons – bought between two and three hundred. This arrangement was predicated on rising rents and rising income from their care homes, but this model came under severe pressure

following the financial crash of 2007-2008 and the subsequent reduction in funds available to local authorities and others to pay ever increasing amounts for the care of the elderly. With reducing income and increasing expenditure (on rents and servicing debt) Southern Cross went into liquidation. Southern Cross operated three care homes in Southwark (Tower Bridge, Burgess Park and Camberwell Green). One of these, Tower Bridge, was taken over by HC-One and the remaining two by Four Seasons. While these are the only three care homes in Southwark, making Southern Cross the majority provider, across the country Southern Cross operated over 750 care homes.

### **What mitigating actions can Southwark Council take in the future?**

6. Southwark Council has no powers to stop private companies from entering into complex ownership arrangements, as happened with Southern Cross, and it has no powers to stop private companies purchasing the care homes. Indeed, the Four Seasons homes have been bought by Terra Firma, a private equity investor.
7. The council can however work with other local authorities, with a shared interest, to monitor the financial viability of care home providers. The sub-committee was informed that this already takes place but due to the number of providers used this is not always possible.
8. This report notes the findings of the Parliamentary Health Select Committee (See Appendix A) and in particular the fact that there is no body responsible for monitoring the care home sector at local, regional or national level.
9. The sub-committee notes the financial oversight arrangements already in place (as detailed at Appendix B), but recommends that these are augmented as follows:
  1. That the council works with other local authorities to monitor the financial viability of the company(ies) that own and operate care homes in the borough on an annual basis.
  2. That the council work with other local authorities to lobby central government to widen the scope of the Care Quality Commission or Monitor's remit to include oversight of the financial viability of care home providers.
  3. That the council conduct an assessment of a provider immediately after a change of operator/ownership occurs (e.g. now that Terra Firma have taken over from Four Seasons).

### **Standard of Care**

10. During the course of this review the sub-committee received evidence on the quality of care provided at the three Southern Cross care homes in the borough. As noted above, all of these have at some point been under embargo from the council due to concerns of quality.
11. Working in partnership with Southwark LINK (Local Involvement Network), the Southwark Lay Inspectors and the Southwark Pensioners Action Group and through surveys the sub-committee has ascertained that the standard of care provided at the three homes has improved since the new management



arrangements (HC One and Four Seasons) came into place. The sub-committee is encouraged by this and hopes that this upward trend continues. There are still issues to be addressed; the most recent reports into each of the three homes can be found at Appendix C.

### **Resident and residents' family members' survey**

12. As part of the evidence gathering, the sub-committee surveyed residents and their families. Of the two surveys sent out, twenty-two were returned. Full results from the survey can be found at Appendix D. The main points captured by the survey are as follows:
  - Over 50% of respondents found out about the demise of Southern Cross and the change of ownership through the media
  - Most respondents are satisfied with the new management at all three homes compared to Southern Cross
  - It is clear from the responses received that more information was required during and after the change over of management.
  - There are still some issues to be addressed over standards of care
  - Some respondents were not satisfied with the level of English language skills of some members of care home staff
  - Respondents commented that the level of cleanliness and décor of all three homes has improved under the new management
  - There are concerns that some staff members are not gentle enough with frail residents
  - Timely billing of residents (and their families) by Southern Cross was a problem, which could lead to confusion over payment arrangements.
  
13. In response to the points arising from the survey it is recommended that:
  4. The council works with the operators of the care homes to ensure residents and their families receive timely and accurate information of any future changes in ownership, clearly setting out what has changed, what remains the same and where residents/family members can go for further information.
  5. That the care home managers ensure staff are sufficiently trained to handle residents with the appropriate level of care and that staff members' English skills reach the required standard.
  6. That the care home providers (monitored by the council) produce timely bills to residents and their family members and to ascertain whether there are any issues to be addressed arising from the move to personal budgets.
  
14. To drive continued improvements in care standards this report recommends the council works closely with Southwark LINK, SPAG and the lay inspectors to continually monitor the standard of care and receive an alternative point of view.
  
15. On 3 April 2012 the sub-committee received a briefing paper from the Director of Health and Community Services (Susanna White) regarding the council's process for acting on issues raised by the lay inspectors (see Appendix E). This sub-committee notes the process already in place and the ongoing discussions with the lay inspectors to further improve working arrangements.

To strengthen these arrangements and to keep the sub-committee informed of developments at the homes it is recommended that the sub-committee is sent copies of all future inspection reports from the lay inspectors, and the formal responses from the strategic director/contract management team and where appropriate from the registered care home manager.

16. The sub-committee recommends that reports generated by Southwark LINK be submitted to the Director of Adult Social Care, the Cabinet Member and the management of the home concerned and that a formal response is provided with a timetable for rectifying any deficiencies found, and that the sub-committee is sent copies of any such correspondence.
17. Following comments from the surveys and evidence received by the lay inspectors and LINK which all emphasized the importance of quality management, this report recommends that a 'leadership network' is established. This would be a forum where care home and residential home managers and relevant staff from the council can meet on a regular basis to share best practice.

### **Summary of Recommendations**

1. That the council works with other local authorities to monitor the financial viability of the company(ies) that own and operate care homes in the borough on an annual basis, or more frequently as required.
2. That the council work with other local authorities to lobby central government to widen the scope of the Care Quality Commission or Monitor's remit to include oversight of the financial viability of care home providers.
3. That the council conduct an assessment of a provider before or immediately after a change of operator/ownership occurs (e.g. now that Terra Firma have taken over from Four Seasons).
4. That the council works with the operators of the care homes to ensure residents and their families receive timely and accurate information of any future changes in ownership, clearly setting out what has changed, what remains the same and where residents/family members can go for further information.
5. To drive continued improvements in care standards it is recommended that the council works closely with Southwark LINK, SPAG and the lay inspectors to continually monitor the standard of care and receive an alternative point of view.
6. That the health & adult social care scrutiny sub-committee is sent copies of all future inspection reports from the lay inspectors, and the formal responses from the strategic director/contract management team and where appropriate from the registered care home manager.
7. That reports generated by Southwark LINK be submitted to the Director of Adult Social Care, the Cabinet Member and the management of the home concerned and that a formal response is provided with a timetable for rectifying any deficiencies found, and that the health & adult social care scrutiny sub-committee is sent copies of any such correspondence.

8. That a 'leadership network' is established. This would be a forum where care home and residential home managers and relevant staff from the council can meet on at least a quarterly basis to share best practice.
9. That the care home managers ensure that staff are sufficiently trained to handle residents with the appropriate level of care and that staff members' English skills reach the required standard.
10. That the care home providers (monitored by the council) produce timely bills to residents and their family members and to ascertain whether there are any issues to be addressed arising from the move to personal budgets.
11. That visiting times for family, friends and lay inspectors should be flexible.
12. That cabinet be asked to explore the feasibility of requiring indemnification from future care contractors in the event that the provider ceases to operate.

**Appendices a – e, available to view on the council’s website:**

[http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4245  
&Ver=4](http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4245&Ver=4)

Appendix a	Select committee report on care markets
Appendix b	Care homes finance and contingency planning – report from Adult Social Care officers
Appendix c i	Lay Inspectors report on Camberwell Green 27/07/11
Appendix c ii	Lay Inspectors report on Burgess Park 30/10/11
Appendix c iii	Lay Inspectors report on Tower Bridge 29/06/11
Appendix c iv	Lay Inspectors report on Tower Bridge 09/02/12
Appendix d	Questionnaire care homes results
Appendix e	Report from Adult Social Care officers on Lay Inspectors reports

<b>Item No.</b> 8.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Employment & Unemployment in Southwark – Final Scrutiny Report	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Overview & Scrutiny Committee	

### RECOMMENDATION

1. That the cabinet notes the recommendations of the review of Employment & Unemployment in Southwark, and asks Councillor Claire Hickson, cabinet member for communities & economic development to bring back a report to the September 2012 cabinet meeting, in order to respond to the overview and scrutiny committee.

### BACKGROUND INFORMATION

2. This is the final report on the scrutiny review of Employment & Unemployment in Southwark, undertaken by the Regeneration & Leisure Scrutiny Sub-Committee.
3. The review considers what the council can do to help retain existing jobs and employment in the borough and to create the conditions for new businesses and jobs to locate to Southwark.
4. This review seeks to identify recommendations that could build on the council's leadership role in the borough in order to develop new employment opportunities and to improve the number of Southwark residents securing employment.

### SUMMARY OF RECOMMENDATIONS

5. The sub-committee's recommendations are listed below.
  1. That the council works with the Business Improvement Districts (BIDs) regarding their Employ SE1 project to evaluate the success of the project and whether with a small amount of council funding this project could be extended to work with businesses across the borough to help Southwark residents to secure local jobs
  2. That the council evaluates the incubator pod project that is being put in place on the old garage site on the Walworth Road with the aim of extending the model to other locations in the centre and south of the borough to support small start up businesses.
  3. That the council reviews its retail, business estates and light industrial estates portfolio to ensure the estate is not only maximising income but is also providing a diverse and appropriate portfolio to support small local businesses in the borough.

4. That the council acts as an enabler regarding the creation of a generic borough-wide careers advice service across school, academies and further education providers in Southwark and encourages the greater involvement of local employers in these educational providers in order to help young people secure jobs and careers when they leave school, including how to set up and run a business.
5. That the council conducts a comprehensive review of council policies that could impact on the success or failure of businesses to flourish and grow in Southwark such as parking policies and the way the public realm is managed and maintained.
6. That the council investigates examples of best practice around securing local jobs for local people using section 106 monies such as Colchester Council who worked with a new Sainsbury's store on training and recruitment, which resulted in 95% of all the new permanent jobs being filled by local unemployed people.
7. That the council considers the use of schemes such as purple flag to boost local high streets and town centres by getting key partners around the table to increase the diversity of the night-time offer and address issues of concern that are restricting the potential of our high streets and town centre night time economies.
8. That the council seeks to engage the Mayor and TfL to ensure a borough-wide comprehensive review of bus service provision in Southwark takes place, rather than piecemeal route by route reviews, to ensure that existing bus routes, frequency and capacity is meeting the changing demands of workers and residents in Southwark.
9. That the council should support and facilitate the setting up of local business associations to represent clusters of businesses in the borough, that are not represented by existing BIDs, and consider how best to this.
10. That the council representatives on the shadow Health and Wellbeing Board have regard to the fact that 47% of those claiming Incapacity Benefit in Southwark give the reason as being mental ill health and seek to identify strategies, interventions and support that will help those residents who can or wish to get back into work.
11. That the council considers how best to build on our existing employment strengths and characteristics in the borough such as the "Cultural Quarter" in the north-west corner of the borough and develop new employment opportunities and themes in areas such as the Elephant and Castle, Camberwell, Peckham, the Old Kent Road and Lordship Lane. Ideas could include promoting the history, diverse communities and existing business strengths in different parts of the borough.
12. That the council consider working with partners to support the creation of job clubs in the borough to support unemployed people back into work in Southwark.

**BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Regeneration & Leisure/Overview & Scrutiny Committees - Agendas	Scrutiny Team 160 Tooley Street London SE1 2QH	Peter Roberts 020 7525 4350

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Report of the Regeneration & Leisure Scrutiny Sub-Committee Scrutiny Sub-Committee
Appendix 2	Southwark Local Authority Area Labour Market Bulletin (January 2012)

**AUDIT TRAIL**

<b>Lead Officer</b>	Shelley Burke, Head of Overview & Scrutiny	
<b>Report Author</b>	Peter Roberts, Scrutiny Project Manager	
<b>Version</b>	Final	
<b>Dated</b>	3 July 2012	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
	<b>Officer Title</b>	<b>Comments Sought</b>
		<b>Comments included</b>
	Director of Legal Services	N/a
	Strategic Director of Finance and Corporate Services	N/a
	Chief Officers	N/a
	<b>Cabinet Member</b>	N/a
	<b>Date final report sent to Constitutional Team</b>	3 July 2012

# **Employment and Unemployment in Southwark**

Report of the Regeneration & Leisure  
Scrutiny Sub-Committee

May 2012





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## Introduction

- 1.1 The Regeneration and Leisure Scrutiny Sub-Committee agreed to look into the issue of employment and unemployment in Southwark as members believed this was one of the biggest areas of concern and challenges facing our constituents in Southwark, particularly young people who are disproportionately affected by rising unemployment.
- 1.2 The sub-committee agreed to focus our attention on what more the council could do to support retaining existing jobs and employment in the borough and to create the conditions for new businesses and jobs to locate to Southwark.
- 1.3 The sub-committee recognises that some of Southwark's biggest existing employers, such as health and the local authority, are seeing a reduction in their existing workforces and limited opportunities for job creation in the foreseeable future due to the reductions in Government expenditure in the public sector.
- 1.4 The council has also seen the withdrawal or significant downsizing of a number of Government grant-funded schemes such as the Single Regeneration Budget (SRB) and Working Neighbourhood Funding, which means that the council will become less of a procurer of employment and enterprise projects and more of an enabler and partner in supporting our key partners to create economic growth in Southwark's local economy.
- 1.5 Against this background the Government is also embarking on a wholesale reform of welfare, including the launch of the Work Programme in June 2011. In Southwark there will be three "prime contractor" delivery networks competing across London East, which is made up of 17 boroughs over 7 years.
- 1.6 The sub-committee heard that the total population in Southwark is 287,000 and the working age population is 211,400 (73.7%).
- 1.7 We were also informed that the number of claimants on Job Seekers Allowance (JSA) has increased from 10,145 in January 2011 to 11,085 in January 2012, an increase of 9.3%. This increase was the 17<sup>th</sup> highest in London and slightly below the London average of 9.7%
- 1.8 In January 2012 there were 1,417 vacancies in Southwark. This compared to 1,500 in December 2011 and 1,128 in January 2011.
- 1.9 The information that was presented to the sub-committee showed that Southwark has been more successful than many other London boroughs over the last 15 years in attracting new employment and businesses to Southwark, and the council has led the way with its ambitious regeneration programmes.

- 1.10 Yet despite this, and the fact that each month there are job vacancies available in Southwark, there are clearly still barriers or a skills gap that are stopping Southwark residents successfully securing existing employment opportunities.
- 1.11 To this end the sub-committee have tried to identify recommendations that could build on the council's leadership role in the borough to develop new employment opportunities and improve the number of Southwark residents securing employment.
- 1.12 The recommendations are listed at the end of the report.

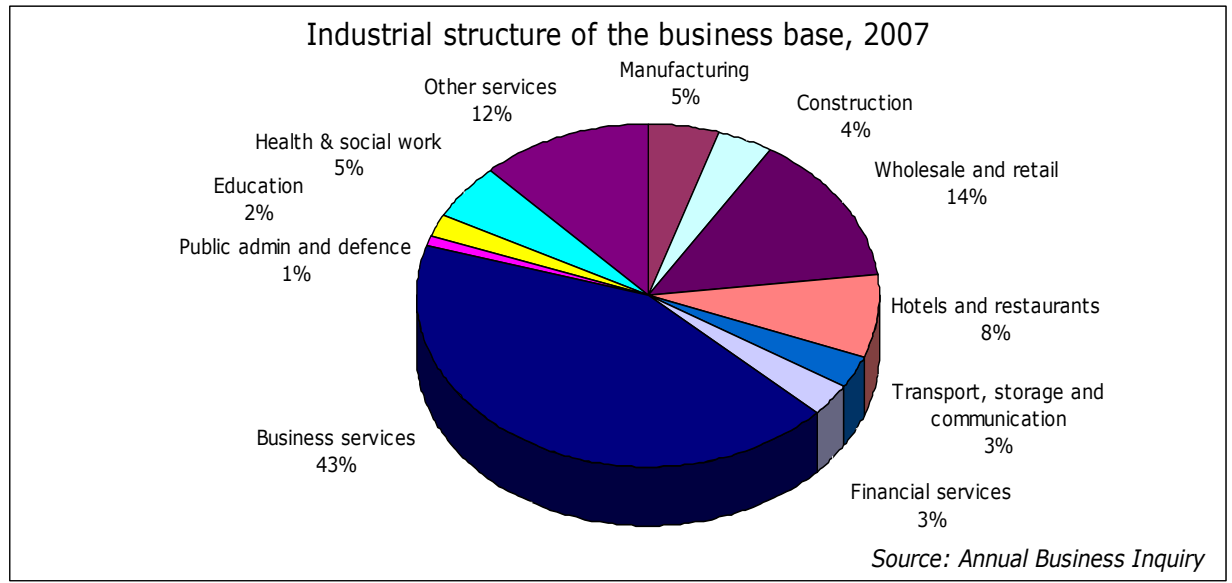
### **Evidence**

- 2.1 The sub-committee took verbal and written evidence at our Regeneration and Leisure Scrutiny meetings held on 8 February 2012 and 5 March 2012. Those giving evidence to the sub-committee included:
- Graham Sutton, Economic Development Manager, Southwark Council
  - Peter Williams, Chief Executive of Better Bankside and Ruti Mupfurutsa, Employ SE1 Co-ordinator on behalf of Southwark's BIDs
  - Fergus Grant, District Operation Manager for JobCentre Plus
- 2.2 The background information below is taken from the presentations from Graham Sutton and Fergus Grant.

### **Background Information**

- 3.1 The employment position in Southwark over the last 15 years has been a mixed picture.
- 3.2 On the positive side Southwark has seen significant growth in the business base and the number of jobs created within the borough.
- 3.3 Southwark's business base has increased by 35% between 1998-2007, compared to an increase of 12% in inner London and 13% for London as a whole.
- 3.4 An additional 21,600 jobs have also been created during this period, equivalent to a 15% increase, compared to an increase in London as a whole of 8%.
- 3.5 The diagram below shows Southwark's business base in 2007:

## Southwark Business Base 2007



- Current stock of VAT and/or PAYE registered businesses -11,745
- Large businesses (250 plus employees)-75
- Small or medium sized enterprises (SMEs) (10-249 employees)-1,420
- Micro businesses (fewer than ten employees)-10,250 of which 8,775 have fewer than five employees

Southwark has the 20<sup>th</sup> largest local economy in the UK and the 6<sup>th</sup> largest local economy in London

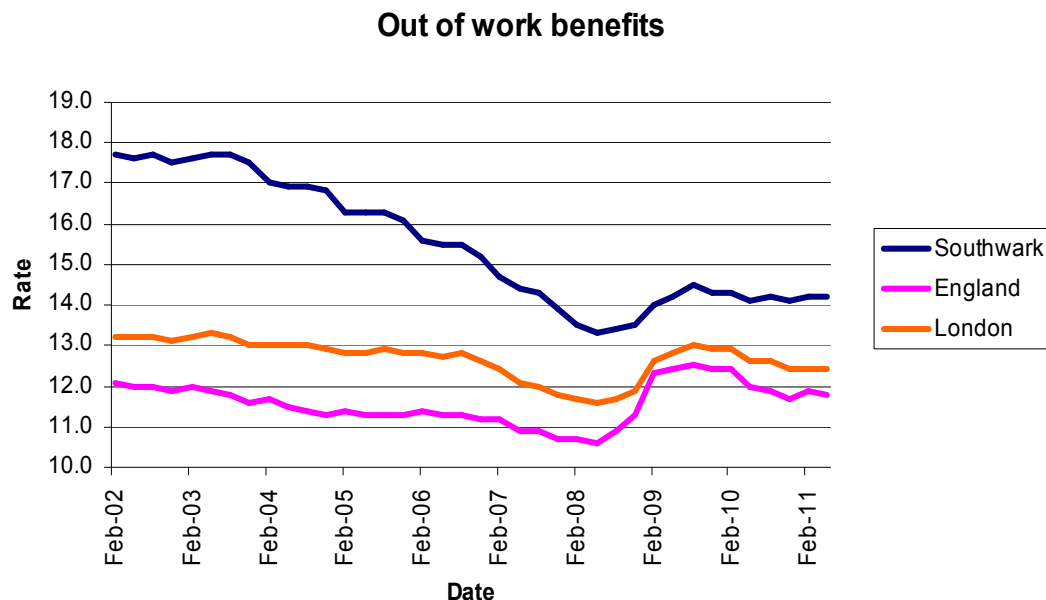
Growth Sectors - business services; hotels and restaurants; education; construction

Declining Sectors - transport and communications; wholesale and retail; public administration and defence; financial services; manufacturing

### The Southwark Picture

- 4.1 On the plus side the 2010 Index of Multiple Deprivation (IMD) showed Southwark position for employment deprivation improved from 2<sup>nd</sup> most deprived in London in 2007 to 4<sup>th</sup> most deprived borough in London in 2010 and nationally from 22<sup>nd</sup> to 33<sup>rd</sup>.
- 4.2 The employment rate has also improved from 64% in 2006-07 to 67.2% in 2011.
- 4.3 However, despite these positive developments levels of unemployment remain high, and are concentrated among certain demographic groups and in specific geographical areas.

- 4.4 Southwark's unemployment rate is 10.5% compared to London's rate of 9.1% and a national rate of 7.7% with 29,980 working age residents (14.2%) claiming an out of work benefit.



- 4.5 Southwark has also seen a 60% rise in unemployment between 2008-2011, with long term unemployment (Job Seekers Allowance (JSA) claims over 12 months) rising by over 100% in the same period.

### Ethnicity

- 5.1 The employment rates for different ethnic groups in Southwark in December 2010 was as follows

White-93,300 (73.1%)  
 Ethnic minority total-56,000 (64.5%)  
 Black or Black British-29,200 (60.2%)

- 5.2 The total Southwark employment rate is 152,700 (69.6%)
- 5.3 The corresponding economic inactivity rates for the different ethnic groups are as follows

White-27,100 (21.2%)  
 Ethnic minority total-19,700 (22.7%)  
 Black or Black British-9,800 (20.2%)

- 5.4 The total Southwark economically inactive rate is 46,800 (21.8%)

5.5 The source for these figures is from the ONS-Annual Population Data

### **Gender**

6.1 In regards to gender the employment rates are

Female employment rate 61%      Male employment rate 72.9%

Female unemployment rate 10.5%      Male unemployment rate 13.1%

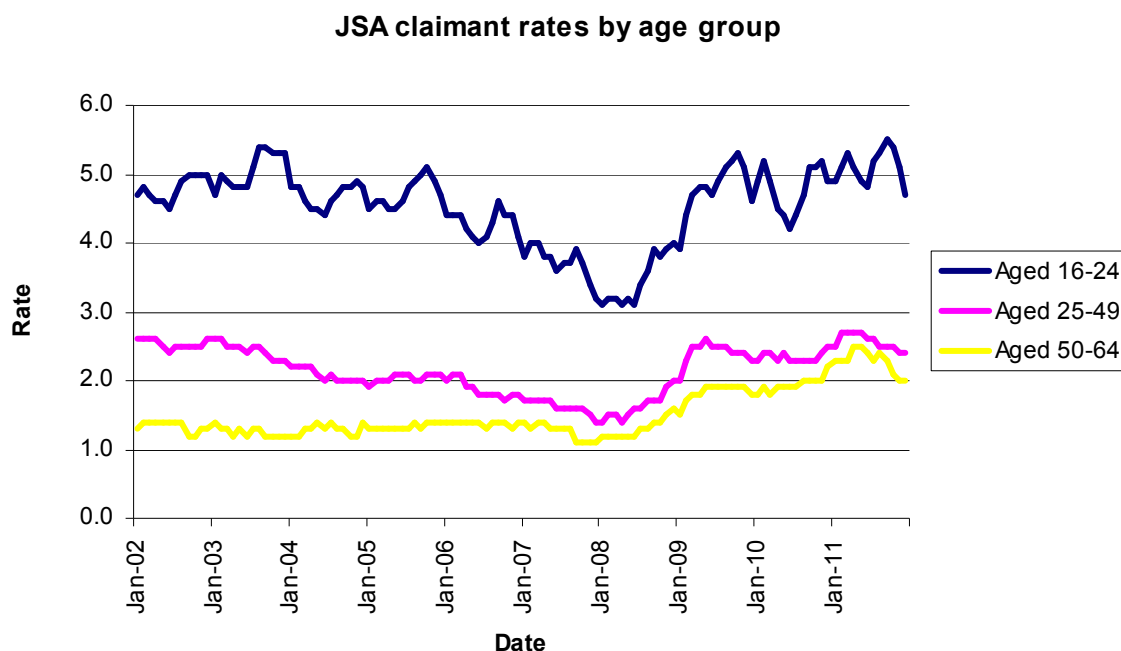
6.2 This pattern of lower unemployment for women is in contrast to the pattern seen in Inner London and London where males have slightly lower levels than females, but similar to figures for Great Britain where the unemployment figure is 1.5% lower than the male unemployment rate.

6.3 Women also have a higher “economically inactive” rate at 32% compared to 18% for men and while 23% of economically inactive women state that they do not want a job, 9% of economically inactive women say they would like to work, compared to only 6% of economically inactive men. This indicates women who want to work are facing more barriers in doing so compared to their male counterparts.

### **Families and Child Poverty**

6.4 There are 11,168 lone parent families in Southwark and approximately 41% of children are in one parent households (Census 2001). Child Poverty is a key issue in Southwark. 33% of dependent children (under 19 years) are living in poverty with 19,610 children living in families that are in receipt of out of work benefits/tax credits or where household income is less than 60% of the median income.

## Age cohorts and unemployment



## Health and Disability

- 7.1 Southwark has London's highest claim rate for health related out of work claims. 13, 440 residents are claiming either Incapacity Benefit (IB) or Employment Support Allowance representing 6.4% of the working age population. Over 10,000 of these residents are claiming Incapacity Benefit and in common with the picture across the UK the most common reason for claiming Incapacity Benefit in Southwark is mental ill health (47%).

## Skills challenge in Southwark

- 8.1 Skills levels are polarised:
- 45% of residents are qualified to degree level (London average 39%)
  - 13% have no qualifications (London average 12%).
  - Proportion with no qualifications highest among those age 50 to retirement age (33.3%).
  - Proportion with no qualifications aged between 16-19 (18.8%) (London average 18%)

## **Southwark Local Economy Group Strategic Priorities**

9.1 Southwark's Local Economy Group, which is a partnership of key partners including Jobcentre Plus, the 3 Department of Works and Pensions Work Programme providers, Southwark College, the Skills Funding Agency, Business Improvement Districts, London South Bank University strategic priorities include:

- remove the barriers to work faced by priority groups
- increase business and employer engagement
- raise skills for sustained employment

## **Recommendations**

The Sub-Committee agreed the following recommendations

1. That the council works with the Business Improvement Districts (BIDs) regarding their Employ SE1 project to evaluate the success of the project and whether with a small amount of council funding this project could be extended to work with businesses across the borough to help Southwark residents to secure local jobs
2. That the council evaluates the incubator pod project that is being put in place on the old garage site on the Walworth Road with the aim of extending the model to other locations in the centre and south of the borough to support small start up businesses.
3. That the council reviews its retail, business estates and light industrial estates portfolio to ensure the estate is not only maximising income but is also providing a diverse and appropriate portfolio to support small local businesses in the borough.
4. That the council acts as an enabler regarding the creation of a generic borough-wide careers advice service across school, academies and further education providers in Southwark and encourages the greater involvement of local employers in these educational providers in order to help young people secure jobs and careers when they leave school, including how to set up and run a business.
5. That the council conducts a comprehensive review of council policies that could impact on the success or failure of businesses to flourish and grow in Southwark such as parking policies and the way the public realm is managed and maintained.



6. That the council investigates examples of best practice around securing local jobs for local people using section 106 monies such as Colchester Council who worked with a new Sainsbury's store on training and recruitment, which resulted in 95% of all the new permanent jobs being filled by local unemployed people.
7. That the council considers the use of schemes such as purple flag to boost local high streets and town centres by getting key partners around the table to increase the diversity of the night-time offer and address issues of concern that are restricting the potential of our high streets and town centre night time economies.
8. That the council seeks to engage the Mayor and TfL to ensure a borough-wide comprehensive review of bus service provision in Southwark takes place, rather than piecemeal route by route reviews, to ensure that existing bus routes, frequency and capacity is meeting the changing demands of workers and residents in Southwark.
9. That the council should support and facilitate the setting up of local business associations to represent clusters of businesses in the borough, that are not represented by existing BIDs, and consider how best to this.
10. That the council representatives on the shadow Health and Wellbeing Board have regard to the fact that 47% of those claiming Incapacity Benefit in Southwark give the reason as being mental ill health and seek to identify strategies, interventions and support that will help those residents who can or wish to get back into work.
11. That the council considers how best to build on our existing employment strengths and characteristics in the borough such as the "Cultural Quarter" in the north-west corner of the borough and develop new employment opportunities and themes in areas such as the Elephant and Castle, Camberwell, Peckham, the Old Kent Road and Lordship Lane. Ideas could include promoting the history, diverse communities and existing business strengths in different parts of the borough.
12. That the council consider working with partners to support the creation of job clubs in the borough to support unemployed people back into work in Southwark.

# Southwark Local Authority Area APPENDIX 2 Labour Market Bulletin January 2012

Prepared by Jobcentre Plus, South London District Office.

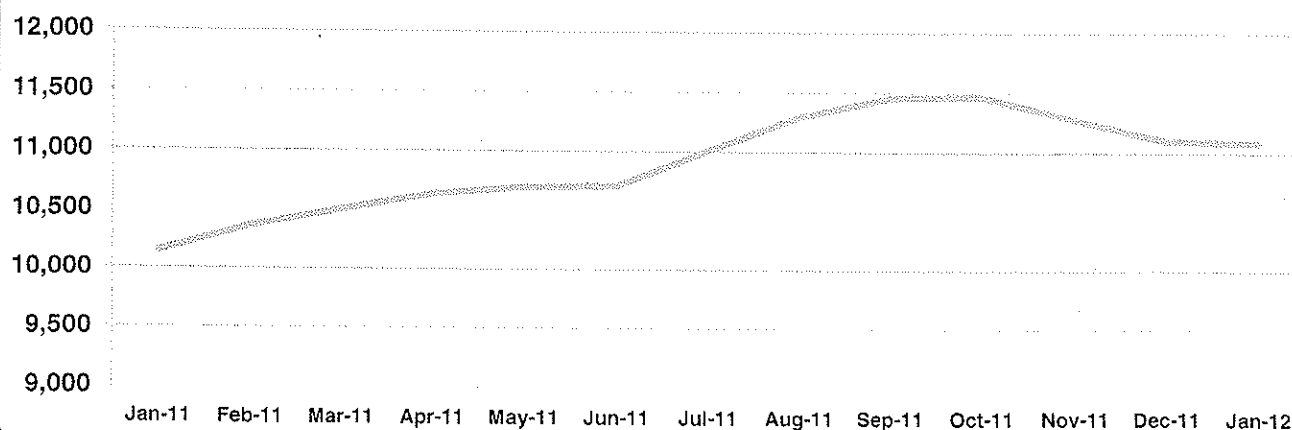
## London Borough of Southwark Information

- The total population is 287,000
- The working age population is 211,400 (73.7% of the population)
- The overall employment rate is 68.9%

## JSA Claimant Count – London Borough of Southwark

- The January 2012 JSA Count is 11,085
- A decrease of 15 (-0.1%) on last month.
- An increase of 940 (9.3%) on a year earlier.
- The JSA claimant count is 5.2% of the working age population.

### JSA Count - London Borough of Southwark

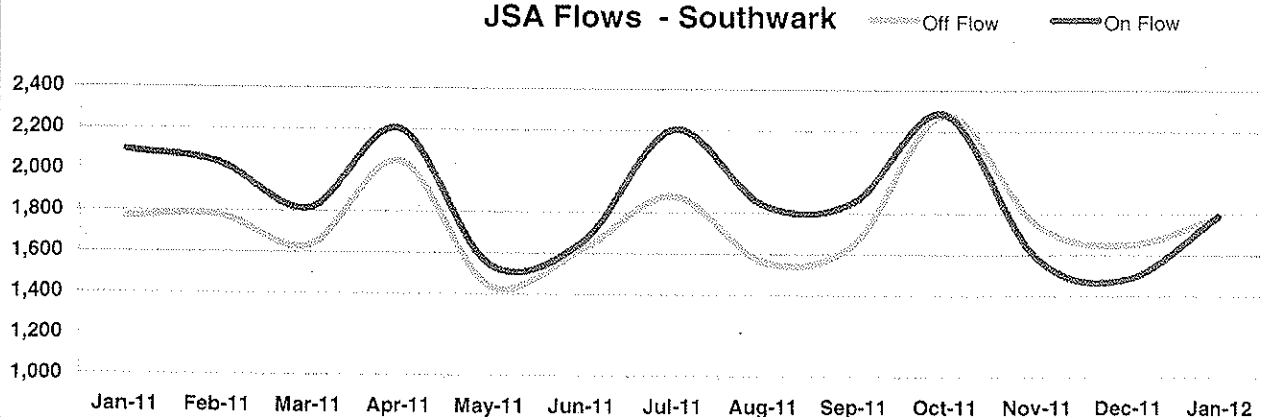


## JSA Claimant flows

- The On-flow in January 2012 was 785.
- Compared to a year ago, On-flow has fallen by 14.6%.
- Off-flow at 1,785 is 0.8% higher than a year ago.

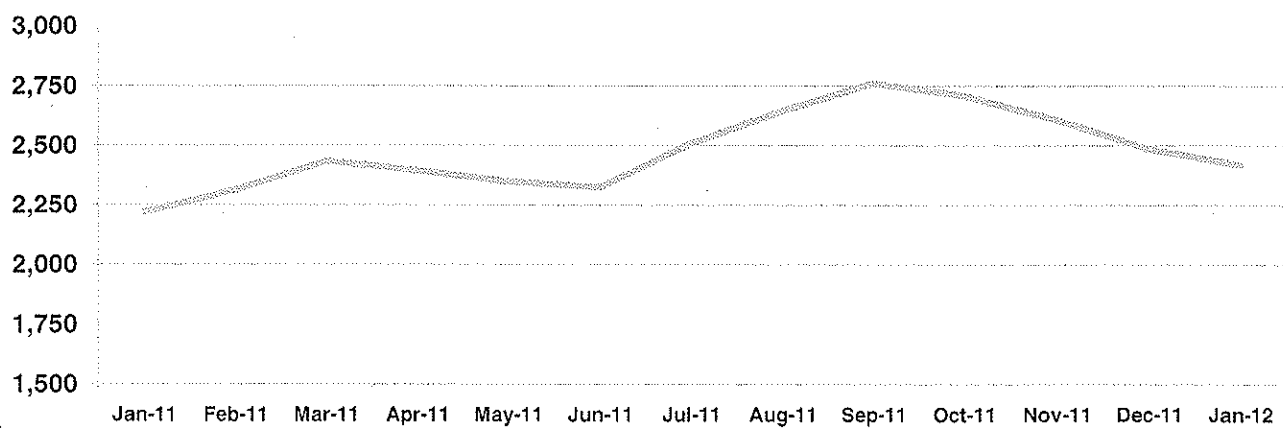
*on flow - new sign on's  
off flow - off benefits*

### JSA Flows - Southwark

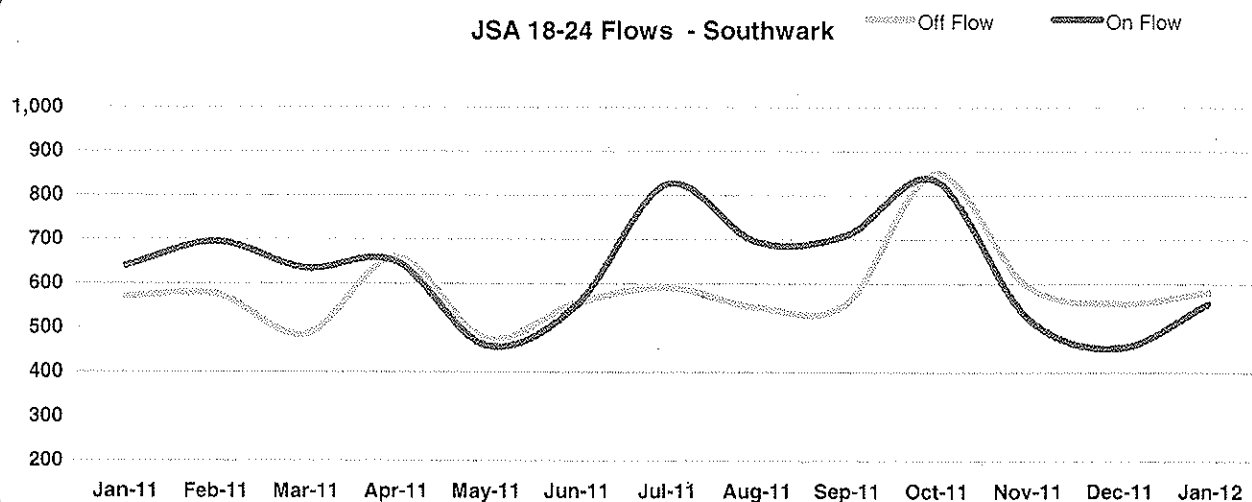


**JSA Claimant Count - 18 to 24 year olds****APPENDIX 2**

- The January 2012 JSA Count of 18 -24 year olds is 2,420
- A decrease of 65 (-2.6%) on last month.
- An increase of 200 (9.0%) on a year earlier.

**JSA 18-24 Count - Southwark****JSA Claimant flows (18 - 24 year olds)**

- The 18-24 On-flow in January 2012 was 555.
- Compared to a year ago, 18-24 On-flow has fallen by 13.3%.
- 18-24 Off-flow at 580 is 1.8% higher than a year ago.

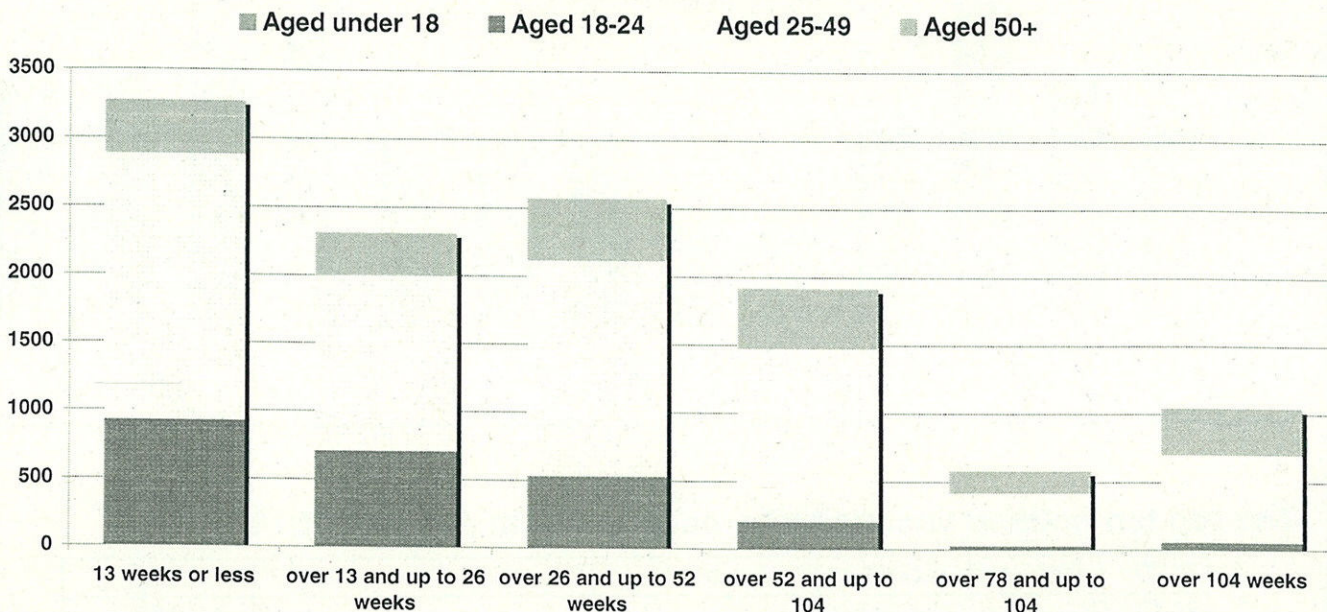
**JSA 18-24 Flows - Southwark**

**JSA Count by age and duration**

**APPENDIX 2**

- 21.8% of claimants are 18 – 24 (2,415).
- 60.9% of claimants are 25 – 49 (6,755).
- 17.4% of claimants are aged 50 or more (1,930).
- 50.3% of claimants have been registered less than six months (5,580).
- 23.1% of claimants have been registered between six and twelve months (2,565).
- 26.7% of claimants have been registered for one year or more (2,955).

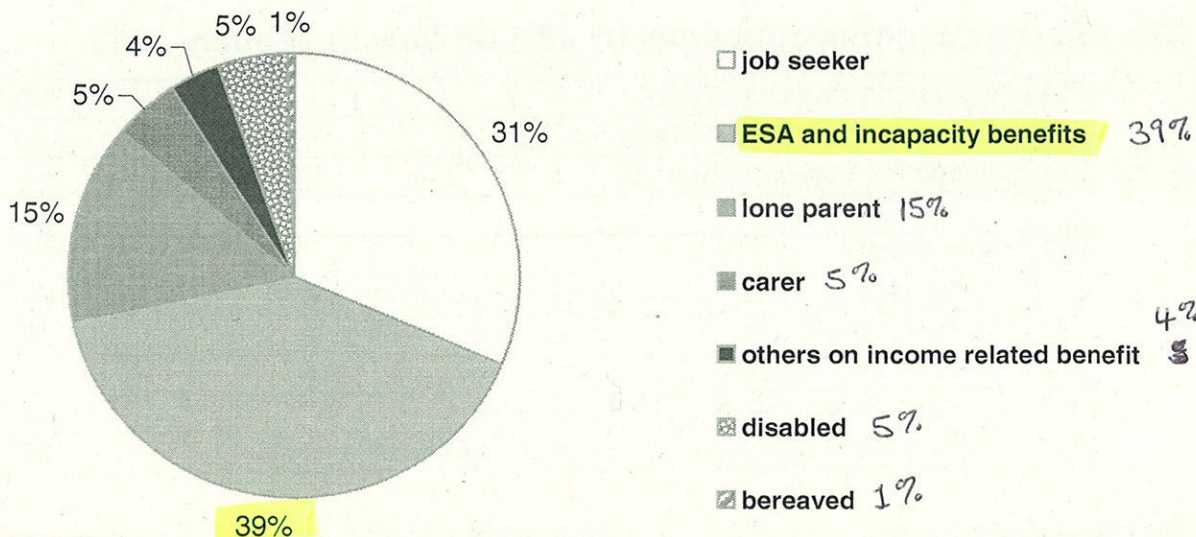
**JSA Count by Age & Duration  
Borough of Southwark**



**Other Benefits**

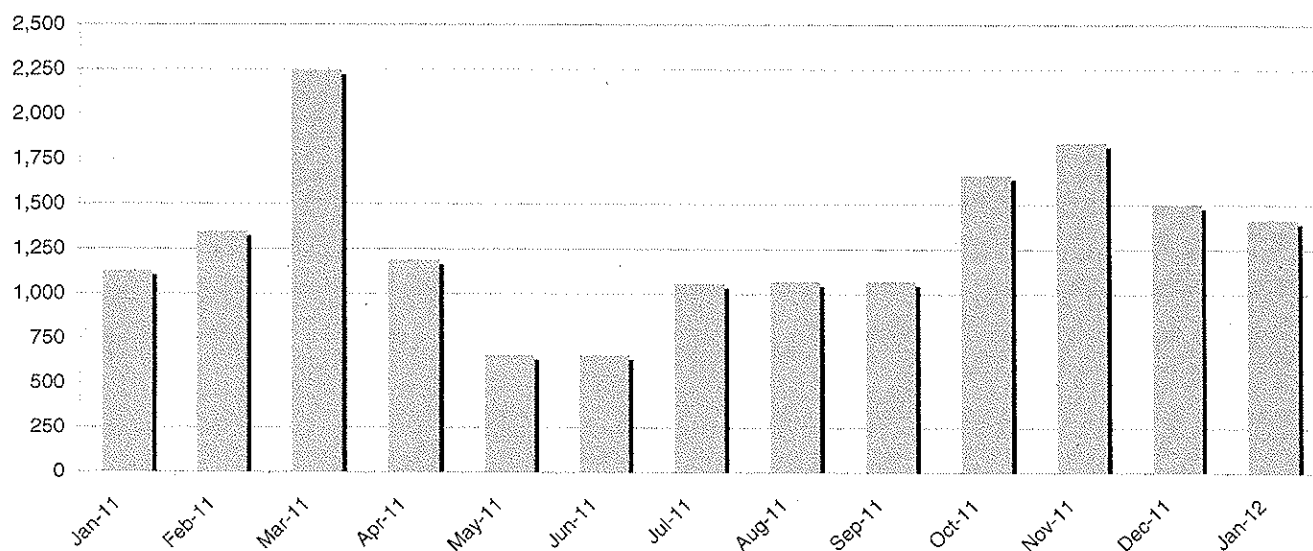
- As of May 2011, 13,440 people were claiming Employment Support Allowance and Incapacity Benefit.
- 4,870 LPs were claiming Income Support.

**Welfare Benefit Customers.  
Borough of Southwark**



**Vacancies notified****APPENDIX 2**

- In January 2012, 1,417 vacancies were notified. This compares with 1,500 in December 2011 (down 5.5%) and 1,128 in January 2011 (up 25.6%).

**Notified Vacancies / Southwark****The top ten notified vacancies by occupation in January 2012**

7129 : Sales related occupations n.e.c.	142
3542 : Sales representatives	126
8212 : Van drivers	118
6115 : Care assistants and home carers	96
3211 : Nurses	94
4217 : Typists	50
7111 : Sales and retail assistants	47
9241 : Security guards and related occupations	47
9224 : Waiters, waitresses	47
7121 : Collector salespersons and credit agents	46

**The top ten sought occupations by JSA on flow in January 2012**

7111 : Sales and retail assistants	390
4150 : General office assistants/clerks	120
7212 : Customer care occupations	55
9233 : Cleaners, domestics	55
8212 : Van drivers	50
9149 : Other goods handling and storage occupations n.e.c.	50
7112 : Retail cashiers and check-out operators	45
9223 : Kitchen and catering assistants	40
9241 : Security guards and related occupations	35
9121 : Labourers in building and woodworking trades	30

## JSA Claimant Count, Local Authority Comparison

## APPENDIX 2

Local Authority	Jan-11	Jan-12	% Change
Barking and Dagenham	6,570	7,475	13.8%
Barnet	6,435	7,020	9.1%
<b>Bexley</b>	<b>4,335</b>	<b>4,810</b>	<b>11.0%</b>
Brent	8,955	9,730	8.7%
<b>Bromley</b>	<b>5,280</b>	<b>6,145</b>	<b>16.4%</b>
Camden	5,390	5,565	3.2%
City of London	135	120	-11.1%
<b>Croydon</b>	<b>9,540</b>	<b>10,920</b>	<b>14.5%</b>
Ealing	8,305	9,125	9.9%
Enfield	9,315	10,535	13.1%
<b>Greenwich</b>	<b>7,300</b>	<b>8,210</b>	<b>12.5%</b>
Hackney	10,090	10,940	8.4%
Hammersmith and Fulham	5,025	5,105	1.6%
Haringey	9,895	10,410	5.2%
Harrow	3,905	4,245	8.7%
Havering	4,980	5,620	12.9%
Hillingdon	4,930	5,345	8.4%
Hounslow	4,910	5,220	6.3%
Islington	7,045	7,265	3.1%
Kensington and Chelsea	3,485	3,240	-7.0%
Kingston upon Thames	1,955	2,055	5.1%
<b>Lambeth</b>	<b>11,110</b>	<b>12,160</b>	<b>9.5%</b>
<b>Lewisham</b>	<b>9,470</b>	<b>10,765</b>	<b>13.7%</b>
<b>Merton</b>	<b>3,435</b>	<b>4,040</b>	<b>17.6%</b>
Newham	10,355	11,595	12.0%
Redbridge	6,505	7,200	10.7%
Richmond upon Thames	2,005	2,020	0.7%
<b>Southwark</b>	<b>10,145</b>	<b>11,085</b>	<b>9.3%</b>
<b>Sutton</b>	<b>3,270</b>	<b>3,660</b>	<b>11.9%</b>
Tower Hamlets	10,090	11,120	10.2%
Waltham Forest	8,475	9,910	16.9%
Wandsworth	6,175	6,595	6.8%
Westminster	5,065	5,280	4.2%
<b>Column Total</b>	<b>213,870</b>	<b>234,535</b>	<b>9.7%</b>

<b>Item No.</b> 9.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Abbeyfield Estate: Regeneration Project Update	
<b>Ward(s) or groups affected:</b>		Rotherhithe Ward	
<b>Cabinet Member:</b>		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

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

I would like to thank the residents who have been involved in the Resident Steering Group for their constructive suggestions on the progression of this regeneration project. They have assisted the process no end with their ideas, concerns and comments. The council is now in a stronger place to commence works and allowing tenants to return to a flat of their choice is a key factor in this situation. For Maydew House, we will continue to progress the rehousing of tenants and continue to work with leaseholders on buying out their interest, using Compulsory Purchase Order procedures if necessary. In addition the council will work constructively with leaseholders in the low-rise properties to ensure every assistance is given to them in order to meet the costs of the works. I am confident that the council is on track to deliver the regeneration of the estate and as always residents will be consulted and involved at every step of that process.

I am therefore asking the cabinet, after consideration of the officers' report set out from paragraph 10 onwards to approve the recommendations below.

### **RECOMMENDATIONS**

That the cabinet:

1. Notes that Maydew House tenants who have been rehoused since 9 August 2010 and who qualify for the option to return can choose which flat they return to from the flats available for letting following refurbishment.
2. Notes that a separate report seeking to make a Compulsory Purchase Order for the acquisition of all interests not within the council's ownership will be brought to Cabinet at a later date.
3. Notes the proposed development process including identification of void properties for sale, with a concentration in the top eight floors.
4. Notes that there will be a later procurement for the consultants and contractor to deliver the enhanced refurbishment works as outlined in paragraph 44.
5. Agrees that arrangements for a concierge service on completion of the works programme are worked up separately from the other schemes in the borough, in the light of the specific requirements pertaining at Abbeyfield Estate.

6. Agrees the position for rent charges at Maydew House after refurbishment works are complete.
7. Notes the implications of the implementation of the Southwark Heat Network proposals on the estate.
8. Notes the impact of the capital works service charges to leaseholders and the annual service charges to all residents.
9. Notes the arrangements for ongoing consultation with residents and the Bede Centre.

## **BACKGROUND INFORMATION**

10. The cabinet considered a report on the options appraisal of Abbeyfield Estate: Maydew House, Damory House and Thaxted Court on 20 March 2012 and approved the enhanced refurbishment programme of works to the above named blocks. cabinet also agreed that tenants being rehoused from Maydew House as a result of the requirement for works, be offered the option to return to the block when the works are completed.
11. It was agreed that a 3-month progress report would be presented to cabinet including an update on any outstanding issues that were not resolved as part of the March report.
12. Cabinet approved the sale of a number of voids in Maydew House to cover the funding gap between the cost of the Warm, Dry and Safe works and enhanced refurbishment works to the sum of £7.2m. It was resolved that void sales should not exceed a maximum number of 71 flats. The identification of the voids to sell and the development process could not be reported as part of the March cabinet report due to the further work necessary to gauge the level of interest from tenants in returning to the block and to assess the impact on the potential value of void disposals.
13. The Abbeyfield Resident Steering Group (RSG) requested tenants be offered the choice to return to their original flat. It was noted by cabinet in the March report that the voids for sale would need to be identified and the number of tenants wanting to return to the block confirmed before the council could properly consider this request.
14. Council officers from both the property team and home ownership service have been in negotiations with the remaining two leaseholders in Maydew House, but it has not been possible to reach agreement. Officers now seek to begin an application for a compulsory purchase order to acquire the remaining leasehold interests and achieve vacant possession of the block and this will be the subject of a separate report to cabinet later in the year.
15. Due to the nature of the enhanced refurbishment programme of works, residents of Maydew House have expressed concern about rent increases being higher than the normal annual increments. Officers undertook to look at potential valuation changes, formula rent projections and how they will apply in 2 years time.
16. Much of the refurbishment works to be undertaken at Thaxted Court and Damory House is eligible for recharging and leaseholders have been provided with



service charge estimates developed for the option appraisal, which are not part of the formal Section 20 consultation to follow. There is concern amongst the leaseholders over the high charges and many may have difficulty paying large major works service charge bills. Home ownership services will consult with leaseholders on an individual basis in relation to the payment options.

17. The Abbeyfield Estate is one of 4 estates across the borough that provides a concierge service. The concierge service will continue until such time as vacant possession of Maydew House is achieved. Proposals for changes to the way concierge services generally operate across the borough are currently being worked on by the housing services department. Due to the unique nature of the regeneration scheme at Abbeyfield Estate, it is proposed that the requirements for Maydew House are considered separately from the wider exercise. The service, or alternative provision, will be required at Maydew House until all residents are rehoused. When the works are in progress, it will not be possible to keep the concierge station in Maydew House in operation; therefore alternative provision will be required for oversight of Damory House and Thaxted Court. This will be discussed further with the local housing team and picked up on planned developments in the monitoring of CCTV systems across the borough.
18. Cabinet agreed a Gateway 2 report in May 2012 on the Southwark Heat Network (SHN), approving in principle entering into an agreement between the council and Veolia Environmental Services Southwark Ltd (VESS) to award a contract to VESS for the provision of low carbon heat to a number of estates, including Abbeyfield Estate. Negotiations are continuing between the council and VESS but assuming a satisfactory agreement can be reached and the Leasehold Valuation Tribunal approve the proposal, the impact on the Abbeyfield Estate will be the provision of heat and hot water directly from the South East London Combined Heat and Power facility. Some engineering changes will be necessary including relocating the plant room from the roof of Maydew House to a more suitable location at ground floor level. The boiler house on top of Maydew House would therefore become redundant.
19. The refurbishment scheme will be project managed to integrate with the SHN works on the estate, so as to minimise disruption and ensure complementary working.
20. Heat and hot water will be provided to Maydew House, Damory House and Thaxted Court through the new heat network, with backup from the Pedworth boiler house if required.
21. There is no additional cost to the council but the SHN contract is for the long-term purchase of heat from VESS (replacing the cost of purchase of gas and boiler maintenance). There is no capital cost to the council.
22. Subject to the considerations outlined in paragraph 18, the contract will commence in September 2012 and expire in 2033, with the supply of heat commencing in late 2013.
23. The contract requires dispensation of statutory consultation with leaseholders from the Leasehold Valuation Tribunal.

## KEY ISSUES FOR CONSIDERATION

### Voids for sale

24. Further consideration has been given to the process of identifying and developing the voids for sale, based on the principles of minimum disposals for maximum value, and sustainable future management. As outlined in the March report to Cabinet, the key to this is to co-ordinate the specification, marketing and disposal processes closely. It is proposed that the delivery of the refurbishment scheme is also linked and that a procurement exercise is undertaken for constructor / developers who are experienced in both refurbishment and market developments in a regeneration environment. The main elements of the brief for this procurement will be:

- Achieving the right specification and quality of delivery
- Participation in design process to guide specification of materials including common parts to deliver value in disposal and cost effectiveness and sustainability for management.
- Developing a mixed tenure block that achieves market outcomes and is sustainable in management terms e.g. – including use of intermediate housing, balanced against reduced initial capital receipt. External works including to access, parking areas and the podium as well as renovation of garages will make an important contribution.
- Understanding limitations of unit layouts in Maydew House.
- Working with single core and entrance in Maydew House
- Overcoming reluctance of some mortgage lenders to fund purchasers in high rise council blocks.
- Possibility of the contractor / developer sharing risk and reward.
- Generating early returns by marketing and selling properties off plan.

25. The council has sought the advice of BNP Paribas real estate in relation to the value of individual units and the value implications of adopting various approaches as to the sales strategy. In addition they were asked to comment on actions that could be taken to reduce risk and exposure to the council in its role as developer; improve the mortgageability of the units and advice on internal specification. Their report has concluded that voids located on the upper floors of the block would generate the highest value, thereby reducing the overall number of disposals. Conversely, sales on the lower floors would be at significantly less value. Disposing of voids on the lower floors would assist in producing a mixed community but this would result in a greater number of disposals to achieve the target sum. BNP Paribas were specifically asked to model valuation scenarios assuming a mixed tenure community in overall terms, as all council blocks and estates do. They were further questioned as to what extent mixing on floors, and to what degree, affects value of the Private For Sale (PFS) units. The report has concluded that highest value is derived from creating a 'private enclave' arranged over the upper floors. However, if this part of the block is 'pepper potted' with a small amount of Social Rent (SR) and Shared Ownership (SO) the value differential is reduced by just over 10%. At the other end of the spectrum random 'pepper potting' would result in the need to sell at least 25% more units than the scenario assuming a private only 'enclave'. As the proportion of SR units increases, the greater the impact on values achieved. In order to balance the need to maximise value and, by consequence, the number of properties available for rent with the objective of allowing tenants to return, it is proposed

that the tenure mix in the block should be achieved by concentrating the disposal for PFS and SO in the upper eight floors. Within these floors there would also be sufficient SR units to facilitate those former tenants of Maydew House who have indicated a desire to return to the block. It is estimated from the advice given that approximately thirty units refurbished to the PFS standard will need to be sold to reach the gap funding target sum. This will also cover the incidental costs of sale as well as a contingency to allow for fluctuations in the property market.

26. Sales values will be also be affected by the quality of the refurbishment works to both the internal and external areas, therefore the specification of works will be crucial in realising optimum value. The marketing of the units will require the services of a property professional with relevant experience. It is proposed that a contractor/developer with specialist knowledge and experience of private sector/market housing will be appointed to undertake the whole scheme. The contractor will undertake the refurbishment works and will develop the process of the void disposals, with the main focus on cost effectiveness and sustainability. The major works partnering contracts do not have provision for this range of activities. It is important that the contractor is appointed in sufficient time to input into the design and specification process; it is proposed that a 'design and build' approach is used to give greater certainty on specification and delivery.
27. BNP Paribas has recommended that the council seeks advice from high street and other mortgage lenders as to the likely mortgageability of the proposed refurbished units prior to the commencement of any works and that this is closely monitored throughout the program with a list of lenders maintained that are prepared to lend. Early advice will be sought in this respect. When appointing the developer/contractor their ability to source relevant mortgage finance for prospective buyers will be an important deciding factor.

#### **Option to return to flat of choice**

28. When the decision was made by cabinet in August 2010 to rehouse all residents of Maydew House, there were 94 secure tenancies and 5 leasehold properties. To date, 68 secure tenants have been rehoused. Of the remaining 26 secure tenants, 23 are registered, 2 households are currently going through the registration process and there has been no contact with the remaining household. Of the original 94 secure tenants, 71 qualify as a 1 or 2 bed need. Three leaseholders have been bought out.
29. All the qualifying former and current secure tenants have been written to about the option to return. Tenants were either sent an expression of interest form or are provided with one while registering. As well as asking tenants to confirm their preference in returning or not returning to the block, they were also asked to indicate if they would like to return to their original flat. An option to return form is attached as Appendix 1. Table 1 below outlines the expression of interest response rate:

**Table 1**

No of forms sent out	<b>71</b>
No of forms returned	<b>27</b>
No of tenants who do not wish to return to the block	<b>6</b>
No of tenants who wish to return to the block	<b>21</b>
No of tenants who wish to return to their original flat	<b>16</b>
No of tenants who do not wish to return to their original flat	<b>1</b>
No of tenants who had no preference on choice of flat	<b>4</b>

30. In determining whether it can be agreed that tenants can choose to return to their original flat the following factors will need to be taken into consideration:
- a. Overall response rate
  - b. Number of tenants who wish to return
  - c. Number of tenants who expressed an interest in returning to their original flat
  - d. Location of the voids for sale
31. Tenants will be able to choose the flat they wish to return to from the flats available for letting after the voids for sale have been identified. Tenants cannot choose a flat from those that have been identified for sale. Where more than one tenant chooses the same flat to return to, the council will exercise the right to offer the flat first to the tenant with the earliest tenancy end date upon vacating Maydew House. If an original tenant of the flat expresses interest, they would have precedence.
32. The recommendation that the top eight floors are designated for the location of PFS and SO units with a limited number of SR units will allow those tenants, who have expressed an interest in the option to return to the block, their choice of flat from those designated as SR units.

### **Compulsory purchase order**

33. Officers in the property team initiated negotiations with all five leaseholders in Maydew House in December 2010 and had successfully completed the acquisition and compensation of 3 leasehold interests in Maydew House by November 2011.
34. Officers have continued to negotiate with the 2 outstanding leaseholders in Maydew House but without success. A separate report to cabinet will be prepared seeking the use of CPO powers to acquire these interests if they cannot be acquired by agreement.

### **Rent increases**

35. It may be necessary for Maydew House to be revalued following the enhanced refurbishment works and as such there is a possibility that rents may increase. Rents cannot increase beyond formula rent which is the maximum social rent that can be applied. At the current valuation level, the 2012/13 formula rent for a Maydew House property is £93.08, which would rise to £97.80 by 2014/15,

assuming the normal 0.5% on top of estimated RPI increases at 2%. At new estimated valuation levels the formula rent would be £101.98 in 2014/15. Transitional rent currently payable averages around £90.45 and would rise to £96.87 in the two years to 2014/15 assuming RPI+0.5% and the staged move towards formula rent. Thus the revalued 2014/15 formula rent level is estimated at around £5.11 per week above the rent payable with no refurbishment. Of this increase, 93p relates to formula rent applying and £4.18 to the revaluation of the stock increasing the formula rent – see table 2 below.

**Table 2**

Current (transitional) rent and revalued formula rent, assuming a 2% p.a. RPI increase

	2012/13	2013/14	2014/15	2015/16
Transitional rent (Approx average at Maydew House)	<b>90.45</b>	<b>93.61</b>	<b>96.87</b>	<b>100.24</b>
<i>Annual increase</i>		3.50%	3.49%	3.48%
Formula Rent	93.08	95.41	97.80	100.24
<i>Annual increase</i> Extra above transitional		2.50% 1.80	2.50% 0.93	2.50% -
Formula Rent (revalued)	<b>97.06</b>	<b>99.49</b>	<b>101.98</b>	<b>104.53</b>
<i>Annual increase</i> Extra above transitional		2.50% 5.88	2.50% 5.11	2.50% 4.29

36. On the basis of the differentials projected in future years, it is proposed that formula rent is charged and that revaluation also takes place.
37. Damory House and Thaxted Court would not be part of a revaluation; therefore there would be no increase above the annual increments to the rents for these blocks.
38. It should be noted however that a revaluation by the Valuation Officer which is likely to be triggered by the refurbishment process could lead to an increase in council tax banding. Former tenants wishing to return will be kept advised of developments in this regard as part of the ongoing engagement process.

### **Concierge service**

39. Due to the high volume of voids for sale, on completion of the enhanced refurbishment works a concierge service will need to be reinstated. Currently the concierge service is heavily subsidised by the council. Moving forward, it is not sustainable for the council to continue this subsidy and residents are due to be consulted across the borough on the concierge service charges from 2013 onwards. Any future concierge service at Maydew House would potentially operate in a different way from the service provided currently at Abbeyfield estate. Current actual charges at Maydew house are forecast to be around £13 per week, it is difficult at this stage to identify what the future service would cost.

### **Southwark Heat Network**

40. The proposed Southwark Heat Network will provide low carbon energy for heating and hot water from the South East London Combined Heat and Power

plant to a number of estates including Maydew House, Damory House and Thaxted Court. The contract aims to ensure that heat and hot water is provided at a lower cost than the current provision by gas fired boilers, and that there are significant carbon savings. The responsibility for the maintenance of boiler plants, which will be retained for back up, will pass to VESS. There will be no capital cost to the council; the council's commitment is to purchase the heat supplied under the new contract. Connecting to the network will result in the boiler house on the roof of Maydew House becoming redundant, as a new plant room will be situated at the base of Maydew House.

### **Service charges**

41. Service charges for tenants are at flat rate based on pooling, with the exception of locally specific charges e.g. for concierge, and are levied alongside rental charges.
42. Annual service charges for leaseholders are calculated in a very specific way and are inclusive of day to day repairs, heating, cleaning, grounds maintenance, estate lighting, door entry, CCTV, concierge and management costs. Once the major works have been completed the impact on leaseholders needs to be assessed, i.e. the works will not decrease the annual service charge paid by Damory and Thaxted leaseholders, which will continue to be constructed from costs incurred to their block and the estate.
43. The implementation of the Southwark Heat Network (SHN) proposal will not have any bearing on leaseholder capital service charges in relation to the major works programme. Heating works that are required but are not attributable to the SHN will be eligible for charging in the normal way. It is anticipated that the proposed contract will reduce the annual service charges to leaseholders for the provision of heating and hot water.

### **Works programme**

44. The current partnering contract cannot cover the refurbishment due to the nature of the works and the inclusion of voids for sale. A contractor with major refurbishment experience and knowledge of both the social rent and private sales market will be procured via OJEU for the works programme, along with a technical consultant to work on the design element of the programme. Gateway 1 and 2 reports for the appointment of the refurbishment works contractor will be presented to the Strategic Director of Housing Services for approval at a future date.
45. The contract will be a design and build contract, placing the risk on the contractor in terms of delivering to deadline and within budget. Planning consent will be required for some of the external works, i.e. cladding, removal of ramp, etc. There is no planning consent necessary for the tenure of the block, i.e. not adding more floors. The procurement and design process will take a considerable amount of time and no design works are anticipated to start before November 2012.

### **Resident consultation**

46. The Abbeyfield Estate Resident Steering Group (RSG), along with the Independent Resident Advisor have had three meetings with council officers following the March Cabinet report. An estate open event also took place to

establish the Resident Project Group (RPG) as the vehicle for engagement on the works programme.

47. The Abbeyfield Estate residents have been informed and engaged since the March Cabinet decision as follows:
- April 2012: estate wide letter to all residents notifying them of the Cabinet decision
  - April 2012: option to return expression of interest form to qualifying Maydew House tenants (both current and former).
  - April 2012: RSG Meeting
  - May 2012: registration surgery for non registered tenants
  - May 2012: RSG Meeting
  - May 2012: estate open event: establishing the RPG
  - June 2012: RSG Meeting
48. The RSG was set up as a consultative body to work with council officers during the options appraisal process. This process came to an end following the cabinet decision on the future of the estate. Cabinet requested a July progress report; therefore the RSG's term was extended to enable input into the progress report. The final meeting of the RSG took place on 21 June 2012.
49. A resident project group will be formed to oversee the works programme. The group will comprise of tenants and leaseholders from Damory House and Thaxted Court, along with tenants who have expressed an interest in returning to Maydew House on completion of the works. The group will meet regularly during the works and representatives of the group will be invited to get involved in the procurement of contractors/consultants where applicable. Representatives of the group will also be invited to attend site meetings on an ad hoc basis.

### **Policy implications**

50. The combination of refurbishment, environmental works and mixed tenure accommodation will enable regeneration to be delivered to the area.

### **Community impact statement**

51. Maydew House tenants of a 1 and 2 bed need, regardless of age, disability, faith/religion, gender, race and ethnicity and sexual orientation were offered the option to return to the block on completion of works. Of the 71 tenants offered the option to return, 21 (29%) expressed an interest in returning. There is a strong sense of community on the estate that returning residents are keen to continue and uphold upon their return.
52. Due to the extent of the works for Maydew House the block may need to be revalued, which could result in a rent increase. Rents will not increase beyond formula rent which is the maximum social rent. The low rise blocks will not be part of a revaluation and therefore there will be no rent increase beyond the annual increments for tenants in these blocks.
53. The concierge service may be discontinued once Maydew House is empty although this is dependent upon discussions with the low rise block tenants. There will be a need to reinstate a service once the works are complete and tenants of the low rise blocks will be consulted on whether this service will be extended to them and the likely impact on their service charges.

### **Financial implications**

54. Sales to leaseholders of the maximum number of 71 properties, would involve up to £367,000 p.a. of rent loss compared to the tenanted position and consideration will need to be given to part of the sales proceeds being used to repay debt, in line with any overall policy established for HRA self-financing, and hence offsetting the loss with reduced debt charges.
55. Charging revalued formula rent to new and returning tenants of Maydew House raises around £22,000 p.a. in extra rent income compared to current rent levels.
56. The concierge service is expected to have tenant and leaseholder service charges set at a level to cover costs. Concierge service charges to tenants are rebateable to those eligible, under current Housing Benefit regulations.

### **Investment implications**

57. Following approval of the earlier report to cabinet in March 2012, provision has been built into the housing investment programme (HIP) for the proposed expenditure by the re-profiling of the existing approved resources for the acquisition of leasehold properties at Maydew House and refurbishment to the estate, together with additional resources to cover the full scheme costs as identified in that report. Expenditure can be met from uncommitted HRA resources and will be reimbursed in part from the capital receipts to be generated from the sale of voids. Works contract costs and their implications for the HIP will be considered in greater detail when gateway reports are submitted for approval.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

58. There are no legal issues arising from this report that cabinet should be aware of, other than those set out in the advice below from the Head of Home Ownership and Tenant Management Initiatives. If a CPO is sought, this will be the subject of a separate report. Cabinet should note that the power to make a CPO is granted by s17 of the Housing Act 1985 as has been advised in the March 2012 report.

### **Strategic Director of Finance and Corporate Services (NR/F&R/13/06/12)**

59. This report recommends that the cabinet notes various matters connected with the Abbeyfield Estate, agrees that the Strategic Director of Housing and Community Services be delegated the authority to approve the procurement and appointment of the contractor and agrees the arrangements for a concierge service on completion of the works
60. The Strategic Director of Finance and Corporate Services notes the financial and investment implications contained within the report. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.

### **Head of Home Ownership and Tenant Management Initiatives**

61. Much of the work proposed is service chargeable, so the council will be required to carry out statutory consultation with leaseholders under section 20 of the landlord and tenant act 1985 (as amended). As it is proposed to tender for this



work separately there will need to be a two stage consultation process, each including a 30 day observation period. The first stage, the notice of intention, will need to be carried out prior to placing the OJEU notice, and the second stage, the notice of proposal, will need to be carried out post tender but prior to making the decision to enter into the contract.

62. The council recognizes that some leaseholders may have difficulty in paying large major works service charge bills. A number of payment options are available to leaseholders, dependant on their particular circumstances and staff within Home Ownership Services are available to discuss these with leaseholders on an individual basis.
63. The management of garages now falls within the remit of the Home Ownership and Tenant Management Initiatives Division. The garages under Maydew are in dire need of security and refurbishment work as they are currently not in a lettable condition. There will be a requirement for available parking on the estate and the refurbished garages will be easily let. The garages under Maydew are vulnerable to vandalism, fly-tipping and other security hazards. This means that not only is there a loss of income on the garages but there are on-going costs of security and clearance and potential health and safety risks to current residents of the block. It is anticipated that once the garages have been refurbished we will be able to achieve full occupancy, giving a long term income stream to the Housing Revenue Account. In addition, given the location of Maydew, any garages which are not utilized by residents on the estate will be easy to let to private sector applicants at a higher rent.
64. Home Ownership notes the proposals concerning the disposal of void units in Maydew House and that the precise number and terms of said disposals has yet to be decided. It is understood that some of the units may be sold on shared ownership terms to help achieve the desired mixed tenure development.
65. It is not proposed that the Home Ownership Service is directly involved in the marketing of the void units for sale, however, it is imperative that the service is consulted in respect of the terms of the leases to be granted and the statutory consents that will be required under section 32 of the Housing Act 1985 as the service will be required to construct and collect service charges for the properties in the future. For ease of future financial as well as building management it is crucial that the terms of the precedent leases broadly match those used for sales under the statutory Right to Buy Scheme and Social Homebuy Scheme.

### **Housing Options Manager**

66. The proposals for the option to return have been noted and are provided for under the council's lettings policy. The proposal for prioritisation of tenants who have all expressed an interest in the same flat is in line with the approach taken on other regeneration schemes such as the Heygate.

**BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Abbeyfield Estate: Maydew House, Thaxted Court and Damory House Options Appraisal 20 <sup>th</sup> March 2012 Cabinet Report	Housing Regeneration Initiatives/ Estate Regeneration Team 160 Tooley Street London SE1 2QH	Diana Hall 020 7525 7724

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Option to Return Expression of Interest Form

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Diana Hall, Project Officer	
<b>Version</b>	Final	
<b>Dated</b>	5 July 2012	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Home Ownership	Yes	Yes
Housing Options Manager	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to constitutional team</b>		5 July 2012



## APPENDIX 1

### Option to return to Maydew House

The Council's Cabinet has agreed that current tenants of Maydew House and tenants who have moved out since the rehousing decision on 09 August 2010 shall be offered the option to return to the block when the refurbishment works have been completed.

If your household is of a 1 or 2 bedsize need, you can express an interest in the option to return to Maydew House. Your details will be placed on file and the Council will contact you once the works to Maydew House begin to confirm you are still interested in returning to the block.

Expressing interest in the option to return does not commit you to returning. If you decide at a later date or once the works have begun/finished that you no longer wish to exercise your option to return to Maydew House, you can remain at your alternative address.

### What to do now

- Fill in the slip below and return it in the enclosed pre paid envelope, or hand it to your Resident Officer when completing your registration form.

If we do not hear from you by 7<sup>th</sup> May 2012 then it will be assumed that you are not interested in returning to Maydew House.

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### REPLY SLIP – 05/12

**Please return this slip to Diana Hall in the pre paid envelope provided; hand it to your Resident Officer or post it to the Estate Regeneration Team, FREEPOST RSCE-TGHU\_CUZH, Southwark Council, 160 Tooley Street, 5<sup>th</sup> Floor- Hub 3, London SE1 2QH**

Name: \_\_\_\_\_

Current Address: \_\_\_\_\_

\_\_\_\_\_

Previous Address: \_\_\_\_\_  
(at Maydew House)

\_\_\_\_\_

**APPENDIX 1**

PLEASE TURN OVER

Tel: \_\_\_\_\_

Email: \_\_\_\_\_

I would like to return to Maydew House when the refurbishment is completed If possible I would like to return to my original flat I would not like to return to Maydew House 

Signed: \_\_\_\_\_

<b>Item No.</b> 10.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Four Squares Estate – Major Works update	
<b>Ward(s) or groups affected:</b>		Riverside Ward; Residents of Four Squares Estate	
<b>Cabinet Member:</b>		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

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

I am very pleased with the tremendous progress that has occurred on the delivery of the major works programme for the Four Squares estate. This has in no small part been due to the dedication of the residents in the Resident Steering Group who have assisted in a large way in calming residents concerns over the works proposals. Delivering both the security works for Marden and Layard and the overall refurbishment works for the estate as a whole at the same time and as soon as possible remains our mutual goal. In recognition of the large proportion of leaseholders on the estate and the costs involved, I am very pleased to propose the recommendation that a pilot scheme is run for leaseholders to have their interest free period extended by a further 24 months to 72 months in total. I firmly believe that by agreeing the recommendations before us today the cabinet is signalling its total commitment to long-term viability of the estate.

I am therefore asking the cabinet, after consideration of the officers' report set out from paragraph 4 onwards to approve the recommendations below.

### **RECOMMENDATIONS**

That the cabinet:

1. Notes the progress made in delivering the security and enhanced refurbishment works.
2. Agrees strategy of appointing specialist advisors for disposals as outlined in paragraph 33.
3. Agrees that a pilot is run on the Four Squares Estate whereby the interest free period for leaseholder major works charges is extended to 72 months for charges over £15,000, as outlined in paragraph 27.

### **BACKGROUND INFORMATION**

4. On the 20 March 2012 cabinet considered the Four Squares Options Appraisal report and agreed the following:
  - I. That the findings of the Four Squares options appraisal be noted.
  - II. That approval is given for work to continue to implement a scheme

of enhanced refurbishment to all blocks described as Option 3 in the report, to run concurrently with the security work already committed for Marden Square and Layard Square.

- III. That officers be instructed to programme future resources from the resources identified in paragraphs 79-82 of the report.
  - IV. That the substantial financial resources required for the refurbishment be noted and it also be noted that the option appraisal identified that no meaningful contribution would be forthcoming from infill development on the estate.
  - V. That officers be instructed to initiate disposals of void properties on the estate in accordance with the strategy outlined in paragraph 69 of the report to contribute to the cost of the refurbishment works and that it be noted that all disposal decisions in relation to the strategy to be made by the head of property. Such decisions will include consideration of targeted disposals to individuals and housing providers to contribute positively to the future management of the estate.
  - VI. That officers report to cabinet on the progress of delivery of this option in July 2012.
5. Since the Cabinet decision, steps have been taken to progress the two packages of works proposed for the estate, which will be delivered by Housing Services, Major Works Team.

#### **Security works – Marden Square and Layard Square**

- 6. The residents of Marden Square and Layard Square have met with officers from the Housing Major Works Team to discuss the proposals for the security works and the steps to be taken to drive this forward. Regular blocks meetings with residents will continue to take place throughout the duration of the works. The requirements of the residents of the Marden Square sheltered block will receive specific attention.
- 7. The relevant planning permissions are currently being sought for these works.
- 8. The current provisional timetable for the commencement of the security works at Marden Square and for lift works at Layard Square is Autumn 2012. The Layard Square security works will follow on from the lift works in early summer 2013.
- 9. It is intended that the enhanced refurbishment works are rolled out to each block thereafter.

#### **Enhanced refurbishment works**

- 10. The refurbishment works will be phased square by square, it is anticipated that the first phase will begin in summer 2013 and should be completed within 30 months.
- 11. Due to the size of the estate and extent of the works proposed, a Project Team will be appointed to manage the Four Squares programme of works. This will

enable the Major works team to manage staff resources in this area more efficiently, as the Abbeyfield Estate, Four Squares and Hawkstone Estate for which future major works are planned, are located in same geographical area.

12. An estate wide public meeting to discuss the security and refurbishment work programmes was held in early May and attended by the Major Works Team. Seventeen residents were present at the meeting.
13. It is envisaged that both packages of works will be undertaken by one of the major works partnering contractors, subject to consultation with residents. This allows for an integrated approach to achieve efficiency and cost effectiveness and manage disruption for residents.
14. The existing partnering contracts have a Key Performance Indicator (KPI) of one apprentice year per £1m worth of work. Thus for a contract of £15m, the partnering contractor is expected to provide, for example, five apprenticeships for three years.
15. The approach taken in relation to site set up and the location of the compound is addressed below.

### **Southwark Heat Network**

16. The proposed Southwark Heat Network will provide low carbon energy for heating and hot water from the South East London Combined Heat and Power plant (SELCHP) to a number of estates including the Four Squares Estate. Negotiations are continuing between the council and Veolia Environmental Services Southwark (VESS) but assuming a satisfactory agreement can be reached and the Leasehold Valuation Tribunal approve the proposal, the contract aims to ensure that heat and hot water is provided at a lower cost than the current provision by gas fired boilers, and that there are significant carbon savings. The responsibility for the maintenance of boiler plants, which will be retained for back up, will pass to VESS. There will be no capital cost to the council; the council's commitment is to purchase the heat supplied under the new contract. The existing boiler house will be retained.
17. The refurbishment scheme will be project managed to ensure integration with the Southwark Heat Network works on the estate, so as to minimise disruption and ensure complementary working.

### **KEY ISSUES FOR CONSIDERATION**

18. The option appraisal exercise ran from July 2011 to April 2012 and was an intensive piece of work that residents contributed greatly to. Now that this process has been concluded with the decision to complete enhanced refurbishment works on the estate, the Four Squares Resident Steering Group (RSG) has been disbanded and met for the last time in mid April. At the final meeting, a number of issues were identified that needed to be carried forward for further consideration and which will be addressed in this report.

These are as follows:

- Site set up/parking
- Extension of interest free repayment period for leaseholder major works bills

- Consecutive payments for each area of works i.e. security and refurbishment works
  - Identification of void properties for disposal
  - Ongoing repairs and maintenance
19. Resident involvement throughout the contract period will be via a newly established Resident Project Group as outlined above.

### **Site set up/parking**

20. The 687 households on the estate are served by approximately 499 garages located at the base of the four blocks. Of these 240 at Lockwood Square and New Place Square were recently refurbished and are available for letting. The remainder at Layard Square and Marden Square are not in widespread use due to their current state of repair and are due to be refurbished as part of the security work to these blocks and will therefore be brought back into use in the early stages of the overall programme. Additional parking is also available in a limited number of bays spread across the estate. These spaces are free for resident use and are regulated through an estate parking permit scheme.
21. The need to set up a site compound on the Four Squares Estate for use by work operatives for the duration of the security and refurbishment works programme, has raised concerns amongst residents that the use of estate parking bays will be restricted if these areas are used for this purpose, particularly as the estate is based in a controlled parking zone (CPZ).
22. There are a significant number of hard stand areas on the estate which do not provide parking and these will be looked at more favourably by both the residents and council when considering a suitable location. The use of these alternative sites will result in the continued availability of the estate parking bays throughout the security and refurbishment work programmes and therefore alleviate any concerns that residents may have. The location of the site compound, storage containers etc will be a matter for agreement with the residents project team, the council and the contractor.
23. It should also be noted that 259 garages will become available for use by residents on completion of the security work which is due for completion before the start of the refurbishment works.
24. Estate parking permits are not valid for use in on-street parking zones. However, if residents would like to utilise on street parking within the CPZ during the security or refurbishment works period and do not require a 12 month permit, shorter term on street parking permits are available for one, three or a six month period.

### **Extension of interest free repayment period for leaseholder major works bills**

25. Under the terms of their lease agreement leaseholders will be liable for major works charges arising from the security and refurbishment works. Based on the current estimated costs produced during the option appraisal, estimated major work charges were produced for each block depending on the extent of the work to be carried out. For Marden Square and Layard Square leaseholders, the estimated major work costs based on both packages of work, ranged from £25,000 to £50,000 depending on the size of the property. Whereas at



Lockwood Square, New Place Square and Jamaica Road, where security works have already been completed the estimated major costs range from £14,000 to £43,000, again dependent on the size of the property. During the consultation period leaseholders raised whether the interest free period for resident leaseholders could be extended from 48 months to 72 months, in line with another local authority.

26. Presently resident and non resident homeowners have a number of payment options available to them in respect of major works charges, as outlined below.
- Leaseholders can choose to pay in accordance with the lease, which means making four quarterly payments on the estimated costs to be incurred in each individual year.
  - Leaseholders have the option of making payments by instalments over 36 months (interest free with the option of repayment over 48 months, in exceptional circumstances); this option is available to resident leaseholders only.
  - Alternatively payment by instalments may be made over a period of 36 months and 10 years. This option will incur interest to the outstanding balance
  - Leaseholders also have the option of applying for a service charge loan which is effectively a mortgage on the property and may be repaid up to 25 years. This option will attract interest over the term and an arrangement fee.
  - Equity loans and equity shares.
27. The interest free payment option for resident leaseholders was recently extended from 36 to 48 months in exception circumstances.
28. However, given the estimated level of major works charges, as outlined above, it is proposed that a pilot is run on the Four Squares Estate whereby the interest free period is extended to 72 months for major works charges over £15,000. This will only be available to resident leaseholders. The pilot scheme has been recommended, following confirmation that the London Borough of Haringey offers such a repayment period. However, when Haringey introduced this policy it was with the knowledge that there would be a significant cost to the Housing Revenue Account. If such a scheme were to be fully introduced in Southwark the cost to the HRA would be in the region of £1m per annum. As the scheme would be applicable only for service charge bills of more than £15,000 it is also likely to be unaffordable to most leaseholders, bearing in mind that it would require a repayment of £500 per month every month for the duration of the period. The alternative options, despite bearing interest, are still likely to be far more practical for most leaseholders with the length of the loan allowing for more reasonable monthly payments. The interest free options are only applicable to resident leaseholders.
29. The Home Ownership Unit will also be meeting with leaseholders individually to discuss the most suitable repayment option based on their individual circumstance.

### **Consecutive payments**

30. At present estimated major service charge invoices are issued to leaseholders once a year and an actual invoice issued on completion of the works, for each package of works. Thereafter leaseholders will be required to agree to one of the payment options outlined above and to commence payment according to the terms agreed.
31. As there are two separate work programmes planned for two of the blocks on the estate, leaseholders have queried whether two invoices will be issued and if so, whether these can be paid consecutively. Invoices will be issued for each programme of works, and payment would be due in accordance with the lease. It is not yet known when the invoices will be issued, but potentially they will be raised in different financial years and each will require a payment plan to be set into place. Home Ownership Services will discuss individual payment options with leaseholders. It will not be possible to pay the two invoices consecutively, but where leaseholders opt to take out a service charge loan against the first invoice the second invoice can be added to it at a later stage.

### **Identification of void properties for disposal**

32. A number of void properties on the estate to the value of £9m are to be identified for sale. These empty properties will consist of bedsits, one and two bedroom properties as outlined in the March report to cabinet. The overriding principle is to achieve capital receipts required to support the range of works agreed, whilst minimising the number of homes that need to be sold. Properties to be disposed of will be distributed through the estate, and will be voids that have arisen naturally. Any void properties arising in Marden Square Sheltered Unit will not be considered for disposal. The Marden Square sheltered accommodation unit will also be considered under the boroughwide review of sheltered housing.
33. When the contractor's programme is known, it will be possible to establish a schedule for void disposals that enable the sales to take place at the most opportune time in terms of the value that can be realised. This will be when works are completed, or at least well advanced, on a particular block.
34. It is proposed that we seek specialist advice to assist in agreeing an appropriate internal specification of the voids for sale that optimises value and the council's investment. Following a tender process, suitably qualified agents will be appointed to market and manage the individual sales. These agents will work closely with the Head of Property who will authorise each individual disposal in accordance with the council's legal and constitutional obligations.

### **Ongoing repairs and maintenance**

35. Minor repairs will continue to be addressed as part of the day to day repairs and maintenance contract. The completion of repairs will continue as outlined until the works is passed to the contractor and a start of site date is known, unless a significant repair in terms of scale or cost is required which can be undertaken when the major works contractor is on site.

### **Policy implications**

36. The planned refurbishment of the Four Squares Estates is in line with

council's policy of investing in its housing stock to ensure that all homes are warm, dry, and safe.

### **Community impact statement**

37. The direct beneficiaries of the planned security and refurbishment works will be the residents. On completion, the programme of works will result in improved internal living conditions for tenants and an overall improvement to the environment for all residents.
38. The proposal to sell voids on the estate will result in fewer properties being available for letting to households on the councils housing list. However, the properties will remain in the council's ownership as leasehold sales, which will result in a greater number of leaseholders on the estate in line with the council's policy of creating mixed communities within the borough.

### **Resource implications**

39. In agreeing the March report to cabinet, members noted resources within the housing investment programme (HIP) allocated for the estate and instructed officers to programme additional resources to meet the proposed scheme costs, to be identified as part of a planned refresh of the programme and through voids disposals on the estate. Following the 2011/12 closing process, the refresh is taking place to review revised and new resources and commitments for the HIP, and will be the subject of a separate report to members.

### **Consultation**

40. The Four Squares Resident Steering Group (RSG) was formed following a decision by cabinet taken in May 2011 to consider the options for the estate. The purpose of the group was to enable resident participation in the development of the options to be appraised. This group has since been disbanded following the conclusion of the appraisal process and the decisions made by cabinet on 20 March 2012.
41. Consultation with residents on the programme of works will continue in the form of block meetings with residents at Marden Square and Layard Square and with the wider group of residents via the Resident Project Group. The Marden Square block meetings will take account of the needs of the residents of the sheltered housing located there.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

42. There are no specific legal implications arising from the recommendations in this report at this time.

### **Strategic Director of Finance and Corporate Services (NR/F&R/23/6/12)**

43. This report recommends that cabinet note the progress made in delivering the security and enhanced refurbishment works for the Four Squares estate and agrees the strategy of appointing specialist advisors for disposals.

44. The Strategic Director of Finance and Corporate Services notes the resource implications contained within the report. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

### **Head of Home Ownership and Tenant Management Organisations**

45. Much of the work proposed is service chargeable, so the council will be required to carry out statutory consultation with leaseholders under section 20 of the landlord and tenant act 1985 (as amended). Home Ownership Services have given advice on the statutory consultation requirements which will be necessary if either the partnering contract is used or a separate tender process is followed.
46. The council recognizes that some leaseholders will have difficulty in paying large major works service charge bills. A number of payment options are available to leaseholders, dependant on their particular circumstances and staff within Home Ownership Services are available to discuss these with leaseholders on an individual basis. In particular the interest free payment scheme has recently been extended from 36 months to 48 months for service charges such as those which need to be invoiced in respect of these works. The extension of the interest free period means that Southwark offers the longest period of all councils with the exception of one north London authority. Most councils offer 36 months, none have extended this period to 48 months. The vires for a 72 month period is uncertain. The introduction of the new general power of competence by the Localism Act, together with the rigors of a self financing regime for the housing revenue account will afford the opportunity to review interest free periods. With very large service charges these shorter interest free periods are still unaffordable for many leaseholders who need the longer periods of traditional mortgages or schemes to release equity. Southwark are the first authority in the country to use the powers afforded by the Housing and Regeneration Act 2008 to create policies for equity release and equity loan, again specifically aimed at helping long leaseholders to pay major works service charges.
47. The management of garages now falls within the remit of the Home Ownership and Tenant Management Initiatives Division. The garages under Marden and Layard Squares are in dire need of security and refurbishment work, similar to that carried out to the garages under Lockwood and New Place Squares. Very few garages under Marden and Layard are let (or in a lettable condition), while the majority under the other two blocks have been successfully let and are bringing in an income. The garages under Marden and Layard Squares are currently suffering from vandalism and fly-tipping, with cars being abandoned and set on fire. This means that not only is there a loss of income on the void garages (the vast majority), but there are on-going costs of security and clearance. Home Ownership Services have carried out temporary security works to close off the areas prior to the investment works being carried out.
48. Home Ownership notes the proposals concerning the disposal of void units and that the precise number and terms of said disposals has yet to be decided, although these will be at full market value.
49. It is not proposed that the Home Ownership Service is directly involved in the marketing of the void units for sale, however, it is imperative that the service is consulted in respect of the terms of the leases to be granted and the statutory consents that will be required under section 32 of the Housing Act 1985 as the service will be required to construct and collect service charges for the properties

in the future. For ease of future financial as well as building management it is crucial that the terms of the precedent leases (broadly) match those used for both Right to Buy and voluntary disposal sales.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Four Squares Estate Options Appraisal	Chief Executive's Department 160 Tooley Street London SE1 2QH	Sonia Esnard 020 7525 7743

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management.	
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Sonia Esnard, Acting Principal Asset Management Officer	
<b>Version</b>	Final	
<b>Dated</b>	5 July 2012	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Home Ownership and Tenant Management Organisations	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		5 July 2012

<b>Item No.</b> 11.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Gateway 1 Long-term Repairs and Maintenance Contract	
<b>Ward(s) or groups affected:</b>		Various Wards	
<b>Cabinet Member:</b>		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

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

Delivering an excellent repairs service is fundamental to improving customer satisfaction with the council. The council is committed to delivering a repairs service that it, and residents, can be justly proud of. The council aspires to treat every resident as if they were a member of one’s family and, as the repairs service is one of the most important interactions with our residents, the procurement of a new contract is an ideal opportunity to make this commitment a reality.

Good progress has been made in improving the repairs service. Tough decisions have been taken on who provides and manages the service in the borough. This demonstrates that the council will not shy away from taking decisions that will improve the service to residents and deliver our ambition of providing one of the best repairs services in the country.

I have taken a personal lead in improving the repairs service. I chair an effective Repairs Core Group; have led the review of communal repairs provision and have overseen the response to Housing and Community Safety scrutiny sub-committee’s recommendations. There is also evidence that costs and complaints are reducing, delivering right first time improving and contract management becoming more robust.

However, the service still has a very long way to go before it is truly delivering the service residents deserve. There are still too many instances of the service going wrong and when it goes wrong it tends to do so badly. All too often it is frustrating for residents to access the service or be kept advised of progress resulting in many repeated contacts. This has to be improved. This procurement will provide a new style service, which truly puts the customer first, one that challenges service improvement and aspires to deliver a greatly improved repairs service for residents.

This procurement also provides the opportunity for the council to review the delivery arrangements for Southwark Building Service (SBS). There is no doubt that SBS is getting better. New managers are in place, performance is improving and the service is becoming more efficient. It is, however, still early days and there is long way to go on the improvement journey. For this reason, I am not recommending that the repairs service should be brought fully in-house. Rather, there is the potential that subject to cost, viability and capacity for some further services to be internalised. This will be considered fully at contract award.

The foundations of an excellent repairs service are in place. This will be built upon over the coming months and years.

## RECOMMENDATIONS

That Cabinet is asked to:

1. Approve the procurement strategy outlined in this report for the procurement of a repairs and maintenance contract covering Camberwell, Peckham, Peckham Rye, Nunhead and Dulwich for an annual value of up to £11m to commence from 3 October 2013 for five years with the option to extend for a further period up to five years (three plus two years), subject to performance, making an estimated contract value of £110,000,000.
2. Note that whilst all repairs and maintenance services are to be included in this procurement, two elements, namely the out of hours service and works to empty properties, might be suitable to be provided in-house as noted in paragraphs 21, 23-24 below. A decision will be made on this in the subsequent contract award report.

## BACKGROUND INFORMATION

3. Repairs and maintenance in the south of the borough has been provided by Morrison Facilities Services Limited (MFSL) under the current contract since June 2009. The council served six months notice of its intention to terminate the contract on 2 April 2012 which expires on 2 October 2012.
4. In April 2012 the Deputy Leader and Cabinet Member for Housing Management approved the procurement strategy to put in place an interim 12 month contract from 3 October 2012 until 2 October 2013. The approved strategy was to use the Watford Community Housing Trust repairs and maintenance framework. Tenders are currently being evaluated and contract award is expected in July.
5. Putting in place the 12 month interim contract has provided the council with the space and time it requires to work through the options available for the long-term delivery of the repairs service.

## Lessons Learned

6. A full review of the repairs and maintenance contract has been undertaken and the following issues were identified. Essentially there were five key lessons to learn from the MFSL contract that will be considered when putting in place alternative arrangements.
7. The contract was procured with a separate and additional lump sum element for direct and indirect overheads, profit and staffing costs. Schedule of rate items were charged separately. The rationale being that as the contract progressed the contractor would undertake an annual review of the lump sum and as efficiencies were achieved, leaner systems delivered and materials procured more cheaply, savings would be shared equally 50/50 with the council. This proved difficult to achieve and there was little incentive for the contractor to drive out cost savings and then share 50% of it with the council.
8. The schedule of rates were meant to be measured at net cost, therefore any cost savings that the contractor received should be shared 50/50. This was again difficult to measure and achieve.

9. Profits were to be adjusted (up or down) subject to performance on key performance indicators. The main problem with this was the way Key Performance Indicators (KPIs) were measured changed substantially during the contract, therefore profits were never adjusted.
10. There were explicit clauses limiting sub-contracting but these were not effectively controlled and managed. As a result, at its highest, up to 70% of work was sub-contracted. This led to difficulties in quality management. Differential rates of pay of sub-contractors also meant that some sub-contractors were not always financially motivated to deliver the best possible service.
11. The contract was a traditional measured term Joint Contracts Tribunal (JCT) contract with partnering principles overlaid. The criteria for moving to partnering arrangements were not clearly defined and therefore were never implemented.

### **Summary of the business case/justification for the procurement**

12. The repairs and maintenance contract provides an essential service to council residents in the south of the borough.
13. The council must have in place means to continue to deliver the repairs and maintenance service to ensure its landlord and legal obligations are fulfilled.
14. The contract duration of initially five years plus the option to extend for a further five years (with the extension made up of an initial three years followed by a further two year extension) achieves a balance between ensuring price competitiveness and allowing sufficient time to develop, improve and embed service delivery. It also affords the council the opportunity to take a view about its service delivery at the end of the initial five years.

### **Market considerations**

15. The repairs and maintenance market is long established and well developed. Pre-market briefing of known providers will generate significant interest from contractors. Given the value, an OJEU compliant process will need to be followed.
16. With economy (in the UK and the rest of Europe) still slow to recover after the downturn and given current knowledge of the market for this type of service, it is anticipated that proposals will be highly competitive.

### **Options for procurement including procurement approach**

17. The following options have been considered before determining the procurement strategy set out in this Gateway 1 report.
18. **Do nothing** – This is not an option open to the council. The contract with MFSL terminates on 2 October 2012 and the interim contract ends on 2 October 2013. The council will need to have in place alternative means to deliver the repairs service and fulfil its legal obligations.
19. **Shared Services** – There are no other neighbouring local authorities currently seeking a shared service arrangement for this type of work. Some no longer have housing stock and for those that do, their contracts are in general ring-



fenced arrangements with their internal workforce or external contractors. This has therefore been excluded as an option.

20. **The council provides all or some of these services in-house through Southwark Building Services (SBS)** – This has been carefully considered. There are two options, full internalisation of the service or further incremental internalisation. Any decision has to be guided by the current and future state of SBS. SBS has recently reorganised and downsized the workforce by circa 27% and are in the process of introducing new technology and delivery model. The drivers were to increase productivity, improve service delivery and improve its cost base having been, at its highest, 20% more expensive than MFSL. Delivery of repairs quickly and right first time remain a challenge. Performance is improving at an even pace but is still some distance away from where it needs to be. It will therefore be some time before SBS is able to fully expand its operating base.
21. If a decision to internalise was taken too soon there is a genuine danger that service delivery could suffer. In respect of further incremental internalisation, SBS does have some ability and capacity to take elements of additional repairs and maintenance work. This would offer the benefit of building SBS' capacity for a potential full in-house delivery model in the future. Delivery of the out of hours emergency service or repairs to empty properties (voids) may be suitable for SBS particularly as the former is an area of strength. Further internalisation of one or both of these services is desirable but would be subject to the ability of SBS to demonstrate effective mobilisation, value for money and capacity. This will be dealt with in detail in the subsequent contract award report. The approach to explore this as an option is recommended.
22. **Use an existing framework agreement** – The council is already using the only live OJEU compliant repairs and maintenance framework in country, that procured by Watford Community Housing Trust, to deliver the interim repairs contract from October 2012. This framework expires in July 2014 and therefore is not suitable for long-term delivery of repairs. Moreover, there are complications and potential difficulties in recovering costs from leaseholders when using frameworks for longer than 12 months because any service charge for minor repairs in the housing areas concerned would be limited to £100 per annum. This has therefore been excluded as an option.
23. **Go out to tender** –The value of the contract is above OJEU and given that neither shared services, full in house provision or frameworks are an option, this work has to be subject to an OJEU compliant procurement process. In noting the options discussed in paragraph 21 above however, it is recommended that each tendering contractor provides two clearly marked up tenders. One that clearly identifies costs for the delivery of the whole repairs and maintenance service and one that separately identifies the costs associated with the delivery of the out of hours service and voids. This will enable the council to extract these costs and compare them with in house provision before making a final recommendation in the subsequent contract award report. This option is therefore recommended.
24. **Summary of recommended option** – a hybrid approach is recommended which explores the potential for further services being internalised to SBS, namely the out and hours and/or voids and that this be subject to SBS' ability to demonstrate effective mobilisation, value for money and capacity, with the remaining services being delivered through an external contractor. The

recommendation of which services (if any) are internalised will be dealt with in the contract award report.

### Proposed procurement route

25. Procurement will be carried out in accordance with an EU Restricted Procedure. In response to the notices, contractors interested in tendering will be required to formally express an interest in order to receive a Pre-Qualification Questionnaire (PQQ).
26. There will be significant market interest in this contract. In accordance with the requirements of an EU Restricted Procedure a minimum of six contractors will be selected for the tender list. In achieving this, the council will construct a robust and rigorous PQQ process to ensure the highest calibre contractors are selected to move forward to the tender and final selection stage.

### Identified risks and how they will be managed

27. The table below identifies the key risks associated with this procurement, the impact of occurrence and the control in place to mitigate the risks.

R/N	Risk Identification	Impact	Risk Control
R1	Contract not procured on time	High	Sharpe Pritchard has been appointed as external legal advisors and an experienced procurement project manager is in place. A project board is also being chaired by the Strategic Director of Housing and Community Services
R2	Insufficient resource and expertise to undertake the procurement, including other specialist team such as Corporate Communication , Legal and Procurement	Medium	See above and all of the key support services are members of the project board
R3	Confusion amongst stakeholders about who is responsible for delivering repairs	Medium	A communication strategy will be produced.
R4	Security For Due Performance	Medium	Contractors will be required to provide Performance Bonds and Parent Guarantees (subject to ownership by a parent company)

R/N	Risk Identification	Impact	Risk Control
R5	Risk of leasehold challenge at the LVT	Medium	A reasonableness case will be constructed for the council to defend its position at LVT in the event that this is required.
R6	Challenges to procurement outcome by unsuccessful contractors	Low	Ensure procurement process is transparent and conducted in accordance with CSO governance and OJEU. Continually monitor and review compliance throughout the procurement process with all key procurement decisions approved by the Project Board.

## KEY ISSUES FOR CONSIDERATION

### Key /Non Key decisions

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

### Policy implications

29. An excellent responsive repairs service puts residents at the heart of service delivery. This contract is being procured in this context and one that challenges service improvement and aspires to deliver a greatly improved repairs service for residents.

30. In 2011, the council's Housing and Community Safety sub-committee of the Overview and Scrutiny Committee carried out a review of the housing repairs service. The report's findings make for uncomfortable reading:

*There needs to be a new culture of openness and transparency between officers, members and tenants with respect to the Housing Repairs Service.*

*Contractor performance has been allowed to drift to the point where missed appointments are commonplace and repairs are left cancelled or incomplete. This cannot be allowed to continue.*

*KPIs appear to have been used, in the main, to project a positive image of the service to members and tenants. This 'presentational' approach needs to come to an end.*

31. The sub-committee made 13 recommendations to improve housing repairs and over the past 14 months, the council has worked closely with both of its repairs contractors to respond fully to the recommendations as well as carrying out its

own service improvement programme. The council now wish to build on these improvements for the future.

32. The council shares a corporate commitment to deliver a repairs service that it, and residents, can be justly proud of. The council aspires to treat every resident as if they were a member of one's family and, as the repairs service is one of the most important interactions with the Borough's residents, the procurement of a new contract is an ideal opportunity to make this commitment a reality.
33. The quality of the repairs and maintenance service is crucial to improving overall customer satisfaction with the council. This procurement is looking for a new style service, which truly puts the customer first. Our residents tell us that the repairs service has a long way to go to truly meet their expectations so the council is looking for a freshness of approach.
34. The council has already reorganised the way in which it works to ensure that repairs is given a sufficiently high profile to drive the necessary continuous improvement. Firstly, a new Housing Services department was created in January 2011 to ensure a dedicated focus on the services received by residents of the council's housing. Secondly, a new division concentrating on day to day repairs and compliance went live in September 2011. All of this activity has already brought about significant improvements, particularly around repairs right first time and customer satisfaction.
35. However, despite these changes, the repair service is still a bottom quartile performer. The council is looking to move the repairs service into upper quartile performance and challenging targets have been set in order to achieve this. It is the council's expectation that the new long-term partner will hit the ground running and deliver a quality service from day one of the new contract.
36. One of the areas where the council needs to improve is to recognise that leaseholders are our customers too. This is particularly important in a Borough like Southwark where leaseholders make up a quarter of our residents, and pay significant service charges for communal repairs. Our new contractor must be prepared to deliver an equally excellent service for both leaseholders and tenants.
37. Our residents have told us that a 'right first visit' approach is what really matters to them. The council is looking for a contractor who will go the extra mile to deliver fantastic customer service and who always do what they say they will do. A robust procurement and evaluation process will ensure that only the very best contractor is selected that is able to match the council's ambitions.
38. In summary, the procurement of this contract must enable the council to build upon its successes to date and take the repairs service to the next level, including:
  - Achieving high levels of resident satisfaction
  - Delivering repairs right first time every time
  - Limited recalls and call-backs and duplication
  - Residents treated with respect as though they were members of one's own family.
  - A constant and relentless drive for value for money
  - Accessible and visible customer services catering for all residents' needs.

- Keeping residents constantly informed of service progress and being fully involved in service improvement.
- Responding quickly to service failure and learning from complaints
- Working to deliver the key outputs of the customer access strategy

### 39. Procurement project plan (Key decision)

Activity	Complete by
Forward Plan (if Strategic Procurement)	2 April 2012
Issue Notice of Intention	1 June 2012
DCRB/CCRB/CMT Review Gateway 1: Procurement strategy approval report (this report)	18 June 2012 28 June 2012
Draft report to Cabinet Agenda Planning	2 July 2012
Final report to Cabinet Agenda Planning	4 July 2012
Notification of forthcoming decision - Five clear working days (if Strategic Procurement)	10 July 2012
Approval of Gateway 1: Procurement strategy report (this report)	17 July 2012
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	27 July 2012
Completion of tender documentation	27 July 2012
Advertise the contract	30 July 2012
Closing date for expressions of interest	7 September 2012
Completion of short-listing of applicants	27 September 2012
Invitation to tender	1 <sup>st</sup> October 2012
Closing date for return of tenders	7 January 2013
Completion of evaluation of tenders	28 February 2013
Clarification meetings	N/A
Issue Notice of Proposal	1 March 2013
DCRB/CCRB/CMT Review Gateway 2: Contract award report	11 March 2013 21 March 2013
Notification of forthcoming decision (five clear working days)	7 April 2013
Approval of Gateway 2: Contract Award Report	16 <sup>th</sup> April 2013
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	End- April 2013

Activity	Complete by:
Alcatel Standstill Period (if applicable)	1- 10 <sup>th</sup> May 2013
Contract award	13 <sup>th</sup> May 2013
Contract mobilisation	13 <sup>th</sup> May – 2 <sup>nd</sup> October 2013
Contract start	3 Oct 2013
Contract completion date	2 Oct 2018
Contract completion date (with extensions)	2 Oct 2023

### TUPE implications

40. The report author has sought the advice of the legal department which has advised that the TUPE 2006 regs will apply if the long-term contractor is different to the interim contractor once the interim contract ends in October 2013. Circa 80 directly employed staff and a small number of sub-contractor staff may transfer to the incoming repairs and maintenance contractor who will be required to carry out TUPE consultation and negotiations directly with the interim contractor and the individuals in the workforce. Contractors will be asked to price their tenders with TUPE allowed for. There will also be interim contractor staff who are members of the Local Government Pension Scheme and further advice will be sought from the council's actuaries.

### Development of the tender documentation

41. A range of tender documents will be developed and will include a specification, preliminaries, pricing documents, evaluation methodology and criteria for weightings, working in conjunction with Sharpe Pritchard and internal support staff. Development of the tender documents will take full account of the lessons learnt set out in paragraphs 6 – 11 above.
42. The form of contract to be used will be JCT Measured Term Contract with a clearly defined and measurable partnering overlay, which will be subject to amendment as directed by the council's legal department. The foundation of the pricing documents will be based on a fully inclusive schedule of rates with no lump sum. There will be the ability to review the framework for payment, to focus more on outputs and customer service, during the life of the contract based on achieving pre-agreed criteria. Service Level agreements will be developed for any additional elements of the service to be brought in-house to SBS. The detail will be set out in the Gateway 2 award report.
43. All tender documents will be approved by the Project Board before issue.

### **Advertising the contract**

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

### **Evaluation**

46. The council's standard evaluation criteria is based on 70% price and 30% quality. This achieves a balance between cost and the quality of service delivery. However, for repairs and maintenance the cornerstones of a successful repairs and maintenance service are repairs delivered on time, completed right first time and achieving high levels of resident satisfaction. The driver is therefore much more focussed on quality outcomes rather than price. And while there are other ways of achieving good quality without reducing the price criteria, such as excluding very low priced bids and having minimum thresholds, this approach is not considered sufficiently robust to achieve the desired outcome for this contract.
47. As such it is proposed to reverse the council's standard evaluation criteria to 70% quality and 30% price. This sends a clear message to the market that the council expects a high quality repairs service and not simply the cheapest one. The risk of the council having to pay more for the service is mitigated by the fact that the repairs and maintenance market is currently extremely competitive. Given the value of this contract, the market is expected to price tenders very keenly so even with the emphasis on quality, the council still expects to achieve value for money. This is important generally and will be of particularly important to leaseholders.

### **Community impact statement**

48. Repairs and maintenance is a universal service that is offered to all tenants and residents of the Borough. The proposal is to procure an OJEU compliant contract to ensure there is a continuation of service when the interim contract comes to an end.

### **Sustainability considerations**

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

### **Social considerations**

51. Contractors will be required to demonstrate that they operate an Equal Opportunity Policy and that they are fully aware and compliant with council's own Equal Opportunity Policy. The successful contractor is also expected to meet the London Living Wage (LLW) requirements. For this contract, the quality improvements are expected to be a higher calibre of multi-skilled operatives employed that are able to contribute to delivering high levels of resident satisfaction and repairs completed right first time, and it is therefore considered that best value will be achieved by including this requirement. As part of the tender process, bidders will be required to confirm how productivity will be improved by payment of LLW. On award, the associated quality improvements and cost implications will be monitored as part of the annual review of the contract.
52. Contractors will be required to demonstrate how they will assist the council in providing local employment opportunities and ensure they are able to deliver a comprehensive apprenticeship programme over the term of the contract.

### **Project Management**

53. Procuring this contract by October 2013 is an ambitious but nonetheless achievable timescale. To mitigate this risk, an experienced procurement project manager has been appointed reporting directly to the Head of Maintenance and Compliance to lead this procurement. Formal governance is through a project board chaired by the Strategic Director of Housing and Community Services where all key procurement decisions will be made. Sharpe Pritchard have been appointed as external legal advisors.

### **Consultation and Communication**

54. Given the importance of the repairs service it will be vital that a clear communication and consultation strategy is in place that sets out what, when and how the council will communicate to and involve staff, residents, resident groups, members and other stakeholders. Officers in Maintenance and Compliance are developing this strategy with the communications team. In addition, residents from Homeowners and Tenants Councils will join the Procurement Project Board and take part in the evaluation and selection of the winning contractor.

### **Plans for the monitoring and management of the contract**

55. The contracts will be managed by the council's repairs and maintenance and commercial teams. Monthly contract meetings will be in place and performance measurement will be through a key suite of performance indicators, which will include resident satisfaction, right first time completion and appointments made and kept.

### **Financial implications (SB-FIN0704)**

56. The termination of the contract with MFSL Facilities Management and subsequent long term tendering process will have financial consequences for the council. These will include additional expense arising from the engagement of external legal advisors and additional resources to project manage the process.



These costs are estimated at £150k and will be met from HRA reserves. The tendering of the long term contract and subsequent interest generated in securing the tender, should lead to competitive pricing for the contract, but this will be dependent on the market conditions prevailing at the time of tender. There is a risk that prices could increase but equally that the competitive nature that a five year contract with option to extend for a further five years could result in lower prices than the current price. An increase or decrease in cost of 5% on the base budget of £11m could mean an increase or decrease in cost of £550k annually.

57. As well as the potential increase or decrease in cost for the contract, there could also be an impact on the programme of savings generated by Maintenance and Compliance for the financial year 2013/14, when reductions of £687k were anticipated from reductions to the contract amount for MFSL. It would be anticipated that any potential increase to the cost of the contract arising from inflationary pressures as measured through the BMI, would need to be contained within the base budget. These issues would need to be dealt with through the tendering process and through the budget setting process. Although these costs are estimated at present, work will be carried out to identify and produce full cost implications as the process proceeds through each Gateway level.

### **Legal implications**

58. These are contained in the supplementary advice from the Director of Legal Services.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

59. This report seeks the Cabinet's approval to the procurement strategy for the repairs and maintenance contract for the south of the borough (as noted in paragraph 1). As the estimated value of the contract exceeds £15 million, then this is a Strategic Procurement under Contract Standing Orders (CSOs), and approval is therefore reserved to the Cabinet.
60. At this value the contract is subject to the full tendering requirements of the EU Procurement Regulations, and therefore must be tendered fully in accordance with those Regulations. Paragraph 25 confirms that a restricted EU procurement route is to be followed, which meets the requirements of those Regulations and the council's own CSOs.
61. The Cabinet is asked to note that 2 of the services (out of hours and works to empty properties) might be suitable to be provided by SBS. The tender process will therefore accommodate a hybrid approach, one including all services and the other with these 2 services removed, to allow the council to consider how these 2 services might best be provided. This will be considered in the gateway 2 report.

### **Strategic Director of Finance and Corporate Services (NR/F&R/3/7/12)**

62. This gateway report recommends that the Cabinet approves the procurement strategy for the repairs and maintenance contract covering Camberwell, Peckham, Peckham Rye, Nunhead and Dulwich to commence from 3rd October 2013 for five years with the option to extend for a further period up to five years

(three plus two years) and note that the out of hours service and works to empty properties, might be suitable to be provided in house.

63. The Strategic Director of Finance and Corporate Services notes the financial implications contained within the report. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

#### **Head of Procurement**

64. This report is seeking approval of the procurement strategy for the Repairs and Maintenance contract covering the south of the borough.
65. Paragraphs 17 – 23 describe the procurement options that have been considered for the delivery of these services and paragraph 24 confirms that a hybrid approach will be taken. A competitive process will be undertaken with exploration of internalising an element of the service. Whilst the bidders' ability to deliver all aspects of the service will be assessed through the process it may be possible that not all elements will be awarded. The recommendations surrounding contract award will be fully captured in the gateway 2 report.
66. With a contract of this size and nature, EU regulations apply. The report confirms that a restricted process will be followed which is in line with the regulations and satisfies the council's contract standing orders.
67. The timeline for the project is ambitious but achievable provided the appropriate resources are available when necessary. The report confirms that the project will be supported by external and internal resources. Paragraph 53 outlines the project governance arrangements that will be in place throughout the project.
68. The evaluation methodology for this procurement will be based on a weighted model in favour of quality. Whilst this is not in line with the Council's current approach, the justification for this is contained in paragraphs 46 – 47.

#### **Head of Home Ownership Unit and Tenant Management Initiatives**

69. The cost of communal repairs to blocks and estates are rechargeable to leaseholders as a service charge. The contract would be a qualifying long term agreement and therefore statutory consultation under section 20 of the landlord and tenant act 1985 (as amended) is required. Notices of intention were served under schedule 2 of the regulations. Observations closed on 5 July. A total of 80 observations were received. A number of the responses received were unrelated to the intended contract - of the ones that are relevant the main points are summarised below:
- Contract length and size - Leaseholders expressed concerns about having a 5 year contract on a large portion of the council, there were suggestions for shorter contracts on smaller areas.
  - Contract type - Leaseholders stated that long term agreements have a tendency to allow the contractor to carry out work as they see fit without enough supervision.
  - Pricing and competitiveness - Leaseholders commented on the prices that may be arrived at using a contract of this type and the subsequent competitiveness.
  - Contract management - Questions were asked of the management of the new contract - how would the work be raised, carried out and inspected.

Comments were made about whether these processes had improved since the 2009 internal audit.

70. All observations have been responded to in full. In addition 15 leaseholders have visited the offices of Home Ownership Services at 376 Walworth Road to discuss the proposed contract and inspect the available documentation. Confirmation of the closure of the observation period and a summary of the observations received will be appended to this report prior to it being submitted for approval.
71. Home Ownership Services agrees with the recommendation to remove the lump sum element, as this proved difficult to administer for service charges and caused problems in justifying the resultant total cost of individual repairs service charged to leaseholders. It was also difficult to identify the total cost of any job in order to identify whether or not further statutory consultation was required.
72. The Head of Home Ownership and Tenant Management Initiatives notes the proposal to consider internalising the service in the future. This would mean that the service was no longer a qualifying long term agreement, and so would not require statutory consultation. However, any qualifying works (items of repair which could cost a leaseholder more than £250 as a service charge, inclusive of fees) would then have to be separately tendered and full statutory consultation carried out under schedule 4 of the regulations, requiring both pre and post tender consultation.
73. The Head of HO&TMI notes the recommendation to evaluate the procurement of this contract on a 70/30 quality price split, and understands the rationale behind this. However, with this proposal there is a low risk of a negative impact on the collection of the full service charge for communal repairs if the chosen contractor has tendered at higher rates than the other contractors. If challenged at the Leasehold Valuation Tribunal there is a potential low risk that the service charge for individual repairs is reduced to the amounts quoted by the lowest tendering contractor, which will have a negative impact on the HRA. However, it is acknowledged that this risk is low and in any event a reasonableness case will be constructed for the council to defend its position at Leasehold Valuation Tribunal in the event that this is required.
74. At the council's appeal to the Lands Tribunal for its major works partnering contracts, the President confirmed that a detailed schedule of rates was sufficient to comply with paragraph 6b of schedule 2 of the regulations governing section 20. By using an extensive schedule of rates and rigorous pricing mechanism the council will be able to carry out full section 20 without having to apply to the LVT for dispensation.
75. In order to accurately construct service charges it will be necessary to ensure that the contract requires repairs orders to be raised against block and estate, with accurate descriptions of the work carried and the exact location of each repair.

**BACKGROUND DOCUMENTS**

Background Documents	Held At	Contact
None		

**APPENDICES**

No.	Title
None	

**AUDIT TRAIL**

<b>Cabinet Member</b>	Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	
<b>Lead Officer</b>	Gerri Scott, Strategic Director of Housing and Community Services	
<b>Report Author</b>	David Lewis, Head of Maintenance and Compliance	
<b>Version</b>	Final	
<b>Dated</b>	17 July 2012	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Procurement	Yes	Yes
<b>Contract Review Boards</b>		
Departmental Contracts Review Board	Yes	Yes
Corporate Contracts Review Board	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		5 July 2012

<b>Item No.</b> 12.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting:</b> Cabinet
<b>Report title:</b>		Directly Funded Housing Delivery	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Peter John, Leader of the Council	

### **FOREWORD - COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL**

London faces an affordable housing crisis. In Southwark the number of households waiting for council or social housing is already over 20,000 and growing every month. The recession and government welfare policies appear set only to contribute further to our borough's need for more good quality affordable housing, whilst cuts to national housing budgets mean that national assistance to build new affordable homes has decreased. Without national direction we must take local action.

Through our Housing Investment Plan we are already going to ensure that all of our council homes are warm, dry and safe by the end of 2015. But the rising demand for affordable housing means that we must go further than simply making good the stock we already manage. We must increase the size of that stock, with homes with genuinely affordable rents, not the 80% of market rents that the Government has defined 'affordable'.

So, by using the regeneration that is taking place in our borough, by 2020 we will build 1,000 new council homes in Southwark – more than have been built across the whole of London in the last ten years. 1,000 new homes will certainly not solve the housing supply challenge that faces our borough – to truly do that requires action outside our control – but we will be working towards making the future for our borough's homeless and overcrowded families a fairer one.

### **RECOMMENDATIONS**

That the cabinet

1. Notes the affordable housing fund (AHF) for 2011/12 to 2015/16 (see paragraph 12).
2. Agree in principle to the council directly building and providing new affordable homes in the borough within the financial limits of the AHF set out in this report and in line with the council's local planning policy framework.
3. Instruct officers to prepare a further report for presentation to Cabinet in September that sets out a fully costed range of options for the delivery of new affordable council homes, including the broader impact on council and local services.

## **BACKGROUND INFORMATION**

4. This report recommends the in principle decision to the delivery of new affordable council homes funded through the AHF and specifically the proposal of a target to build 1,000 new council homes by 2020. It sets out the overall resources expected to be in place for the AHF for 2011/12 to 2015/16. It sets out initial proposals for sites that may be used for delivery of new affordable homes. Subject to agreement of this report, a further report will be presented to Cabinet in September setting out a range of delivery options for new affordable council homes including financial appraisal of these options, and impact analysis on other council and local services.

## **KEY ISSUES FOR CONSIDERATION**

### **Bringing the full benefits and opportunities for regeneration to all Southwark's residents**

5. In July 2011 the Council agreed a Council Plan that set out ten promises to deliver the local vision of a fairer future. One of those promises was to bring the full benefits and opportunities for regeneration to all Southwark's residents. The delivery of more high quality, genuinely affordable council homes is a central outcome in achieving the vision.
6. In the last year, 600 affordable homes were delivered in Southwark and the council has an aspiration to achieve a greater number of affordable council homes, some 1,000 new council homes by 2020, by using the receipts from funding generated through local regeneration activity. In planning policy terms, the Southwark Core Strategy (2011) sets a target of 8558 net new affordable homes between 2011 and 2026.
7. This report puts forward a proposal to make use of sites around Southwark for the building and development of as many new affordable council homes as is possible within financial limits. Sites which will be prioritised for development are those which are underused, vacant or "problematic" for large-scale development.
8. The first possible site for new homes to be built is at the former Borough and Bankside housing office site on Long Lane, SE1. A register of other potential sites is being developed. The next stages in the process would be an assessment of initial capacity followed by appropriate consultation with residents, subject to the agreement of this and subsequent report(s).
9. It is proposed that the new affordable housing would be council-funded and managed, which will subsequently allow greater control over rent levels and management. This could also potentially allow for local lettings – where new housing is let to local residents in priority need, enabling the council to re-let existing homes and create better mobility on estates, and provide people with appropriate housing to suit their needs. It is also proposed that the provision of specialist housing such as accessible, or wheelchair adapted homes, be delivered through the AHF programme.

### **The Affordable Housing Fund (AHF)**

10. The AHF provides a funding mechanism in which to deliver new affordable council homes in the borough. There are a number of ways this can be achieved. They include:

- a) Delivery of new affordable housing, either directly or by use of a development agent
  - b) Support regeneration programmes to deliver truly affordable units and be policy compliant
  - c) Development of affordable specialist housing, including new extra care provision
11. The AHF is created as a result of 'in lieu' payments from local development that are subsequently pooled. When sufficient funds are accumulated, they are used to fund specific new housing schemes, normally with Housing Associations.
12. Table 1 below shows the AHF resources and the anticipated timing from agreements already in place.

Table 1 – anticipated resources from the AHF 2011/12 to 2015/16

<b>Resource Expected £</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Total</b>
Kings Reach	0	22,400,000	0	0	0	<b>22,400,000</b>
Potters Field	0	0	10,500,000	0	0	<b>10,500,000</b>
Union Street	0	1,600,000	0	0	0	<b>1,600,000</b>
Neo Bankside	9,000,000	0	1,000,000	0	0	<b>10,000,000</b>
						<b>0</b>
<b>TOTAL</b>	<b>9,000,000</b>	<b>24,000,000</b>	<b>11,500,000</b>	<b>0</b>	<b>0</b>	<b>44,500,000</b>

13. Further resources will be generated by a range of means to fully fund the programme. The detailed funding and delivery strategy will be reported to cabinet in September.

#### **Broader impact on council and local services**

14. The creation of new affordable housing is part of an overall policy programme as set out in the Council Plan and as such there are a number of broader impacts on council and local services that need to be considered.
15. Identification of sites will be a key consideration, particularly when considering the impact on local services. Where new homes are constructed on local estates, the development should be delivered in such a way as to best integrate the new properties into their surroundings, including sharing amenity space and facilities where it is best to do so. Design should be to a high standard. There will need to be consideration given to impact on environmental services such as local parking provision and accessibility to parks, play and open spaces.
16. The Future Vision for Social Care approved by the cabinet in April 2011 commits the council to shifting the balance away from residential care to community based provision and most notably extra care housing. With limited grant funding to support extra care facilities for older people the AHF can be used to develop such facilities directly. Officers will consider options for the delivery of such facilities which offer value for money, quality and speed of delivery.
17. The impact of new affordable council homes on local schools will also be a key consideration. Any future plans will need to take account of existing local provision with an assessment of the impact of new homes on future capacity.

This will require further, more detailed consideration as options for the delivery of the new homes are worked up.

18. The delivery of new homes and improvement of existing stock through the AHF has the potential to generate substantial economic benefits in the borough, requirements should therefore be built into tender criteria, contracts and planning agreements that secure a commitment to delivering access to jobs, apprenticeships, skills training and supply chain contracts locally.
19. The council has a fully funded housing investment programme (HIP) for the next 5 years subject to confirmed Decent Homes backlog funding and an appropriate proportion of future capital receipts. Supplementary funding for the HIP could be provided by the way in which AHF is used, which would enable acceleration of the current programme subject to management capacity.

### **Planning policy implications**

20. The homes delivered as part of the AHF programme will assist in increasing the supply of good quality affordable housing and will contribute the following targets:
  - Policy 5 of the Core Strategy sets a housing target for the borough of 24,450 net new homes between 2011 and 2026 (1,630 per year).
  - The London Plan sets the borough a housing target of 20,050 net new homes between 2011 and 2021 (2,005 per year)
  - Core Strategy policy 6 sets an affordable housing target of 8,558 net affordable housing units between 2011 and 2026.
21. New national planning policy is set out in the National Planning Policy Framework (NPPF), which was published on 27 March 2012. The NPPF continues to require boroughs to set policies for meeting the need for affordable housing on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified. The NPPF introduces a change which allows local planning authorities to make policies for financial contributions to be used to “improve or make more effective use of existing housing stock and the agreed approach contributes to the objective of creating mixed and balanced communities”. The NPPF changes have the potential to provide further opportunities for investment in the council’s existing stock.

### **Community impact statement**

22. The proposals to increase the supply of affordable, good quality homes will benefit households in need from all Southwark’s communities, and will increase the housing options available for older people living in Southwark.
23. Southwark is a borough with high levels of deprivation, low median income levels, and high levels of housing need. Southwark’s Housing Strategy 2009-2016 identified that there is a shortage of affordable housing in the borough, particularly of larger homes. Households from black and minority ethnic communities tend to be over-represented among those living in overcrowded, poor quality housing.
24. Southwark has an ageing population, particularly those aged 85 plus. By 2020 the number of older people over the age of 85 is expected to grow by 21.0%. There is a shortage of extra care sheltered housing for older people as an



alternative to residential care. Surveys of older people have found residential care to be an unpopular housing option among older people.

## **Conclusion**

25. Demand for housing of all types is undiminished and the council has reported separately on the pressures it faces through for example, rising waiting lists. Public sector grant for affordable housing development is operating at reduced levels. The delivery of new council homes through the AHF will help meet the need for truly affordable housing and enable development to take place which may otherwise not be forthcoming. It also presents an opportunity for adding to the overall stock.
26. This report sets out an initial plan for the delivery of new affordable council homes across the borough within the financial limits of the AHF. It seeks for cabinet to make an in principle decision for the council to take forward plans for the direct building and investment in new affordable council housing.
27. Following agreement of this report, further work will be required and a subsequent report prepared for cabinet setting out a range of costed options for delivery. These options will need to take account of the broader impact of new housing development on council and local services, including demand for such services and where changes to service provision may be required.
28. Also, the cabinet has agreed to the establishment of an independent housing commission to consider broader issues of investment, management and operation of the council housing stock for up to thirty years from 2015/16 (when the current five year programme comes to an end) and the implications of the proposals in this and subsequent reports will need to be appropriately considered.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services (20120704/SY)**

29. Members of Cabinet are requested to make an in principle decision concerning the strategy for investment of circa £44,500,000 comprised in Affordable Housing Fund (AHF) towards the provision of new affordable housing in the borough. The decision is within the remit of Cabinet's responsibilities for: -
  - resources and priorities (function 3, Part 3B of the Constitution) and
  - devising strategies and programmes for the implementation of the planning policy framework set by the Council (function 4, Part 3B of the Constitution).
30. The AHF comprises a pool of financial contributions obtained pursuant to planning agreements under Section 106 of the Town and Country Planning Act 1990. Any future decisions to expend Section 106 contributions would be subject to the following considerations: -
  - a. The specific and legally binding provisions and restrictions of the extant S106 agreements which form the source of the AHF funding;
  - b. Regulation 122 of the Community Infrastructure Regulations 2010 imposes certain limitations on the form, nature and expenditure of obligations such that any financial contributions must be: -

- i. Necessary to make the development acceptable in planning terms;
  - ii. Directly related to the development;
  - iii. Fairly and reasonably related in scale and kind to the development;
- c. Regulation 123 of the Community Infrastructure Regulations 2010, with effect from April 2014 restricts the ability of local authorities to pool more than five financial contributions if by that date the authority in question has adopted a charging schedule, namely a tariff based system for the provision of infrastructure pursuant to the Regulations. Whilst Section 106 agreements will continue to regulate in-kind and financial provision for new affordable housing, the Council will effectively be able to pool no more than five contributions once it has adopted a Community Infrastructure Levy (CIL) Charging Schedule (note: an item entitled “Community Infrastructure Levy Preliminary Draft Charging Schedule” is elsewhere on this agenda).
31. The report sets out the planning policy implications in terms of achieving requisite affordable housing targets which this in principle decision will contribute to. It is recommended that members may make this in principle strategic decision which is within Cabinet’s constitutional remit. Members are advised to note that future decisions concerning specific expenditure would be taken in accordance with the above considerations, in consultation with community councils (Part 3H of the Constitution) and the matters reserved to planning committee in respect of expenditure of Section 106 monies which exceeds £100,000.

#### **Strategic Director of Finance and Corporate Services (NR/F&R/5/7/12)**

32. This report recommends that the cabinet notes the affordable housing fund (AHF) for 2011/12 to 2015/16, agrees in principle to the council directly building and providing new affordable homes in the borough within the financial limits of the AHF set out in this report and in line with the council’s local planning policy framework and instructs officers to prepare a further report for presentation to Cabinet in September.
33. The Finance Director notes the initial funding arrangements for the AHF and the intention to provide a more detailed strategy to fully fund the scheme to conclusion. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

#### **BACKGROUND PAPERS**

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

#### **APPENDICES**

<b>No</b>	<b>Title</b>
None	

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Peter John, Leader	
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Stephen Gaskell, Head of Strategy and Partnerships	
<b>Version</b>	Final	
<b>Dated</b>	6 July 2012	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	6 July 2012	

<b>Item No.</b> 13.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Community infrastructure levy (CIL) Preliminary Draft Charging Schedule	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Peter John, Leader of the Council	

## FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

The Council is proposing a preliminary draft Community Infrastructure Levy for Southwark that has sought to balance promoting sustainable growth and securing the necessary contributions toward infrastructure across Southwark. The rates have been developed to ensure viability and development is maintained and improvements across the borough as a whole can be delivered. CIL treats developers equally, giving prospective developers certainty over what rates to pay where while ensuring the Council has the resources to support growth in Southwark and deliver a fairer future for all.

Our next step will be three months of consultation with the public and local stakeholders before undertaking a second stage of consultation on the draft schedule at the year of the year.

## RECOMMENDATIONS

That cabinet

1. Approves the community infrastructure levy (CIL) preliminary draft charging schedule (Appendix A) for public consultation.
2. Notes the draft infrastructure delivery plan (Appendix B), the equalities analysis (Appendix C) and the consultation plan (Appendix D).

## BACKGROUND INFORMATION

3. The Community Infrastructure Levy (CIL) is a new levy that local authorities can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the council, local community and neighbourhoods want. The benefits are increased certainty for the funding and delivery of infrastructure, increased certainty for developers and increased transparency for local people.
4. The Planning Act 2008 provides that London borough councils are charging authorities for the purposes of the Community Infrastructure Regulations 2010. If intending to apply the levy, charging authorities must produce a document called a charging schedule which sets out the rate for their levy. These rates must be supported by an evidence base including:
  - An up-to-date development plan

- The area's infrastructure needs
  - An overall assessment of the economic viability of new development
5. Once adopted, the levy is a mandatory charge levied on most new developments that involve an increase of 100sqm or more of additional floorspace or that involves the creation of a new residential unit. The charging authority can set one standard rate or it can set specific rates for different areas and types of development. In setting rates, a charging authority is required to strike a reasonable balance between the need to finance infrastructure from CIL against the impact of CIL on the economic viability of development across its area. The charging rates and zones which Southwark is proposing are set out in Appendix A.
  6. Some developments are exempt from paying the levy. These are developments of affordable housing and developments by charities of buildings used for charitable purposes.
  7. It should be noted that in London's case, the Mayor is also a charging authority. The Mayor has introduced a CIL to fund Crossrail. The Mayor's levy is £35 per square metre, with a limited number of exceptions. Southwark collects this levy on behalf of the Mayor.
  8. S106 planning obligations will continue to play a part in delivering local site specific improvements such as public realm or transport, which are needed to make the particular development acceptable in planning terms. Affordable housing will also continue to be delivered through s106 planning obligations.
  9. However, from April 2014 or the adoption of a CIL Charging Schedule, planning obligations will no longer be used as the basis for a tariff to fund infrastructure. Local authorities will not be able to pool more than 5 obligations to fund a single item of infrastructure. Currently, the council uses standard charges set out in its s106 Planning Obligations SPD to pool contributions for infrastructure such as new schools places, strategic transport infrastructure, open space, leisure facilities and health facilities. From April 2014, this approach will no longer be permitted. The council must bring a CIL into effect before this date if development is to continue to contribute to strategic infrastructure which is needed to promote growth and development in its area.
  10. The council is proposing to update its s106 Planning Obligations SPD on the same timeline as preparing the CIL. The revised s106 Planning Obligations SPD would supersede the existing SPD and provide detailed guidance on the use of planning obligations alongside CIL. It is anticipated that the council will consult on a draft revised s106 Planning Obligations SPD later in the year to coincide with the second round of consultation (on the draft CIL Charging schedule) rates.
  11. The purpose of CIL is to help fund infrastructure which supports growth in the borough. Infrastructure is defined in the Regulations to include: roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities and open spaces.
  12. In conjunction with preparing a CIL charging schedule, charging authorities should also prepare an infrastructure plan setting out strategic infrastructure required to support growth over the period of the council's local plan (in Southwark's case the core strategy period of 2011-2026). Southwark's draft infrastructure plan (IP) is set out in Appendix B. The infrastructure set out in the

IP is not an exhaustive list. It is intended to be a living document which can be updated regularly. Omission of infrastructure items from the list would not preclude such items being funded in the future through CIL. Nor does the IP commit the council to spending the amounts set out in the plan.

13. Because the purpose of CIL is to support growth rather than mitigate impacts of specific developments, it can be used more strategically than s106 contributions. A protocol for governing expenditure will be prepared in due course.
14. Under the Localism Act, the council must identify a 'meaningful proportion' of Southwark CIL that will be spent in the local area to ensure that those people affected by development see some of the benefit. This allocation would be made using the community infrastructure project list (CIPL) which may be based on a recently revised project bank list. This would be updated every year with consultation with the community councils and planning committee to ensure it reflects local needs. During 2012, the government will provide further detail about the level of the "meaningful proportion" of CIL that should be spent locally.
15. This is the first stage of consultation on the CIL charging schedule. The council will consider all comments made on the preliminary draft charging schedule before publishing its draft charging schedule in December 2012. The council will invite representations on its draft charging schedule before submitting it to an independent planning inspector for an examination in public. It is anticipated that the CIL will be brought into effect in 2013.

## **CONSULTATION**

16. The Community Infrastructure Levy Regulations 2010 and our Statement of Community Involvement (SCI) 2007 set out consultation requirements for planning documents.
17. The consultation plan (appendix D) sets out the consultation that will be carried out on the preliminary draft charging schedule. The SCI requires consultation over a 12 week period, comprising a period of informal consultation, followed by a 6 week period of formal consultation. Formal consultation on the preliminary draft charging schedule will take place between 5 September and 17 October 2012. As well as making the document available on the web and in local libraries, the council will write to around 3000 consultees in the Planning Policy team's database and officers will be available to attend meetings as required. The document will be publicised at community council meetings and an event will be held with developers to raise awareness about CIL.

## **KEY ISSUES FOR CONSIDERATION**

18. The CIL regulations specify that in setting their levies charging authorities must strike balance between the desirability of securing funding for infrastructure and the potential effects, taken as a whole, of the imposition of CIL on the economic viability of development across their areas. Levies must also take into account the requirement to pay the Mayoral CIL and should also consider impacts on planning policies, including the requirement to provide affordable housing.
19. The CIL levy rates and charging zones proposed by the council have been informed by an economic viability appraisal encompassing a series of viability appraisals of sites around the borough. The number of proposed zones and their locations reflect broad value ranges.

20. With regard to residential development, the appraisals generally suggest that development in the north of the borough (north of Union Street, Snowsfields and Jamaica Road) generates higher values which in turn would justify a higher residential CIL levy in these zones. Moving southwards, a separate zone is proposed comprising areas around Elephant and Castle, Bermondsey Spa, Canada Water, Camberwell, Nunhead, East Dulwich and Dulwich. The appraisals suggested that developments in this area would generally be able to support a CIL of £250 per square metre. This is consistent with the s106 tariff level recently agreed in the Elephant and Castle supplementary planning document (the CIL, when brought into effect, will replace the Elephant and Castle SPD tariffs).
21. A further residential zone is proposed around the Aylesbury estate, Burgess Park, Peckham and Old Kent Road. Many of the development sites tested in these areas were unviable at current values which would justify a lower CIL levy. The council currently negotiates around £130 per square metre through s106 agreements. The proposed CIL levy in this zone of £50 per square metre is lower than the current rate. However, when the Mayoral CIL of £35 per square metre is added and some allowance made for site specific s106 planning obligations, the effect of CIL should be broadly neutral.
22. The boundaries of the residential zones have been informed by post code data on house prices which show average value bands and broad geographical breaks between areas. The majority of the residential developments which were subject to the viability appraisals were viable developments and would support the proposed CIL charges. Those developments which were currently unviable, would remain unviable irrespective of CIL. It is therefore not considered that the proposed residential charges would put development across the borough at risk or impede the council's regeneration efforts.
23. These CIL rates for residential development are comparable with those boroughs which have published rates. Wandsworth is proposing a rate of £250 per square metre across the borough, with a £575 per square metre charge in Vauxhall and Nine Elms (which have lower affordable housing requirements) and a nil charge in Roehampton. Brent has proposed £200 per square metre flat rate across the borough, Barnet a flat rate of £135 per square metre, Lewisham between £70 and £100 per square metre and Merton is proposing £385 per square metre in Wimbledon, dropping to £42 per square metre in Mitcham and Morden.
24. Student housing would be charged at the same rate as residential development. The charge for hotels is varied between the north of the borough (north of Union Street) and the remainder of the borough. This reflects differences in viability which in turn is borne out by the geographic concentration of hotel development in recent years.
25. The appraisals suggested that office developments across the borough are largely unviable at current values. However, large office developments north of Union Street and Snowsfields can command higher rental values and is the area in which new office floorspace has been concentrated over the last 10 years. A moderate levy of £100 per square metre for office space is proposed in this area, which would be comparable with the council's current s106 standard charges for office development. Outside this area however, a levy of £0 per square metre for office space would be justifiable. This would also be consistent with the approach taken on the tariff in the Elephant and Castle SPD. Similarly, the appraisals

suggested that industrial and warehousing developments are largely unviable and therefore a CIL levy of £0 per square metre for these uses is justifiable.

26. The viability of retail developments depends to a large extent on the size of the proposed floorspace, with larger mall-type developments commanding much greater values than small corner shops. Given the marginality of the latter, a £0 per square metre charge is proposed for small shops below 280 square metres in size (this is the threshold at which shops are classed as “large” under Sunday trading laws). £125 per square metre is proposed for shops between 280 square metres and 2,500 square metres (which roughly equates to the current s106 planning obligations tariff for retail space) and this is doubled for the largest developments over 2,500 square metres. This would apply to large town centre and supermarket developments, such as those at Elephant and Castle, Canada Water and potentially Peckham. 2,500 square metres is the threshold identified in the National Planning Policy Framework for the largest developments which have the potential to generate more significant impacts. Appraisals of three large retail schemes at Canada Water and Elephant and Castle suggested that this charge would not put such developments at risk.
27. It is proposed that public libraries and leisure centres which charge at rates equivalent to those charged by local authorities would have a nil charge (£0 per square metre). Education and health facilities would also be exempt. All other developments would pay £50 per square metre.
28. Using the council’s development capacity assessment, it is estimated that CIL could generate around £7m-£8m per year (at today’s prices). The council has made an assessment of infrastructure required to support growth over this period. Sources of committed funding to support infrastructure have also been identified. Inevitably, there is more certainty over funding sources for projects to be delivered in the short term and much less certainty over mid and longer term projects. The infrastructure plan is a living document and can be updated regularly. Overall, the infrastructure plan shows a funding shortfall of £517m over the period. CIL would play an important role in contributing to this infrastructure requirement, although would not be sufficient to cover it entirely and the council will continue to need to explore other sources of funding to deliver all the infrastructure set out in the infrastructure plan. The CIL regulations allow up to 5% of CIL generated will be used to monitor and administer the charge. As with s106 planning obligations, once the CIL is brought into effect the council will monitor funding generated and publish regular monitoring reports on the website.
29. Overall it is considered that the proposed levies represent an appropriate balance between generating funding to secure provision of infrastructure and ensuring that CIL does not put development and regeneration in the borough at risk.

### **Community impact statement**

#### **Equalities analysis**

30. An equalities analysis has been undertaken as part of the preparation of the CIL charging schedule. The equalities analysis considered the potential impacts arising as a result of the boundaries of the charging zones and the different levels of charge that would be applicable to different types of development within these zones. In accordance with the Equality Act 2010, the analysis considers the potential impacts of the charging schedule on those groups identified within



the Act as having protected characteristics. The main issues are summarised below.

31. The range of CIL charges proposed and the boundaries of the charging zones are considered to give rise to limited impacts on the individual groups that are identified in the Equality Act. The imposition of a CIL charge could have potential impacts on small businesses in some parts of the borough, which could, in some areas, have a disproportionate effect on BME communities. We propose to adopt a nil charge for small shops across the borough and also a nil charge for office floorspace in all areas except for the commercial areas adjoining the river. As well as benefitting new businesses directly, this approach will ensure that CIL does not act as a barrier to job creation or as a disincentive to provide local services, which are important to those with reduced mobility, such as older people, disabled people and those who are pregnant or have young children.
32. The proposed lower tariff in the centre of the borough acknowledges the need for new and improved infrastructure, but also aims to ensure that CIL does not hinder regeneration attempts, for instance in Peckham and at the Aylesbury Estate. Ultimately, CIL is a mechanism intended to raise money to fund infrastructure that will contribute to sustainable development in the borough. In this sense, the adoption of CIL should have an overall positive impact on the various equalities groups. More specific impacts may arise depending on the types of infrastructure that are ultimately funded through CIL, but such issues are not broached as part of the charging schedule and will be considered in due course in the context of decisions concerning expenditure.
33. The Regulations stipulate that social housing is to be exempt from paying CIL. This exemption will have particular benefits to certain protected groups in Southwark since our housing requirements study 2008 identifies that a high proportion of certain minority ethnic groups and a higher proportion of older people typically reside in social rented housing.

### **Sustainability appraisal**

34. The Core Strategy 2011 was subject to a sustainability appraisal incorporating a strategic environmental assessment to ensure that principles of sustainable development were thoroughly considered. The Southwark CIL is an extension of the spatial vision and policies set out in the Core Strategy and should not raise additional implications for sustainable development objectives which have not been previously considered. CLG guidance on Charge setting and charging schedule procedures, 2010, states that because CILs are short financial documents, separate sustainability appraisal for CILs is not required.

### **Financial implications**

35. In the first year of operation a Southwark CIL it is expected to secure about £7-8m which is broadly comparable to the non-affordable housing S106 income for 2011. There is a time delay in securing either S106 or CIL actual income, but CIL will replace the majority but not all S106 income overtime. We expect the CIL income to increase overtime as house prices and viability improves. The expenditure of CIL income is far less restrictive than S106 funding and allows the council to apply it for infrastructure that supports growth in the borough.

36. The proposed Southwark CIL is a direct response to previous changes in legalisation that make it illegal to secure S106 tariffs (such as the current S106 toolkit and E&C tariff) from April 2014.
37. Costs associated with both managing, monitoring and establishing Southwark CIL can be recouped from up to 5% of any CIL income

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services (20120628/SY/DA)**

#### **Background to CIL**

38. The Planning Act 2008 (PA 2008) introduced a discretionary planning charge known as the Community Infrastructure Levy (CIL). The statutory framework for CIL is set out in sections 205-225 and further detail is provided under a number of regulations, most notably, the CIL Regulations 2010.
39. CIL is a charge paid by owners and developers on new buildings over a certain size. The charge is designed to help fund local infrastructure as identified in a local planning authority's development plan and can only be spent on 'infrastructure'. Infrastructure is defined in the PA 2008 (s216) as including a wide range of facilities such as roads/transport facilities, open space and schools. It does not currently include affordable housing, although the government is yet to announce its decision after consulting on the possibility of funding affordable housing from CIL. The amount payable is calculated using a formula based on the size and character of the development and may also take into account the area in which the building is constructed.
40. CIL is payable to a 'charging authority' which in London means London Boroughs. If the council intends to apply the levy, it must prepare a charging schedule that sets out the CIL rates in their area (section 211(1), PA 2008). The charging schedule becomes part of the Local Development Framework (i.e. the folder of planning documents taken into account in planning decisions). The Charging Schedule sets out the rates for CIL in the council's area and the rate must be expressed as pounds per square metre of development (regulation 12(2)(b), CIL Regulations 2010). The charge is levied on the net internal area of development (regulation 40(5), CIL Regulations 2010). By virtue of regulation 13, CIL Regulations 2010, charging authorities are able to charge different amounts for different areas, either on a geographical basis or by reference to the intended use of the development. There is currently no power to charge amounts based on the uplift in land values caused by the grant of planning permission.
41. Section 211 of the PA 2008 deals with the crucial matter of what should inform preparation of charging schedules. The Charging Schedule must take into account all of the following considerations: -
  - a) The total cost of infrastructure requiring funding from CIL;
  - b) other sources of funding available; and
  - c) the potential effect of CIL on the viability of development of the area.
42. To that end, the schedule must be informed by 'appropriate available evidence' regarding viability (section 211(7A) PA 2008). The legislation thus seeks to

ensure that charging schedules are not merely a list of infrastructure items needed to support development, but are a result of balancing the desirability of funding such infrastructure from CIL against the potential effects of the charge on the economic viability of development in the authority's area (Reg 14, CIL 2010). The regulations set out other costs to be factored in, such as administrative expenses and Mayoral CIL.

43. Government guidance (DCLG 'CIL Charge Setting and Charging Schedule procedures') stresses the desirability of evidence on infrastructure needs being drawn directly from the infrastructure planning that underpins their Development Plan. If the development plan infrastructure planning is weak or needs updating, the guidance suggests that the charging authority 'undertake some additional bespoke infrastructure planning to identify its infrastructure funding gap. This work may be limited to those projects requiring funding from CIL, rather than covering all the potential infrastructure projects for the area'. In order to demonstrate the soundness of the infrastructure planning that underpins their charging schedules, several charging authorities have published 'infrastructure plans' or similar documents. Although not specified in the legislation, such evidence is necessary to discharge the statutory requirement of weighing viability with infrastructure need and to be accepted by the independent examiner who eventually approves the charging schedule for adoption.
44. Accordingly, the council's officers have prepared an up to date Infrastructure Plan that identifies a non-exhaustive list of infrastructure intended to be funded by CIL. The Infrastructure Plan is based on a professional viability appraisal of the impact of CIL on development in the council's area which supports the terms on which the levy has been prepared. Moreover, the council has up to date local development plan (comprising its Core Strategy Southwark Plan and relevant Area Action Plans or Supplementary Planning Documents) that underpins and informs the Infrastructure Plan.
45. There is no legislation on how long a charging schedule should apply once adopted. Nor is there any duty in the PA 2008 or the CIL Regulations 2010 for the schedule to be reviewed. However, government guidance encourages charging authorities to keep their charging schedule under review. Should the Charging Schedule be reviewed, the charging authority must follow the same process of consultation, examination and approval as for the initial schedule.
46. In view of the need to keep development viability and indeed infrastructure provision up to date over the Charging schedule's lifetime until 2023, it is advisable for the council to monitor and review the Charging Schedule at appropriate intervals.
47. Charging authorities must consult on their proposed CIL rates before they finalise a draft charging schedule (section 211(7), PA 2008 and regulation 15, CIL Regulations 2010). This is being referred to as a 'preliminary' draft schedule by most authorities. Following consultation on the preliminary draft charging schedule (and taking it into account), the draft charging schedule is submitted for examination by an independent examiner. The examiner listens to representations, and then decides to either approve the charging schedule, approve it with modifications or reject it. (section 212A(2), PA 2008)

### **Relationship with section 106 agreements**

48. CIL does not completely replace section 106 Agreements. Where an authority introduces CIL, they could not use a section 106 Agreement to deal with the same matters. On the other hand, CIL does not cover affordable housing, so this will continue to be secured via s.106. Authorities who do not introduce CIL can still use s.106 to fund site-specific infrastructure needs arising from particular developments. However, an authority's ability to use more than five separate planning obligations to pool contributions towards a common piece of infrastructure will be phased out effective from April 2014 (Reg 123).

### **Consultation on preliminary charging schedule**

49. The requirement for consultation on the preliminary draft charging schedule is set out in regulation 15 CIL Regs 2010. No timescales are prescribed for consultation. Rather, paragraph 15(6) says that "the charging authority must make such arrangements as it considers appropriate for inviting representations under paragraph (5), i.e. consulting the public and community groups etc".
50. The government's CIL guidance on charge setting and charging schedule procedures states at paragraph 47 that charging authorities "are best placed to decide how to engage most effectively with their local communities and stakeholders. Equally, no length of consultation is stipulated in the regulations, although charging authorities are encouraged to consult for at least six weeks in order to ensure that local communities and stakeholders have sufficient opportunity to make their views known".
51. Southwark Council's Statement of Community Involvement states that planning policy documents (such as supplementary planning documents and area action plans) should be subject to a 12 week consultation period, i.e. 6 weeks informal and 6 weeks formal consultation. It does not deal specifically with CIL consultation. Nevertheless, given that the charging schedule will also form part of the Local Development Framework, it seems appropriate to apply the same period to consultation on the preliminary draft charging schedule, i.e 12 weeks.

### **Equality impact assessment**

52. The Equality Act 2010 introduced a single public sector equality duty (PSED). This duty requires the council to have due regard in our decision making processes to the need to:
- a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
  - b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not
  - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
53. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The PSED also applies to marriage and civil partnership, but only in relation to (a) above.

54. The council has discretion as to whom it wishes to consult regarding the preliminary draft charging schedule. The council proposes consulting a broad range of groups and has made every effort to be inclusive. Therefore, the statutory equalities duties are satisfied.
55. CIL has the potential to impact unequally on persons having one or more protected characteristic. The council will need to monitor the impact of CIL. Although there will not be any effective method of analysing the characteristics of persons paying CIL, the overall effect will be evident.
56. There has been compliance with the council's Approach to Equalities as well as the public sector equality duty as contained within section 149 of the Equality Act 2010. All six equality strands have been duly considered and assessed, this is evidenced in the Equalities Assessment (EA).

### Human rights considerations

57. CIL potentially engages certain human rights under the Human Rights Act 2008 (the HRA). The HRA prohibits unlawful interference by public bodies with conventions rights. The term 'engage' simply means that human rights may be affected or relevant. In the case of CIL, a number of rights are potentially engaged: -
- **The right to a fair trial (Article 6)** – giving rise to the need to ensure proper consultation and effective engagement of the public in the process;
  - **The right to respect for private and family life (Article 8)** – for instance the setting of CIL tariffs could impact on viability of housing provision or re-provision. Other considerations may include impacts on amenities or the quality of life of individuals based on CIL being too prohibitive;
  - **Article 1, Protocol 1 (Protection of Property)** – this right prohibits interference with individuals' right to peaceful enjoyment of existing and future property / homes. It could be engaged, for instance, if CIL makes future development unviable;
  - **Part II Protocol 1 Article 2 Right to Education** – this is an absolute right enshrining the rights of parents' to ensure that their children are not denied suitable education. This will be a relevant consideration in terms of ensuring sufficient educational infrastructure is funded by CIL.
58. It is important to note that few rights are absolute in the sense that they cannot be interfered with under any circumstances. 'Qualified' rights, including the Article 6, Article 8 and Protocol 1 rights, can be interfered with or limited in certain circumstances. The extent of legitimate interference is subject to the principle of proportionality whereby a balance must be struck between the legitimate aims to be achieved by a local planning authority in the policy making process against potential interference with individual human rights.
59. Before making their decision members are advised to have regard to human rights considerations and strive to strike a fair balance between the legitimate aims of setting CIL for the benefit of the community against potential interference with individual rights.
60. At this stage it is not considered that the proposal to consult on or implement CIL would constitute unlawful interference with human rights. Indeed, CIL has the

legitimate aim of securing the infrastructure necessary for development growth provided for in the development plan and mitigation of its impacts.

### **Decision-making**

61. The legislation on CIL does not prescribe how decision making within a charging authority should operate in order to formulate a charging schedule. Neither are the Local Government (Functions and Responsibilities Act) England Regulations 2010 amended to deal with CIL, suffice it to say that CIL is a planning policy function. The only relevant requirement within the CIL Regs is that the charging schedule, once approved by the Examiner, should be approved by a resolution of the full council of the charging authority (PA 2008, s.213(2)).
62. As noted earlier, CIL is to be a part of the Local Development Framework and can be considered analogous to other LDF documents such as Development Plan Documents (DPDs). Therefore it is considered appropriate to follow the decision making pattern used for DPDs and similar documents.
63. The specific provisions in the constitution relating to approval of DPDs is Part 3D, function 21. This part allows an Individual Cabinet Member ('IDM') to approve a DPD for consultation. The relevant cabinet member is also able to refer a matter back to Cabinet and in view of the principle in Part 3P that all delegated matters can always be decided by the parent body, it is appropriate that the consultation approach to the draft preliminary charging schedule be decided collectively by cabinet.
64. In any event, cabinet has power under Article 6 of the council's constitution ('the Constitution') to carry out all of the local authority's functions which are not the responsibility of any other part of the council. In addition to this broad power, Part 3B, function 6 indicates cabinet's role in community matters, empowering the executive "To exercise the council's functions in relation to community engagement and the local strategic partnership, including the formulation of council strategies for communication, consultation...".
65. Accordingly, members are advised to approve the CIL Schedule for consultation having considered the accompanying evidence and documents and the considerations set out above.

### **Strategic Director of Finance and Corporate Services (NR/F&R/27/6/12)**

66. This report recommends that the cabinet approves the community infrastructure levy (CIL) preliminary draft charging schedule for public consultation and notes the draft infrastructure delivery plan, the equalities analysis and the consultation plan.
67. The strategic director of finance and corporate services notes the financial implications contained within the report. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.

**BACKGROUND DOCUMENTS**

<b>Background paper</b>	<b>Held at</b>	<b>Contact</b>
Core strategy April 2011	160 Tooley Street, London SE1 2QH	Sandra Warren 0207 525 5471
Statement of Community Involvement 2008	160 Tooley Street, London SE1 2QH	Sandra Warren 0207 525 5471
CIL viability study 2012 (available on the council's website)	160 Tooley Street, London SE1 2QH	Sandra Warren 0207 525 5471

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix A	Community infrastructure levy (CIL) preliminary draft charging schedule (available with the report)
Appendix B	Infrastructure Plan (available with the report)
Appendix C	Equalities Analysis (available on the website)
Appendix D	Consultation Plan (available on the website)

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Peter John, Leader of the Council	
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Tim Cutts, Team Leader, Planning Policy	
<b>Version</b>	Final	
<b>Dated</b>	5 July 2012	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	5 July 2012	

London Borough of Southwark  
Preliminary Draft Community Infrastructure Levy  
Charging Schedule (July 2012)

No.	Title
Appendix A	Community infrastructure levy (CIL) preliminary draft charging schedule (available with the report)
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**Planning Act 2008  
Community Infrastructure Levy Regulations 2010**

**London Borough of Southwark  
Preliminary Draft Community Infrastructure Levy  
Charging Schedule (July 2012)**

The London Borough of Southwark is a charging authority for the purposes of Part 11 of the Planning Act 2008 and may therefore charge the Community Infrastructure Levy in respect of development in the London Borough of Southwark.

CIL will be applied to the chargeable floor space of all new development apart from that exempt under Part 2 and Part 6 of the Community Infrastructure Levy Regulations (as amended by the CIL Regulations 2011 and 2012).

The rate at which CIL will be charged shall be:

<b>Use</b>	<b>Zone *</b>	<b>Size</b>	<b>CIL Rate £ per sq.m.</b>
<b>Office and light industrial (B1)</b>	Zone 1	N/A	£100
	Zones 2-4	N/A	£0
<b>Hotel (C1)</b>	Zone 1	N/A	£250
	Zones 2-4	N/A	£125
<b>Residential (C3) and student housing</b>	Zones 1-2	N/A	£400
	Zone 3	N/A	£250
	Zone 4	N/A	£50
<b>Retail (A1-A5)</b>	Zones 1-4	Up to 279m <sup>2</sup>	£0
	Zones 1-4	280m <sup>2</sup> - 2499m <sup>2</sup>	£125
	Zones 1-4	2500m <sup>2</sup> +	£250
<b>Affordable Retail (A1-A5) as defined in Southwark's development plan or SPDs</b>	Zones 1-4	N/A	£0
<b>Industrial and warehousing (B2, B8)</b>	Zones 1-4	N/A	£0
<b>Sports and leisure centres made available to the public at equivalent rates to local authority sports and leisure centres</b>	Zones 1-4	N/A	£0
<b>Public libraries</b>	Zones 1-4	N/A	£0
<b>Development used wholly or mainly for the provision of any</b>	Zones 1-4	N/A	£0

<b>medical or health services by a predominantly publically funded organisation, except the use of premises attached to the residence of the consultant or practitioner</b>			
<b>Development used wholly or mainly for the provision of education as a school or college under the Education Acts or as an institution of higher by a predominantly publically funded organisation</b>	Zones 1-4	N/A	£0
<b>All other uses</b>	Zones 1-4	N/A	£50

\*These zones are shown in the CIL Zones Map 2012 shown in Annex 2.

The amount to be charged for each development will be calculated in accordance with Regulation 40 of the Community Infrastructure Levy Regulations 2010 (as amended 2011 and 2012). For the purposes of the formulae in paragraph 5 of Regulation 40 (set out in Annex 1), the relevant rate (R) is the Rate for each charging zone shown in Table 1 above.

CIL will be applied on the chargeable floor space of all new development apart from that exempt under Part 2 and Part 6 of the Community Infrastructure Levy Regulations 2010 (as amended 2011 and 2012). The exemptions from the CIL rates are:

- The gross internal area of a new buildings or extensions to buildings will be less than 100 square metres (other than where the development will comprise one or more dwelling);
- A building into which people do not normally go;
- A building into which people go only intermittently for the purpose of maintaining or inspecting machinery; or
- A building for which planning permission was granted for a limited period;
- Development by charities of their own land to be used wholly or mainly for their charitable purposes;
- Social Housing.

As per Regulation 14 of the Community Infrastructure Levy Regulations 2010 (as amended 2011 and 2012), the Council is designated the collecting authority for the Mayor of London in Southwark. This requires a current charge of £ 35 per square metre to be levied in addition to the amounts specified above.

Statement of Statutory Compliance

The Charging Schedule has been approved and published in accordance with the Community Infrastructure Levy Regulations 2010 (as amended 2011 and 2012) and Part 11 of the Planning Act 2008 as amended.

In setting the levy rates, the Council has struck an appropriate balance between;

- a) the desirability of funding from CIL in whole or in part the estimated cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding, and
- b) the potential effects, taken as a whole, of the imposition of CIL on the economic viability of development across its area.

This Charging Schedule was approved by the Council on (date to be inserted following examination)

This Charging Schedule will come into effect on (date to be inserted following the examination and approval)

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## Annex 1

To the Preliminary Draft Community Infrastructure Levy Charging Schedule

### Extract from the Community Infrastructure Levy Regulations 2010

(NB: this Annex is formally part of the Preliminary Draft Community Infrastructure Levy Charging Schedule)

#### Calculation of chargeable amount

#### 40.

(1) The collecting authority must calculate the amount of CIL payable (“chargeable amount”) in respect of a chargeable development in accordance with this regulation.

(2) The chargeable amount is an amount equal to the aggregate of the amounts of CIL chargeable at each of the relevant rates.

(3) But where that amount is less than £50 the chargeable amount is deemed to be zero.

(4) The relevant rates are the rates at which CIL is chargeable in respect of the chargeable development taken from the charging schedules which are in effect—

- (a) at the time planning permission first permits the chargeable development; and
- (b) in the area in which the chargeable development will be situated.

(5) The amount of CIL chargeable at a given relevant rate (R) must be calculated by applying the following formula—

$$\frac{R \times A \times IP}{Ic}$$

where—

A = the deemed net area chargeable at rate R;

IP = the index figure for the year in which planning permission was granted; and

IC = the index figure for the year in which the charging schedule containing rate R took effect.

(6) The value of A in paragraph (5) must be calculated by applying the following formula—

$$\frac{CR \times (C - E)}{C}$$

where—

CR = the gross internal area of the part of the chargeable development chargeable at rate R;

C = the gross internal area of the chargeable development; and

E = an amount equal to the aggregate of the gross internal areas of all buildings which—

- (a) on the day planning permission first permits the chargeable development, are situated on the relevant land and in lawful use; and
- (b) are to be demolished before completion of the chargeable development.

(7) The index referred to in paragraph (5) is the national All-in Tender Price Index published from time to time by the Building Cost Information Service of the Royal Institution of Chartered Surveyors(a); and the figure for a given year is the figure for 1st November of the preceding year.

(8) But in the event that the All-in Tender Price Index ceases to be published, the index referred to in paragraph (5) is the retail prices index; and the figure for a given year is the figure for November of the preceding year.

(9) Where the collecting authority does not have sufficient information, or information of sufficient quality, to enable it to establish—

- (a) the gross internal area of a building situated on the relevant land; or
- (b) whether a building situated on the relevant land is in lawful use, the collecting authority may deem the gross internal area of the building to be zero.

(10) For the purposes of this regulation a building is in use if a part of that building has been in use for a continuous period of at least six months within the period of 12 months ending on the day planning permission first permits the chargeable development.

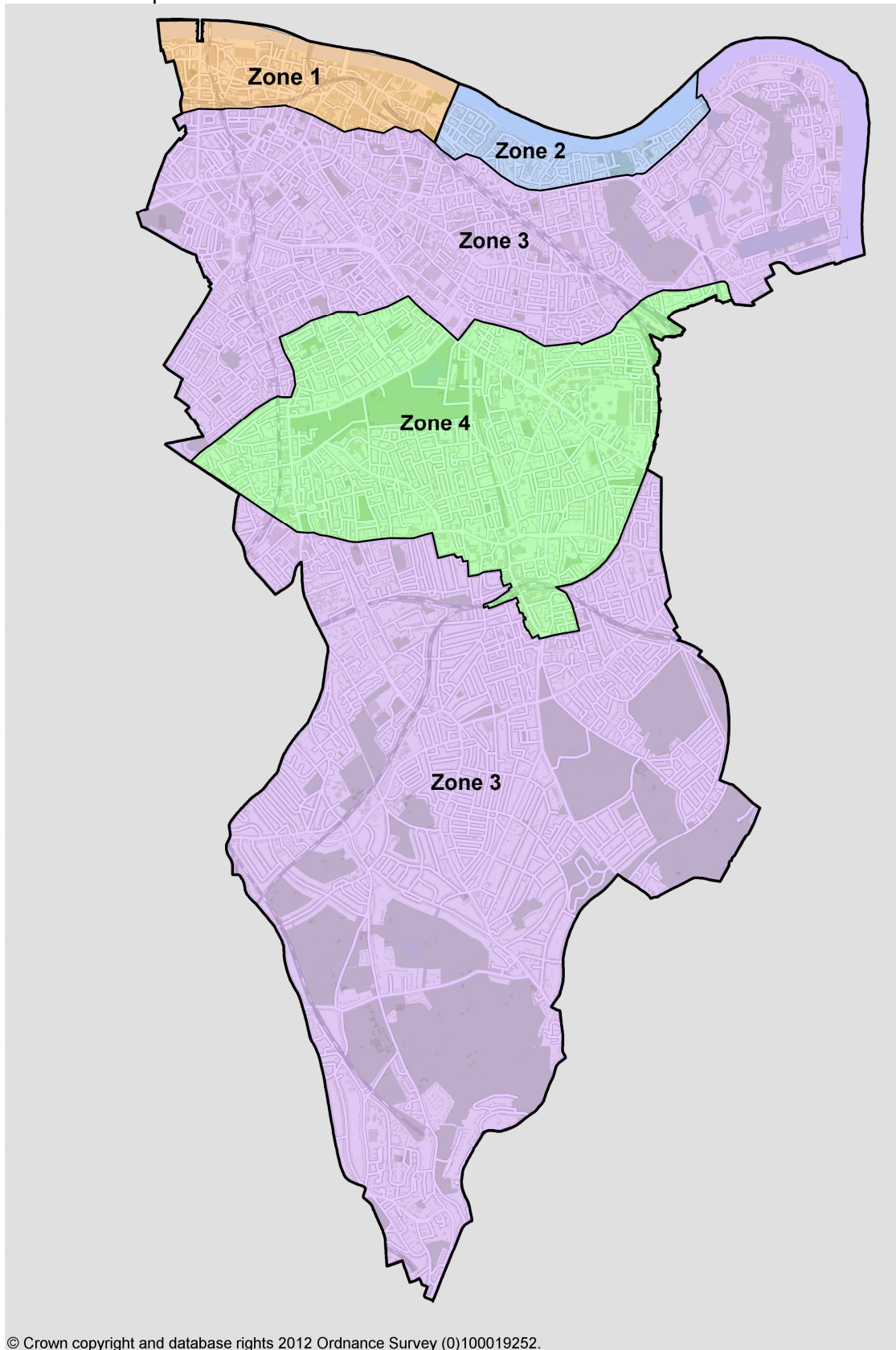
(11) In this regulation “building” does not include—

- (a) a building into which people do not normally go;
- (b) a building into which people go only intermittently for the purpose of maintaining or inspecting machinery; or
- (c) a building for which planning permission was granted for a limited period.

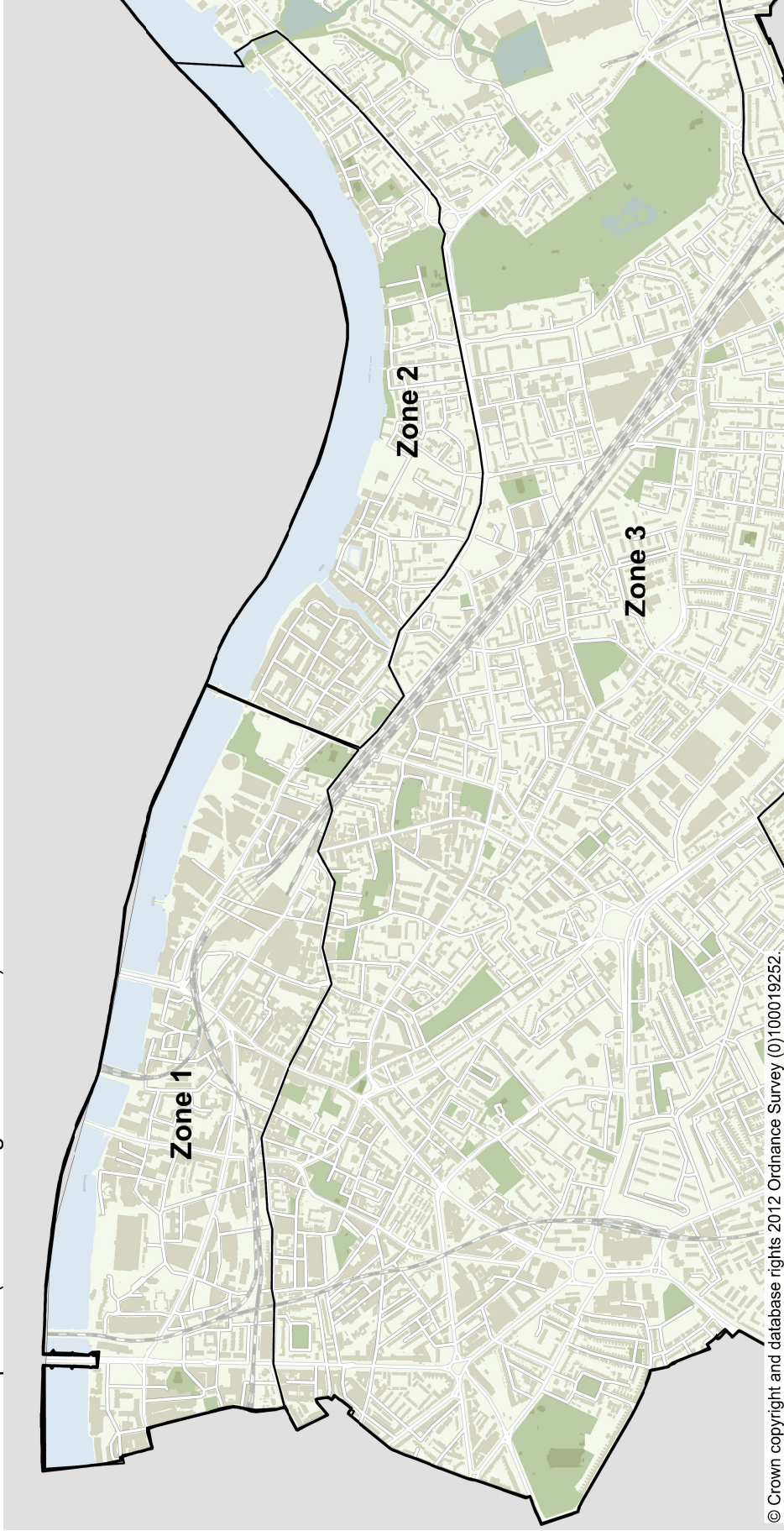
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## ANNEX 2

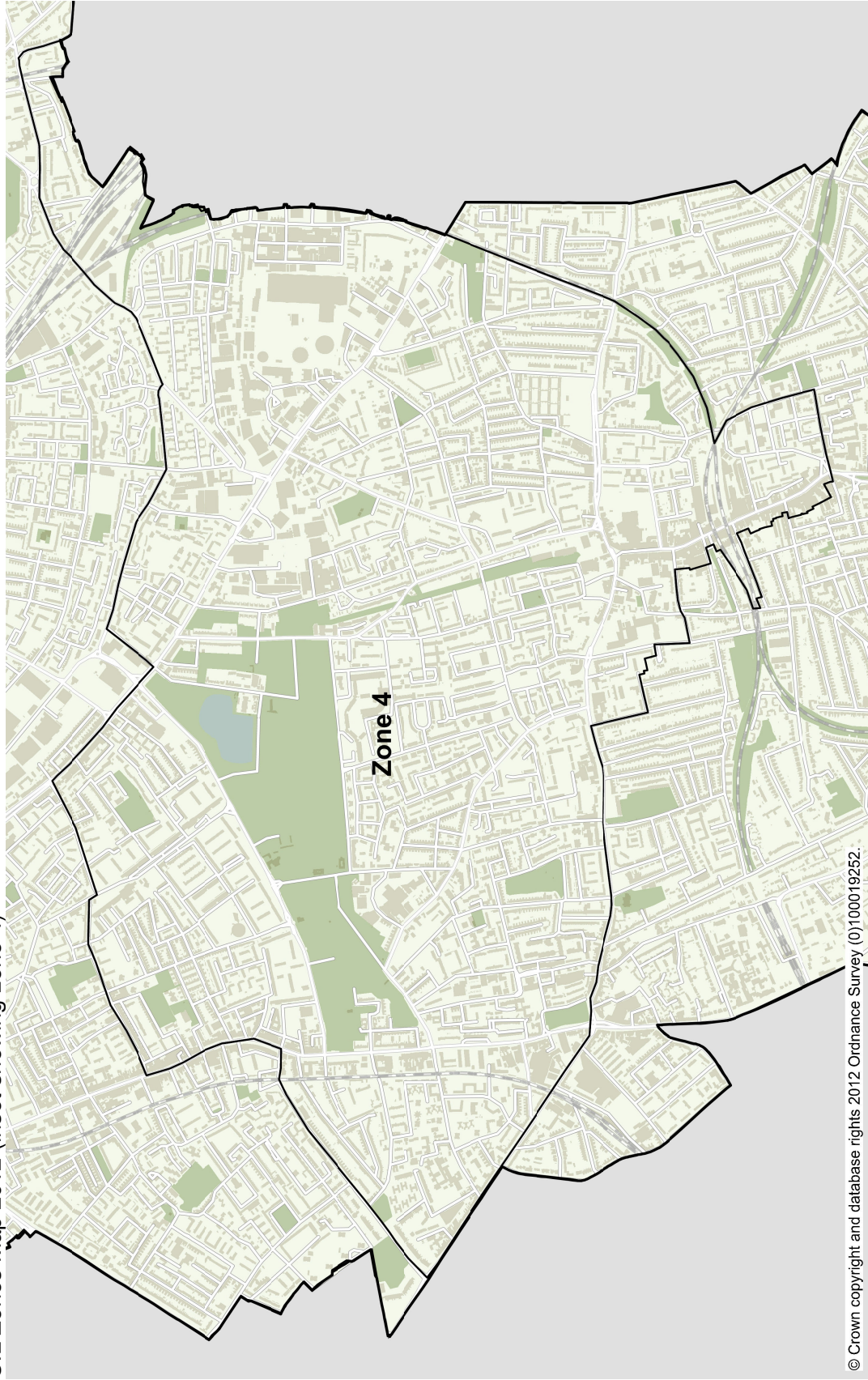
CIL Zones Map 2012



CIL Zones Map 2012 (inset showing zones 1 and 2)



CIL Zones Map 2012 (inset showing zone 4)







**London Borough of Southwark**

**Community Infrastructure Levy**

**Infrastructure Plan**

**July 2012**

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No.	Title
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## INFRASTRUCTURE PLAN SUMMARY

### 1. What is the Infrastructure Plan?

- 1.1 The Community Infrastructure Levy (CIL) Regulations (2010) require that to set a CIL charging schedule, charging authorities must have an appropriate evidence base to support the proposed levy. Part of this evidence base is the Infrastructure Plan (IP). The IP identifies strategic infrastructure which is needed to support growth and development in the borough over the lifetime of Southwark's Core Strategy (2011-2026). Where possible it identifies the cost of infrastructure to be provided, any committed sources of funding which will be used to deliver it and the organisations responsible. It also identifies the funding gap i.e. the gap between known commitments and the total cost of infrastructure required. When it is adopted, Southwark's CIL will be used to contribute towards bridging this funding gap.
- 1.2 This IP is a "living document" which will be updated regularly as further details about infrastructure requirements to support growth become clearer. At this stage, the IP has been prepared to identify the type and range of possible projects needed in the borough which could receive CIL funding and the global cost of those projects. Guidance from the Government is clear that "charging authorities may spend their revenue from the levy on different projects from those identified during the rate setting process". Therefore projects used to determine infrastructure costs in this schedule (or broad levels of cost identified for a category of infrastructure) do not form a commitment in relation to the actual expenditure of CIL. Priorities for spending CIL receipts will need to be regularly reviewed, and will depend on the progress of both individual developments and projects.
- 1.3 It should be noted that this IP identifies only the strategic infrastructure which is needed to support growth and does not take account of the infrastructure requirements of any neighbourhood groups or forums. The Government has introduced provisions in the Localism Act (2011) which requires charging authorities to identify a 'meaningful proportion' of CIL that will be spent in the local area to ensure that those people affected by development see some of the benefit. We envisage this allocation would be made using a community infrastructure project list (CIPL) which may be based on a recently revised project bank list. This would be updated every year with consultation with the community councils and planning committee to ensure it reflects local needs. During 2012, the government will provide further detail about the level of the "meaningful proportion" of CIL that should be spent locally.

## 2. The demand for infrastructure

### Planned development

2.1 In order to ensure that new development delivers sustainable communities, the facilities and service needs of these populations must be properly planned for. The Core Strategy identifies that most new development will happen in the growth areas, which are the opportunity areas and action areas (i.e. Bankside, Borough and London Bridge, Elephant and Castle, Peckham and Nunhead, Canada Water, Camberwell and Aylesbury). We are aiming to balance providing as many homes possible with growth of other activities that create successful places such as places to work, leisure, arts and culture, community facilities, sports and youth facilities and health centres. Southwark is planning to provide, between 2011 and 2026:

- 24,450 net new homes.
- 32,000 net new jobs.
- 80,000 sqm net new shopping and leisure floorspace.
- 425,000-530,000 additional business floorspace.

2.2 The above figures have been derived through the following Council evidence documents:

- The Development Capacity Assessment (DCA) is a tool used to estimate potential future housing capacity that may come forward across a number of sites in the borough.
- The Employment Land Review forecasts future employment floorspace demand for B1 use in the borough. The majority of this demand is for office space in the SE1 market area. This demand is due to London's status as one of the world's leading locations for financial and business services.
- The Retail Capacity Study identifies the performance of Southwark town centres and the quantitative and qualitative need for new retail (comparison and convenience goods) floorspace.

### Projected Population Growth

2.3 Southwark's population is projected to increase based on mid-year population estimates from the Office of National Statistics (ONS) and population forecasts from the Greater London Authority (GLA). Additional population means additional pressure on infrastructure. Some infrastructure needs arise from the growth in population generally, while others arise due to development proposals in specific locations.

- 2.4 The population of Southwark in 2011 was estimated to be around 292,119 (ONS 2010 mid-year population estimate) and 289,991 (GLA 2011 PLP Low: based on Strategic Housing and Land Availability Assessment (SHLAA) housing data and 2008 DCLG household projections) people depending on how the population is calculated.
- 2.5 70% of the population of Southwark were of working age in 2011; while 18% of the population were children aged between 0–14 years.
- 2.6 The population of Southwark is projected to continue to grow by 2026 to between 367,000 (ONS 2010 based projections) and 342,546 (GLA PLP Low) and 345,051 (GLA PLP High) people depending on how it is calculated. Most of the growth is expected to be due to natural increase (i.e. more births than deaths). The GLA PLP Low projections are driven by the projected increase in homes with standard fertility while the GLA PLP High projections assume a higher age specific fertility trend beyond 2011 than is the case for the standard projections. The trend used was derived by taking the mean values of the Principal and High assumptions from the 2010-based National Population Projections.
- 2.7 The population of Southwark is expected to age in the future although the proportion in the broad age groups (children, working age and pensionable age groups) will remain similar. The ONS and GLA projections expect increases in the proportion of the 45–69 year age groups over time and a decrease in the proportions of people in the 25–29 year age groups.
- 2.8 Based upon our Development Capacity Assessment (DCA) estimation of the number of potential housing units that could come forward over the period 2011-2026, an additional population of approximately 46,234 people would arise from this quantum of development (7,355 children between 0-15 years). Over the period 2013-2026, the additional population would amount to 37,352 (6,041 children between 0-15 years). This figure is based upon a calculation of average occupancy using the methodology from the Wandsworth New Housing Re-Survey 2007. When compared with the ONS (74,881) and GLA Low (52,555) population projections 2011-2026, our calculation is on the conservative side, and does not include other factors such as demographic changes and migration. We will therefore need to ensure that infrastructure is provided at the right time to provide the necessary services and facilities for the increasing population.
- 3. How was the Infrastructure Plan prepared?**
- 3.1 We produced a Delivery and Implementation Plan (DIP) in 2010 to support the implementation of the Core Strategy policies. The DIP includes the projects required across the borough to ensure the effective delivery of the growth and new development proposed over the Core Strategy plan period. It contains social, physical and green infrastructure projects and was prepared in consultation with both

internal and external providers of infrastructure and other key stakeholders. The Core Strategy and the accompanying evidence base were put through an independent Examination in Public in 2010 and the Core Strategy was adopted by the Council in April 2011.

- 3.2 The DIP set out in the Core Strategy has informed the development of this IP. DCLG guidance 'The Community Infrastructure Levy – an overview' (November 2010) states that local authorities should use the infrastructure planning that underpinned their development plan to identify a selection of indicative infrastructure projects or types of infrastructure that are likely to be funded by the levy.
- 3.3 Several projects in the DIP were not suitable for support through CIL funding, whilst new projects and changing priorities had become apparent in the time since the DIP was produced. As a result, there has been a need to review the DIP through a fresh assessment of infrastructure need, focused on the appropriateness of CIL as a system for providing funding to each project. The resulting infrastructure list has been undertaken in consultation with a number of key stakeholders, to create as thorough a list as possible. This approach is also consistent with the government guidance.
- 3.4 Steps taken to produce the IP included:
  - a) Review of the council's plans and strategies and the list of infrastructure projects contained within e.g. Aylesbury Area Action Plan, Canada Water Area Action Plan, draft Peckham and Nunhead Area Action Plan, Elephant and Castle Supplementary Planning Document; draft Open Spaces Strategy; Biodiversity Action Plan; Cemetery Strategy; Surface Water Management Plan.
  - b) Review of development partner's plans and projects: Wherever possible, information was taken from published reports or strategies. As a starting point, a thorough review of partners' websites, business plans etc was undertaken and the results summarised and included in the IP.
  - c) Information gathering direct from partners: To fill gaps in information, internal and external partners were contacted to ascertain their plans and their assessments of what infrastructure requirements arise from future development proposals.
- 3.5 The main body of this plan reviews infrastructure needs by type. The table includes information on the costs of infrastructure to support growth, indicative phasing timescales, responsibilities and delivery partners, the known and anticipated funding sources and, where available, some more detailed project information.
- 3.6 The IP should be considered as a current estimation of the infrastructure projects required between 2013 and 2026, with an acceptance that it may change significantly over time. The projects identified are not a final or definitive list of infrastructure projects required in Southwark in the Core Strategy period. Infrastructure needs are subject to significant change. The costs, expected timeframes for

delivery and the delivery agents funding have been anticipated using the best experience and knowledge available to the council, however these may change substantially in the future increasing or decreasing the demands upon CIL funding. Continuing Section 106 funding has been removed from the total CIL requirement. We will keep the IP under regular review and it will be used to support the implementation of any future infrastructure delivery process.

3.7 The table below provides a summary of the IP themes, total costs and funding sources.

<b>Infrastructure</b>	<b>Total Cost</b>	<b>Committed Funding</b>	<b>Funding Shortfall</b>
Transport	£1.36 billion	£1.17 billion	£190 million
Open Space, Public Realm and Biodiversity	£60.6 million	£2.5 million	£58 million
Education	£110 million	£50 million	£60 million
Primary Health Care	£159 million	£2 million	£157 million
Arts and Cultural Facilities	£18.2 million	£14.2 million	£4 million
Sport and Leisure	£32.9 million	£28.7 million	£4.2 million
Socio-Economic Infrastructure	£9.25 million	£0	£9.25 million
Sustainability Infrastructure	£21.5 million	£0	£21.5 million
Secondary Infrastructure	£13.1 million	£0	£13.1 million
Emergency Services	£0	£0	£0
<b>TOTAL COSTS</b>	<b>£1.78 billion</b>	<b>£1.26 billion</b>	<b>£517 million</b>

## INFRASTRUCTURE PLAN

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p>Infrastructure needed to meet the needs of the projected 24,450 new homes and 32,000 new jobs as planning for in the Core Strategy. This equates to an expected population increase in the period 2013-2026 of approximately 37,352.</p>	<p>Identification of where the infrastructure requirements are referenced i.e. Local Plans, strategies and frameworks; public sector capital programmes &amp; commitments; private sector investment plans</p>	<p>The cost of providing identified infrastructure to accommodate growth. Capital cost includes land costs and construction and fit-out costs where required. It does not include any on-going costs.</p>	<p>Expected timeframes for delivery of infrastructure.</p>	<p>Delivery agents or partners that could assist in delivering the infrastructure required.</p>	<p>Committed funding sources from both public and private sources</p>	<p>Potential funding sources from both public and private sources</p>
<p><b>TRANSPORT</b></p> <p>The cumulative impacts of development on transport requirements needs to be taken into account over the plan period. Strategic transport improvements to improve public transport, the road network, walking and cycling capacity and accessibility will be needed for areas of greatest demand and areas designated for development and regeneration, including the Central Activities Zone, Opportunity Areas, Areas for Intensification and town centres and other parts of the borough. In growth areas the whole fabric of the built environment is often required to be reconstructed to make development acceptable and ensure that the transport and travel objectives of the area is delivered. Therefore new routes or redesigned pedestrian and cycle routes have also needed to be identified.</p>					<p><b>Transport funding gap: £190.1m</b></p>	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p>The Mayor's Transport Strategy has provided the framework through which many of the strategic transport requirements for the borough have been assessed and identified within our Transport Plan. Implementation of the programme of improvements in the Transport Plan is vital to achieving the economic growth and development aspirations of the borough.</p>						
<p><b>London Underground: Elephant &amp; Castle Tube station:</b> Increase the capacity in the Northern Line tube station and provide improved access to the platforms. It is possible to provide the necessary capacity by increasing the number of lifts in the station. However our preferred solution would be to provide escalator access to the Northern Line station.</p>	<p>Core Strategy DIP (2010); Mayor's Transport Strategy (2010); Transport Plan (2011)</p>	<p>Over the life of the plan it will be necessary to increase capacity in the Northern Line station and provide improved access to the platforms. It is possible to provide the necessary capacity by increasing the number of lifts in the station. TfL have estimated that this would cost in the region of £96m. However our preferred solution would be to provide escalator access to the Northern Line station. TfL have estimated that this</p>	<p>2015-2018 Any station capacity improvements will require additional land and therefore they should be developed and delivered in conjunction with a remodelling of the shopping centre.</p>	<p>TfL, Lend Lease, LBS, St Modwen</p>		<p>TfL, existing and expected S106s (E&amp;C SPD Tariff) <b>Unfunded by £139m</b></p>



INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
		would cost £139m.				
<p><b>Buses: London Bridge bus station.</b> Remodelled bus station including new escalator to the underground station.</p>	<p>Core Strategy DIP (2010); Mayor's Transport Strategy (2010); Thames Link Programme; Transport Plan (2011)</p>	<p>£5.4m</p>	<p>Start 2011 - Completion 2012</p>	<p>TfL and Sellar Property Group</p>	<p>S106 Planning Contribution (The Shard ). £5.4m</p>	
<p><b>Buses: Aylesbury public transport</b> - Provison of new/enhanced bus routes to support new housing and developments</p>	<p>Aylesbury AAP (2010); Transport Plan (2011)</p>	<p>£4.5m</p>	<p>2015-2026</p>	<p>LBS, TfL</p>		<p>TfL, LBS Unfunded by £4.5m</p>

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>National Rail: London Bridge train station and services.</b> Remodelling of existing train station to change 3 of the terminating platforms to enable through train platforms, with corresponding increase in capacity of services linked to The Thameslink Programme, to increase to 12 car carriages. Increased capacity within the station.</p>	<p>Core Strategy DIP (2010); Mayor's Transport Strategy (2010)</p>	<p>£800m - £1.2bn (Thameslink £6bn)</p>	<p>Works due to start in 2013 with completion by 2018</p>	<p>Network Rail</p>	<p>DfT £800m</p>	
<p><b>National Rail: Blackfriars train station.</b> New Bankside entrance and increased capacity</p>	<p>Core Strategy DIP (2010); Mayor's Transport Strategy (2010)</p>	<p>£350m</p>	<p>Completion in 2012</p>	<p>Network Rail</p>	<p>TfL and DfT</p>	
<p><b>National Rail: Peckham Rye station.</b> To support growth in the Peckaham and Nunhead action area. Peckham Rye is identified in the Mayor's Transport Strategy as a strategic interchange which will become increasingly important with the arrival of London Overground services in 2012. Proposals include improvements to the station fabric and the re-creation of a public square outside the station, improving the</p>	<p>Core Strategy DIP (2010); Peckham and Nunhead draft AAP (2012); Mayor's Transport Strategy (2010)</p>	<p>£12.5 m</p>	<p>2012 - 2015/16</p>	<p>Network Rail and LBS</p>	<p>Network Rail, LBS £5m</p>	<p>GLA's Regeneration Fund, Developer S106 Planning Contributions and LBS CIL Unfunded by £2m</p>

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
setting of the station while reducing journey times.						
<b>National Rail: Queens Road Peckham.</b> Improved access and forecourt improvements.	Draft Peckham and Nunhead AAP (2012); Mayor's Transport Strategy (2010); Transport Plan (2011)	£1.3m	2012-2014	National Rail and LBS	LBS DfT National Rail Developer S106 Planning Contribution <b>£1.3m</b>	
<b>National Rail: Elephant and Castle train station.</b> Services are congested in the peak periods. No plans to increase the 8 car carriages. Need to improve accessibility to platform and trains.	Core Strategy DIP (2010); Elephant and Castle SPD/OAPF (2012); Transport Plan (2011)	£12m	2020	Network Rail		DfT <b>Unfunded by £12m</b>
<b>Cycling:</b> Local improvements will be needed to ensure walking and cycling are attractive options from every development. This will involve small scale improvements as necessary spread across the whole borough.	Transport Plan (2011)	N/A	Site by site	TfL, LBS	Site specific and existing Developer S106 Planning Contribution	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>Cycling: Strategic.</b> Connect 2, Walworth to Rotherhithe Cycle route (including South Bermondsey Bridge)</p>	<p>Transport Plan (2011)</p>	<p>£2m</p>	<p>2012/3</p>	<p>TfL, LBS</p>	<p>Developer S106 Planning Contribution</p>	<p>LBS CIL <b>Unfunded by £300,000</b></p>
<p><b>Walking: Strategic:</b> Legible London (by TfL). Legible London is a new pedestrian information system that helps people walk around the capital. Introducing Legible London in Southwark can encourage walking, reduce street clutter and improve links to businesses and local attractions.</p>	<p>TfL Legible London; Mayor's Transport Strategy (2010); Transport Plan (2011)</p>	<p>N/A</p>	<p>Site by site</p>	<p>TfL, LBS</p>	<p>Site specific and existing Developer S106 Planning Contribution</p>	
<p><b>Road Network: Elephant and Castle Northern Roundabout.</b> Improvements for pedestrians, cycle routes and bus services at the northern roundabout. Creating safe, accessibility at surface routes across the northern roundabout for pedestrians and cyclists.</p>	<p>Elephant and Castle SPD/OAPF (2012); Transport Plan (2011)</p>	<p>£10m</p>	<p>2013-2015</p>	<p>LBS, TfL</p>		<p>TfL; Existing and expected Developer S106 Planning Contribution (Elephant and Castle SPD S106 Tariff); <b>Unfunded by £10m</b></p>

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>Road Network: Camberwell town centre revitalisation scheme.</b> The focus of the project is the area around the town centre. The improvements will include alterations to the roads such as removing pedestrian guard railings and review signal timings; Denmark Hill – widening pavements; making crossings safer right up to Champion Park; Improving how the bus network functions around the town centre by reviewing the location of bus stands, operating procedures and services patterns, in conjunction with TfL Buses; Improving pedestrian facilities in order to provide a focus to the town centre. Specifically this includes pedestrian access to Camberwell Green and improving and providing links to key community facilities such as Camberwell Baths, Kings College Hospital, Magistrates Court; Butterfly walk and the new library. Introduce 'gateway(s)' to Camberwell town centre, for example, lighting</p>	<p>Vision For Camberwell Improving Streets and Public Spaces; Transport Plan (2011)</p>	<p>£7.07m</p>	<p>2014</p>	<p>LBS, LBL and TFL</p>	<p>TfL committed £200k LBS committed £100k. Council will fund a further £2m</p>	<p>TfL; LBS CIL; <b>Unfunded by £5.7m</b></p>

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p>improvements on the railway bridge or a gateway feature at junction of Denmark Hill and Coldharbour Lane. Enlivening and improving the dead spaces around the town centre.</p>						
<p><b>Road Network: Lower Road -</b> The removal of the Lower Road gyratory and reversion of all key roads to two-way operation . It should reduce traffic on Rotherhithe Old Road, simplifying the road network, improving the environment for pedestrians and cyclists, and improving efficiency, capacity and safety for all users.</p>	<p>Canada Water AAP (2012); Rotherhithe Multi-Modal Transport Study (2009); Transport Plan (2011)</p>	<p>£9m</p>	<p>2012-2014</p>	<p>LBS, TfL</p>		<p>TfL Developer S106 Planning Contribution LBS CIL <b>Unfunded by £9m</b></p>
<p><b>Road network: Aylesbury.</b> Improvements to Westmorland Road, Albany Road, Thurlow Street, Portland Street and other access streets. .</p>	<p>Aylesbury AAP (2010); Transport Plan (2011)</p>	<p>£12.1m</p>	<p>2013-2026</p>	<p>LBS</p>		<p>LBS CIL <b>Unfunded by £12.1m</b></p>

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<b>Road Network: Rotherhithe predestrian and cycling improvements.</b> Cycle station, Mellish Fileds Crossings (east and west), Stave Hill ecology park, entrance to Russia Dock Woodlands, Russia Dock Wodlands (south), Canada Water-Southwark Park, Ship Inn, Route from YHA to Jubilee Line, signage strategy/improvements to Thames Path, Swan Road.	Canada Water AAP (2012); Canada Water Public Realm Improvements (2009); Transport Plan (2011)	£950,000	2013-2026	LBS	TfL committed funding £142,165 Cleaner, Greener, Safer fund: £7,500 Walk London: £20,000 Developer S106 Planning Contribution £50,000	<b>Unfunded by £730000</b>
<b>Road Network: Improvements to Surrey Quays Road</b>	Canada Water AAP (2012); Transport Plan (2011)	tbc.	2013-2026	LBS		<b>Unfunded tbc</b>
<b>Canada Water CPZ extension</b>	Canada Water AAP (2012);Transport Plan (2011)	£240,000	2013-2016	LBS		<b>LBS Unfunded by £240000</b>
<b>OPEN SPACE, PUBLIC REALM AND BIODIVERSITY</b>	<p>With increased population and demand for open space and limited opportunities to create new open space, the focus is to improve the quality and value of existing open spaces through enhancements and also create better links between existing parks and open spaces. The strategy seeks to ensure that across the borough, provision of public parks is maintained at 0.76 hectares per 1000 population and provision of natural greenspace raised to 1.5 hectares per 1000 population. Improving access to existing open spaces, particularly in areas of deficiency, is a key priority for some of the existing more developed areas; particularly in the growth areas where specific development opportunities might arise that could open up new access routes to existing spaces or help to fund proposals that are identified</p>				<b>Open Space funding gap: £58m</b>	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p>through the Open Spaces Strategy.</p> <p>Buffer areas of natural open space will provide ‘green chains’ to support the movement of wildlife through the borough as well as for walking and cycling. The Council is continuing to support development of new and existing corridors in partnership with the Mayor of London through his strategy of ‘All London Green Grids’. This strategy seeks to provide linkages between existing natural open spaces at a regional scale.</p>						
<p><b>Open Spaces improvement projects.</b> Delivery of improvements identified in draft Open Spaces Strategy (excluding specific projects identified below)</p>	<p>Draft Open Spaces Strategy (2012)</p>	<p>£12.8m (based on 64 sites)</p>		<p>LBS, Developer</p>		<p>LBS CIL Unfunded by £12.8m</p>
<p><b>All London Greed Grid Projects:</b> The All London Green Grid (ALGG) is a network of green infrastructure spanning across London. By highlighting the network and recognising the value of connected green spaces, the intention is that improvements can be targeted in ways that</p>	<p>GLA - All London Green Grid (ALGG)</p>	<p>£5.85m (based on 35 sites)</p>	<p>2013-2026</p>		<p>LBS £450,000</p>	<p>LBS CIL Unfunded by £5.85m</p>



INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p>deliver social, environmental and economic benefits to local areas and strategically to London as a whole. A number of projects have been identified in the borough . Southwark contains 2 Green Grid character areas: GGA6 South East London Green Chain Plus, and GGA12 Central London.</p>						
<p><b>Biodiversity projects and improvements:</b> Creation of 1ha Wildflower Meadow, new reedbed, new ponds, 1km native hedgrew, restock woodland in suitable parks with native climax species, new signage and boardwalks.</p>	<p>Biodiversity Action Plan (2012)</p>	<p>£340,000</p>	<p>2014-2016</p>	<p>LBS, Southwark Biodiversity Partnership.</p>	<p>Possible grant from SITA or other landfill funder, LBS CIL <b>Unfunded by £340,000</b></p>	
<p><b>Improved access to open spaces, signage and green links (trees)</b></p>	<p>Core Strategy DIP (2010)</p>	<p>£550,000</p>	<p>2013-2020</p>	<p>LBS</p>	<p>LBS <b>Unfunded by £550,000</b></p>	
<p><b>New open space at Elephant and Castle:</b> New 1.2ha open space in Elephant and Castle.</p>	<p>Elephant and Castle SPD/OAPF (2012)</p>	<p>tbc</p>	<p>2016-2020</p>	<p>Developer</p>	<p>Developer S106 Planning Contribution</p>	
<p><b>New open space at Crossbones Graveyard</b></p>	<p>Draft Open Spaces Strategy (2012)</p>	<p>tbc</p>	<p>2014-2018</p>	<p>Developer</p>	<p>Developer S106 Planning Contribution</p>	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>Dickens Square improvements:</b> Dickens Square Park and the adjoining Butterfly Walk are designated Sites of Nature Conservation. A feasibility study and masterplan design has been produced that improves access, safety and ecological values of the two spaces and integrates a redundant road to enhance the visual appeal of the park and surrounding area.</p>	<p>Draft Open Spaces Strategy (2012)</p>	<p>£50,000</p>	<p>2012-2013</p>	<p>LBS</p>	<p>Existing Developer S106 Planning Contribution £50,000</p>	
<p><b>Existing improvements around the Tate Modern</b></p>	<p>N/A</p>	<p>£2m</p>	<p>2011-2013</p>	<p>Developer</p>	<p>Developer S106 Planning Contribution £2,000,000</p>	
<p><b>Bankside Urban Forest Projects:</b> Bankside Urban Forest is a partnership of many agencies including Better Bankside, Southwark Council, Tate Modern, The Architecture Foundation, Cross River Partnership, Design for London, London Development Agency and others. It is an urban design framework and programme of projects for the public realm within the area extending from the river edge</p>	<p>Bankside Urban Forest Framework</p>	<p>tbc</p>	<p>2011-</p>	<p>LBS</p>		<p>Potential Developer S106 Planning Contribution Cleaner Greener Safer tbc</p>

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
down to the Elephant and Castle, bordered by Blackfriars Road and Borough High Street.						
<b>Aylesbury community spaces - public squares and green fingers:</b> Provision of Amersham, East Street and Michael Faraday public spaces and King William IV, Chumleigh and Bagshot green fingers.	Aylesbury AAP (2010)	£7.7m	2013-2022	LBS		LBS CIL <b>Unfunded by £7.7m</b>
<b>Surrey Square improvements:</b> Improvements to Surrey Square Park will help to improve the usability and attractiveness of the park, as well as to preserve and enhance its ecological interest.	Aylesbury AAP (2010)	£690,000	2014-2018	LBS		Potential Developer S106 Planning Contribution LBS CIL <b>Unfunded by £690,000</b>
<b>Burgess Park improvements:</b> Phase 2-4 improvements to Burgess Park. These include	Aylesbury AAP (2010); LBS Capital Programme	£20m	2015-2026	LBS		LBS, LBS CIL <b>Unfunded by £20m</b>
<b>Aylesbury playspace:</b> Provision of new playspace to support regeneration of the Aylesbury Estate	Aylesbury AAP (2010)	£4.7m	2013-2026	LBS		Potential Developer S106 Planning Contribution LBS CIL

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
						Unfunded by £4.7m
<p><b>Former Nursery (Fish Farm)</b>  <b>Canada Water:</b> Opportunity to provide an environmental education facility with a possible option for food growing or educational plants</p>	<p>Canada Water AAP (2012); Draft Open Spaces Strategy (2012)</p>	<p>£150,000</p>	<p>2013-2015</p>	<p>LBS</p>		<p>LBS CIL                      Unfunded by £150,000</p>
<p><b>Cemetaries</b> - Physical works that would enable new burial areas to be developed without recourse to reclamation or re-use focussed on the Camberwell Old Cemetery and Camberwell New Cemetery. Immediate options for burial areas includes: decontaminated land at the old Honor Oak Nursery site, area of old public (or common) graves in the south of Camberwell Old, a wooded area west of Camberwell New, remainder of the old nursery site, the north of Camberwell Old. Specific capacity for Muslim burials is also proposed.</p>	<p>Cemetery Strategy (2012)</p>	<p>£5,127,524</p>	<p>2011-2040</p>	<p>LBS to work closely with the Diocese and other authorities.</p>		<p>LBS Capital Programme                      LBS CIL                      Unfunded by £5,127,524</p>

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>Canada Water public space improvements:</b> Improvements to Albion Street, Greenland Dock, South Dock Marina.</p>	<p>Canada Water AAP (2012) ; Canada Water Public Realm Improvements Study (2009)</p>	<p>£682,000</p>	<p>2013-2019</p>	<p>LBS</p>	<p>Committed funding of £9,000 from TfL</p>	<p>LBS CIL <b>Unfunded by £673,000</b></p>
<p><b>EDUCATION</b></p>	<p>The anticipated requirements for school places is based on a process of modelling and estimation linked to existing school enrolment data, anticipated sizes of housing units planned for delivery, GLA predictions on population change and various formulas linked to assessing the number of children attending independent schools and out of borough schools. 1FE is equivalent to 30 places. The growth in population up to 2026 is expected to generate up to 6,000 children up to the age of 15. This equates to 10FE at secondary school level and 11 FE for primary schools. Secondary place planning is carried out on a borough wide basis. There is a pressure for new secondary places in the north of the borough which can be met through planned provision in the north of the borough which includes the new 5FE Aylesbury Academy in Walworth. The provision of new primary school places will be considered as part of standard primary place planning and strategy work. Planning for primary school places is largely restricted to a 5 year time frame enabling data for registered births to be used for calculating demand.</p>				<p>Education funding gap: £60m</p>	
	<p>The period beyond 2018 must therefore be viewed as estimates based on migration, birth rates and planned housing delivery trend data. In 2007, Southwark Executive approved the Southwark Schools for the Future Outline Business Case (OBC). This OBC outlined a programme of investment in Southwark’s secondary school estate enabled by funding from Partnerships for Schools (Pfs) of £179m. In 2009 Southwark entered into a Strategic Partnering Agreement with 4 Futures to deliver the Building Schools for the Future (BSF) programme. The BSF programme was to be procured in three</p>					

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
phases.						
<p><b>Secondary School:</b> Building Schools for the Future programme, provided new or rebuilt schools to meet existing and short term demand. Our secondary school capital programme continues to deliver, with Spa School completed in September 2011, and the first phase of St Thomas the Apostle College completed in February 2012.</p>	<p>The Building Schools for the Future and Primary Strategy for Change programmes</p>	<p>N/A</p>	<p>2014</p>	<p>BfS</p>	<p>Fully funded</p>	
<p><b>Secondary School 1 :</b> 5FE (750 pupil) Rotherhithe/ Bacon Colleges. A Pupil Place Planning submission to Partnership for Schools and DfE concluded that new Year 7 places will be required boroughwide from 2016, with 5 FE required by 2019/20. It is considered by the Council that these places should be provided in Rotherhithe to respond to and</p>	<p>The Building Schools for the Future programme</p>	<p>£16m</p>	<p>2,016.00</p>	<p>LBS</p>	<p>DfE £15,500,000</p>	<p>DfE <b>Unfunded by £0.5m</b></p>

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
support the ongoing regeneration in the area.						
<b>Secondary School 2:</b> 5FE (750) and 6th Form Centre (300 pupil) Aylesbury Academy in Walworth.	The Building Schools for the Future programme	£20m	2013-2014	LBS	DfE £19,000,000	DfE <b>Unfunded by £1m</b>
<b>Secondary School 3</b> - University Technical College (13-16).	The Building Schools for the Future programme	£16m	2014-2016	LBS	DfE £15,500,000	DfE <b>Unfunded by £0.5m</b>
<b>Primary School:</b> 11 FE of entry required for the provision of new classrooms on existing school sites.	The Building Schools for the Future and Primary Strategy for Change programmes	£5m per new FE based on 3 most recent school extensions.	Responding directly to demand.	LBS		LBS Primary Capital Programme £55m Developer S106 Planning Contribution LBS CIL ( provide 25%.) <b>Unfunded by £55m</b>
	<b>The Council has responsibilities to ensure that there is sufficient provision of childcare and early education for 2 to 4 year olds. The anticipated requirements for nursery school places are being addressed through delivery of new nurseries at the same time as primary schools are expanded and changed. Supplementing this is the strong presence of the private sector in meeting the need of many parents for full time care for Under 5s, who operate out of a myriad of different community and religious facilities as well as the occasional new site through conversion of the ground floor of large houses by people running a nursery in their own home. In recent years grant funding was provided to develop Sure Start Children’s Centres borough wide to provide a universal level of care and support to all young</b>					

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
	families.					
<p><b>Nursery / reception (2-4) (assume 50% leakage to private sector):</b> requirement for 712 places.</p> <p>There are 21 Children's Centres in the borough offering integrated childcare and education, health and family services. Southwark has already invested in improving the quality of early years buildings using the Sure Start Quality and Access Grant (2008-11).</p>	Children and Young People's Plan (2010-2013)	tbc	2013-2026	LBS, Developer		LBS, Developer s106 planning contribution <b>Unfunded</b>
<p><b>Aylesbury pre-school space:</b> Provision of early years facilities to support the regeneration of the Aylesbury Estate</p>	Aylesbury AAP (2010)	£3m	2015-2017	LBS, Developer		LBS, Developer s106 planning contribution <b>Unfunded by £3m</b>



INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<b>PRIMARY HEALTH CARE</b>	<p>Southwark NHS strategic plan 2010/11–2014/15 focuses on making better use of existing premises, rather than investing in significant numbers of new facilities. There are no plans for new health facilities in the borough over the short to medium term, although wherever there is a development opportunity, strong service case and proven financial viability, Southwark NHS will continue to seek rationalisation of the current estate and decommission high-cost and poor quality premises. In the longer term, Southwark NHS will continue to seek investment in the primary care estate where necessary to cope with the anticipated rises in population and increases in demand on healthcare this will create. The NHS identifies a total funding gap of £149m by 2016/17, which includes population growth of the GLA (low) forecast. The NHS identifies measures to remove the deficit by 2016. There is no money or planned capacity beyond the GLA (low) rate.</p>			<p>Primary Health care funding gap: £157m</p>		
<b>Southwark PCT Polysystem configuration</b>	NHS Strategic Plan (2010); NHS Southwark Annual Report (2010)	£149m	2012-2016	NHS		NHS Unfunded by £149m
<b>Aylesbury Health Centre:</b> Rebuild the existing centre to increase the capacity and expand the offer of health facilities	NHS Southwark Annual Report (2010); Aylesbury AAP (2010); NHS Southwark Estates Strategy (2010)	£8m	2015-2017	LBS, NHS		NHS LBS CIL Unfunded by £8m
<b>Walworth Clinic Larcom Street</b> Refurbished clinic within the Terence Higgins Trust (THT) facility	NHS Southwark Estates Strategy (2010); Elephant and Castle SPD/OAPF(2012)	£2m	2013-2016	NHS, THT	Existing Developer S106 Planning Contribution NHS £2,000,000	
<b>Dulwich Hospital site:</b> Redesigned Outpatient services	NHS Southwark Estates Strategy (2010)	tbc	tbc	NHS	NHS	NHS Unfunded

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>GP provision</b> - 37,352 new people, 32,822 11 year old plus people at a ratio of 1:1800 per GP requires 18 new GPs. 3 are covered at Aylesbury which leaves 15 needed throughout the borough.</p>		tbc	2014-2021	NHS,		Unfunded
<p><b>ARTS, CULTURAL AND COMMUNITY FACILITIES</b></p>	<p>Provision of libraries is a statutory requirement; the recent strategic review identified a number of proposed changes to address the substantial budgetary challenges over coming years. The current library infrastructure needs updating in order to meet the needs of a modern service and the service offer needs to change and expand to meet changing demands. This and future changes in population driven by the interrelated factors of migration, birth rates, housing numbers and housing occupancy will generate a requirement for a change to service access points. Additionally, with changes to work patterns such as extended working hours libraries will have to transform the way they deliver their service. The Council is open to the concept of libraries as service hubs, co-locating with other services and delivering infrastructure with complimentary delivery programmes. New and refurbished general-purpose community facilities, including arts/performance space, are needed in a variety of forms and locations to address demographic and population growth from new development.</p>				<p>Arts, Cultural and Community Facilities funding gap: £4m</p>	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>Elephant and Castle library combined with Cuming Museum and Local History Library:</b> The current Newington Library is in poor condition and not fit for modern service provision. (Circa 2,800 sqm) .This space would accommodate the Cuming Museum and Local History Library enabling more of each collection to be displayed, more study space, better storage and a modern library on the ground floor of a two or three storey building.</p>	<p>Library Service Review report to Cabinet (2011); Elephant and Castle SPD/OAPF (2012)</p>	<p>£14m</p>	<p>2018 - 2021</p>	<p>Developer</p>	<p>Developer S106 Planning Contribution £14,000,000</p>	
<p><b>Peckham Library:</b> Total refurbishment and upgrading of Peckham Library to address long standing design issues and to modernise the building to address future growth in the area. Making better use of existing space (configuration, lighting, furnishings and equipment and address a range of environmental issues exacerbated by additional use form growth in the area).</p>	<p>Library Service Review report to Cabinet (2011); Draft Peckham and Nunhead AAP (2012)</p>	<p>£4 m</p>	<p>2014-2018</p>	<p>LBS</p>		<p>LBS,LBS CIL <b>Unfunded by £4m</b></p>

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<b>Grove Vale library:</b> Complete fit out to an appropriate and durable standard. Size is 230 sqm.	Library Service Review report to Cabinet (2011)	£250,000	2011-2013	LBS	LBS, Developer S106 Planning Contribution £250,000	
<b>Art and performance spaces:</b> Opportunities to deliver new or improved arts and performance spaces will arise through reconfiguration, or rebuilding of existing community buildings or through delivery of arts spaces within new educational/community facilities.	Core Strategy DIP (2010)	tbc	2011-2026	LBS, Developer		LBS CIL, Developer s106 planning contribution <b>Unfunded</b>
<b>Community Space:</b> Opportunities to deliver new or improved arts and performance spaces will arise through reconfiguration, or rebuilding of existing community buildings or through delivery of arts spaces within new educational/community facilities.	Core Strategy DIP (2010)	tbc	2011-2026	LBS, Developer		LBS CIL, Developer s106 planning contribution <b>Unfunded</b>
<b>SPORT AND LEISURE</b>					<b>Sports and Leisure funding gap: £4.2m</b>	
					Growth in population will place increased pressure on leisure centres and outdoor sports facilities. A new leisure centre will be built at Elephant and Castle and funding is committed for a refurbishment of the Seven Islands Leisure Centre. The draft Playing Pitch Strategy identifies opportunities to improve playing pitches.	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>New Elephant and Castle Leisure centre:</b> The new centre will contain anew six lane 33m swimming pool, learner pool, eight court sports halls, gym, four squash courts, exercise studio, crèche and café.</p>	<p>Elephant and Castle SPD/OAPF (2012)</p>	<p>£20m</p>	<p>2012-2014</p>	<p>LBS, Developer</p>	<p>LBS land sale LBS Developer S106 Planning Contribution £20,000,000</p>	
<p><b>Refurbishment of Seven island Leisure Centre:</b> The Seven Islands Leisure Centre provides a swimming pool as well as a gym and a sports hall. Plans are in place to refurbish the wetside facilities in the centre and over the longer term, we will look for opportunities to improve the dryside and wetside facilities.</p>	<p>Canada Water AAP (2012)</p>	<p>£8m</p>	<p>2014-2015</p>	<p>LBS</p>	<p>LBS £8m</p>	

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INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<b>Refurbished athletics track at Southwark Park:</b>	Canada Water AAP (2012) : Draft Playing Pitch Strategy (2009)	£3.8m	2013-2016	LBS	Southwark 2012 Olympic Legacy Fund £370,000	Additional Funding being sought from Mayor of London's Fund £250,000; Sport England Inspired Facilities Fund £150,000 (decision Oct 2012) ; London Marathon £150,000 (decision December 2012) Internal Capital Bids are being considered, and other funding opportunities are being explored <b>Unfunded by £3.43m</b>
<b>Southwark Sports Ground:</b> Refurbishment of existing sports pavilion. The changing accommodation at the site is poor quality and in need of upgrade.	Draft Playing Pitch Strategy (2009)	£300,000	2012-13	LBS, Football Foundation	LBS £75,000 Southwark Olympic Legacy Funding £45,000	<b>Unfunded by £180,000</b>

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>Improvements to Herne Hill Velodrome:</b> The Herne Hill Velodrome Trust was awarded £400,000 from Southwark Council's 2012 Olympics and Paralympics Legacy Fund in October 2011. Subject to agreement by landlords The Dulwich Estate, the money will be spent on a 170 metre inner track for junior and track riders to warm up on and other improvements will include enhanced cyclo-cross facilities. Further funds are needed to help finance build a new pavilion.</p>		tbc	2011-2026	Herne Hill Velodrome Trust/British Cycling	Southwark 2012 Olympic Legacy Fund £400,000	Unfunded
<p><b>Improvements to St Paul Sports Ground:</b> Future of the site to be determined. It is currently of poor quality.</p>	Canada Water AAP (2012); Draft Playing Pitch Strategy (2009)	tbc	tbc	tbc	tbc	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>Improvements to Homestall Road playing field:</b> The changing facility is extremely poor quality. The pitches have also been identified as being of average quality and in need of improvement, with substantial bare areas and long grass. They are also uneven and in need of levelling.</p>	<p>Draft Playing Pitch Strategy (2009)</p>	<p>£820,000</p>	<p>2012 - 2013</p>	<p>LBS, Football Foundation</p>	<p>Sport England's Protecting Playing Field Fund £45,000 Southwark Councils 2012 Olympic Legacy Fund £175,000</p>	<p>Football Foundation uncommitted £320,000 LBS CIL <b>Unfunded by £600,000</b></p>
<p><b>Greendale Playing field:</b> Bring back into use. It is adjacent to Dulwich Hamlet FC. The future of the site is still to be determined. It is currently unclear if the current leaseholders will continue after the lease expires in 2015</p>	<p>Draft Playing Pitch Strategy (2009)</p>	<p>tbc</p>	<p>2015-18</p>	<p>LBS</p>	<p>tbc</p>	<p></p>
<p><b>SOCIO-ECONOMIC INFRASTRUCTURE</b></p>		<p>Despite job creation in Southwark in recent years, levels of unemployment and economic inactivity are above the London and UK averages, we would expect there to be unemployment amongst the new residents. Using development to reduce barriers to employment for the new population is necessary to ensure sustainable economic growth in Southwark and a key part of Southwark's employment strategy 2005-2015.</p>			<p>Socio-economic infrastructure funding gap: £9.25m</p>	



INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p>37,352 new population over the period to 2026, of which 31,312 are of working age. With a current Southwark unemployment rate of 11.2%, we would expect 3,507 to be unemployed. Additional support required for longer term unemployed (6 months and over) which is projected to be 1794 people. Employment support, including training, for 1794 long term unemployed new residents . Unit cost of LBS commissioned support for a 26 week sustained job is £4,024.</p>	<p>Southwark Economic Development Strategy (2010-2016)</p>	<p>£7.25m</p>	<p>Annually when needed</p>	<p>LBS, Southwark Works, Job Centre Plus</p>		<p>LBS CIL <b>Unfunded by £7.25m</b></p>
<p><b>Aylesbury:</b> new employment space</p>	<p>Aylesbury AAP (2010)</p>	<p>£2m</p>	<p>2015-2026</p>	<p>LBS</p>		<p><b>Unfunded by £2m</b> - unlikely that it could be cross subsidised by private residential due to requirement for 50% affordable</p>
<p><b>SUSTAINABILITY INFRASTRUCTURE</b></p>		<p>Reduction of future carbon emissions is a key opportunity and priority for new development. Southwark's energy and carbon reduction strategy 2011 seeks a 22.4% reduction in CO2 by 2020. The strategy aims to explore all opportunities to expand heat networks in the borough.</p>			<p>Sustainability Infrastructure funding gap of £21.5m</p>	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>Canada Water district heating/CHP:</b> The heat network will use energy that is currently wasted at the South East London Combined Heat and Power, Energy from Waste plant in Lewisham. It will be distributed through a network of underground pipes to the community heating boiler houses that currently provide heat and hot water to several housing estates. Phase 1: Link from SELCHP to the following estates: Four Squares, Silwood, Abbeyfield, Tissington Court, Pedworth, Rouel Road, Keetons, Silverlock Phase 2: Possible extension into the Core Area via Lower Road and Redriff Road.</p>	<p>Canada Water AAP (2012); Canada Water Energy Study (2009)</p>	<p>Phase 2 £8.5m</p>	<p>2013-2021</p>	<p>LBS, Veolia</p>	<p>Phase 1 funded</p>	<p>Phase 2 LBS <b>Unfunded by £8.5m</b></p>
<p><b>Aylesbury Utilities and CHP proposal:</b> Provision of CHP/communal heating for the new neighbourhood</p>	<p>Aylesbury AAP (2010)</p>	<p>£13m</p>	<p>2013-2026</p>	<p>LBS</p>		<p>LBS CIL <b>Unfunded by £13m</b></p>

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<b>SECONDARY INFRASTRUCTURE</b>					<b>Secondary Infrastructure funding gap: £ 13.1m</b>	
<b>Water/ Sewerage/Waste water (Thames Water)</b>						
<p><b>Local water infrastructure:</b> The council will use planning conditions where appropriate to ensure that development does not commence until impact studies on the existing water supply and sewerage infrastructure have been approved by Southwark in conjunction with Thames Water. Where there is a capacity problem and no improvements are programmed developers should contact the utilities company to agree what improvements are required and how they will be funded.</p>			N/A	Thames Water	N/A	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p><b>Storm Water Storage:</b> It is possible that long term planned growth in the regeneration areas might affect the occurrence and significance of flooding. Surface water flood risk mitigation measures will be required. Storage areas are planned in open public spaces in the Dulwich, Peckham Rye, Camberwell and North Peckham areas to mitigate risk in these areas where . The next stage towards updating and improving upon existing planned delivery of projects will involve completing a Surface Water Management Plan for the borough to identify the neighbourhoods and individual planning units that are at risk of flooding and to propose suitable mitigation measures aside from simply avoiding all potential development of those areas.</p>	<p>Southwark Interim Preliminary Flood Risk Assessment (2011)</p>	<p>£12.7m</p>	<p>2014/15-2017/2018</p>	<p>Thames Water, The Environment Agency, LBS Principal Contractor</p>		<p>The Environment Agency - Flood Defence Grant in Aid                      Unfunded by £12.7m</p>
<p><b>Gas</b></p>						

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p>The 'host' providers for the London area are National Grid and Scotia Gas Networks. Scotia Gas are the main supplier in Southwark, however information on Southwark is limited. National Grid indicated that for the five Central London authorities which it covers, there is likely to be sufficient capacity within regard to medium and the higher pressure gas networks to cater for demand up to 2026. Southwark will monitor phasing and implementation of development and continue to share plans with infrastructure providers.</p>	<p>Central London Forward Infrastructure Study (2010)</p>	<p>N/A</p>	<p>N/A</p>	<p>National Grid and Scotia Gas Networks</p>	<p>N/A</p>	
<p><b>Electricity</b></p>						
<p>EDF's Distribution Price Control Review (DPCR) sets out plans for growth anticipated for London's central area, based on known developments extracted from the planning process. A number of schemes which will increase capacity are underway. This includes a new primary sub-station being built behind Tate Modern, which will connect to</p>	<p>Central London Forward Infrastructure Study (2010)</p>	<p>N/A</p>	<p>N/A</p>	<p>EDF Energy, Developers</p>	<p>N/A</p>	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
Lewisham. Planned provision for investment is unlikely to cover forecast demand. EDF should be engaged early in the planning process and future requirements across central London should be coordinated.						
<b>Wifi in Public places:</b> 40 stations each costing £10,000		£400,000	tbc	LBS with Partner		LBS Unfunded £400000
<b>EMERGENCY SERVICES</b> Existing Fire Stations: Peckham, Old Kent Road, Southwark Bridge Road and Dockhead. Ambulance stations: Rotherhithe, Waterloo Road. Metropolitan Police stations: Camberwell, East Dulwich, Walworth, Peckham, Rotherhithe, Southwark.						
<b>Police</b>						
Forward planning for policing infrastructure is linked to the Metropolitan Police Service's (MPS) Asset Management Plan for Southwark. This indicates that the MPS is working hard to deliver a more effective and locally focused service, and to do this it needs a property estate that can adapt to meet new challenges and grow to support a 21st century police service. The	Metropolitan Police Service Asset Management Plan (2007)	N/A	N/A	MPS	N/A	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p>Metropolitan Police do not have any specific infrastructure requirements at this time but will continue to review forecasted growth in the borough and assess future policing needs.</p>						
<p><b>Fire</b></p>						
<p>The Central London Forward Infrastructure Study indicates that there is a total of 112 fire stations are scattered across London, including 4 in Southwark. There are also a total of 168 fire appliances (i.e. the number of fire pumps and hoses) and 70 other specialist fire appliances. Fire stations and fire engines work across local authority boundaries therefore it is hard to assess the fire station provision on a local authority basis. Central London is overall described as fire station rich with very good fire station coverage. Expansion of existing service may be required in the long term to address population</p>	<p>Central London Forward Infrastructure Study (2010)</p>	<p>N/A</p>	<p>N/A</p>	<p>LPFA</p>	<p>Private finance initiative (PFI)</p>	

INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
<p>and employment growth. Currently, the London Fire Planning Authority does not anticipate a need to increase the overall available floorspace. Instead there is a focus on rebuilding and refurbishing the existing ones.</p>						
<p><b>Ambulance</b></p>						
<p>Managing demand and need for Ambulance provision correlates more with procedures and practice than population growth. The demand for ambulance provision is forecast using historical incident data within the Health service area they attend. Consultation with the London Ambulance Trust has revealed that the forward strategy focuses on changes to the way emergencies are responded to rather than opportunities relating to property. For this reason the London Ambulance Trust has not identified any specific infrastructure needs at the present time, but will continue to</p>	<p>Central London Forward Infrastructure Study (2010)</p>	<p>N/A</p>	<p>N/A</p>	<p>London Ambulance Trust</p>	<p>N/A</p>	



INFRASTRUCTURE REQUIREMENT	POLICY/EVIDENCE BASE	COSTS	TIMING	DELIVERY AGENTS OR PARTNERS	FUNDING	
review the impact of planned and natural growth and how this translates into additional demand on their services over time.						

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<b>Item No.</b> 14.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Local Council Tax Support Scheme	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report considers government's decision to abolish Council Tax Benefit, as part of its wide-ranging changes to the welfare state, and the council's role in providing the new local Council Tax Support scheme to replace it. Government is only providing funding for this scheme at 90% of the expenditure needed to provide Council Tax Benefit.

The council has been asked to develop a proposal for the Council Tax Support scheme. Given that government's annual settlements with the London Borough of Southwark have decreased substantially since May 2010 and are set to decrease significantly further in future years, it is unable to cover the estimated shortfall in funding of at least £2.8m without impacting on either services or the level of Council Tax. As government has directed that pensioners should receive 100% Council Tax Support, the council can afford to give 85% Council Tax Support to claimants of working age without detriment to services or the level of Council Tax.

The proposals set out in this report set out to do this. Cabinet is being asked to agree this as the proposed scheme for consultation with the public, before taking the final decision in October.

We recognise the difficulties that this government policy will create for some of the poorest communities and residents in the borough, and commit to continue to lobby government against these changes in funding arrangements

I am therefore asking the cabinet, after consideration of the officers' report set out from paragraph 1 onwards to approve the recommendations below.

**RECOMMENDATIONS**

That Cabinet:

1. Note that as Council Tax Benefit (CTB) is to be abolished from 1 April 2013, the council is required to adopt a Local Council Tax Support (CTS) scheme in its place by 31 January 2013 with a 10 per cent reduction in funding.
2. Approve the underlying principles to approaching this change in government funding as described in paragraphs 12-14.

3. Approve, subject to consultation, the proposed option for CTS, detailed at Appendix A (model 10) in this report, which will result in capping future council tax support to 85 per cent.
4. Approve the proposed consultation strategy and the 8 week consultation period.
5. Approve the principles underlying the consultation as outlined in paragraphs 45-52 of this report.
6. Approve in principle the proposal for the removal of the current second adult rebate element from the new scheme noting the need to consider again in October following the outcome of the consultation process.
7. Note that following consultation a further report will be presented to cabinet in October 2012 seeking recommendation to council assembly in November 2012 for adoption of the Local Council Tax support scheme.

### **BACKGROUND INFORMATION**

8. Since the introduction of council tax in 1993, the council has administered a Housing and Council Tax Benefit Scheme. The purpose of the Council Tax Benefit (CTB) element of this was to assist those on low income to pay their council tax by way of a means tested benefit scheme. The benefit has been administered by councils in accordance with national legislation, under direction of the Department for Work and Pensions (DWP).
9. The government announced in the Spending Review 2010 that support for council tax would be localised with a 10 per cent reduction in funding. On 8 March 2012 the Welfare Reform Act 2012 received Royal Assent. The Welfare Reform Act contains the provisions for the abolition of CTB, paving the way for new localised schemes to be introduced from April 2013.
10. The government also issued a consultation in 2011 on proposed technical reforms to council tax. These included extending the power to councils to set discounts on 2<sup>nd</sup> homes between 0 per cent and 50 per cent and to abolish exemptions on the main classes of empty property and replace them with locally set discounts. Currently councils have power to award discounts of between 10 per cent and 50 per cent on 2<sup>nd</sup> homes; in Southwark the 2<sup>nd</sup> home discount is currently set at 10 per cent and 100 per cent exemption is granted on the main classes of empty property. The government published the response to the consultation in May 2012 and confirmed its intention to bring in regulations in the autumn of 2012 to allow Councils to charge full council tax on 2<sup>nd</sup> homes and to set locally set discounts of between 0 per cent and 100 per cent on empty property.
11. The Council will therefore consider separately the policy to be adopted on the level of discount to be awarded to owners of 2nd homes and empty property once the governments' intentions are captured within regulations. Whilst this may be considered a potential revenue stream to contribute to the reduction in CTS funding, collection is uncertain. The number of 2<sup>nd</sup> homes in Southwark is small, accordingly the potential revenue would be minimal at an estimated £180k compared to the reduction in grant proposed. Further in considering a policy on discounts for empty property the Council will need to be mindful of incurring its own liability in this regard.

12. Funding for local schemes will be provided by the Department for Communities and Local Government, by way of a grant to billing and precepting authorities in proportion to their share of the council tax payable. The funding in the first year will equate to an overall 10 per cent reduction in the projected current expenditure on CTB. Under the current scheme expenditure on CTB is fully funded by the Department for Work and Pensions.
13. At current levels of CTB expenditure a 10 per cent reduction in funding is estimated at approximately £2.8m for this council, (£2.1m Southwark element and £0.7m GLA precept). The council and the precepting authorities have to decide whether to pass on what effectively is a cut in benefit expenditure, in full or in part, to the people who currently claim CTB.
14. A local council tax support scheme (CTS) is therefore required and which in its administration and application recognises and provides for the 10 per cent reduction in benefit expenditure.

### **Local scheme parameters**

15. The government has stated that people of pension age will be protected from these cuts so that if they currently receive full benefit entitlement they will not lose out under the new scheme. However, this does mean that if the burden of the 10 per cent cut has to be borne by the remaining working age benefit claimants, the overall cut will translate to a 15 per cent reduction in the current level of support applied to working age claimants.
16. Before adopting a local scheme for CTS, or changing a scheme once adopted, it is a statutory requirement to consult with taxpayers and stakeholders locally.
17. When designing local schemes, authorities should have regard to vulnerable groups and their responsibilities in respect of child poverty, disabled people, and homelessness. In addition, the local authority (LA) has clear duties set out under the Equality Act 2010.
18. There is no specific definition in law or guidance of the characteristics that make an individual 'vulnerable', and no guidance is provided for designing local schemes. The local authority must therefore consider the needs of its communities and in particular take account of relevant statutory duties in relation to the following:-
  - Part 2 of the Child Poverty Act 2010, sections 19-25, which places a duty on LAs to reduce child poverty in their area.
  - Section 1 of the Equality Act 2010: The LA must have regard to disabilities when exercising and when making decisions of a strategic nature to reduce any inequalities.
  - Section 149 of the Equality Act 2010: there is a duty on the LA to eliminate discrimination and advance equality of opportunity. The Equality Act 2010 also sets out those protected characteristics which must be considered as part of the Public Sector Equality Duty under s.149.
  - Homelessness prevention, and duties under the 1996 Housing Act to prevent homelessness.

19. Schemes will need to be consistent with the Universal Credit (UC) principles and should provide incentives to work. The scheme will also need to determine how to include UC in the assessment.
20. Furthermore there are additional requirements on local authorities to;
  - Deliver an operational scheme by April 2013, including financial assessment (means testing) for working age claimants;
  - Have a process in place for managing legacy council tax benefit;
  - Retain a local fraud service for the investigation of council tax fraud;
  - Having a financial contingency in case local support schemes are oversubscribed i.e. the pensioner caseload increases and also take up increases.
  - Enable council tax support to be applied as a discount to the council tax bill; and
  - Ensure a local scheme is agreed by council assembly after consultation with the public and other key stakeholders such as precepting authorities.

## **KEY ISSUES FOR CONSIDERATION**

### **Default scheme**

21. If authorities have not adopted a scheme for 2013/14 by 31 January 2013, then the current council tax benefit scheme will continue as the default position. This would mean that the whole of the financial impact of the 10 per cent funding reduction would fall to the Council and its preceptors and claimants would experience no change.

### **Approach to determining schemes**

22. This report sets out a range of considerations detailing the impact for the council and to its residents.
23. Under the existing CTB provisions there are two categories of council tax benefit claims – Pension Age and Working Age for which different regulations apply. Within both these categories there are two ways of assessing claims – Passported and Non Passported (Standard claims).
24. Passported claims are those from households in receipt of a Passported Benefit. Their income has been means tested by the Department of Work and Pensions as being either below or in line with the minimum level of income the government says they need to live on. For pension age claims this is Guarantee Pension Credit. For working age it is out of work benefits i.e. income based Jobseekers Allowance, Income Support or Income related Employment Support Allowance.
25. Standard claims are those from households not in receipt of a Passported Benefit. They have income above the minimum the government says they need to live on. For pension age this may be a private or occupational pension or possibly some work. For working age this is generally people who are working but on low incomes which may be supplemented by tax credits.
26. Passported claims automatically receive 100 per cent council tax benefit unless they have an adult 'non-dependant' living in their home, in which case a non-

dependant deduction is taken from their benefit award. Standard claims are subject to a full means test by the council and are awarded council tax benefit, reduced by tapers according to the income they are assessed as receiving in excess of the minimum amount they need to live on.

27. There is a further category of council tax benefit within the current scheme known as second adult rebate where benefit is paid to a Council Tax payer not eligible in their own right. It is granted to a single resident who lives with another non dependant adult on a low income, usually a family member such as a grown up child or elderly parent. The fact that the eligibility criteria is based upon the second adults income makes this a complex scheme for customers to understand and complex to administer and take up is historically low. In 2011/12 only 265 applications resulted in payment, with a value of £56k.
28. It is required that local schemes will protect all pensioner claimants therefore the 10 per cent reduction can only be found from the working age.
29. The analysis of the current council tax benefit caseload is shown in the following tables:

Figure 1.

**Caseload – Council Tax Benefit (CTB) – May 2012 data**

Caseload type	All ages	Working Age	Non-Working Age
Number of claimants	35,577	24,301	11,276
Expenditure	£27.6m	£18.8m	£8.8m

Figure 2.

**Working Age (WA) caseload analysis**

Passported benefit	Non-passported benefit	Claimant or partner working	Claims with children	Lone parents	Households with a disability
16,813	7,319	4,872	10,895	8,579	4,155

**Fairer Future principles**

30. The council set out its Fairer Future promises including keeping council tax increases below inflation and also making best use of its money to deliver a fairer future for all. In considering these principles it is necessary to understand how any scheme will impact upon all working age recipients irrespective of the household group whilst striving to ensure that an increase in council tax is not required.
31. Consideration has therefore been given to the local scheme parameters outlined above and the councils stated promise to not increase council tax beyond inflation. Taking these elements into account it may not be possible to avoid passing on the impact of the changes to the working age claimants, whatever their personal or household position. Indeed the impact of the changes on working age claimants in Southwark could be greater than for some other boroughs because of the high number of claimants who are pensioners

and who are therefore protected from any cuts. Furthermore this could mean collecting council tax for the first time from some working age claimants on low incomes.

### **Modeling activity**

32. In common with the majority of authorities therefore modelling activity has been undertaken using the existing working age CTB data. The purpose of this modelling activity has been to drill down into the detail of data to identify individual benefit entitlements, to identify household groups, to identify how many claims are made from those groups and to identify income types and income levels. This information enables the council to determine which combination may be used to support a local scheme. Appendix A sets out an analysis of the working age claimant entitlement together with detail of the models developed.
33. Appendix A also captures the detail of the models developed. Models 1-9 demonstrate that they either do not deliver the level of saving in expenditure required to achieve the 10 per cent reduction, identify too great a saving or are considered so disproportionately unfair among the claimant groups that they could not be considered as a potential proposal.

### **Preferred option**

34. As a consequence of the activity described above only one proposal has emerged which would deliver both the level of reduction in expenditure required to achieve the 10 per cent cut and which does present a level of fairness across the 24,301 working age claimants given the boundaries of the parameters within which the council must work whilst acknowledging the council principles discussed above.
35. This proposal will have an impact across all working age claimant groups, including those in both family and disabled households, to offer protection to all disabled and family groups would disproportionately impact upon the remaining small group of working age recipients. It recognises that all working age claimants occupy households that sit in various council tax bands, therefore the level of council tax support offered is proportionate to level of council tax charged irrespective of the household and band. The proposed scheme also adapts the existing council tax benefit scheme which already offers protection to disabled and family households and also offers work incentives through extended payments.
36. This proposal is recommended as the fairest and preferred approach to achieving the 10 per cent cut in expenditure and the scheme which should be the focus for the consultation with the GLA and our wider consultation audience. The scheme headlines are captured in the table below. The full detail of the impact of the scheme is included in Appendix A Model 10.

Figure 4.

Scheme or Element	Saving achieved	Customer Impact
85% cap applied to current award of Council Tax benefit. Cap equates to a 15% reduction of current benefit award across all working age customers.	<b>£2.8m</b>	Cap equates to an average loss of £116.08 in annual benefit award across all 24,301 working age customers, but ranges from £0.08 to £344.77.

37. Whilst it remains uncertain exactly what approach is being adopted around London it is known from benchmarking and attendance at professional forums that this scheme approach has significant support amongst a number of councils. If adopted this will present some uniformity for customers and claimants and will probably mitigate against “benefit moves” whereby claimants may look across boundaries to see which authority is offering the best local support scheme.
38. The nature of the CTS scheme is one that will require entitlement to support to be shown as a discount on council tax bills from April 2013. Therefore in order to ensure that the scheme is factored into the tax base calculation for 2013/14 the local scheme will need to have been formally approved by the council no later than November 2012. A further report will therefore be presented capturing the outcome and evaluation of the consultation response and seeking formal adoption of the CTS scheme in November 2012.
39. In addition the timescales for implementation are extremely challenging and there are limits upon the scheme design choices available to the council at least in the short term. It will be important for the council to closely monitor the impact of its first scheme in order to ensure that it can be refined and improved over time.

#### **Proposed application process from 2013**

40. Under Universal Credit, Housing Benefit will begin to be phased out from October 2013 at the earliest and the New Housing Benefit scheme will then be addressed under Universal Credit from April 2014.
41. The requirement under the local scheme is that council tax support shall be a means tested discount, therefore as applications for housing benefit will continue “as is” in 2013 the existing processes and systems can be adapted. The advantages of this are numerous both for the claimant and the council including established access channels, systems and processes and staff familiar with processing.
42. It is not proposed therefore to develop a new application process at this time. The existing application process will therefore remain in place, however this position will remain under review in 2013/14 as the plans for the introduction of universal credit emerge.



### **Technical changes to include in local scheme proposal**

43. The introduction of a local scheme does present an opportunity for the technical elements of the existing CTB scheme to be reviewed; such as those which are complex for both the customer and the council or areas where there is very low take up. Consequently the following initial technical change is proposed to be included within the Local scheme for consultation:-

- Removal of second adult rebate entitlement. In common with the majority of London authorities it is proposed that this category of support should not exist within the local council tax support scheme from April 2013. Appendix A Model 9 provides the detail but in summary there were only 265 claims in 2011/12 from working age claimants with a value of £56k. This is complex for customers to understand as it is based upon the income of the second adult's income who is usually a grown up child or elderly parent. However whilst there is no requirement to offer second adult rebate for working age customers, it must be retained in its current state for pensioner age claimants.

### **Impact on technology**

44. As a result of the very limited time available for implementation of a local scheme by April 2013 the advantage of this proposal is that it can be based on the current software system. Our supplier is already working on a range of expected changes to ensure the IT system is capable of delivering the scheme together with any changes to core entitlements in preparation for this date. A full testing programme will form part of the established end of year and annual billing processes.

### **Consultation approach**

45. Before determining a local council tax support scheme local authorities are required to consult with precepting authorities, the public and stakeholders. The GLA have confirmed that they require notice of the approach on which the councils proposes to consult a minimum of one week being before public consultation commences.
46. Although the approach to the consultation is not prescribed, representations about the proposed scheme are to be sought from those likely to be affected by decisions about the design of the scheme and from the groups representing them.
47. The council has reviewed and considered a number of elements that could form part of the scheme, however, it is presenting a preferred approach for consultation. Whilst the approach to the scheme affects all working age claimants it does reduce the impact for all. The consultation with open questions will enable interested parties to comment on the approach and suggest alternatives as appropriate.
48. The timetable for the consultation is set out in the primary timetable below; this reflects the challenging timescales that exist to ensure a scheme is properly adopted.
49. Whilst a 12 week consultation would have been preferable an 8 week window is reasonable given that direct communication and engagement with stakeholders

and support agencies commenced in June preparing them for the commencement of the formal consultation period and alerting them to the support they may provide in that period.

50. The consultation will ensure that those groups representative of those most likely to be impacted by the changes are directly engaged and have the opportunity to express their views on the proposal. They will also be in a position to encourage and support individual engagement into the process from the groups they represent. The schedule will also ensure that there is sufficient time for the response and results to be properly considered and evaluated in preparation for inclusion within the final report.
51. The formal consultation commencing in July will be focused on our local scheme proposal and those wishing to engage will be directed to the council's website to participate.
52. The detail of the consultation plan is captured at Appendix B confirming the groups and level of engagement expected. The questions which will form the basis of the consultation are captured in Appendix C. This report therefore recommends this consultation approach for the local CTS scheme in Southwark.

#### **Primary timetable for local scheme implementation**

53. The timetable for implementation is as follows:-

Figure 5.

<b>Activity</b>	<b>Lead</b>	<b>Date</b>
Develop scheme proposals	Revenues and benefits officers	May –June 2012
Model scheme impacts	Revenue and benefits officers	May- June 2012
Develop consultation approach	Revenues and benefit officers/legal and communications	June 2012
Prepare consultation material	Revenues and benefits officers	June/July 2012
Equalities Impact Assessment	Revenues and benefit officers	June – Sep 2012
Share CTS scheme with GLA	Revenues and benefits officers	10 July 2012
Report to cabinet to agree proposed CTS scheme and consultation approach	Strategic Director of Finance and Corporate Services	17 July 2012
Confirm decision with GLA	Revenues and benefits officers	18 July 2012
<b>Activity</b>	<b>Lead</b>	<b>Date</b>
Consultation period	Revenues and benefits officers	18 July – 5 September 2012
Consultation results		6 September to 20

<b>Activity</b>	<b>Lead</b>	<b>Date</b>
gathered and evaluated		September 2012
Primary Legislation passed	DCLG	September 2012
Report to cabinet for recommendation to council assembly	Strategic Director of Finance and Corporate Services	23 October 2012
Report to council assembly to adopt local scheme	Strategic Director of Finance and Corporate Services	28 November 2012
Plan implementation for CTS scheme following decision and DCLG regulations	Revenue and benefit officers	November 2012- March 2013
2013/14 Council Tax base agreed	Council	January 2013
2013/14 Budget agreed	Council	February 2013
Issue 2013/14 Council Tax Bills	Revenues and benefits	March 2013
Go Live with CTS scheme	Revenues and benefits	April 2013

#### **Financial implications 2013/14**

54. The current subsidy budget for council tax benefit is £27.8m, some 22 per cent of the total council tax yield. This includes the GLA element, Southwark's share being some £20.8m.
55. The government announced in the 2010 Spending Review that government resources to fund council tax benefit would be reduced by 10 per cent. The government is proposing to replace council tax benefit with grant funding. The council estimates that in consideration of our current benefit caseload and benefit trends the future grant should be £24.8m leaving a potential gap of £2.8m against the current £27.6m if the scheme continues without change.
56. The latest government projections however suggest that this grant will be £24.1m, (£18.0m Southwark and £6.1m GLA), leaving a potential larger funding gap of £3.5m against the current £27.6m if the scheme continues without change. Officers are currently unable to reconcile the government figures and in the absence of confirmed regulations it is unclear how the government has approached their calculations and projections. Officers will continue to keep this under review and will continue to press government for justification of their projections.
57. The government suggests it has based its proposed level of funding for 2013/14 on our projected level of spend and this is lower than our actual spend in 2011/12. The level of spend will be determined by the number of claims made for council tax support in payment, influenced by the number of pensioner and working age claimants, therefore there is an assumption within government that our caseload will decrease this is not however representative of our caseload or caseload trends. However in the alternative if this assumption is

proved wrong and there is a significant increase in claims from working age claimants the council will be required to meet this additional cost.

58. The approach for the localised scheme included in paragraph 34 provides for the deficit being fully funded through reduced benefits to working age claimants.
59. There is a risk that council tax arrears will increase as a result of this new scheme as less support will be available to residents on a low income which will affect their ability to pay the balance outstanding.
60. An initial tranche of £84k in New Burdens funding has been given to Southwark and the DCLG has indicated that additional funding may follow to assist with one-off implementation costs, transition costs and the recurring costs for the first 3 years in operation of the system. The initial grant will be used towards the immediate costs associated with implementation of the new system, consultation, process re-design and any associated staff training.
61. The government intend that the local scheme should be applied by way of a discount, and this will reduce the council tax base. Current estimates show that the discount will be equivalent to approximately 20,400 band D equivalent properties. In an ideal situation, the value of council tax lost from the discount would equal the council tax support grant awarded by the government, however a significant factor in this methodology is that the reduced tax base would reduce the amount that could be raised through a one per cent increase in council tax by some £186k.

### **Consultation**

62. There is a legal requirement under the provisions of the Local Government Finance Bill (currently finishing its second reading in the House of Lords) to consult on the proposed scheme to be introduced. The approach to consultation is described in the body of the report.

### **Community impact statement**

63. An Equalities Impact Assessment (EIA) for the proposed changes to council tax benefit is in the early stages of development. Activity has however already commenced as a consequence of the modelling activity which has taken place to date. However national impact assessments on these changes and the wider welfare reforms will also inform this local EIA.
64. The EIA document will be reviewed continually throughout the consultation process by the service. The decision maker will be provided with comprehensive analysis of the equality implications arising from the proposal and during the stages of the decision making process; this is to ensure that the decision maker has due regard to the implications arising and the public sector equality duty set out under s.149 Equality Act 2010.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

65. Cabinet is asked to note the legal basis for the proposed scheme. S.33 of the Welfare Reform Act 2012 provides for the abolition of the council tax benefit. The Local Government Finance Bill went through its second reading in the

House of Lords on 12 June 2012 and sets out to amend the Local Government Finance Act 1992 by inserting a requirement for local authorities to put in place a scheme for council tax support by 31 January 2013. If a scheme is not in place, a default scheme will be imposed on the council.

66. Cabinet is advised that the manner of consultation is set out in Schedule 4 of the Bill and Best Value statutory guidance was published in September 2011 to assist local authorities in conducting the consultation.
67. Cabinet will note the commentary on the proposed consultation contained within paragraphs 43-50 above. The guidance is clear that in order to ensure an effective consultation, the local authority will need to ensure that interested parties can provide their views and influence the design of the final scheme. An 8 week consultation period is permissible, provided that reasons are provided, the reasons are detailed in the report
68. Cabinet is recommended to approve the publication of the consultation.
69. Any decision regarding implementation of a scheme must be taken by full council. Decision makers will be presented with the detail of any proposed scheme and an analysis of the views of interested parties. The legal implications in respect of child poverty and homelessness will also be analysed and presented for consideration by full Council. Decision makers will also be presented with a full analysis of the equality implications. Members are advised that any decision must be taken with due regard to the equality implications outlined; in accordance with the Equality Act 2010 and the public sector equality duty at s.149.

#### **Strategic Director of Finance and Corporate Services**

70. The Strategic Director of Finance and Corporate Services notes the recommendations to this report, and that the option proposed will reduce the amount of council tax support by £2.8m by applying an 85 per cent cap on benefit awards to all working age claimants.
71. The Strategic Director of Finance and Corporate Services also notes
  - the potential £800k gap referred to in paragraph 54 between the indicative grant announced by the government and the cost of council tax support if the proposed option is approved, this in effect being a 13 per cent total reduction.
  - that officers will continue to seek clarification from the government on their grant calculation methodology.
  - that the figures included in this report are based on current workloads that may change before final decisions are made in November.
  - the reduction in tax base resulting from the new council tax support relief discount, and its effect on future council tax income and impact on additional resources that would be generated from increases in council tax.
  - that the policy to be adopted on changes to exemptions and discounts through the technical reforms will be subject to a separate report

**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
Legislative documents (including Welfare Reform and Local Government Finance Act)	<a href="http://www.parliament.uk">www.parliament.uk</a>	

**APPENDICES**

No.	Title
Appendix A	Working age recipients analysis and models
Appendix B	Consultation plan
Appendix C	Consultation questions

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance, Resources and Community Safety	
<b>Lead Officer</b>	Duncan Whitfield, Strategic Director of Finance & Corporate Services	
<b>Report Author</b>	Mike Lynch, Improvement and Development Manager	
<b>Version</b>	Final	
<b>Dated</b>	5 July 2012	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
	<b>Officer Title</b>	<b>Comments Sought</b>
	Director of Legal Services	Yes
	Strategic Director of Finance and Corporate Services	Yes
	<b>Cabinet Member</b>	Yes
	<b>Date final report sent to Constitutional Team</b>	5 July 2012

## APPENDIX A

## Working age CTB recipient analysis

Annual CTB expenditure: £18,805,616.04

No of customers: 24,301

Value of annual CTB awards:

Annual CTB award	Number of claims
£0 - £99.99	144
£100 - £199.99	398
£200 - £299.99	465
£300 - £399.99	538
£400 - £499.99	684
£500 - £599.99	773
£600 - £699.99	3,293
£700 - £799.99	7,022
£800 - £899.99	4,196
£900 - £1,000	3,261
£1,000 - £1,099.99	1,635
£1,100 - £1,199.99	572
£1,200 or more	1,320

Household breakdown:

Households with dependent children: 11,025

Single parents: 8,676

Disabled households: 4,338

Number of Carers: 180

Claimant gender breakdown:

Gender	Number of claims affected
Male	8,982
Female	14,768
Unknown	551

Council Tax Band analysis (all figures per annum):

Council Tax Band	Gross Council Tax liability	Average Net Council Tax liability	Total CTB expenditure by band	No. of CTB claims	Average CTB award	No. of families	Average CTB award for families	No. of disabled households	Average CTB award for disabled households
A	£812.57	£634.81	£2,093,629.05	3,446	£607.55	562	£632.56	610	£610.67
B	£948.00	£760.63	£7,083,035.66	10,013	£707.38	4,369	£716.01	1,728	£732.32
C	£1,083.43	£891.78	£5,373,607.69	6,601	£814.06	3,628	£824.64	1,145	£870.06
D	£1,218.86	£1,008.61	£2,440,406.69	2,674	£912.64	1,490	£936.62	519	£991.96
E	£1,489.72	£1,260.22	£1,493,097.68	1,327	£1,125.17	832	£1,152.83	288	£1,242.50
F	£1,760.58	£1,496.24	£247,233.27	184	£1,343.66	114	£1,404.44	44	£1,477.59
G	£2,031.43	£1,741.94	£57,772.20	38	£1,520.32	20	£1,472.13	5	£1,827.92
H	£2,437.72	£1,828.39	£3,517.56	2	£1,758.78	1	£2,298.46	1	£1,219.10

Breakdown of affected group by ethnicity:

Group	Number of claims
White: British	50
White: Irish	4
White: Other	90
Mixed: White & Black Caribbean	4
Mixed: White & Black African	2
Mixed: White & Asian	2
Mixed: Other	1
Asian or Asian British: Indian	1
Asian or Asian British: Pakistani	1
Asian or Asian British: Bangladeshi	3
Asian or Asian British: Other	6
Black or Black British: Caribbean	44
Black or Black British: African	274
Black or Black British: Other	19
Chinese	11
Unknown	23,789

Income:

Working households: 5,048

Receiving Income Support: 8,875

Receiving Jobseeker's Allowance: 5,577

Receiving Employment Support Allowance (IR) 2,997

Cases paid as Second Adult Rebate: 265

## Working age CTB recipient analysis

### Analysis of average annual CTB award by Council Tax Band and residential status

Council Tax Band	Council Tenants	Private tenants	Housing Association	Owner Occupier	Temporary Accommodation
<b>A</b>	(2,762) £609.15	(249) £597.58	(265) £603.93	(154) £593.14	(16) £685.25
<b>B</b>	(6,819) £715.01	(1,045) £672.83	(1,670) £707.80	(379) £644.96	(100) £778.26
<b>C</b>	(3,269) £840.31	(905) £763.85	(1,928) £812.24	(441) £725.97	(58) £848.43
<b>D</b>	(803) £961.36	(334) £809.14	(1,299) £927.25	(231) £808.88	(7) £976.41
<b>E</b>	(255) £1,228.56	(123) £798.35	(835) £1,155.00	(113) £1,023.91	(1) £1,489.72
<b>F</b>	(37) £1,534.42	(23) £1,184.19	(97) £1,363.08	(27) £1,148.32	(0)
<b>G</b>	(12) £1,766.17	(5) £1,049.64	(14) £1,426.78	(7) £1,622.16	(0)
<b>H</b>	(0)	(1) £2,298.46	(0)	(1) £1,219.10	(0)
<b>Unknown Band</b>	(6) £911.02	(3) £846.80	(6) £825.33	(1) £357.70	(0)
<b>Total</b>	<b>13,963</b>	<b>2,688</b>	<b>6,114</b>	<b>1,354</b>	<b>182</b>



**Analysis of family size with average annual CTB award**

<b>Number of children</b>	<b>Number of claims</b>	<b>Number of single parents</b>	<b>Disabled households</b>	<b>Working households</b>	<b>Job-seeking households</b>
<b>1</b>	(5,355)	(4,589)	(560)	(1,429)	(5,577)
	£778.53	£753.77	£915.39	£596.08	£847.54
<b>2</b>	(3,356)	(2,559)	(319)	(1,108)	(513)
	£823.51	£788.13	£934.89	£706.12	£886.22
<b>3</b>	(1,605)	(1,096)	(126)	(575)	(209)
	£884.56	£830.69	£1,031.64	£809.60	£950.93
<b>4</b>	(522)	(323)	(46)	(202)	(63)
	£927.88	£865.46	£1,019.60	£879.27	£977.98
<b>5</b>	(125)	(73)	(15)	(40)	(20)
	£992.26	£878.39	£1,065.35	£1,008.57	£1,008.17
<b>6</b>	(38)	(26)	(4)	(11)	(6)
	£1,097.00	£1,072.22	£1,097.61	£1,038.59	£1,202.07
<b>7</b>	(14)	(6)	(2)	(5)	(3)
	£1,165.40	£1,162.09	£1,217.80	£1,164.77	£1,082.83
<b>8</b>	(7)	(2)	(0)	(4)	(1)
	£991.01	761.81		£1,048.59	£1,219.10
<b>9</b>	(1)	(1)	(0)	(0)	(0)
	£1,117.42	£1,117.42			
<b>10</b>	(0)	(0)	(0)	(0)	(0)
<b>11</b>	(1)	(0)	(1)	(0)	(1)
	£1,489.72		£1,489.72		£1,489.72

## Model 1: 85% cap on CTB entitlement with protection extended to include disabled households and households with children

**Annual saving achieved: £1,081,297.17**

This model reduces current levels of CTB entitlement by 15%, effectively setting an 85% cap on existing award levels. This model offers protection to pensioners as well as disabled households and households with children. This does not deliver the savings required and the Council would need to make up the shortfall. The model disproportionately impacts upon the claimants within this group.

**No of customers affected: 10,012**

### Value of annual CTB lost:

Amount of annual CTB lost	Number of claims
£0 - £49.99	546
£50 - £99.99	2,838
£100 - £149.99	5,829
£150 - £199.99	697
£200 - £249.99	93
£250 or more	9

Average amount of annual CTB lost: **£108.00**

Largest reduction in CTB award: **£304.72**

No. of cases paid as Second Adult Rebate: **164**

### Council Tax Band of affected customers:

Council Tax Band	Number of claims
A	2,300
B	4,239
C	2,185
D	859
E	359
F	48
G	15
H	0
Unknown	7

### Household breakdown:

Households with dependent children: **0**

Single parents in group: **0**

Disabled households in group: **0**

Number of Carers in group: **27**

### Claimant gender breakdown in affected group:

Gender	Number of claims affected
Male	5,500
Female	4,287
Unknown	225

### Income:

Working households: **1,576**

Receiving Income Support: **2,756**

Receiving Jobseeker's Allowance: **3,808**

Receiving Employment Support Allowance (IR) **1,463**

**Model 2: Remove entitlement from claimants receiving CTB payment of £5 per week or less****Annual saving achieved: £127,814.14**

This model sets a minimum award level so that claimants currently receiving CTB of less than £5 per week lose their entitlement. This model offers no additional protection to any group other than pensioners. The level of savings is not sufficient and of this would disproportionately affect 707 of the 791 households where there are working claimants

**No of customers affected: 791****Value of annual CTB lost:**

Amount of annual CTB lost	Number of claims
£0 - £49.99	49
£50 - £99.99	95
£100 - £149.99	175
£150 - £199.99	223
£200 - £249.99	213
£250 or more	36

Average amount of annual CTB lost: **£161.59**No. of cases paid as Second Adult Rebate: **178****Council Tax Band of affected customers:**

Council Tax Band	Number of claims
A	87
B	354
C	218
D	92
E	34
F	4
G	1
H	0
Unknown	1

**Household breakdown:**

Households with dependent children:	<b>412</b>
Single parents in group:	<b>359</b>
Disabled households in group:	<b>49</b>
Number of Carers in group:	<b>7</b>

**Claimant gender breakdown in affected group:**

Gender	Number of claims affected
Male	174
Female	595
Unknown	22

**Income:**

Working households:	<b>707</b>
Receiving Income Support:	<b>6</b>
Receiving Jobseeker's Allowance:	<b>25</b>
Receiving Employment Support Allowance (IR)	<b>3</b>

### Model 3: Doubling current Non-Dependent deductions

**Annual saving achieved: £309,764.13**

All claimants with an adult non-dependent living with them have a deduction applied to their benefit award, except those receiving the care component of Disability Living Allowance, Attendance Allowance or where registered blind. The deduction varies according to the income and circumstances of the non-dependent. In some circumstances no deduction may apply for instance where the non-dependent is a student or receiving Income Support. This model doubles the value of existing non-dependent deductions and offers no additional protection to any group other than pensioners. Even though the deduction has been doubled in this model it does not deliver the level of savings required.

**No of customers affected: 1,173**

No. of cases paid as Second Adult Rebate:

#### Council Tax Band of affected customers:

Council Tax Band	Number of claims
A	34
B	288
C	429
D	245
E	154
F	19
G	4

#### Household breakdown:

Households with dependent children: **532**

Number of single parents in group: **437**

Number of Carers in group: **21**

#### Income:

Working households: **345**

Receiving Income Support: **360**

Receiving Jobseeker's Allowance: **248**

Receiving Employment Support Allowance (IR) **131**

#### Claimant gender breakdown in affected group:

Gender	Number of claims affected
Male	217
Female	934
Unknown	22

## Model 4: Remove CTB entitlement for working age claimants who only qualify for partial CTB

**Annual saving achieved: £2,463,657.19**

This model aimed to achieve a saving through targeting those claims not in receipt of maximum benefit. Maximum benefit would normally not be in payment where the claimant has income in excess of the minimum requirement as set by Central Government and CTB is subject to an income taper. The exception to this would be cases where the customer is on a low income and would normally be entitled to maximum benefit; however they have a non-dependent living with them and the deduction applied as a result reduces their level of award. This model offers no additional protection to any group other than pensioners. Whilst a significant level of savings might be achieved it is being delivered from only 4446 claimants with a disproportionate impact upon them.

**No of customers affected: 4,446**

### Value of annual CTB lost:

Amount of annual CTB lost	Number of claims
£0 - £99.99	144
£100 - £199.99	394
£200 - £299.99	437
£300 - £399.99	461
£400 - £499.99	528
£500 - £599.99	638
£600 - £699.99	597
£700 - £799.99	450
£800 - £899.99	192
£900 - £999.99	280
£1,000 - £1,099.99	174
£1,100 - £1,199.99	54
£1,200 or more	97

Average amount of annual CTB lost: **£554.13**

Largest reduction in CTB award: **£2,298.46**

No. of cases paid as Second Adult Rebate: **265**

### Council Tax Band of affected customers:

Council Tax Band	Number of claims
A	418
B	1,682
C	1,346
D	591
E	341
F	49
G	13
H	1
Unknown Band	5

### Household breakdown:

Number with dependent children:	<b>2,247</b>
Number of claims with non-dependents	<b>948</b>
Number of single parents in group:	<b>1,620</b>
Number of disabled households:	<b>767</b>
Number of Carers in group:	<b>66</b>

### Claimant gender breakdown in affected group:

Gender	Number of claims affected
Male	1,359
Female	2,953
Unknown	134

### Income:

Working households:	<b>3,032</b>
Receiving Income Support:	<b>275</b>
Receiving Jobseeker's Allowance:	<b>269</b>
Receiving Employment Support Allowance (IR)	<b>116</b>

## Model 5: 80% cap on CTB entitlement

**Annual saving achieved: £3,761,123.21**

This model reduces current levels of CTB entitlement by 20%, effectively setting an 80% cap on existing award levels. This model offers no additional protection to any group other than pensioners, although by adapting the existing CTB scheme there built in protections offered to disabled households and work incentives. This model delivers a value of savings greater than required and would have significant impact upon all working age claimant groups other than pensioners.

**No of customers affected: 24,301**

### Value of annual CTB lost:

Amount of annual CTB lost	Number of claims
£0 - £49.99	755
£50 - £99.99	1,474
£100 - £149.99	10,824
£150 - £199.99	7,721
£200 - £249.99	2,875
£250 - £299.99	552
£300 - £349.99	26
£350 or more	74

Average amount of annual CTB lost: **£154.77**

Largest reduction in CTB award: **£459.69**

No. of cases paid as Second Adult Rebate: **265**

### Council Tax Band of affected customers:

Council Tax Band	Number of claims
A	3,446
B	10,013
C	6,601
D	2,674
E	1,327
F	184
G	38
H	2
Unknown Band	16

### Household breakdown:

Households with dependent children:	<b>11,025</b>
Single parents in group:	<b>8,676</b>
Disabled households in group:	<b>4,338</b>
Number of Carers in group:	<b>180</b>

### Claimant gender breakdown in affected group:

Gender	Number of claims affected
Male	8,982
Female	14,768
Unknown	551

### Income:

Working households:	<b>5,048</b>
Receiving Income Support:	<b>8,875</b>
Receiving Jobseeker's Allowance:	<b>5,577</b>
Receiving Employment Support Allowance (IR)	<b>2,997</b>

## Model 6: 80% cap on CTB entitlement with protection extended to include disabled households and households with children

**Annual saving achieved: £1,441,729.56**

This model reduces current levels of CTB entitlement by 20%, effectively setting an 80% cap on existing award levels. This model offers protection to pensioners as well as disabled households and households with children. This does not deliver the savings required and the Council would need to make up the shortfall and the model disproportionately impacts upon the claimants in this working age group.

**No of customers affected: 10,012**

### Value of annual CTB lost:

Amount of annual CTB lost	Number of claims
£0 - £49.99	330
£50 - £99.99	700
£100 - £149.99	5,565
£150 - £199.99	2,618
£200 - £249.99	652
£250 - £299.99	127
£300 - £349.99	11
£350 or more	9

Average amount of annual CTB lost: **£144.00**

Largest reduction in CTB award: **£406.30**

No. of cases paid as Second Adult Rebate: **164**

### Council Tax Band of affected customers:

Council Tax Band	Number of claims
A	2,300
B	4,239
C	2,185
D	859
E	359
F	48
G	15
H	0
Unknown Band	7

### Household breakdown:

Households with dependent children:	<b>0</b>
Single parents in group:	<b>0</b>
Disabled households in group:	<b>0</b>
Number of Carers in group:	<b>28</b>

### Claimant gender breakdown in affected group:

Gender	Number of claims affected
Male	5,500
Female	4,288
Unknown	225

### Income:

Working households:	<b>1,576</b>
Receiving Income Support:	<b>2,756</b>
Receiving Jobseeker's Allowance:	<b>3,808</b>
Receiving Employment Support Allowance (IR)	<b>1,463</b>

## Model 7: Cap award to the maximum value of Council Tax Band C

**Annual saving achieved: £380,395.67**

This model reduces current levels of CTB entitlement by 'capping' the maximum possible award at a level in line with a Band C property. This model therefore only affects customers in a property in Band D or higher. This model offers no additional protection to any group other than pensioners, although by adapting the existing CTB scheme there built in protections offered to disabled households and work incentives. This model only delivers modest savings and the Council would need to make up the shortfall. The model disproportionately impacts upon the claimants affected by the model.

**No of customers affected: 1,904**

### Value of annual CTB lost:

Amount of annual CTB lost	Number of claims
£0 - £99.99	576
£100 - £199.99	680
£200 - £299.99	120
£300 - £399.99	14
£400 - £499.99	429
£500 - £599.99	11
£600 - £699.99	58
£700 - £799.99	3
£800 - £899.99	0
£900 or more	13

Average amount of annual CTB lost: **£199.79**

Largest reduction in CTB award: **£1,215.03**

No. of cases paid as Second Adult Rebate: **0**

### Household breakdown:

Households with dependent children:	<b>1,209</b>
Single parents in group:	<b>750</b>
Disabled households in group:	<b>507</b>
Number of Carers in group:	<b>31</b>

### Claimant gender breakdown in affected group:

Gender	Number of claims affected
Male	515
Female	1,351
Unknown	38

### Council Tax Band of affected customers:

Council Tax Band	Number of claims
A	0
B	0
C	0
D	689
E	1,025
F	151
G	32
H	2
Unknown Band	5

### Income:

Working households:	<b>277</b>
Receiving Income Support:	<b>869</b>
Receiving Jobseeker's Allowance:	<b>331</b>
Receiving Employment Support Allowance (IR)	<b>310</b>



## Model 8: Reduce all working age CTB claims by the same value

**Annual saving achieved: £2,774,749.83**

This model reduces all current CTB awards by an amount of £114.51 to achieve the above saving. For awards of less than this value entitlement is reduced to nothing. This model offers no protection to any group other than pensioners. Whilst the level of savings is delivered across all working age claimants, it presents a flat reduction for all, irrespective of household or property band and therefore can be seen to be disproportionately unfair and for some would remove entitlement to zero.

**No of customers affected: 24,301**

### Value of annual CTB lost:

Amount of annual CTB lost	Number of claims
£0 - £49.99	49
£50 - £99.99	95
£100 - £149.99	24,157

Average amount of annual CTB lost: **£114.18**

Largest reduction in CTB award: **£114.51**

No. of cases paid as Second Adult Rebate: **265**

### Council Tax Band of affected customers:

Council Tax Band	Number of claims
A	3,446
B	10,013
C	6,601
D	2,674
E	1,327
F	184
G	38
H	2
Unknown Band	16

### Household breakdown:

Households with dependent children:	<b>11,025</b>
Single parents in group:	<b>8,676</b>
Disabled households in group:	<b>4,338</b>
Number of Carers in group:	<b>180</b>

### Claimant gender breakdown in affected group:

Gender	Number of claims affected
Male	8,982
Female	14,768
Unknown	551

### Income:

Working households:	<b>5,048</b>
Receiving Income Support:	<b>8,875</b>
Receiving Jobseeker's Allowance:	<b>5,577</b>
Receiving Employment Support Allowance (IR)	<b>2,997</b>

## Model 9: Remove all Second Adult Rebate cases

**Annual saving achieved: £56,509.82**

This model removes all existing Second Adult Rebate claims. This model offers no protection to any group other than pensioners. There is low take up and only a small number of the working age claimants are impacted and the level of entitlement is small. This benefit is administratively complex and difficult for claimants to understand. This benefit however will remain in place for Pensioners.

**No of customers affected: 265**

### Value of annual CTB lost:

Amount of annual CTB lost	Number of claims
£0 - £99.99	13
£100 - £199.99	118
£200 - £299.99	91
£300 - £399.99	42
£400 - £499.99	1

Average amount of annual CTB lost: **£213.24**

Largest reduction in CTB award: **£439.56**

### Council Tax Band of affected customers:

Council Tax Band	Number of claims
A	7
B	83
C	102
D	45
E	25
F	2
Unknown Band	1

### Claimant gender breakdown in affected group:

Gender	Number of claims affected
Male	29
Female	226
Unknown	10

## Model 10: Preferred scheme - 85% cap on CTB entitlement

**Annual saving achieved: £2,820,842.41**

This model reduces current levels of CTB entitlement by 15%, effectively setting an 85% cap on existing award levels. This model offers no additional protection to any group other than pensioners, although by adapting the existing CTB scheme there are built in protections offered to disabled households and work incentives. The levels of required savings are achieved and offers an acceptable level of fairness across all working age claimants. Households with children and disabilities retain proportionate protection.

**No of customers affected: 24,301**

### Value of annual CTB lost:

Amount of annual CTB lost	Number of claims
£0 - £49.99	1,207
£50 - £99.99	4,845
£100 - £149.99	14,722
£150 - £199.99	2,995
£200 - £249.99	457
£250 - £299.99	62
£300 or more	13

Average amount of annual CTB lost: **£116.08**

Largest reduction in CTB award: **£344.77**

No. of cases paid as Second Adult Rebate: **265**

### Council Tax Band of affected customers:

Council Tax Band	Number of claims
A	3,446
B	10,013
C	6,601
D	2,674
E	1,327
F	184
G	38
H	2
Unknown Band	16

### Household breakdown:

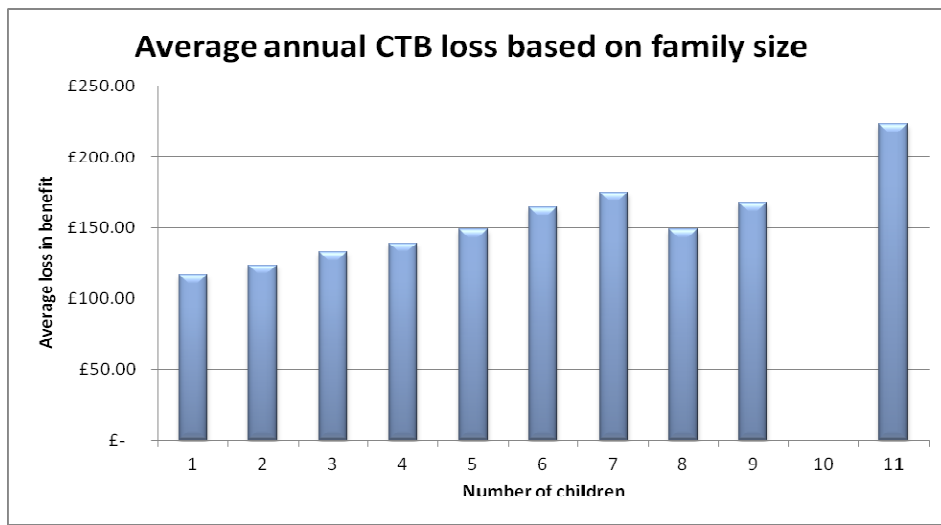
Households with dependent children:	<b>11,025</b>
Single parents in group:	<b>8,676</b>
Disabled households in group:	<b>4,338</b>
Number of Carers in group:	<b>180</b>

Claimant gender breakdown in affected group:

Gender	Number of claims affected
Male	8,982
Female	14,768
Unknown	551

### Income:

Working households:	<b>5,048</b>
Receiving Income Support:	<b>8,875</b>
Receiving Jobseeker's Allowance:	<b>5,577</b>
Receiving Employment Support Allowance (IR)	<b>2,997</b>

**Benefit reduction:**Average annual loss for group: **£116.08**Average annual loss for families: **£122.85**Average annual loss single parent households: **£117.02**Average annual loss for disabled households: **£123.81**Average annual loss for working households: **£96.51**Average annual loss for couples: **£144.81**Average annual loss for single female claimants: **£115.50**Average annual loss for single male claimants: **£105.58**

**Protection within the preferred CTS scheme**

Existing CTS scheme		Non-Disabled Households		Protection offered under CTB	
Disabled Households	Average annual award	Non-disabled single claimant	Average annual award	£	57.67
Disabled single claimant	£ 767.16	Non-disabled couple	£ 942.92	£	94.64
Disabled couple (1 child)	£ 1,037.56	Non-disabled couple (1 child)	£ 903.95	£	118.57
Disabled couple (2 children)	£ 1,022.52	Non-disabled couple (2 children)	£ 915.23	£	136.39
Disabled couple (3 children)	£ 1,051.62	Non-disabled couple (3 children)	£ 989.01	£	99.64
Disabled single parent (1 child)	£ 1,088.65	Non-disabled single parent (1 child)	£ 741.62	£	135.28
Disabled single parent (2 children)	£ 876.90	Non-disabled single parent (2 children)	£ 782.60	£	74.06
Disabled single parent (3 children)	£ 856.66	Non-disabled single parent (3 children)	£ 820.88	£	160.57
Preferred scheme (15% reduction)		Non-Disabled Households		Protection offered under CTS	
Disabled Households	Average annual award	Non-disabled single claimant	Average annual award	£	49.02
Disabled single claimant	£ 652.08	Non-disabled couple	£ 801.48	£ <td>80.47</td>	80.47
Disabled couple (1 child)	£ 881.95	Non-disabled couple (1 child)	£ 768.36	£ <td>100.78</td>	100.78
Disabled couple (2 children)	£ 869.14	Non-disabled couple (2 children)	£ 777.94	£ <td>115.94</td>	115.94
Disabled couple (3 children)	£ 893.88	Non-disabled couple (3 children)	£ 840.66	£ <td>84.70</td>	84.70
Disabled single parent (1 child)	£ 925.36	Non-disabled single parent (1 child)	£ 630.68	£ <td>114.69</td>	114.69
Disabled single parent (2 children)	£ 745.37	Non-disabled single parent (2 children)	£ 665.21	£ <td>62.95</td>	62.95
Disabled single parent (3 children)	£ 728.16	Non-disabled single parent (3 children)	£ 697.74	£ <td>136.49</td>	136.49
		15% reduction		15% reduction	
		£	115.08	£	106.43
		£	155.61	£	141.44
		£	153.38	£	135.59
		£	157.74	£	137.29
		£	163.29	£	148.35
		£	131.53	£	110.94
		£	128.50	£	117.39
		£	147.22	£	123.14

The above analysis offers a comparison between the protection offered under the existing CTB scheme and that offered under Southwark's preferred CTS scheme. It demonstrates that by adapting the existing Council Tax Benefit scheme, disabled households and families will on average receive a higher award of Council Tax Support than those that fall outside of this definition. Work incentives will also be preserved through retaining the existing Extended Payment award when a claimant finds employment.

A requirement of a Local Council Tax Support scheme is to give consideration to the type of protection that it is appropriate to build into the scheme. This protection must apply to 'vulnerable' claimants, although definition of this criterion has been left up to individual Local Authorities. Authorities have also been reminded of their duties in respect of preventing Child Poverty and asked to ensure that the scheme does not go against the work incentives that are a cornerstone of the Welfare Reform Bill and eventual roll-out of Universal Credit.

**Breakdown of affected group by ethnicity:**  
**Number of claims**

Group	Overall	Model 1 85% cap on CTB entitlement with protection extended to include disabled households and households with children	Model 2 Remove entitlement from claimants receiving CTB payment of £5 per week or less	Model 3 Doubling current non-dependant deductions	Model 4 Remove CTB entitlement for working age claimants who only qualify for partial CTB	Model 5 80% cap on CTB entitlement	Model 6 80% cap on CTB entitlement with protection extended to include disabled households and households with children	Model 7 Cap awarded to maximum value of council tax band C	Model 8 Reduce all working age CTB cases by the same value	Model 9 Remove all second adult rebate cases	Model 10 Preferred scheme 85% cap on CTB entitlement
White: British	50	21	2	1	6	50	21	3	50	3	50
White: Irish	4	1				4	1	2	4		4
White: Other	90	27	6	3	30	90	27	1	90	1	90
Mixed: White & Black Caribbean	4	2	1		1	4	2	1	4		4
Mixed: White & Black African	2	1		1	1	2	1		2		2
Mixed: White & Asian	2	1				2	1	1	2		2
Mixed: Other	1					1		1	1		1
Asian or Asian British: Indian	1				1	1			1		1
Asian or Asian British: Pakistani	1					1			1		1
Asian or Asian British: Bangladeshi	3				1	3			3		3
Asian or Asian British: Other	6	2			1	6	2	1	6		6
Black or Black British: Caribbean	44	8	1	1	5	44	8		44		44
Black or Black British: African	274	58	12	5	44	274	58	8	274	5	274
Black or Black British: Other	19	6	1	1	6	19	6	1	19		19
Chinese	11		1		5	11		1	11		11
Unknown	23,789	9,885	767	1,161	4,345	23,789	9,885	1,884	23,789	256	23,789

## APPENDIX B

### CONSULTATION PLAN (DATES TO BE CONFIRMED)

Date	Activity	Detail	Message
June/July 2012	Engagement with:- Community councils Community action Southwark Southwark legal advice forum Housing associations Home owners group Tenant councils Area housing forums TMO – Tenant Management Organisation Information in Summer edition of Southwark life  Prepare:- Web page and consultation link Local Online communities Press Release Southwark life entry (next edition)	Attend two community councils (Bermondsey/Rotherhithe) and Borough/ Bankside and Walworth) on the 2 July 2012 and 12 July.  Southwark Legal Advice Network 16 July Bermondsey West Housing Forum 17 July July edition of Southwark life distributed to all households  Provide overview of CTS, outline known requirements of CTS, timelines, purpose of consultation and support available, make overview available to other listed groups.	How the government is proposing to change council tax benefit. Raise awareness of forthcoming consultation          We want your views on Council tax benefit changes.
10 July 2012	Commence consultation with GLA	Present CTS Scheme proposal to GLA	Responding to 10% cut in council tax benefit subsidy
18 July 2012	Confirm decision of cabinet to GLA		Decision will still be subject to call in for 5 working days.
18 July - 5 Sep 2012	Consultation open	Subject to call in consultation opens 25 July 2012 Press release issued	
18 July - 5 Sep 2012	Commence consultation with wider community and stakeholders.	Send notification of consultation to relevant organisations	The council has to introduce a local council tax support scheme and has less money – have your say on the councils proposal

<b>Date</b>	<b>Activity</b>	<b>Detail</b>	<b>Message</b>
18 July - 5 Sep 2012	Consultation with wider community and stakeholders	Attend TMO 18 July, attend Home owners group 25 July, Financial inclusion Forum 20 July, SOUHAG 26 July Tenant councils and Area Housing forums. Walworth West Housing Forum 19 July	The council has to introduce a local council tax support scheme and has less money – have your say on the councils proposal
18 July - 5 Sep 2012	Consultation with wider community and stakeholders	Attend local Community Councils, 3 <sup>rd</sup> sector organisations. (Dates TBC)	We want to work with you to support implementation of the CTS scheme and to support CTS claimants receive the support they may need
18 July – 5 Sep 2012	Consultation with wider community and stakeholders	Self serve support available in libraries. Support available from 3 <sup>rd</sup> sector to customers	We want to work with you to support implementation of the CTS scheme and to support CTS claimants receive the support they may need
18 July – 5 Sep 2012	Consultation web link open Southwark Life distributed	Notification to all stakeholders and third parties	Consultation open, please engage and visit website and have your say.
6 September	Web link closes	Notification to all stakeholders and third parties.	Consultation closed.
6 September- 13 September	Gather response from web based consultation – feed into EIA	Measure and evaluate response for inclusion in October cabinet report	



**APPENDIX C****COUNCIL TAX SUPPORT CONSULTATION QUESTIONS**

1. The government is abolishing Council Tax Benefit (CTB) and the council is required to adopt a Local Council Tax Support scheme in its place from 1 April 2013. The government is also reducing the amount of money it contributes to the new scheme by 10 per cent.

The council has created a scheme which it proposes to introduce and now seeks comments on the proposal. The scheme outline can be found here ([Hyperlink to document](#)).

2. Please suggest any changes that might enhance the proposed scheme.

3. The proposed scheme will impact upon all working age claimants by reducing the amount of support received. What are your views on this?

**The council is proposing to introduce a technical change to existing council tax benefit entitlement within the local council tax support scheme;**

4. It is proposed that second adult rebate is no longer available within the Local Council Tax Support Scheme. (Second Adult rebate is explained here – [hyperlink to document](#))
5. Please let us have any comments upon this proposal.

## 6. General information

1. Are you a resident of Southwark Council?

1.  Yes2.  No2. If YES, what is your postcode? 

3. Are you a council tax payer?

1.  Yes2.  No

4. Are you currently receiving council tax benefit?

1.  Yes2.  No

7. Are you responding to this consultation in your capacity as a representative of any of the following?

Voluntary Organisation	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Housing Association	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Landlord	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Other	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

Please tell us your details

Name:

Address:

Email:

8 If you have any other views or comments, or alternative suggestions, then please enter them in the box below

A large, empty rectangular box with a thin black border, intended for users to enter their comments or suggestions.

9. Standard ethnicity, age, community information to be captured here

<b>Item No.</b> 15.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Quarterly Capital Monitoring Report Outturn and Capital Programme Refresh 2012-2022	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report sets out the council's use of its capital expenditure in the 2011/12 financial year, for both the general fund and the housing investment programme, and seeks approval for some new bids to be included in the programme for forthcoming years. Cabinet will be taking further decisions to amend the programme when it considers the capital programme refresh report in the autumn.

In 2011/12, there was a significant variance, of just below 50%, in the expenditure on the housing investment programme. This has been as a result of delays in leaseholder buy-backs in the Aylesbury, Heygate and Abbeyfield projects and the delay in partnering contracts arising from the Lands Tribunal case. As part of the Warm, Dry and Safe programme agreed for 2012 onwards last October, steps have been put in place to pick up the pace on these works in future years.

On the general fund side, there has also been a significant variance. Some of this was anticipated when the programme was agreed last year, and some expectation of slippage was built into the programme. Nevertheless, the outturn represents 78.4% of the resources identified in the programme for the year and work is being undertaken with departments to improve that figure in future years. The report details the reasons for this difference, including the withdrawal of government support for the Rotherhithe school proposal preventing that work proceeding, delays in work on other school sites as part of the Southwark Schools for the Future programme, re-profiling of council ICT projects and slippage in the Highways and Lighting programme and improvements to the public realm near the riverfront.

New bids for approval as part of the programme in this report include funding decisions previously agreed by Cabinet in other reports, including the cemeteries strategy and changes to the office accommodation strategy. In addition, proposals are made here to Revitalise Camberwell and to fund housing renewal in the private sector.

## RECOMMENDATIONS

That Cabinet:

1. Notes the outturn position for 2011/12 for the general fund capital programme including the overall position of the programme from 2011-21 (Appendix A).
2. Notes the outturn position for 2011/12 for the housing investment programme (Appendix B).
3. Approves the virements and funded variations to the general fund capital programme (Appendix C).
4. Approves the reprofiling of general fund expenditure and resources in the new financial year 2012/13 in light of the outturn position in 2011/12, and new bids for both general fund and housing investment programmes. (Appendix D).
5. Requests the Strategic Director of Finance and Corporate Services to present an updated programme report with the remaining items for refresh in September 2012 in light of updated resources and information.

## BACKGROUND INFORMATION

6. On 21 June 2011 the 2010/11 capital outturn report was presented to the Cabinet. This reported the capital outturn position at the end of 2010/11 and approved the continued expenditure and resources to be brought into the existing 2010–19 programme. At that time the total value of the general fund programme stood at approximately £429.4m including the Southwark Schools for the Future programme; the housing investment programme stood at £445.9m.
7. The quarter 3 2011/12 monitor showed a total forecast spend of £379.3m, for the general fund programme for 2011-21. The total forecast available resources over the period were £422.8m, giving an overall surplus of £43.5m. The quarter 3 monitor showed a total forecast spend of £415.7m for the Housing Investment Programme (HIP) against a revised budget of £415.7m.
8. With a total forecast spend of around £800m and annual expenditure of around £200m, the capital programme represents a major element of the Council's financial activities. It has a significant and very visible impact on the borough, and hence on the lives of those who live, learn, visit or do business here.
9. Due to the size and scale of the capital programme and the number of projects involved, it is inevitable that unforeseeable delays occur which lead to some variation against planned spend. Historically the capital programme expenditure has been over programmed in year, to compensate for these variations whilst retaining a balanced programme overall.
10. This report sets out the outturn position for 2011/12 for the General Fund and Housing Investment Programmes (HIP), with commentary on new and emerging issues.

## KEY ISSUES FOR CONSIDERATION

### 2011/12 Outturn

11. The table below shows the 2011/12 outturn for the General Fund and Housing Investment Programme against the budgeted expenditure for 2011/12. There was a variation of £49.2m against the General Fund programme and a variation of £52.7m on the Housing Investment Programme. These variations are largely explained by the re-profiling of budgets across a range of departmental programme activities, due mainly to the complexities of procuring contracts and works across a programme of this size and thereafter the practicalities of contractor management and monitoring.

DEPARTMENT	2011/12	2011/12 Outturn	Outturn/ Forecast Variance	Forecast at Q3 2011/12
	Agreed Budget			£'m
	£'m	£'m	£'m	£'m
<b>General Fund</b>				
Children Services	16.8	9.3	(7.5)	(2.7)
Southwark Schools for the Future	48.6	34.3	(14.3)	(8.8)
Finance & Resources	3.9	0.7	(3.2)	(1.5)
Environment	30.3	18.1	(12.2)	(5.1)
Health & Community Services	4.5	2.8	(1.7)	0
Housing General Fund	6.6	3.5	(3.1)	(1.6)
Regeneration & Neighbourhoods	22.8	15.5	(7.3)	(4.7)
<b>Total General Fund</b>	<b>133.5</b>	<b>84.2</b>	<b>(49.2)</b>	<b>(24.3)</b>
<b>Housing Investment Programme</b>	<b>106.2</b>	<b>53.5</b>	<b>(52.7)</b>	<b>(41.3)</b>

12. Total General Fund departmental expenditure was £84.2m against a revised expenditure budget of £133.5m. This is slightly lower than the general fund expenditure in 2010/11, which was £96.1m. In 2010/11 the in-year variation of expenditure to budget was 29%; this has increased slightly in 2011/12 to 37%.
13. Outturn General Fund spend, at £84.2m has employed some 78.4% of the £107m start of year resourcing position, demonstrating a significant ongoing investment in achieving the council's key priorities and objectives. Allowing for variations agreed in year when viewed against the expenditure budget this illustrates that the programme had always anticipated an element of expenditure re-profiling on large and complex projects over the course of the year.

14. Total Housing Investment Programme expenditure for 2011/12 was £53.5m against a budget of £106.2m. This is approximately 24% lower than the housing investment programme expenditure in 2010/11 recorded at £70.5m. The in-year variation of expenditure against budget is just over 50%.
15. The report includes a section outlining new and emerging priorities. The major influences impacting in this area include:
  - Discussions with departments during the financial year.
  - Updates made to the disposals programme.
  - Notifications of funding regime changes from central government.
  - New decisions by Cabinet over the last year.
16. The sections below provide commentary on the outturn position by department for 2011/12.

## **COMMENTS ON THE CAPITAL PROGRAMME BY SERVICE**

### **GENERAL FUND (Appendix A)**

#### **CHILDREN'S SERVICES**

17. The overall departmental programme budget is £63.3m. The total programme spend of the Children's Services capital programme was £9.3m in 2011/12 against a revised budget of £16.8m, a favourable variation of £7.5m. These favourable variances include £3.7m on the primary capital programme; £509k on the three primaries programme; £138k on youth services projects and £2.8m on smaller projects or re-profiled to future years.
18. The most significant achievement during 2011/12 was the opening of the Phoenix School in January 2012, this overall investment of £9.7m has enabled the sympathetic refurbishment of the listed buildings, and the school now has three new teaching blocks and a nursery. Works were completed at Heber primary school for additional places, lavatories and entrance redesign. Further completed works for the council's investment in nursery provision conclude with the major refurbishment, enlargement and works to improve disability access at Gumboots and new kitchen and entrance at Goose Green.
19. The reasons for the most significant variances are shown below in the context of the programme as a whole.
20. A £2.1m favourable variance arose due to the reprogramming of St Anthony's Catholic Primary School refurbishment and expansion. A sum of £1.3m funding has been set aside to address the pressure for primary school places in following years; a further £1.3m of additional government grant for places was received in December 2011, increasing the available budget. Children's Services has commissioned a capacity and condition survey of all primary schools to inform the future budget strategy for additional places and building maintenance priorities within the borough.
21. The co-location of Cherry Garden expansion and Gloucester School was delayed whilst further consultation took place to agree the final proposals and scope of

works, resulting in a re-profiling to future years of £426k. Detailed designs are expected to start autumn 2012.

22. A £661k favourable variance at Haymerle School arose due to a delay in awarding the contract to enable a value engineering exercise to take place. Additionally, the programme of works was rescheduled to ensure continuity of school operation during construction.
23. A £466k favourable variance arose at Crampton school expansion due to additional foundation works being required once on site and some contractor delays in resourcing the works.
24. The remaining favourable variance of £1.2m is spread between the delivery of the three primaries programme and a number of smaller projects being reprofiled to future years.

### **SOUTHWARK SCHOOLS FOR THE FUTURE (SSF)**

25. The overall programme budget is £115.9m. The total programme spend in 2011/12 was £34.3m against a budget of £48.6m, a favourable variation of £14.3m.
26. During 2011/12 the following projects were completed: major refurbishment and enlargement at Spa Special School opened in September 2011 providing eight new classrooms, including science lab and a drama space. Further, the first phase of St Thomas the Apostle College PFI scheme became operational in February 2012.
27. Favourable variances arose due to reprofiling of the programme amounting to £18.9m which were partially offset by adverse variances of £4.6m leaving a net favourable variance of £14.3m.
28. The major favourable variances were as follows.
29. A favourable variance of £4.9m arose due to the delay in awarding the contract for St Michael's and All Angels, to include revised pupil numbers and the co-located Highshore special school.
30. A favourable variance of £6.9m arose at Rotherhithe school due to the original budget allocation not being spent owing to the PFS withdrawal of support for the original scheme.
31. A favourable variance of £3.3m arose at New School Aylesbury due to reprogramming of works during construction by the contractor and the original milestone payments not being triggered.
32. A sum of £1.8m of budgeted ICT payments was not triggered due to general programme reprofiling.
33. The remaining £2m favourable variance is due to unallocated budgets not called upon, the ICT drawdown being deferred by Walworth Academy and milestone payments not being reached.



34. An adverse variance of £4.6m relates to Notre Dame and St Saviour's and St Olave's school refurbishments. This is due to changes to the actual milestone and irrecoverable VAT payments profile originally agreed. Both projects are on timetable to open during 2012-13 and within budget.

## **FINANCE AND RESOURCES**

35. The overall departmental programme budget is £8.6m with a budget allocation of £3.9m for 2011/12. A final outturn of £731k expenditure was recorded, which included £389k on ICT related projects and £342k on Facilities Management related projects.
36. This produced an under spend of £3.2m for 2011/12, which will be carried forward to 2012/13 and which was formed of £933k in relation to Facilities Management projects and £2.2m in relation to ICT projects.
37. The activity on the major schemes in the department is outlined in the paragraphs below.
38. The Facilities Management capital spends are generally reactive, and in most cases responding to failures in services and building fabric. As the majority of the council's front line accommodation is already DDA compliant, current expenditure is based on changing needs and supporting DDA compliance in new and refurbished accommodation as and when required. The requirements of a fuller proactive PPM programme are to be the subject of a future review.
39. There is a direct connection between the various CIT projects. Essentially they are on-going and are enabling technical projects which are in place to support and facilitate other council initiatives and programmes. These are necessary to address a lack of investment in the past.

## **ENVIRONMENT AND LEISURE (E&L)**

40. The overall departmental programme budget is £103.6m with a budget allocation of £30.3m for 2011/12. A final outturn of £18.1m expenditure was recorded giving a favourable variance of £12.2m for 2011/12, which will be carried forward to 2012/13.
41. This favourable variance is formed of £2.0m unspent on sustainable services waste management projects; £2.5m on Culture Libraries, Learning and Leisure projects and £7.7m on Public Realm projects including parks, highways and street works.
42. The progress of major schemes is outlined in the paragraphs below.

### **Environment and Leisure: Sustainable Services**

43. The new Integrated Waste Management Facility (IWMF) at the Old Kent Road opened on 4 January, 2012. It has undergone a process of Independent Certification of Acceptance Testing which involved practical tests at the Mechanical Biological Treatment (MBT) plant and Materials Recovery facility (MRF). There were other tests relating to quality of build, staffing arrangements, and compliance with regulatory conditions which have all been passed. The new facility was signed off as fully operational on 2 March, 2012.

44. The division is currently working with Facilities Management to decommission Manor Place Depot, the hub of waste operations for the last 140 years.
45. This budget covers the costs of site acquisition and preparation for the new facility, and an access road. The facility itself was financed by Veolia and repayable through the PFI unitary charge.
46. The project is currently forecasting a favourable variance of £600k due to a reduction in contract costs with Veolia Environmental Services via Volker Fitzpatrick. Using the same contractor (Volker Fitzpatrick) to undertake the various facets of the project (site remediation, access road construction and build of main facility) has resulted in significant synergies/economies of scale.
47. The final phase of the project included a S106 obligation upon the developer to deliver Off-Site Renewable Energy Infrastructure. Failure to provide this required a payment of £550k by the developer into a council Green Energy Fund which would release the developer from all further liability in relation to this obligation. However payment would then be recharged through the Unitary Charge for the scheme and effectively fall back onto the council.
48. This obligation is currently expected to be covered/discharged by the Southwark Heat Network from South East London Combined Heat and Power plant (SELCHP) project. All indications are that this project will go ahead as planned, but the division has taken a prudent view and projected the £550k as a liability in its figures until contracts have been signed. Should the SELCHP project proceed as expected, the projected favourable variance on this scheme would then be £1.15m, which is formed by the £600k and the £550k identified above.
49. A viable route and a technical solution for the Southwark Heat Network from the SELCHP have been identified. A Gateway 2 report to award the contract in principle was approved by cabinet on 15 May 2012 and the leaseholder consultation process has started. Current planned timelines are for agreement to Heads of Terms in June 2012 and contract in September 2012. It is anticipated that the remaining scheme capital budget of £486k will be spent in full.

#### **Environment and Leisure: Public Realm**

50. There was no new funding allocated for the Cleaner Greener Safer (CGS) programme in 2011/12, in part due to other pressures on the Council's capital budgets and also to allow a backlog of allocated projects from previous years to be delivered. In addition £340k revenue savings were made within the team resulting in all delivery costs being met from the allocated capital resources and halving the number of project officer posts to six.
51. In the first nine years of the CGS programme £26.6m has been allocated to Community Councils. The programme has proved very popular with Community Councils and the general public enabling a wide range of improvement projects to be delivered in partnership with the local community. By the end of 2011/12, 1263 (95%) of the agreed projects have been delivered and £24.8m (93%) of the budget spent. Given the reduction in resources the time from submission to completion of

projects has increased slightly by 8% (49 to 53 weeks) however efficiency of spend in terms of staff numbers has also increased.

52. The programme spend in 2011/12 was £2.9m, with 115 project completions and 76 partial completions being recorded. Of the remaining allocation of £2.39m £849k is contractually committed and it is anticipated will be spent within the first quarter of 2012/13. A further £388k was re-allocated to new projects during the year. There remains some £0.7m allocated to projects which are on hold as they rely on external factors before they can be delivered, i.e. match funding and planning consents (Peckham Rye One o'clock club and Nunhead Community centre, for example). This leaves some £412k to be committed to the programme.
53. The Highways and Lighting Capital programme completed 2011/12 with a 15% slippage showing £4.4m spend against a £5.2m budget, largely due to unforeseeable delays by other statutory undertakers. Three of the four large resurfacing schemes were delayed by issues with Thames Water and the time taken to progress approvals by EDF has slowed progress in the lighting programme. To reduce future risk of delays a monthly coordination meeting now takes place with Thames water and new arrangements have been made with an alternate electrical connections provider to overcome delays previously encountered with EDF.
54. The council has secured a sum of £600k from Connect2 funding to meet the cost of delivering a safe cycling and walking route between Camberwell and Rotherhithe, which will include replacement of a redundant railway bridge over Rotherhithe New Road. The project is due to complete by the end of 2012/13 and the council will need to provide match funding of £237k which will be sourced from identified S106 agreements.
55. For the Southbank Improvement Project GLA funding of £3.1m was secured to deliver a number of accessibility and public realm improvements along the Southbank from the borough boundary with Lambeth to Tower Bridge. This scheme reflects the importance of this area for tourism in London with just under £1m spent in 2011/12, and completion due by October 2012.
56. The majority of works within the scope of the current Burgess Park Revitalisation project have been completed leaving the final elements of soft landscaping scheduled for completion in time for the anticipated opening in July.
57. Physical construction work has not yet commenced on the Peckham Rye One O'clock project because the service requirements of the space were still being finalised in 2011/12. This has now been established and these works are to be jointly managed from 2012/13 by Children's Services in liaison with Regeneration.
58. A further planning application has been implemented for short term burial space need which if approved will deliver 800 further burial spaces to the 350 already provided under the strategy.
59. An OJEU advert has been placed and expressions of interest received to install mandatory mercury abatement infrastructure at council crematoria. The evaluation process will be completed by the end of May 2012 with installation scheduled for completion by the end of December 2012.

60. Remediation work at Camberwell New Cemetery has been completed leaving further remediation work to be undertaken in Camberwell Old and Nunhead Cemeteries. This work has been rescheduled into 2012/13 to allow for the consultation on the cemetery strategy to be undertaken. The strategy has now been drafted and has been presented to Cabinet in June 2012 for approval following which the affected areas will be remediated in preparation for future burial. The remaining budget of £465k in the capital programme is required to deliver the work in both these sites.

#### **Environment and Leisure: Culture, Libraries, Learning & Leisure**

61. Work has now completed on Dulwich Leisure Centre and the only outstanding commitment is a final retention of £90k for which a budget has been set aside. Work has also been completed on Camberwell phase 1, and likewise a £97k budget exists to provide for the final retention amount. Work on phase 2 is due to start in July 2012.
62. Funding of £1m has been awarded for a third phase of development at Camberwell Leisure Centre, which has been sourced to the value of £490k from the council's Olympic capital legacy fund and £521k from capital receipts. This work includes the upgrade of the centre's sports hall and is due to start early in 2012/13.
63. Work at Pynners sports ground rebuilding a pavilion destroyed by a fire a number of years ago. The project value is £603k but has required reprofiling of around £197k into 2012/13 and which is expected to be completed by July 2012.
64. Current programmed work on The Thomas Carlton Centre had a favourable variance of £73k at the end of 2011/12. It is anticipated that further work will need to commence in 2012/13 to resolve high priority maintenance issues with the roof and windows.
65. The capital programme has a provision of £2m for the Southwark 2012 Olympic capital legacy fund which has an objective to invest in capital projects supporting a positive lasting Olympic and Paralympics legacy in Southwark from the 2012 games. Ten successful bids were announced in October 2011 and systems and procedures are in place to monitor financial performance. As a result of expenditure re-profiling, £1.14m has been moved out to 2012/13.

#### **Environment and Leisure: Community Safety and Enforcement**

66. Refurbishment and upgrade of the Southwark CCTV control room situated at Southwark Police Station is underway, with completion anticipated for June 2012. The estimated total expenditure for the upgrade of the control room is £350k which includes building works to upgrade the CCTV suite, upgrade of monitoring equipment and networking capability.
67. Projects to link the housing estate cameras and parking camera networks to the control suite will form future stages. These will commence once additional funding is secured.

## **HEALTH AND COMMUNITY SERVICES**

68. The overall departmental programme budget is £5.6m with an allocation of £4.5m for 2011/12. A final outturn of £2.8m expenditure was recorded giving a favourable variance of £1.7m for 2011/12, which will be carried forward to 2012/13. Just under 99% of the variance relates to under spends on the Southwark Resource Centre, and Adult Personal Social Services budget allocations, with the balance formed of variances on smaller projects.
69. The progress of major schemes in the department is outlined in the following paragraphs.
70. Two projects in the programme concluded prior to 2011/12 but had remaining minor issues in year. The Social Care Single Pot and Social Care IT infrastructure were two projects funded by Department of Health (DoH) grant which ended in 2010/11.
71. The Southwark Resource Centre project had a budget allocation of £1.3m for 2011/12 and completed in year. Spend totalling £425k was recorded, which was lower than originally budgeted due to a reduction in construction and equipment costs. A balance of £358k has been rolled forward into 2012/13 to pay for retention fees due to the contractor at the end of June 2012. The variance of £544k will be returned to the capital programme.
72. Adult Personal Social Services budget allocations of £818k were available during the year funded in full by a DoH grant. Spend against this budget was £38k with the balance being reprofiled into 2012/13.
73. The council acquired premises at Bowley Close in March 2012 for £1.8m, funded in full by DoH grant. This transaction transferred residential care properties from Southwark PCT to Southwark Council as required under the NHS' Valuing People Now programme.
74. The Mental Health Single Pot Scheme provides services for people with diagnosed mental health issues and who are in need of support. The budget was £57k allocated in full to 2011/12 and funded by DoH grant. Spend for the year of £38k was incurred and the unspent balance is expected to be used in the first quarter of 2012/13.
75. The Thames Reach project had a budget of £469k for 2011/12 and represented the final element of funding from 2010/11 received from GLG for this project. The budget was spent in full during the year.

## **HOUSING GENERAL FUND**

76. The total housing general fund programme to 2021 started the 2011/12 financial year with an overall budget of £13.6m for investment in housing other than the council's own housing stock. Following the addition of further resources the overall figure now stands at £14.8m.
77. The outturn for 2011/12 was £3.5m against a total budget of £6.6m, which generated an underspend of £3.1m to be reprofiled into the following financial years.

It was formed of underspends of £1.58m on Area Renewal schemes; £789k on the Housing Renewal Service and salaries; £765k on Travellers Sites projects.

78. The major areas of activity for the section are set out in the paragraphs below.

#### **Housing General Fund: Area Renewal**

79. The East Peckham renewal area group repair scheme for Goldsmith Road, Marmont Road and Furley Road started on site in August 2011. The overall scheme covers 139 properties including 43 council, 35 housing association and 61 private homes, which all benefit from brick cleaning and garden walls, while low income home owners and council properties also receive new doors, windows and roofs. The scheme also includes insulation works to some properties, attracting grant funding through the community energy saving programme (CESP).
80. In addition to the insulation works within this scheme, further energy saving works within the renewal area programme started on site in September to provide solar heating to approximately 60 homes, for which GLA grant funding of £420k has been received. Programmed works have been delayed due to slow take-up of solid wall insulation by low income residents in particular, and technical problems with the installation of solar panels, but both of these issues have since been resolved.
81. Overall, work within the group repair schemes is progressing well and it is anticipated that the programme will be back on track for completion in summer 2012. A bid has been made to secure additional resources from the Outer London Fund for environmental improvements within the Nunhead area, however this has meant some delay due to the further consultation required and resultant re-programming of planned work.
82. The responsibility for delivery of some of the housing renewal area projects is still under consideration, and while the profiling of forecasts has been adjusted it will be the subject of further review.

#### **Housing General Fund: Housing Renewal**

83. Grant funding of £382k was made available for 2011/12 through the South East London Housing Partnership (SELHP). The scheme is directed toward reinstatement of empty homes via refurbishment funding, and provision of loans.
84. An additional £411k has been confirmed by SELHP for 2012/13 and as loans fall due for repayment, funding is recycled into the programme providing extra resources during the year. These additional funds have been used first and so reduced the immediate call on the corporate budgets, which will be carried forward to continue the programme meeting future demand as SELHP funding stops after this year.
85. Demand remains high for disabled facilities grants, with £47k government grant funding received in 2011/12, and £515k approved for 2012/13. Other changes have been agreed to budget profiles to reflect demand across various grant types with new commitments to a value of £195k being made for 2012/13.

86. An overall sum of £4.655m is anticipated to be available from government grant funding for Disabled Facilities Grants (DGFs) to 2021/22 to cover housing renewal works. It is likely that there could be significant pressure if the council is to meet ongoing demand in this service area from 2012/13 with the resources available solely through DGF with spend of around £1.5m forecast for 2012/13 and around £1.7m for 2013/14. A forecast overall total of £17.3m including the grant outlined above is predicted as growth in the programme.
87. From 2012/13 it is proposed to make savings adjustments to the level of assistance available per application under the various small grants and loans schemes operated by the housing services, in light of resource availability. These schemes offer financial support in the <£5,000 - £20,000 region, subject to award criteria of each regime.

#### **Housing Services General Fund: Travellers' Sites**

88. Works to improve the Burnhill travellers' site were completed in May 2011, and the final account has now been agreed.
89. Following consultation with residents, a planning application was approved in January for the revised Springtide travelers' site scheme. Expenditure has been re-profiled in line with a start on site now expected in the summer of 2012, and will use the balance of government funding received for the programme along with approved match funding from the council.
90. The railway embankment retaining wall at the Ilderton Road site boundary has been established as the responsibility of Network Rail, who have attended site to assess the work required. The budget provision will be moved into next year to cover any related costs, although it is anticipated that it will not be needed.

#### **Housing Services General Fund: Affordable Housing Fund**

91. Family Mosaic has now taken possession of a site at Ivydale Road and drawn down the first tranche of funding, with the balance not expected to be claimed until 2013/14. At £1.138m the overall funding requirement is £162k lower than the original provision. AHF funding for the scheme is entirely from developer S106 contributions.

#### **DCE: (Regeneration and Neighbourhoods)**

92. The former Regeneration & Neighbourhoods department, now part of the Deputy Chief Executive (DCE) Department, is responsible for the delivery of key regeneration projects such as Elephant & Castle leisure centre, Gateway to Peckham, Revitalise Camberwell, and Office Accommodation strategy, plus a number of planning and transport related projects.
93. The overall departmental programme budget is £71.6m with a budget allocation of £22.8m for 2011/12. A final outturn of £15.5m expenditure was recorded giving an under spend of £7.3m for 2011/12, which will be carried forward to 2012/13.

94. This under spend is formed of £3.1m on Economic Development and Strategic Partnerships projects; £1.2m on Planning and Transport projects, and £3m on Property Services and other Regeneration Projects.
95. The progress of the major schemes in the department is outlined in the paragraphs below.

**DCE (Regeneration and Neighbourhoods): Property Services**

96. In late 2011, the department submitted a funding bid to Greater London Authority (GLA) Mayor's Regeneration Fund to deliver the Gateway to Peckham project. The bid was successful and a grant of £5m was awarded thus releasing back into the capital programme, the £5m capital receipts originally allocated to the project.
97. In December 2011, the department with the community, submitted a funding bid for £1.6m to the Heritage Lottery Fund's Townscape Heritage Initiative which was successful and announced in May 2012. Together these projects will deliver £11.6m of investment to Peckham over the next five years.
98. In November 2010, cabinet agreed a continued investment programme of £10.8m to continue the rationalisation of office accommodation to provide modern, sustainable, fit for purpose office and service accommodation. This investment programme included sums of £4.9m and £1.7m for commissioning costs at Blocks F and J at Queen's Road Peckham; £618k for IS commissioning and £1.1m for fees, decommissioning and disposal costs. It also included a sum of £1m for accommodation for Looked After Children services and £1.4m for the then Bermondsey One Stop Shop pavilion relocation project. The programme is reducing future unfunded maintenance liabilities and releasing capital assets for disposal.
99. In line with the revised office accommodation strategy agreed by cabinet in November, work has continued to develop a new corporate office hub at Queens Road station. Works started on site at Block F in January 2012 and are due for completion by the end of July.
100. The refurbishment projects at Curlew House and 7 Talfourd Close, SE15, are now complete. These projects have provided much improved facilities for children, young people, parents, carers and staff of the Children Looked After service at a single site, bringing together services previously located at three sites across the borough.
101. The original programme schedule anticipated the Youth Offending Service (YOS) being accommodated within the corporate estate. However, this would have resulted in an unacceptable delay in the vacation of poor quality accommodation at 1 Bradenham Close. The early expansion of scope of the programme to include a refurbishment of 47b East Dulwich Road has allowed for early vacation of Bradenham and the reallocation of corporate accommodation to alternative services.
102. The YOS accommodation project was completed in December 2011 and the service completed a move into the building in January 2012. A well attended public and stakeholder event was held in March.



103. In addition to the vacation of 1 Bradenham Close, allowing for future redevelopment as part of the Aylesbury Estate plans, these projects are providing for the vacation and disposal for capital receipt of 23 Harper Road.
104. Alongside investment in the wider operational estate, rationalisation at 160 Tooley Street has resulted in the moving in of more than 350 staff over an above the original 2009 allocation. This has allowed services including the housing central operations team and the in-housed revenues and benefits service to be accommodated at no additional cost to the council. Further significant moves-in are planned for 2012.
105. The construction of a £20m leisure centre in Elephant and Castle is being progressed through Southwark's local education partnership, 4 Futures. The project is currently in the early design stages. A planning application is anticipated to be submitted in July 2012 with a view to construction works commencing later in the year and completion scheduled for 2014.
106. Completion of the Canada Water Development took place in year with the official opening of the library taking place last autumn. Other developments supported by the private sector continue in the area further enhancing its sense of place.
107. The site of the Bermondsey One Stop Shop (BOSS) at 17 Spa Road has been disposed of for development to facilitate the further regeneration of that area and provide for a capital receipt, in line with the decisions taken by the previous executive. The council now needs to provide vacant possession of the site. An alternative site to replace BOSS services has been identified at 11 Market Place, SE16, a currently vacant unit within the council's commercial estate. An IDM was agreed by the Cabinet Member for Finance, Resources and Community Safety in April 2012 and subject to planning, a new service point providing excellent modern facilities for local people at a central Bermondsey location will be provided in late 2012.

#### **DCE (Regeneration and Neighbourhoods): Planning and Transport**

108. The first year of the Revitalise Camberwell programme was 2011/12, a £7m scheme to transform the streetscape in Camberwell. This saw short term street improvements including de-cluttering and minor repairs, initial community consultation, data collection and the development of an urban design framework.
109. In 2011/12 there was the completion of the conservation and restoration works to No. 20 to 23 Camberwell Church Street which included new shop fronts, repairs to the terracotta facades, repairs to windows and to the roofs at total cost of £240k. A total of £75k has been secured to develop a master plan for Camberwell Green (being led by Environment & Leisure) which will be consulted alongside the Revitalise Camberwell programme.

#### **DCE (Regeneration and Neighbourhoods): Economic Development and Strategic Partnerships and Other Projects**

110. Work continues to improve the local retail environment with the majority of the schemes now completed. The remaining schemes are due to finish in the new

financial year. These improvements are intended to enhance the high street and bring people back into their communities.

### **HOUSING INVESTMENT PROGRAMME HRA (Appendix B)**

111. The overall programme expenditure budget is £432.9m over the duration of the HRA programme refreshed in 2011/12. The 2011/12 capital outturn was £53.5m against a budget of £106.2m, producing an underspend of £52.7m.
112. The underspend was generated by the outturn positions on the HRA service areas as follows. Within the warm dry safe programme the expenditure outturn was £36.8m against a budget of £66.2m, producing an underspend of £29.4m. In the housing regeneration programme the expenditure outturn was £8.8m against a budget of £26.0m producing an underspend of £17.2m. The outturn position for other housing programmes was £9.3m against a budget of £15.4m producing an underspend of £6.1m.
113. There was a £1.5m expenditure to revenue adjustment on the programme in 2011/12.

#### **HRA: Warm Dry and Safe**

114. The outcome of the Lands Tribunal hearing in respect of the partnering contracts arrangements was in the council's favour, but the written judgement was only received on 21 December 2011. Although this was a welcome decision, it did not allow sufficient time to achieve delivery of the warm dry and safe programme to the extent intended. In addition the council is still working with one of its partnering contractor to agree works packages in one of the key delivery areas.
115. As a result of these issues around £29.4m expenditure is recommended for reprofile into future years.
116. Action is now being taken to ensure that staff resources are in place to ensure there is no overall impact on the level of works to be delivered through the approved 5-year programme.
117. Delays to the implementation of the partnering contracts have not prevented the ongoing delivery of decent homes through the existing two year major works programme, as a result of which over 1,400 properties were made decent in 2011/12. The overall level of decent homes has increased by 0.6% during the year, giving a current level of 56.5%.
118. Although this is a small overall increase, it compares favourably with the net change in decency level experienced at the beginning of 2011/12, when a significantly higher number of newly non-decent properties caused the overall decency level to reduce by 14% at the start of the financial year.

#### **HRA: Housing Regeneration**

119. In terms of the performance in the Housing Regeneration Programme, significant changes have arisen in the anticipated profiling of lease buy-backs across the programme. These affect the Aylesbury and Elephant & Castle regeneration

projects, and schemes at Bermondsey Spa and Abbeyfield. The council's approach to negotiate voluntary agreements rather than rely on compulsory purchase orders means that while the funding needs to be in place, the timing of expenditure is difficult to forecast, with some £7.6m of planned expenditure now falling into later years.

120. The substantial changes to the Aylesbury regeneration project have resulted in the need to reconsider the programme of planned maintenance provision for the estate, with £4.2m deferred from the current year. East Dulwich Estate shows reprofiling of £2.4m expenditure where further work, including further consultation with residents, has been necessary in putting together the planning application for further stages of the scheme for new build, conversions and environmental works.
121. Expenditure of £2.2m on the new build schemes at Brayards and Lindley has been reprofiled due to delays in the provision of mains services which had affected progress. The HCA agreed a revised completion date in 2012/13 for Lindley which will therefore not affect the grant funding position. The Brayards scheme was completed in March 2012 and funding secured. Handover has now been taken and the properties are ready for occupation.

#### **HRA: Other Housing Programmes**

122. The outturn position on other housing programmes includes reinstatement of the fire damage at Sumner Road which is the subject of ongoing negotiations with the council's insurers, where estimated costs have reduced by around £500k overall and £2.0m has additionally been reprofiled into next year.
123. Other overall cost reductions include major voids (£1.2m) where fewer suitable properties have arisen requiring works, and the capitalisation of scheme management at around £700k where the restructuring of housing services in particular has resulted in lower charges to this provision.
124. As it is anticipated that these changes will give continued benefits, the budget provision for future years has been adjusted accordingly. With projects intended to be delivered through the partnering contracts, around £700k of expenditure on Hostels schemes has been reprofiled into future years.

#### **RESOURCE IMPLICATIONS**

125. The council's capital resources are comprised of planned capital receipts, government supported borrowing, grant, resources from Section 106 agreements, and revenue contributions.
126. As at 31 March 2012 the council had accumulated cash balances of £91.2m to help fund the current capital programme, which are reported within the draft statement of accounts and represented as follows:
- capital receipts reserve balance           £ 27.1m
  - capital grants unapplied balance       £ 64.1m  
(of which £37.0m relates to section106)

127. In relation to the balance of capital receipts, £1.9m of this is General Fund resource, with £25.2m being HRA. Of the HRA element, £9.3m relate to receipts from right to buy sales.
128. In relation to the balance of unapplied capital grants, £4.7m represents HRA funding and the remaining balance of £59.4m General Fund grants.
129. These balances are committed against existing capital projects but were unapplied as at 31 March 2012 and could be subject to minor adjustment following the finalisation of the 2011/12 accounts.

### **Housing Services HRA Resources**

130. There have been some changes in the level and timing of resources to fund HIP expenditure. Decent homes backlog funding of £11.3m has been confirmed as government grant for 2012/13, rather than in the form of borrowing approval as had originally been anticipated.
131. Changes to the Elephant & Castle regeneration scheme as reported to cabinet will result in a revised profile of capital receipts to reimburse HRA expenditure, with £11m now to be received beyond the current 5-year HIP. This delay is however more than offset by receipts estimated at £16.2m arising from the High Investment Needs Estates schemes recently agreed by cabinet, together with increases of approximately £7m in 2011/12 capital receipts from disposals and an increase of £2m in the projection for 2012/13.
132. The level of funding available through depreciation charges under the new self-financing arrangements exceeds the level assumed under the major repairs allowance it replaces, increasing these resources by £24.1m over the 5 year programme.
133. Other resource adjustments relating to small grants, developer and TMO contributions and totalling £2.4m have also been included in the report.
134. While there is a significant rise in the level of resources for the five year HRA programme overall, the timing of these means that there is still pressure on resources for the earlier years of the programme. Consideration of this will be through a review of the overall position of the HIP following reconciliation of the year end position, and will be the subject of a separate report to members.

### **Resource reprofiling 2011/12**

135. Due to the size of the capital programme and the number of projects involved, it is inevitable that unforeseen delays can occur leading to some variation against planned expenditure. As noted in the preceding paragraphs the 2011/12 outturn position has resulted in a general underspend across the programme which it is recommended be reprofiled in the new financial year 2012/13, in light of the outturn position and emerging issues in 2011/12. Detail of this is shown at Appendix D.
136. Some forecast spend may require further reprofiling when the programme is subject to a fuller refresh, as an additional year will be added to the programme to ensure a ten year total is maintained. This will be of most relevance for programmes

anticipated to spend year on year over the programme, such as highways maintenance and housing renewal.

137. During 2011/12 there have been a number of funded and agreed variations to the capital programme budgets. These have been included in the total budgets against which the outturn expenditure is set, in order to provide an up-to-date position of the budgets available at 01 April 2012. Detail of this is shown at Appendix C.

## **NEW AND EMERGING ISSUES**

138. The current forecast position for the capital programme shows resourced spend of £383m for the General Fund programme and £432m for the Housing Investment Programme. The current programme runs to 2020/21 and for the purposes of reviewing the programme this financial year, an additional year will be added bringing the final to 2021/22, so that a ten year programme timetable is maintained.
139. It is important that a robust forecast of spend is achieved so that resources can be profiled appropriately, particularly for projects where annual ongoing expenditure is envisaged throughout the programme as is the case with the non-principal roads network and lamp column replacements.
140. Through 2011/12 a number of issues have emerged which have been set out in brief by department in the following paragraphs; a full refresh of the programme will be tabled later on in 2012/13.
141. Unspent resources have been identified on some projects which had finished in 2011/12 in the Environment and Leisure and Health and Community Services departments. The total is just over £1m to be returned to the programme and which could be made available for future reallocation to other schemes.

## **Children's Services and Southwark Schools for the Future**

142. The schools' carbon reduction programme reduces carbon emissions in schools through identifying cost effective small value works and is match funded by participating schools. The programme is a response to a mandatory carbon reduction requirement set by Government and work will be taking place during 2012/13 and 2013/14 to put steps in place.
143. The troubled families' initiative requires services to work in a seamless and co-ordinated way across department and sector boundaries, challenging and supporting families to raise children successfully. Some necessary adaptations to schools and children's centres are anticipated during 2012/13 and 2013/14 in order that the service can work locally, alongside families who would most benefit.
144. It is estimated that by 2015/16 an additional 10 to 14 permanent school class expansions will be required due to growth in pupil numbers. This requirement is likely to generate financial pressure in the capital programme which will be quantified as part of the refresh activity. A survey is currently being undertaken of all maintained schools to review their capacity to expand and to survey necessary maintenance. Any additional resource requirement will need to supplement government capital grants which fund the expansion of Southwark schools, to meet

this statutory obligation to provide school places and continue school building maintenance.

145. The redevelopment of the Peckham Rye One o'clock playroom is a council commitment to replace the current Peckham Rye One o'clock playroom building and enlarge and redesign the enclosed outdoor play space. An existing capital budget provision is available for this which will be transferred from Environment and Leisure to Children's Services. Any additional resource requirement for this project will be quantified as part of the refresh process later in the financial year.

### **Finance and Resources**

146. The council will be engaging a new Information Technology Managed Service supplier early in 2013 which will be delivering a series of core enabling projects to modernise provision of IT services in the council. These projects will include upgrades to Citrix, Microsoft and system refreshes. Over the summer officers will be working to quantify the anticipated cost of delivering the projects and assessing the capacity of existing budgets. An update will be provided as part of the refresh programme.

### **Environment and Leisure**

147. The first phase of the Burgess Park revitalisation project is nearly completed with £8million invested. Future phases of this project include the improvements to all secondary and tertiary entrances, installation of a new multi-use games area (MUGA), additional tree planting, further infrastructure improvements (including the restoration of the heritage bridge) as well as implementing the Wells Way crossing. Around £350k has been identified for spending on additional landscaping and minor infrastructure in the park in 2012/13, included in the programme. Further resource requirements for the scheme will be identified for the refresh.
148. Several new issues are emerging in the Cemetery Service. A report recommending cabinet approve the future Cemetery Strategy for Southwark has been presented in June 2012. The proposed strategy is to re-use and reclaim existing land in cemeteries to provide burial space delivering a further 5,865 plots (subject to planning) until 2040. The anticipated cost of implementing the strategy for short and medium term burial space has been assessed at around £4.7m over the programme and a bid for resources has been prepared on this basis. A bid has also been prepared for improving access to some crematoria at £100k, and to respond to new legislative obligations relating to mercury abatement totalling around £150k in 2012/13. The impact of these activities on the programme has been shown for the department at Appendix D.
149. Work is underway to assess the investment requirements at South Dock Marina including work on replacement of pontoons, decking, electrics, washroom, the possible replacement of the lock gates and major work on the sluices. It is anticipated that additional funding requirements for this service will be addressed in the refresh report.
150. Urgent work is in progress to resolve drainage problems on the Walworth Road in order to complete works prior to the Olympics embargo. This need has arisen due to the high volume of traffic on the road.

151. The early stages of a re-tendering exercise are underway for the council's parking contract. This contract will contain enforcement, vehicle removal and traffic enforcement services with effect from 2013/14.
152. Investment in self service technology is a key component of the libraries modernisation programme with RFID equipment (Radio Frequency Identification) equipment already successfully installed at several locations in the borough, for example at the John Harvard library. The expansion of the installation programme to other libraries around the borough, such as Peckham Library where the installation of such equipment has been assessed at £152k would further move this programme forward. This has been included within the initial departmental bids at Appendix D. Additional proposals will be developed for evaluation in the capital refresh later.
153. Agreement has now been reached with the developer for a new library at Grove Vale to be provided as part of a development adjacent to East Dulwich Station. The library will replace the current rented provision which is very small, lacks basic facilities and offers no opportunity for significant improvement. It is anticipated that a council contribution will be required to supplement the developer's contribution and to ensure an appropriate fit out of the space including fixtures, fittings and ICT.
154. Since this scheme was last reported on, the developer's planning application has been approved and there is an indication that work will commence on the scheme in early 2013. In view of this, a capital contribution from the Council is likely to be required in 2013/14 rather than 2014/15 and this will be included in the refresh process.
155. A number of important issues are emerging in the Leisure Centres Service including capital maintenance requirements for the overall estate and strategic options appraisals at two key sites. In relation to capital maintenance issues the current annual revenue budget addresses all reactive repairs for eight sites but further funding may be required for larger lifecycle works to ensure that assets are optimally managed and maintained. Officers are currently working on options appraisals for the Seven Islands and Southwark Park centres, which will be evaluated to assess suitability for inclusion in the refreshed capital programme.
156. During 2011/12 officers examined the provision of CCTV equipment at various sites in the borough. It was established that work will be needed in this service area to replace stolen equipment, refresh CCTV systems and implement deployable systems in areas of high crime. In addition a refresh of obsolete fixed units on existing estates and upgrade to the transmission network is currently being scoped.
157. Capital investment in the non-principal roads network and lamp column replacement programme continues year-on-year. This is an ongoing requirement and such investment currently runs at around £5m and £500k p/a respectively up to the current programme end date in 2020/21.

### **Health and Community Services**

158. Officers have been reviewing capital implications of service provision in the Adult Care Accommodation and Learning Disability Care services.

159. The council is currently mid-way through a 25 year block contract for residential care for older people with Anchor Care. The contract provides 224 beds in four care homes. Renegotiating the terms of the contract would reduce the cost of care in revenue terms and officers will be exploring the implication of this in terms of cost/benefit evaluation over the summer.
160. The Housing Strategy Older People action plan gives a commitment to develop 150 units of extra care housing either through new build or re-provision of existing generic sheltered housing. Work is underway to determine how much of this work can be funded from within existing housing capital budgets. Development of a new resource centre for older people, with a focus on dementia care to provide an enhanced facility in light of increased demands is also being examined.
161. The Council provides assistive technology (Telecare) and adaptations to help disabled people remain at home. Demand has been increasing and the option is being explored to purchase more Telecare equipment which could require investment.

#### **Housing General Fund: Housing Renewal**

162. As outlined in the section on Housing Renewal above, a growth bid of £17.3m over the programme is required to meet anticipated service demand in this area. External grant of £4.6m is forecast over the period leaving a net growth bid of £12.7m to be met from corporate resources. Allowing for forecasts already included in the programme at outturn of 2011/12 the anticipated remaining balance for the department's bid is shown in Appendix D.

#### **Regeneration and Neighbourhoods**

163. The office accommodation strategy continues to fund itself in revenue and capital terms and has so far released capital receipts to the value of £30m for reinvestment in council priorities. Disposals continue to deliver receipts in line with the initial prudent valuations and an estimated further £20m is anticipated over the life of the programme. In addition to capital disposals, where appropriate, properties will be returned to the commercial portfolio to support the council's revenue position. Finally, properties and sites are being released for regeneration schemes and house building projects.
164. The scope of the office accommodation strategy has been significantly expanded following reports to cabinet and IDM decisions on the development of Blocks J and C at Queens Road (the Block C report is due to be considered at the July Cabinet meeting), the Camberwell Library project and the development of a new customer access point at 11 Market Place.
165. The initial office accommodation programme business case proposed a lease of Queens Road Block J. A revised commercial assessment agreed by cabinet in March 2012 concluded that a capital purchase was a better value option for this property. A further decision to obtain a lease on an adjacent property on Luggard Road (block C) has been placed on the forward plan for cabinet decision in July 2012. Taken together with the in progress development at Block F, these two sites will complete the campus at Queens Road, ensuring a major council presence in Peckham.



166. In addition to the housing, community safety and social care functions earmarked for Block F, the campus will now be able to accommodate a new corporate call handling facility in line with the cabinet's decisions on customer service provision in May 2012. Further candidate teams are being identified, delivering additional property rationalisation opportunities and modernisation benefits to those agreed in the original business case. The commercial decision to proceed with capital purchase at Block J and the increase in scope to incorporate development at the newly available Block C and improve accessibility and meeting facilities at Block F have increased the overall capital requirement for the Queens Road campus.
167. A December 2011 IDM confirmed the pressing need for a high quality new library in Camberwell to replace the inadequate facilities at the existing site and in particular to replace the hard to access children's library. Further feasibility work for the business case identified a capital investment requirement of £1.9m to allow for a purpose built and fit for purpose facility that will also contribute to the wider development of Camberwell town centre the green as a destination, and enhance the impact of other local capital investment schemes outlined elsewhere in this report.
168. The site of the Bermondsey One Stop Shop (BOSS) at 17 Spa Road has been disposed of for development to facilitate the further regeneration of that area and provide for a capital receipt, in line with the decisions taken by the previous executive. Consultation and service development activity identified an on going need for face to face local service provision and an appropriate site for a new customer access point has been identified at 11 Market Place, SE16, currently a vacant unit within the council's commercial estate. An IDM was agreed by the Cabinet Member for Finance, Resources and Community Safety in April 2012 and subject to planning, a new service point providing modern and accessible facilities for local people at a central Bermondsey location will be provided in late 2012. It is anticipated that this development will require further capital expenditure.
169. The extension of the specialist children's service projects to incorporate re-provision of Youth Offending Service accommodation at 47b East Dulwich Road in addition to the projects at 7 Talfourd Place and Curlew House requires capital expenditure of around £1.7m. This approach has allowed the cessation of service from 1 Bradenham Close a minimum of 12 months earlier than would have otherwise been possible. Alternative corporate accommodation will now be used by further candidate teams still requiring the provision of modernised accommodation.
170. The extended scope of the overall programme along with changes in contract arrangements with the council's IS provider which require capital investment in assets, with commensurate reduction in revenue expenditure, will increase capital expenditure on technology infrastructure, printing and desktop to £1.4m. This estimate includes a prudent allowance for the fit out of the new call centre requirement which is in an early design phase.
171. In addition to the revised office accommodation strategy, Revitalise Camberwell is a major initiative to drive forward improvements to Camberwell town centre in order to provide streetscape and public realm improvements and to further invest in the community facilities in Camberwell by relocating the existing Camberwell library from rented accommodation to a newly built library adjacent to Camberwell Green.

The initiative is formed of three distinct but interrelated projects which will improve the quality of the links to and between Camberwell town centre, a regenerated Elmington estate and Camberwell Green. A bid for funding work on the Camberwell town centre programme has been prepared with a value of around £7.5m over the programme and £2.7m of this sourced from corporate resources. Allowing for forecasts already included in the programme at outturn of 2011/12 the anticipated remaining balance for the department's bid is shown in Appendix D.

172. This will create a new centre of activity and the proposed project will encourage the use of the new library and the town centre in equal measure, particularly for those in the Elmington estate. Through aligning these projects there will be economic efficiencies as well as providing a platform for the Camberwell SPD and ultimately it will lead to a transformation of this key town centre within the borough. To date a variety of funding sources have been identified with £0.95m secured for streetscape works and the Camberwell Green master plan.
173. The financial implications of the Revitalise Camberwell scheme will be captured in the capital refresh. It is likely that match funding will be sought to unlock a total of £4.6m investment being made by Transport for London. This requirement provide for sums to undertake works for the streetscape, to undertake improvements to the Green as identified in the Camberwell Green master plan, to establish a forecourt and deliver public realm improvements to the civic space surrounding the library.
174. The space that is adjacent to the new Camberwell library will be upgraded to improve the public realm and with new lighting to become a safer and welcoming dynamic public space and pedestrian route through to the Green from the Magistrates Court and surrounding housing estates. Included in this is the removal, relocation and replacement of trees, as appropriate, from the existing space to the wider town centre.
175. Further funding sources will continue to be identified with the intention to submit a proposal to the Heritage Lottery's Parks for People programme to secure additional funding to implement the master plan currently being developed for Camberwell Green. This investment bringing together £10m worth of public investment forms the basis of a regeneration programme for Camberwell, supporting the wider regeneration in the Baths, Elmington Estate, Camberwell College of the Arts and SLaM.

#### **Housing Investment Programme HRA**

176. The five-year Housing Investment programme was approved by Cabinet in May 2011, with an updated report being agreed in October 2011. A further updated report is being prepared and will be submitted for consideration and approval over the summer of 2012.
177. It is anticipated that the council will be undertaking the demolition of the Heygate Estate with the development partner for the site over the next three financial years. A business case for this has been prepared including a detailed financial implications and an independent third party opinion by DriversJonasDeloitte. The cost of this is anticipated at around £15m and any funding provided by the council to facilitate the demolition will be returned by the developer with an agreed indexation

uplift once the relevant contractual conditions have been met on site. The impact on the programme from this departmental activity has been shown at Appendix D.

## **Risks**

178. A number of risks have been identified which can affect the successful delivery of capital projects and which have been described below.
- Programme slippage resulting in slower than anticipated use of resources is mitigated through use of realistic timelines and supporting programme assumptions and documentation. Resource allocations are made to specific schemes so that resources use can be tracked against specific programmes.
  - Lack of management and/or departmental capacity which could result in poor quality financial management is mitigated through use of dedicated finance teams and management of departmental programmes by appropriately qualified departmental finance managers, who are responsible for the outturn positions of each department.
  - Lack of certainty over the timing, amount and origin of funding sources is mitigated through monthly financial monitoring with reprofiling and reallocation of resources where needed. Suitable controls are in place to govern the approval of new items, and virement/reallocation of resources. The programme is subject to regular refresh through cabinet.
  - Changes to funding regimes due to legislation or central government requirements resulting in negative impacts on the programme are mitigated where possible through contact with departments, use of a range of funding sources, development and retention of reserves and robust forward planning. A clear, regularly updated disposals programme allows the council to forecast its receipts profile with reasonable accuracy and supports a level of flexibility in the programme.

## **COMMUNITY IMPACT STATEMENT**

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

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

180. Under the constitution the cabinet are responsible for the Council's capital programme, ensuring effective financial control and the achievement of value for money, within the provisions of financial standing orders.

181. The Council has a duty to maintain a balanced budget throughout the year and, accordingly, members are required to regularly monitor the Council's financial position. Section 28 of the Local Government Act 2003 imposes a duty on the Council to monitor its budgets throughout the financial year, using the same figures for reserves as were used in the original budget calculations. The Council must take necessary appropriate action to deal with any deterioration in the financial position revealed by the review.
182. The Capital Programme 2012-2022 satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangements to secure the continuous improvement in the way its functions are exercised, by having regard to the combination of economy, efficiency and effectiveness.
183. By agreeing the recommendations in the report the cabinet will demonstrate that it has made adequate arrangements for the proper administration of the Council's financial affairs.

#### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Capital monitoring working papers	160 Tooley Street, London SE1 2QH	Alex Vaughan 020 755 7691

#### **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix A	General Fund Capital Programme 2011/12 Outturn Summary
Appendix B	HRA Capital Programme 2011/12 Outturn Summary
Appendix C	Funded Variations for Approval
Appendix D	Capital Programme Update 2012 - 21

**AUDIT TRAIL**

<b>Cabinet member</b>	Councillor Richard Livingstone, Finance, Resources and Community Safety	
<b>Lead officer</b>	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
<b>Report author</b>	Alex Vaughan, Project Accountant	
<b>Version</b>	Final	
<b>Dated</b>	5 July 2012	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	No concurrent required
<b>Date final report sent to constitutional team</b>		5 July 2012

General Fund Capital Programme 2011/12 Outturn Summary

APPENDIX A

Department	2011/12			2012/13			2013/14+			Total Programme 2011/12 - 20/21		
	Agreed Budget	Outturn	Variance	Agreed Budget	Forecast	Variance	Agreed Budget	Forecast	Variance	Total Agreed Budget @ 01/04/2011	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	16,791	9,320	(7,471)	26,841	33,575	6,734	19,813	20,413	600	63,445	63,308	(137)
Southwark Schools for the Future	48,559	34,262	(14,297)	56,548	46,993	(9,555)	10,810	34,661	23,851	115,917	115,916	(1)
Finance and Resources	3,879	731	(3,148)	2,713	4,697	1,984	2,058	3,213	1,155	8,650	8,641	(9)
Environment	30,257	18,166	(12,091)	12,077	20,779	8,702	61,340	64,129	2,789	103,674	103,074	(600)
Health and Community Services	4,478	2,777	(1,701)	1,195	1,998	803	0	0	0	5,673	4,775	(898)
Housing General Fund	6,648	3,513	(3,135)	3,246	5,103	1,857	4,919	6,197	1,278	14,813	14,813	0
Regeneration and Neighbourhoods	22,832	15,506	(7,326)	25,296	23,408	(1,888)	23,528	32,690	9,162	71,656	71,604	(52)
<b>TOTAL</b>	<b>133,444</b>	<b>84,275</b>	<b>(49,169)</b>	<b>127,916</b>	<b>136,553</b>	<b>8,637</b>	<b>122,468</b>	<b>161,303</b>	<b>38,835</b>	<b>383,828</b>	<b>382,131</b>	<b>(1,697)</b>
<b>FINANCED BY:</b>												
Corporate Resource Pool	27,684	23,267	(4,417)	37,349	37,766	417	128,434	132,434	4,000	193,467	193,467	0
Major Repairs Allowance	0	0	0	0	0	0	0	0	0	0	0	0
Supported Borrowing	0	0	0	0	0	0	0	0	0	0	0	0
Reserves & Revenue	4,203	2,224	(1,979)	6,692	7,116	424	37,206	38,361	1,155	48,101	47,701	(400)
Capital Grants	86,663	54,246	(32,417)	68,239	76,216	7,977	14,861	38,819	23,958	169,763	169,281	(482)
Section 106 Funds	12,387	4,235	(8,152)	3,025	10,927	7,902	7,759	7,867	108	23,171	23,029	(142)
External Contributions	370	303	(67)	1,548	1,616	68	500	500	0	2,418	2,419	1
<b>TOTAL RESOURCES</b>	<b>131,307</b>	<b>84,275</b>	<b>(47,032)</b>	<b>116,853</b>	<b>133,641</b>	<b>16,788</b>	<b>188,760</b>	<b>217,981</b>	<b>29,221</b>	<b>436,920</b>	<b>435,897</b>	<b>(1,023)</b>
<b>Forecast variation (under)/over</b>	<b>2,137</b>	<b>0</b>	<b>(2,137)</b>	<b>11,063</b>	<b>2,912</b>	<b>(8,151)</b>	<b>(66,292)</b>	<b>(56,678)</b>	<b>9,614</b>	<b>(53,092)</b>	<b>(53,766)</b>	<b>(674)</b>

## HRA Capital Programme 2011/12 Outturn Summary

## APPENDIX B

Programme	Project description	2011/12			2012/13		
		Agreed Budget	Outturn	Variance	Agreed Budget	Forecast	Variance
		£'000	£'000	£'000	£'000	£'000	£'000
Warm dry and safe	Central heating - communal	3,193	2,861	(332)	1,436	1,199	(237)
	Central heating - individual	4,251	3,431	(820)	0	4,581	4,581
	Energy efficiency (heating plant)	431	121	(310)	0	103	103
	Energy efficiency (wall/loft insulation)	1,926	354	(1,572)	200	1,903	1,703
	Entryphones	256	1	(255)	309	302	(7)
	Fire safety	16,176	5,054	(11,122)	2,149	11,279	9,130
	Lifts	2,538	3,903	1,365	2,500	2,079	(421)
	Major works	32,000	14,407	(17,593)	42,000	30,969	(11,031)
	Minor voids capitalisation	3,000	3,000	0	3,000	2,987	(13)
	Minor voids WDS works	1,000	827	(173)	1,000	1,000	0
	Rewiring	1,362	2,761	1,399	3,604	146	(3,458)
	Tanks/tank rooms refurbishment	104	88	(16)	1,900	5	(1,895)
	Regeneration	Aylesbury phase 1 (incl. PCs)	5,228	1,061	(4,167)	9,404	7,697
Aylesbury future phases		0	0	0	0	0	0
Aylesbury PPM		4,922	697	(4,225)	2,833	6,216	3,383
Bermondsey Spa refurb		2,037	1,959	(78)	84	191	107
East Dulwich Estate		3,454	1,049	(2,405)	936	725	(211)
Elmington		646	13	(633)	2,681	2,675	(6)
Giles Carton Darnay		36	0	(36)	0	0	0
Heygate Estate (incl. PCs)		4,300	2,567	(1,733)	2,751	4,544	1,793
Hidden homes		91	14	(77)	301	407	106
Home loss payments		230	166	(64)	200	200	0
Hostel new build		136	0	(136)	1,364	200	(1,164)
Local Authority New Build		3,093	852	(2,241)	102	2,313	2,211
Maydew House		1,846	451	(1,395)	0	1,396	1,396
Other programmes	Adaptations	1,965	2,372	407	2,000	1,843	(157)
	Group repairs	500	345	(155)	471	228	(243)
	Capitalisation of scheme management	1,600	938	(662)	1,600	1,000	(600)
	Cash incentive scheme	276	179	(97)	368	207	(161)
	Community Housing Services (hostels)	1,172	437	(735)	1,034	1,134	100
	Digital switchover	1,600	1,547	(53)	1,200	1,179	(21)
	Disposals	860	961	101	500	524	24
	Fire reinstatement	2,900	424	(2,476)	100	2,105	2,005
	Lakanal/Sumner buy-backs and home loss	134	1	(133)	0	0	0
	Leasehold/freehold acquisitions	311	0	(311)	300	600	300
	Major voids	1,903	730	(1,173)	1,601	989	(612)
	Misc	120	85	(35)	593	554	(39)
	Office accommodation	465	32	(433)	200	305	105
	Play areas / environmental	100	0	(100)	0	0	0
	Sheltered housing	1,210	1,285	75	63	0	(63)
	T&RA halls	304	11	(293)	305	487	182
	Adjustment	Expenditure in revenue	(1,502)	(1,502)	0	(7,395)	(7,395)
<b>TOTAL</b>		<b>106,174</b>	<b>53,482</b>	<b>(52,692)</b>	<b>81,694</b>	<b>86,877</b>	<b>5,183</b>
<b>FINANCED BY:</b>							
Corporate Resource Pool		0	0	0	0	0	0
Housing receipts		51,077	35,100	(15,977)	21,883	19,860	(2,023)
Major Repairs Allowance		43,913	2,562	(41,351)	48,238	44,978	(3,260)
Supported Borrowing		0	0	0	0	0	0
Reserves & Revenue		6,433	14,125	7,692	(444)	7,147	7,591
Capital Grants		2,229	1,395	(834)	11,896	12,715	819
Section 106 Funds		100	50	(50)	0	50	50
External Contributions		2,422	250	(2,172)	121	2,127	2,006
<b>TOTAL RESOURCES</b>		<b>106,174</b>	<b>53,482</b>	<b>(52,692)</b>	<b>81,694</b>	<b>86,877</b>	<b>5,183</b>
<b>Forecast variation (under)/over</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## HRA Capital Programme 2011/12 Outturn Summary

Programme	Project description	2013/14+			Total programme 2011/12 -18/19		
		Agreed Budget	Forecast	Variance	Agreed Budget	Total Forecast	Total Variance
		£'000	£'000	£'000	£'000	£'000	£'000
Warm dry and safe	Central heating - communal	3,000	13,526	10,526	7,629	17,586	9,957
	Central heating - individual	14,400	12,000	(2,400)	18,651	20,012	1,361
	Energy efficiency (heating plant)	0	2	2	431	226	(205)
	Energy efficiency (wall/loft insulation)	600	600	0	2,726	2,857	131
	Entryphones	900	603	(297)	1,465	906	(559)
	Fire safety	3,300	3,279	(21)	21,625	19,612	(2,013)
	Lifts	9,000	5,793	(3,207)	14,038	11,775	(2,263)
	Major works	132,000	165,756	33,756	206,000	211,132	5,132
	Minor voids capitalisation	9,000	9,000	0	15,000	14,987	(13)
	Minor voids WDS works	3,000	3,000	0	5,000	4,827	(173)
	Rewiring	6,000	7,663	1,663	10,966	10,570	(396)
	Tanks/tank rooms refurbishment	3,000	0	(3,000)	5,004	93	(4,911)
	Regeneration	Aylesbury phase 1 (incl. PCs)	12,077	17,952	5,875	26,709	26,710
Aylesbury future phases		9,000	9,000	0	9,000	9,000	0
Aylesbury PPM		2,597	6,300	3,703	10,352	13,213	2,861
Bermondsey Spa refurbs		0	0	0	2,121	2,150	29
East Dulwich Estate		0	1,200	1,200	4,390	2,974	(1,416)
Elmington		1,467	2,113	646	4,794	4,801	7
Giles Carton Darnay		0	0	0	36	0	(36)
Heygate Estate (incl. PCs)		0	0	0	7,051	7,111	60
Hidden homes		700	700	0	1,092	1,121	29
Home loss payments		600	600	0	1,030	966	(64)
Hostel new build		3,000	4,300	1,300	4,500	4,500	0
Local Authority New Build		0	30	30	3,195	3,195	0
Maydew House		0	0	0	1,846	1,847	1
Other programmes		Adaptations	6,000	6,000	0	9,965	10,215
	Group repairs	0	398	398	971	971	0
	Capitalisation of scheme management	4,800	3,000	(1,800)	8,000	4,938	(3,062)
	Cash incentive scheme	900	1,113	213	1,544	1,499	(45)
	Community Housing Services (hostels)	2,400	3,145	745	4,606	4,716	110
	Digital switchover	0	0	0	2,800	2,726	(74)
	Disposals	1,500	1,500	0	2,860	2,985	125
	Fire reinstatement	600	544	(56)	3,600	3,073	(527)
	Lakanal/Sumner buy-backs and home loss	0	0	0	134	1	(133)
	Leasehold/freehold acquisitions	900	900	0	1,511	1,500	(11)
	Major voids	4,500	3,000	(1,500)	8,004	4,719	(3,285)
	Misc	28,975	28,975	0	29,688	29,614	(74)
	Office accommodation	600	750	150	1,265	1,087	(178)
	Play areas / environmental	300	200	(100)	400	200	(200)
	Sheltered housing	600	598	(2)	1,873	1,883	10
	T&RA halls	1,500	1,500	0	2,109	1,998	(111)
Adjustment	Expenditure in revenue	(22,184)	(22,184)	0	(31,081)	(31,081)	0
<b>TOTAL</b>		<b>245,032</b>	<b>292,856</b>	<b>47,824</b>	<b>432,900</b>	<b>433,215</b>	<b>315</b>
<b>FINANCED BY:</b>							
Corporate Resource Pool		10,857	10,857	0	10,857	10,857	0
Housing receipts		82,966	100,966	18,000	155,926	155,926	0
Major Repairs Allowance		137,844	182,455	44,611	229,995	229,995	0
Supported Borrowing		0	0	0	0	0	0
Reserves & Revenue		11,254	(3,700)	(14,954)	17,243	17,572	329
Capital Grants		2,111	2,113	2	16,236	16,223	(13)
Section 106 Funds		0	0	0	100	100	0
External Contributions		0	165	165	2,543	2,542	(1)
<b>TOTAL RESOURCES</b>		<b>245,032</b>	<b>292,856</b>	<b>47,824</b>	<b>432,900</b>	<b>433,215</b>	<b>315</b>
<b>Forecast variation (under)/over</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



Variation	Children's Services	Southwark Schools for the Future	Finance and Resources	Environment	Health and Community Services	Housing General Fund	Regeneration and Neighbourhoods	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>BUDGET AS AT REFRESH REPORT</b>	60,638	115,917	8,283	118,803	3,404	13,622	27,532	348,199	414,854	763,053
<b>CHANGES IN DEPARTMENTAL RESPONSIBILITY</b>										
Elephant & Castle Leisure Centre				(20,000)			20,000	0		0
Housing Programme							0	0	18,048	18,048
<b>RESTRUCTURED BUDGETS</b>	60,638	115,917	8,283	98,803	3,404	13,622	47,532	348,199	432,902	781,101
<b>PROGRAMME FUNDED VARIATIONS</b>										
<b>Q1 - Variations already approved</b>										
Bankside Urban Forest										
Mint Street Park & Bankside Open Space Trust										
Principle Road Renewal - TFL funding								(73)		(73)
Corridors, Neighbourhoods & Supporting Measures - TFL funding								342		342
Local Transport Schemes - TFL funding								350		350
Local Transport Funding - TFL funding								2,401		2,401
Cycling Routes								419		419
Bermondsey Spa EIP - Regen.								100		100
Thamespath Pedestrian Diversion								30		30
Peckham Rye Station								40		40
John Harvard Library								(72)		(72)
103017 - Brandon 3 Community Garden Phase				17			10,000	10,000		10,000
Peckham Rye Community Wildlife Garden				4				17		17
Cator Street				45				4		4
HIA - DFG mand (60% dfg)	970							45		45
						515		970		970
								515		515
<b>Total Approved at Qtr 1</b>	970	0	0	66	0	515	13,537	15,088	0	15,088
<b>Q2 - Variations already approved</b>										
Walworth Garden Farm Garden										
Burgess Park Tennis Courts				4				4		4
Upgrade and Refurbishment of Essential CCTV				8				8		8
Upgrade and Refurbishment of Essential CCTV				17				17		17
ED&SP-F&XRiv-Bank/Signs&Inf				30				30		30
Bankside Urban Forest							(45)	(45)		(45)
Bermondsey Streetscape Improvements				20				20		20
Improving Local Retail Environment								(73)		(73)
Borough & Bankside Tourism Infrastructure				20				20		20
Cycle Hire Complement							320	320		320
							23	23		23

## Funded variations for approval

Variation	Children's Services	Southwark Schools for the Future	Finance and Resources	Environment	Health and Community Services	Housing General Fund	Regeneration and Neighbourhoods	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bridge Assessment & Strengthening							25	25		25
Corridors, Neighbourhoods & Supporting Measures							192	192		192
Car Club Programme							22	22		22
Principal Road Renewal							471	471		471
Corridors, Neighbourhoods & Supporting Measures							2,875	2,875		2,875
Local Transport Funding-Discretionary							100	100		100
Principal Road Renewal							350	350		350
Corridors, Neighbourhoods & Supporting Measures							2,465	2,465		2,465
Local Transport Funding-Discretionary							100	100		100
Bermondsey Spa Public Realm Improvements				60			1,151	1,151		1,151
Burgess Park Revitalisation Project							60	60		60
Canada Water Ancillary Costs							537	537		537
Thames Reach					469			469		469
Snowfields Early Years accommodation	215							215		215
Southbank Accessibility Improvements			366	3,111				3,111		3,111
Property Works Programme								366		366
<b>Total Approved at Qtr 2</b>	<b>215</b>	<b>0</b>	<b>366</b>	<b>3,229</b>	<b>469</b>	<b>0</b>	<b>8,553</b>	<b>12,832</b>	<b>0</b>	<b>12,832</b>
<b>Q3 - Variations already approved</b>										
103017 - Brandon 3 Community Garden Phase				2				2		2
Goose Green Playground				49				49		49
Camberwell Leisure Centre				200				200		200
Dulwich Leisure Centre				183				183		183
Burgess Park Revitalisation Project				97				97		97
Improving Local Retail Environment							(20)	(20)		(20)
Bermondsey Streetscape Improvements							(29)	(29)		(29)
Nelson Square Pay Area Improvements				115				115		115
Enabling Works-P12 Bus Stop Lengthening							37	37		37
56 Southwark Bridge Road	206							0		0
Short Breaks for Disabled Children Grant	1,278							1,278		1,278
DfE additional basic needs (Nov 2011)								1,278		1,278
<b>Total Approved Qtr 3</b>	<b>1,484</b>	<b>0</b>	<b>0</b>	<b>531</b>	<b>0</b>	<b>0</b>	<b>104</b>	<b>2,119</b>	<b>0</b>	<b>2,119</b>
<b>Q4 - Variations to be approved</b>										
GLA loan scheme										
GLA empty homes grants										
HIA - DFG mand (60% dfg)										
Bowley Close					1,800			1,800		1,800
Burgess Park Revitalisation Project				350				350		350
Thomas Carlton Cent				(99)				(99)		(99)
Burgess Park Tennis Courts				22				22		22

## Funded variations for approval

Variation	Children's Services £'000	Southwark Schools for the Future £'000	Finance and Resources £'000	Environment £'000	Health and Community Services £'000	Housing General Fund £'000	Regeneration and Neighbourhoods £'000	General Fund Programme Total £'000	Housing Investment Programme £'000	Total Programmed Expenditure £'000
01793 - Champion Hill Estate access				36				36		36
London Marathon Trust				30				30		30
Lawn Tennis Association				45				45		45
OLF CLC Sports				1				1		1
Connect 2				600				600		600
AHF 122-148 Ivydale						(163)		(163)		(163)
GLA empty homes grants						428		428		428
Tanner Street Park Environmental Improvements							3			3
Roper Lane Improvements							2			2
Borough & Bankside St-scape Improvement							113			113
Bankside Community Facilities(Blackfriars Settlement)							315			315
Bermondsey Streetscape Improvements							(16)			(16)
Weber St Public Realm Improvements							55			55
Tooley Street Environmental Improvement Projects							50			50
Great Suffolk Street BUP Project							165			165
Mint Street Park Community Facilities							20			20
Geraldine Mary Harmsworth Park							15			15
Grt Guilford & Summer Streets Improvements							617			617
Lavington & Great Guildford Streets Regeneration							178			178
Marborough Playground Regeneration Project							81			81
Bankside Community Space Regeneration Project							7			7
Community Facilities Improvement							(365)			(365)
Rotherhithe, Borough & Bankside 20 MPH							15			15
Principal Road Renewal							(3)			(3)
Corridors							(49)			(49)
Neighbourhoods							(4)			(4)
Cycling on Greenways							0			0
Local Transport Funding							2			2
Cycle Hire Complementary Measures							(65)			(65)
Denmark Hill Station							(80)			(80)
Salisbury Row							(7)			(7)
Integrated Transport							(39)			(39)
Cycle Superhighways Smarter Travel							(22)			(22)
Principal Road Renewal							30			30
Corridors, Neighbourhoods & Supporting Measures							53			53
Major Transport Schemes							(20)			(20)
Car Club Programme							(7)			(7)
Bridge Assessment & Strengthening							5			5
Major Schemes							650			650
Car.Clubs Programme							22			22
Cycling on Greenways							230			230
Eveline Lowe		64								64
Lyndhurst major expansion & refurb 1.5 to 2 fe		73								73
<b>Total requested to be approved Ctr 4</b>	<b>138</b>	<b>0</b>	<b>0</b>	<b>1,045</b>	<b>1,800</b>	<b>677</b>	<b>1,932</b>	<b>5,591</b>	<b>0</b>	<b>5,591</b>

Funded variations for approval

Variation	Children's Services	Southwark Schools for the Future	Finance and Resources	Environment	Health and Community Services	Housing General Fund	Regeneration and Neighbourhoods	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Budget Variations	2,807	0	366	4,871	2,269	1,192	24,125	35,631	0	35,631
REVISED BUDGETS	63,445	115,917	8,648	103,674	5,673	14,814	71,657	383,829	432,902	816,731
VARIATIONS REQUESTED TO BE APPROVED										
FINANCED BY:										
Capital Grant	1,484			3,767	2,269	1,338	10,926	19,785		19,785
Section 106 Funds	353			213		(163)	3,143	3,547		3,547
External Contribution				145		17	1	162		162
Capital Receipt							10,038	10,038		10,038
Reserves & Revenue	970		366	745			17	2,098		2,098
<b>TOTAL RESOURCES</b>	<b>2,807</b>	<b>0</b>	<b>366</b>	<b>4,870</b>	<b>2,269</b>	<b>1,192</b>	<b>24,125</b>	<b>35,630</b>	<b>0</b>	<b>35,630</b>

## Capital Programme update 2012/13 - 20/21

## Appendix D

General Fund	Agreed Budget 2012/13	Forecast	Forecast	Forecast	Total revised Forecast
	- 20/21	2012/13	2013/14	2014/15+	
	£'000	£'000	£'000	£'000	£'000
<b>Department</b>					
Children's Services	54,125	33,575	10,200	10,213	53,988
Southwark Schools for the Future	81,655	46,993	31,861	2,800	81,654
Finance & Resources	7,919	4,697	1,713	1,500	7,910
Environment	85,508	20,779	10,169	53,960	84,908
Health & Community Services	2,896	1,998	0	0	1,998
Housing General Fund	11,300	5,103	3,920	2,277	11,300
Regeneration & Neighbourhoods	56,150	23,408	21,093	11,597	56,098
<b>Total General Fund</b>	<b>299,553</b>	<b>136,553</b>	<b>78,956</b>	<b>82,347</b>	<b>297,856</b>
<b>Financed by :-</b>					
Corporate Resource Pool	170,200	37,766	15,117	117,317	170,200
Major Repairs Allowance	0	0	0	0	0
Supported Borrowing	0	0	0	0	0
Reserves & Revenue	45,877	7,116	6,937	31,424	45,477
Capital Grants	115,517	76,216	34,722	4,097	115,035
Section 106 Funds	18,936	10,927	1,780	6,087	18,794
External Contributions	2,115	1,616	500	0	2,116
<b>Total GF Resources</b>	<b>352,645</b>	<b>133,641</b>	<b>59,056</b>	<b>158,925</b>	<b>351,622</b>
<b>Forecast variation (under)/over</b>	<b>(53,092)</b>	<b>2,912</b>	<b>19,900</b>	<b>(76,578)</b>	<b>(53,766)</b>
<b>Capital Bids</b>					
Environment	-	402	0	4,700	5,102
Housing General Fund DFG Growth Bid	-	930	1,324	14,085	16,339
Regeneration and Neighbourhoods	-	319	4,741	1,800	6,860
<b>Total bids</b>	<b>-</b>	<b>1,651</b>	<b>6,065</b>	<b>20,585</b>	<b>28,301</b>
<b>Financed by :-</b>					
Capital Grants	-	0	3,750	3,680	7,430
S106 Funds	-	174	91	0	265
Reserves & Revenue	-	0	0	0	0
External Contributions	-	145	0	0	145
<b>Total other resources for bids</b>	<b>-</b>	<b>319</b>	<b>3,841</b>	<b>3,680</b>	<b>7,840</b>
<b>Net call on corporate resources</b>	<b>-</b>	<b>1,332</b>	<b>2,224</b>	<b>16,905</b>	<b>20,461</b>
<b>Updated position including bids</b>	<b>(53,092)</b>	<b>4,244</b>	<b>22,124</b>	<b>(59,673)</b>	<b>(33,305)</b>

Housing Investment Programme	Agreed Budget 2012/13	Forecast	Forecast	Forecast	Total revised Forecast
	- 18/19	2012/13	2013/14	2014/15+	
	£'000	£'000	£'000	£'000	£'000
<b>Programme</b>					
Warm Dry and Safe	308,535	56,553	97,795	160,235	314,583
Regeneration	76,116	26,564	27,398	23,626	77,588
Other	48,249	3,760	17,061	20,223	41,044
<b>Total HIP</b>	<b>432,900</b>	<b>86,877</b>	<b>142,255</b>	<b>204,083</b>	<b>433,215</b>
<b>Financed by :-</b>					
Corporate Resource Pool	10,857	0	5,857	5,000	10,857
Housing receipts	155,926	19,860	40,383	95,683	155,926
Major Repairs Allowance	229,995	44,978	90,099	94,918	229,995
Supported Borrowing	0	0	0	0	0
Reserves & Revenue	17,243	7,147	5,280	5,145	17,572
Capital Grants	16,236	12,715	471	3,037	16,223
Section 106 Funds	100	50	0	50	100
External Contributions	2,543	2,127	165	250	2,542
<b>Total HIP Resources</b>	<b>432,900</b>	<b>86,877</b>	<b>142,255</b>	<b>204,083</b>	<b>433,215</b>
<b>Forecast variation (under)/over</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Bids</b>					
Demolition of the Heygate Estate	-	1,000	7,000	7,000	15,000
<b>Total Bids</b>	<b>-</b>	<b>1,000</b>	<b>7,000</b>	<b>7,000</b>	<b>15,000</b>
<b>Financed by :-</b>					
Housing receipts	-	1,000	2,000	7,000	10,000
Reserves	-	0	5,000	0	5,000
<b>Total resources for bids</b>	<b>-</b>	<b>1,000</b>	<b>7,000</b>	<b>7,000</b>	<b>15,000</b>
<b>Updated position including bids</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Item No.</b> 16.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Revenue Outturn Report 2011/12, including Treasury Management	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report sets out the outturn position for the council's revenue for the 2011/12 financial year.

On the general fund, the report shows the effective work that council departments have undertaken to implement savings in these difficult times. In many cases, this has been achieved through implementing planned savings earlier than originally planned and by careful control over expenditure. I wish to put on record my gratitude to our officers for the difficult work they have carried out to achieve these savings.

However, there are still some significant pressures: in particular, the anticipated saving of £1.5m from the customer services contract has not been achieved this year. Work continues to implement this saving as the service is brought back in-house.

Further, there are growing pressures in our budget in 2012/13 and future years as a consequence of further cuts. The Chancellor of the Exchequer announced last November that these cuts to council grants will continue until at least 2017 and current indications are that the cuts could continue for a decade. The council therefore needs to be well prepared to weather this storm.

Prudent management has allowed us to maintain the level of council reserves, but it must be noted that these reserves are in the main held to deliver key council priorities and transformation of services. Part of the reason for not drawing down on these reserves as much as anticipated is as a result of the slippage in elements of the capital programme, such as elements of the major works regeneration programme, as covered in the capital monitoring item elsewhere on this agenda.

The housing revenue account shows a positive variance, for reasons identified in the report. These need to be seen in the context of the borough being an outlier in the government settlement to end its subsidy of our housing, and so there are significant risks and debt on the council moving forward.

The report also identifies that the collection fund was in deficit for the year, partly as a consequence of a higher level of discounts being applied than anticipated.

Finally, the report covers treasury management through the year, including the requirement to replace the custodian service. Many of the issues here were covered in more detail in the treasury management report considered by Council Assembly on 4 July 2012.

## **RECOMMENDATIONS**

1. That the cabinet:
  - notes the general fund outturn for 2011/12; and movement on reserves
  - notes the budget movements in Appendix A
  - notes the schools budget outturn, which has been taken to the dedicated schools grant reserve
  - notes housing revenue account's (HRA) outturn for 2011/12 and movement on reserves
  - notes the collection fund's year-end surplus balance
  - notes the treasury management activity for the year.

## **BACKGROUND INFORMATION**

2. The purpose of this report is to present the council's financial position for the general fund, the HRA and planned use of reserves and balances for 2011/12. It also reports on specific performance in meeting targets for budget savings, the outturn position on the collection fund and the treasury management activity for the year. Any key variations against budget are explained.
3. 2011/12 was the first year of a planned three year budget cycle. Many of the actions taken to address the need for sustainable change were identified and implemented early in the financial year. Where possible necessary service efficiencies have been delivered in 2011/12 to ready the council for what is known to be a difficult financial position moving forward, particularly in relation to the risks associated with:
  - The local government resource review and proposals for local authorities to retain the business rates they collect. These receipts becoming a direct income stream to Southwark together with the financial risks associated with for example non collection or appeals against rateable values.
  - The increased risk of non collection of council tax through localisation of support for council tax due to a 10% reduction in government funding, coupled with the government's requirement on councils to protect pensioners and the vulnerable, meaning that the remaining benefit recipients will have to have their benefits cut, or council tax benefits will have to be subsidised from already reducing resources. A more detailed report is being presented elsewhere on this agenda.
  - The general uncertainty of local authority funding from 2013/14 onwards.

4. This action helped the council deliver a small net underspend against the total budget, which will be used to support the council through 2012/13 and future years.
5. The council will continue to monitor the revenue position, and report this on a quarterly basis to cabinet. There continue to be significant financial pressures from children and adults' social care requirements.
6. This report presents the outturn position on the net revenue budget. The draft Statement of Accounts was signed by the Finance Director on 29 June 2012. These accounts reflect this outturn position including any technical accounting adjustments.

## KEY ISSUES FOR CONSIDERATION

### General fund overall position

7. In February 2011, Council Assembly set a net budget for the year 2011/12 of £323m. Table 1 below provides an outturn position of £317m net expenditure against budget.

**Table 1: General fund outturn position for 2011/12 at year end**

General fund	2011/12 Original budget £'000	Budget movements £'000	2011/12 revised budget £'000	2011/12 outturn £'000	Variance - over / (under) £'000	Variance at Q3 2011/12 - over / (under) £'000
Children's services	90,438	42,308	132,746	132,817	71	0
Health and community services	112,913	(4,327)	108,586	108,319	(267)	0
Environment and leisure	68,660	22,023	90,683	90,669	(14)	95
Housing services	42,414	(5,379)	37,035	36,519	(516)	(72)
Regeneration and neighbourhoods	9,803	25,597	35,400	35,436	36	45
Deputy chief executive	9,277	(1,104)	8,173	8,278	105	0
Communities, law and governance	11,510	957	12,467	11,753	(714)	0
Finance and resources & strategic financing	28,703	(25,609)	3,094	1,517	(1,577)	60
Customer services centre contract	0	(1,500)	(1,500)	0	1,500	1,500
SCR income	(55,029)	(13,147)	(68,176)	(68,176)	0	0
<b>Total general fund before appropriations</b>	<b>318,689</b>	<b>39,819</b>	<b>358,508</b>	<b>357,132</b>	<b>(1,376)</b>	<b>1,628</b>
Contingency	5,500	(80)	5,420	0	(5,420)	(5,420)
Direct revenue funding of capital		3,755	3,755	3,755	0	0
Appropriations to/(from) reserves and other balances related to services	2,195	1,986	4,181	4,681	500	0
Appropriations to/(from) reserves related to schools balances	0	2,979	2,979	2,979	0	0
Appropriations to/(from) reserves for technical accounting purposes	0	3,555	3,555	3,555	0	0
Appropriations from reserves – planned use of reserves to underwrite base budget	(3,363)	0	(3,363)	(3,363)	0	0
Council wide	0	(52,014)	(52,014)	(52,014)	0	0
<b>General fund total</b>	<b>323,021</b>	<b>0</b>	<b>323,021</b>	<b>316,725</b>	<b>(6,296)</b>	<b>(3,792)</b>



8. 2011/12 was a very challenging year for all services. The council faced unprecedented cuts in line with the government's settlement announced 31 January 2011. Many actions were taken at an early stage to deliver the savings required, especially in the context of a three year budget and on-going known budget challenges. Overall, strategic directors were able to deliver the planned essential and priority services, despite the difficult financial position, within budget.
9. The 2011/12 budget included a contingency budget of £5.5m in recognition of the uncertainties inherent in a net budget of £323m, representing around 1.7%. It was agreed that £80k of this contingency budget be used to set up an artefacts replacement and maintenance fund following the theft of the Dr Salter statue during the year.
10. Through a combination of one off favourable variances within departments and the use of reserves, it has not been necessary for the council to call further upon this contingency. This will be used as the first call for supporting the 2012/13 budget which, as agreed by Council Assembly in February 2012, had a planned £4.4m contribution from reserves to support the revenue budget. The balance will be used to replenish reserves, some of which are held to support the ongoing redesign of services and invest to save projects to make the council fit for the future.
11. Excluding schools balances, the table 1 shows there has been a net contribution to reserves of some £4.9m. However £2.5m of this movement relates to the contribution to the dedicated schools grant reserve which is ring fenced for schools, leaving £2.4m. This taken with the favourable outturn position of £6.3m means there has been a total contribution to reserves of £8.7m for general fund purposes.
12. As part of the setting of the 2011/12 general fund budget, the Council committed to a programme of general fund savings and efficiencies of £33.8m. The outturn position reflects the delivery of these savings targets. Savings are discussed further in paragraphs 62 to 69 and Table 4.

### **Key general fund variances**

#### **Children's services: Core / Non schools budget**

13. Overall children's services achieved a £71k adverse variance (<0.1%) against budget, in the context of delivering the £5.76m savings target for 2011/12.
14. The early implementation of some of the 2012/13 savings and improved recruitment of social workers resulting in significant agency cost reductions has enabled the department to contain the one-off redundancy and retirement costs associated with these savings targets.
15. Further key budget variances for 2011/12 include:
  - Transport, where overall there has been a £700k reduction compared to the previous year expenditure which was achieved through re-negotiating contracted routes for the 2011/12 academic year.
  - Specialist services, where budget pressures continued as a result of the statutory responsibilities to children in families with no recourse to public funds, however, a reduction in the number of children placed in residential

placements this year across specialist services has resulted in a £600k favourable variance.

- Commissioning and market management, where a more robust approach has generated contract savings in the region of £400k as providers have responded positively to negotiations over contract prices.
- Children and families, where a reconfiguration of services to provide early help and so reduce the call on costly specialist services is underway. This has led to a favourable variance on the Early Intervention Grant pending the establishment of these new, local multi-disciplinary teams. The variance has been earmarked in a reserve to pump prime early help initiatives in schools and children's centres.

### **Health and community services**

16. Health and community services are reporting a slight underspend of £267k year end, representing 0.2% of net budget. This has been achieved through strong financial planning and tight budgetary controls.
17. The department has a 3 year saving plan of £27m with a 2011/12 (year 1) target of £7.7m, consisting of a number of savings and efficiencies. Some of these targets were extremely challenging and a small percentage were not achieved within the planned timescales. The main pressure areas are shown below and more detail is provided in paragraph 64.
18. Delays in the re-design of mental health services resulted in underachievement against target of £313k. There was a shortfall of £170k on the closure of Holmhurst Day Centre for older people. Slippage in the timetable did not allow all savings to be achieved in year, however full year savings will be met in 2012/13.
19. The department was able to mitigate the slippage in the savings programme through delivering compensating savings, and these are outlined in paragraph 65.

### **Environment and leisure**

20. The department is reporting an overall favourable variance of £14k, which is an improvement of £109k from the position forecast at the end of quarter 3, reflecting significant work by officers to enforce budgetary targets. The decision to bring forward some of the restructures required to achieve the savings target set for 2011/12 contributed to this improvement.
21. Similar to other London authorities, overall parking income is reducing and is below target due to improving compliance. Challenging income targets have been set in all services, including the new Canada Water Library, whilst simultaneously making savings. This is set against a backdrop of the overall economic recession and reduction in funding streams. However, this was more than offset by savings from reduced tonnage of waste disposed, as well as reduced staffing costs in libraries.
22. Previously forecast service closure costs for the Camberwell and other leisure centres were significantly reduced by robust contract negotiation. Similarly budget pressures caused due to the reduction of external grants were also successfully addressed.
23. Equally some of the costs of implementing the challenging savings have been

contained. As a result of restructuring, the department incurred additional redundancy and reorganisation costs of £2.1m. However some of these costs, £400k, could be offset against a combination of additional one off savings and unexpected favourable balances achieved. The remaining re-organisation costs of £1.7m are proposed to be funded from the Modernisation Reserve.

24. Management action continued throughout the year to consolidate the improvement in the overall departmental variance.

#### **Housing services**

25. Overall the housing general fund achieved a favourable variance of £516k.
26. In January 2011, responsibility for client services comprising the customer service centre (CSC), concessionary travel/ blue badges and complaints transferred from the deputy chief executive (DCE) on creation of the housing services department.
27. With improved contract management it was possible to realise savings within customer services through operational efficiencies, channel shift and volume reductions of £0.4m without adversely impacting on service delivery. In addition, restructuring of the client unit gave rise to a net positive variance against the employee budget of £0.1m.
28. As previously reported risks remained around temporary accommodation, particularly bed & breakfast placements and the availability of properties in the private rented sector. Procurement ran at a slower rate than planned due to market conditions, but was to some extent mitigated with the development of the hostels programme and additional estate void properties within the HRA, such that the outturn position for the general fund was better than it would otherwise have been. Moving forward, it remains crucial that the supply side is maximised as it represents a more cost effective alternative to bed & breakfast.
29. Other positive movements occurred on traveller's sites, where legislative changes necessitated a review of the travellers' lettings policy. Expenditure budgets are relatively small and operational running costs were lower than expected for 2011/12. In addition, positive variances in central support costs and cost reallocations between the HRA and general fund contributed further to the overall outturn position.

#### **Finance and resources and strategic financing**

30. Overall, finance and resources is reporting a favourable variance of £1.58m for the year, the majority of which will be used to absorb the customer services centre (CSC) contract savings of £1.5m. These were not achievable in 2011/12 and as previously reported have been managed corporately. The CSC savings target remains moving forward and will be monitored throughout 2012/13.

31. In 2011/12 the department continued with its ongoing restructure across all divisions. Other savings are the re-tender of the information services contract, the tender of the Tooley Street total facilities management contract and the re-organisation of the finance division. These are expected to yield savings as set out in the previous budget report. Where it was not possible in 2011/12 to meet savings as expected, as a consequence of slippage in implementation (e.g. finance restructuring), the department has been able to identify other options in substitution to ensure the overall target was achieved.
32. In achieving the year end position, reserves of £3.8m were released. A significant amount is related to one off costs associated with re-organisation, such as redundancy and early retirement costs amounting to £987k. In addition, and as part of the contractual arrangements with the current provider, IT assets have been taken back by the Council as part of the ongoing tender process (£750k). These assets will now remain in council ownership. A number of further costs relating to property disposal and acquisition (£497k) have been funded from the earmarked regeneration and development reserve.

**Deputy chief executive (DCE) and DCE (Regeneration and neighbourhoods)**

33. As part of the ongoing management restructuring, the deputy chief executives department and the regeneration and neighbourhoods department were brought together in 2011/12 under the overall management of the deputy chief executive. Further restructuring has seen the role of DCE deleted and these departments managed directly by the then acting chief executive.
34. Overall this new department had an unfavourable variance against budget of £141k.
35. Within the former DCE, favourable variances were achieved in the communications, corporate strategy and organisational development divisions. The favourable variance in organisational development emerged following agreement being achieved regarding the final centralisation of training and other associated development budgets.
36. The year end position for the former regeneration and neighbourhoods department was a small unfavourable variance of £36k. Performance across the divisions was generally on target.

**Communities, law and governance (CLG)**

37. The overall departmental outturn position, following reserve movements, is a favourable variance of £714k. This figure is represented by higher than predicted external legal income in relation to planning and property matters, favourable variances against administrative items from general cost saving measures across the services and the balance of London Council's funding that was reduced in year but kept within the departmental budget for this year to meet any pressures arising from the reduction in the London wide programme.

**Support cost reallocations**

38. Support cost reallocations are the costs of the central departments (finance and resources, deputy chief executive, communities, law and governance, customer services centre) which are recharged to service departments. The process is governed by service reporting code of practice, a code endorsed by the Chartered

Institute of Public Finance and Accountancy. The code requires that local authorities disclose the total cost of front-line services in their statement of accounts. In 2011/12 £68.2m of support costs were recharged across service departments to reflect the true costs of services. For the general fund services this was matched by their budget.

#### **General fund contingency**

39. Southwark council's 2011/12 general fund budget included a provision of £5.5m contingency. This was to enable the council to have sufficient flexibility to respond to the impact of economic uncertainty, service pressures, and any unforeseen events.
40. Following the theft of the Dr Salter statue, £80k of this contingency was used to create an artefacts replacement and maintenance fund.
41. As described earlier, the council was able to use reserves to manage the various service pressures that arose during 2011/12. The remaining £5.4m contingency will initially be transferred to the modernisation reserve, where it will be held to address the continuing one-off pressures such as redundancy costs that arise from the ongoing restructuring necessary for the council to meet its savings requirements and deliver invest to save initiatives, aimed at improving the efficiency of services.
42. However it has also been necessary to evaluate whether the level of other reserves are appropriate, for example the insurance reserve, particularly given the risks that a major event like London 2012 may pose to the council.
43. There is also a risk that the level of government funding the council receives in future years will continue to fall dramatically and require the use of reserves to enable the council to manage the organisational changes required.

#### **Schools budget**

44. The dedicated schools grant (DSG) budget achieved a favourable variance of £2.77m. The significant budget variances include: a favourable variance of £1.2m within early years mainly due to lower than anticipated take up of free entitlement for education of three year olds; a £700k favourable variance for school related contingencies and £700k favourable variance in the education related services operated by the council.
45. The DSG is a ring-fenced grant, and therefore, unspent grant is held within a specific reserve. The schools forum is consulted on the use of this reserve.

**Table 2: Schools budget outturn position 2011/12**

Schools	2011/12 Original budget £'000	Budget movements £'000	2011/12 revised budget £'000	2011/12 outturn £'000	Variance - over / (under) £'000	Q3 Variance - over / (under) £'000
Schools budget	0	(2,979)	(2,979)	(5,745)	(2,766)	(1,000)
Appropriation to/(from) schools balance reserves	0	2,979	2,979	2,979	0	0
Direct revenue funding of capital	0	0		212	212	0
<b>Schools budget total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,554)</b>	<b>(2,554)</b>	<b>(1,000)</b>
<b>Appropriation to DSG reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,554</b>	<b>2,554</b>	<b>1,000</b>

46. The total revenue balances held in schools has increased by £2.98m to £13.73m. Uncertainties of the implication of the School Funding Reform may be contributing to schools' increasing balances.

#### **Housing revenue account (HRA)**

47. The HRA outturn position shows a positive variance against budget of £6.9m for 2011/12 which contributes to a more sustainable reserves position moving forward. This represents an improvement over earlier forecasts, but contains a number of items of an exceptional nature and planned reserve movements that contribute to this position. Previous reports have referred to underlying spending pressure across the piece and the forecasts have been necessarily cautious in this regard. Whilst the need to spend on landlord responsibilities for the maintenance and improvement of the housing stock remains high, it has been possible to manage these pressures within the overall resources available.
48. Area management shows a £2m positive variance comprising a range of budget movements across employees and estate running costs as a result of the departmental restructuring during 2011/12. Organisational changes have been implemented within the planned timeframe, delivering base budget savings in excess of the original target. These changes are now the subject of a six month review to identify and address specific operational issues and consider further service delivery improvements.
49. The need for emergency re-housing of secure tenants in temporary accommodation is an operational necessity. Given its nature it is difficult to predict the level of demand but this has exceeded target during the year (£0.3m) which falls to the HRA rather than the general fund. This is recognised as an on-going risk that requires robust case management to minimise the cost impact on the HRA and is a management priority moving forward.
50. Rent collection performance showed 98.9% for mainstream residential stock. Whilst this was below the target collection rate, it still represents good performance given the current economic conditions. Conversely, rent income (rent debit minus voids) was better than budget as stock losses arising from regeneration schemes, RTB and

ad-hoc disposals were lower than estimated, together with reduced void numbers, giving rise to a net positive variance of £1.6m.

51. The maintenance & compliance division comprises reactive and planned repairs and engineering and heating repairs. Contract management continues to show improvement, but the demand-led nature of the service means budgets are under constant pressure and there are a number of budget movements both positive and negative across the activity that contribute to the variance. In particular, spend on compensation and legal fees was £1.59m higher than budget as the backlog of old and complex disrepair cases was reduced by over 50% during 2011/12. This is extremely resource intensive but is on a downward trajectory and remains a key management priority with the aim to eliminate claims arising in the first instance through improvements in the repairs service.
52. Southwark building services (SBS) – operational and strategic management of the service was brought back in-house in September 2011 and the structure of the workforce has been reconfigured to deliver measurable improvement in efficiency, quality and productivity at reduced cost. Excluding one-off costs of redundancies and restructuring, which have been met centrally within the HRA, the trading account shows an operating surplus of £0.4m, which is returned to the HRA as its primary client.
53. The major works division is primarily responsible for delivery of the Warm Dry Safe initiative and other landlord responsibilities within the housing investment programme (HIP). The variance occurs on the budget for electrical testing and safety compliance works. The requirement to re-tender works contracts led to programme slippage during 2011/12, but unspent resources (£2.3m) have been carried forward to fund the catch-up programme during the current financial year.
54. Revenue service charges of £16.5m were billed which is on target and £8.3m (net) of capital works against a budget of £9.7m. This represents the unadjusted billing figure before matching against actual expenditure incurred during the year, in accordance with accounting principles.. This required the exclusion of £4.5m in income which could not be recognised in the 2011/12 accounts. Collection performance has held up well with £7.2m and £16.3m collected for major works and service charges respectively against targets of £7.5m and £14.5m.
55. Commercial property has a negative variance of £0.2m in the rental income stream, as part of an overall variance of £0.4m for the activity. The portfolio is managed by property division on behalf of the HRA and cliented within the home ownership unit (HOU). Management action has been taken to control costs, but the prevailing market conditions on the income side are acknowledged to be difficult which compounds the situation.
56. The strategic services activity comprises all departmental overheads and non-operational functions within the HRA, specifically housing subsidy, debt financing, revenue contributions to the HIP and corporate and shared service functions provided to the HRA, together with costs associated with large-scale regeneration projects and other exceptional costs. Grant Thornton undertook an independent review of recharging arrangements between the HRA and the general fund during

2011/12 and their recommendations form part of an agreed action plan that was partially implemented in 2011/12 and will conclude in 2012/13.

57. For clarity and to aid consistency between the HRA and general fund, those items of expenditure that represent the appropriation of funds to reserves and revenue support for the capital programme are now identified separately within table 3 below. The level of revenue support for the housing investment programme in 2011/12 includes one-off funds towards the cost of Heygate demolition and for Lakanal, following settlement of the claim with the council's insurers. This has been set aside pending a decision on its future.
58. The community housing services (CHS) division encompasses temporary accommodation, housing options, tenancy sustainment, housing adaptations, resident involvement, business improvement and the South East London Housing Partnership.
59. Temporary accommodation in the HRA is designed to be cost neutral and mitigate some of the pressure on the homelessness budget in the general fund. The availability of estate void properties was greater than budgeted which generated additional rental income. This together with lower repair costs and the early realisation of efficiency savings in employee budgets has contributed to the positive year-end budget position.
60. The heating account is a notional ring-fenced account within the HRA, comprising the fuel only elements for the provision of district heating to council tenants and leaseholders. It is maintained on a trading account basis with any surplus/ deficit being carried forward. Surpluses can be used to mitigate future charge increases or to fund energy efficiency measures to communal heating systems that in turn generate additional cost savings. Contract procurement savings achieved during 2011/12, lower consumption due to the mild winter and resolution of long-standing creditor liabilities in the council's accounts gives rise to an operating surplus of £2.5m which has been taken to the heating account reserve.
61. The ring-fenced nature of the HRA requires that deficits/surpluses are carried forward between years giving rise to movement in the level of reserves. Previous reports have indicated that reserves were considered to be below the optimum level commensurate with the size of Southwark's combined revenue and capital programmes and represented a financial risk. In line with the principles of the medium-term financial strategy, the planned replenishment of reserves has continued and now stand at £27.5m, which represents good progress towards restoring balances to a more prudent and sustainable level.



**Table 3: HRA outturn position for 2011/12**

Divisions	Net Expenditure			
	Full Year Budget £'000	Outturn £'000	Variance £'000	Forecast Variance reported at Q3 £'000
Area Management	(153,514)	(155,496)	(1,982)	(331)
Maintenance & Compliance	43,072	45,395	2,323	460
Major Works	4,239	1,836	(2,403)	(51)
Home Ownership	(34,257)	(28,446)	5,811	2,510
Strategic Services	103,895	96,325	(7,570)	(1,812)
Community Housing Services	4,536	1,775	(2,761)	(1,115)
Regeneration Initiatives	1,529	1,443	(86)	17
Heating Account	9,698	9,109	(589)	0
HRA Carry Forward	0	658	658	(303)
Direct Revenue Funding of Capital	14,827	20,491	5,664	0
Appropriations to /(from) Reserves	5,975	6,910	935	625
<b>Total HRA</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Savings and efficiencies - 2011/12 budget - Outturn**

62. The council targeted £56.2m combined savings and efficiencies for the general fund and housing revenue account in 2011/12. At the end of the year, £53.8m of these targeted savings were achieved. Details of departmental variances are provided in the paragraphs below.

**Table 4: Performance against targeted savings and efficiencies**

Departments	Agreed by Council £'000	Total savings achieved £'000	Variance (M11) £'000	Compensating savings identified £'000
Children's services	(5,763)	(5,346)	417	0
Health and Community Services	(7,745)	(7,396)	349	(349)
Environment and leisure	(7,328)	(7,138)	190	(190)
Housing general fund	(554)	(554)	0	0
Customer services centre	(1,500)	0	1,500	0
Finance and resources	(5,904)	(5,904)	0	0
DCE: Regeneration & neighbourhoods	(1,644)	(1,644)	0	0
Deputy Chief Executive	(2,289)	(2,289)	0	0
Communities, Law and Governance	(1,092)	(1,092)	0	0
<b>Total General Fund</b>	<b>(33,819)</b>	<b>(31,363)</b>	<b>2,456</b>	<b>(539)</b>
Housing Revenue Account	(22,399)	(22,399)	0	0
<b>Total Savings 2011/12</b>	<b>(56,218)</b>	<b>(53,762)</b>	<b>2,456</b>	<b>(539)</b>

63. Children's services were able to achieve the majority of savings planned in 2011/12. However where there was a shortfall in the savings target, for example in youth services due to delays in implementation, it was possible for these unfavourable variances to be offset by the significant favourable variances within the overall children's services budget.
64. In health and community services, there was a shortfall of £349k against the budgeted savings of £7.7m. This is broadly in line with the position reported at quarter 3. The detail breakdown is as follows:
- A variance of £163k on the rationalisation and redesign of council run day centres has been reported previously in Q2 and Q3. This has been due to the extension of consultation for the closure of Holmehurst.
  - A £161k variance is reported against the target of reducing the supporting people budgets by £3m. This saving has been across a range of complex contracts and whilst there has been slippage the full year saving has been achieved.
  - Savings of £537k were achieved in the mental health services managed by the South London & Maudsley Trust, against a target of £650k. These were largely staffing savings, and further work is being done to consider if and how further savings could be achieved
65. However, compensating savings were achieved in year through various new initiatives, including re-ablement, review of care packages and reducing residential placements.
66. Reduced unit costs for home and residential care achieved through better spot purchasing and procurement arrangements administered through a central brokerage team proceeded better than planned, and resulted in an extra saving of £283k being achieved.
67. Environment and leisure are reporting an unfavourable variance on savings of £190k, which is unchanged from the position reported at quarter 3 and is as a result of the following:
- Reduced costs through procurement of the new parking enforcement contract were not realised (variance £160k). A contract extension was awarded to bring in line the possible sharing of resources. Although negotiations on shared services with respect to parking are progressing well, savings for 2012/13 will not be realised until 2013/14 as the current contract does not expire until February 2013.
  - There was a £30k shortfall in the £184k ecology grants put forward as savings which could not be achieved due to the requirement to taper the grants.
68. As previously reported, a significant element of the customer services savings was dependent on realigning the Vangent contract, which is not expected to be achieved until the latter part of the current three year planning horizon. This means that it was

not possible to achieve the savings of £1.5m planned for 2011/12. These savings were split as follows:

- £500k in respect of a savings requirement built into the existing Vangent contract
- £1m in respect of Vangent contract savings through realignment. The shortfall in savings this year has been addressed corporately.

69. All other departments were able to report full achievement of planned savings.

### **Collection fund**

70. As a billing authority the council is required to maintain a collection fund account, which shows the transactions of the billing authority in relation to non-domestic rates and council tax, and demonstrates the way in which these have been distributed to preceptors and the general fund. The council must take into account the estimated surplus or deficit on the collection fund balance when setting the council tax for the following year, and this is usually based on the quarter three estimate. The estimated deficit at quarter three was £166k, split between the council and the Greater London Authority (GLA), with the council's share being £124k and the GLA's being £42k.

71. The final year-end balance on the collection fund was a deficit of £123k (£92k Southwark and £31k GLA), which overall is an £43k improvement to that expected at quarter three. This is the unaudited outturn balance based on March 2012 system reports.

### **Reserves**

72. The council retains a level of earmarked reserves and these are reported each year within the annual statement of accounts. These reserves are maintained to finance expenditure for items that are difficult to predict and that are not included in revenue budgets or within the capital programme. They relate especially to invest to save opportunities that form part of the modernisation agenda and expected to deliver future ongoing revenue savings. They are also held for investment in regeneration and development where spend may be subject to an unpredictable market and other influences.

73. The total of earmarked reserves excluding those held for schools (dedicated schools grant reserve & schools balances) is £76m. This figure will differ from the final figure published in the statement of accounts, mainly as a result of the movement of grant balances to reserves. Table 7 shows the purpose for which these funds are held.

**Table 5: Summary of general fund reserve movements as at outturn**

<b>Reserves</b>	<b>£'000</b>
<b>General fund earmarked as 1 April 2011</b>	(68,205)
<u>Release of reserves</u>	
Use of reserves to support services	5,373
Use of reserves to re-organisation	2,676
Use of reserves to regeneration	878
Use of reserves to support accommodation strategy	1,372
Use of reserves to fund capital expenditure	774
Planned movement in reserves	3,363
<b>Total release of reserves</b>	<b>14,436</b>
<u>Contribution to reserves</u>	
Contribution to reserves to support future services	(10,741)
Contribution to reserves to support community projects	(685)
Contribution of unused general fund contingency	(5,420)
Planned contribution to Aylesbury regeneration project	(1,000)
General fund outturn taken to reserves	(876)
<b>Total contributions to reserves</b>	<b>(18,722)</b>
<b>General fund earmarked as 31 March 2012 before technical adjustments</b>	<b>(4,286)</b>
Technical accounting contribution to reserves	(3,555)
<b>General fund earmarked as 31 March 2012 after technical adjustments</b>	<b>(76,046)</b>

74. Reserves are also released to meet costs that arise during the year under exceptional circumstances. The council in seeking to achieve planned budget savings has incurred one-off re-organisation and redundancy costs of £2.676m.
75. Excluding the technical and budgeted contribution to reserves, there was a net contribution to reserves to support general fund services in future years, as shown in Table 5 above. The contribution to reserves for community projects includes funding received for the replacement of artefacts lost during the year and also funding set aside from savings to the council following industrial action. The movements in general fund earmarked reserves are reflected in the budgets in Table 1 above and subject to existing approval arrangements.

**Table 6: Analysis of movements to (from) reserves**

<b>Analysis of movements (to)/from reserves</b>	<b>£'000</b>
Planned	2,363
Technical	(3,555)
To support current and future services	
Regeneration projects	878
Office accommodation/localities programme	1,372
Reorganisation programme / service redesign redundancy costs	2,676
Other service related	(5,368)
Community purposes	(685)
Capital purposes	774
Contingency	(5,420)
Transfer of general fund outturn	(876)
<b>Total</b>	<b>(7,841)</b>

76. Reserves balances are also held to fund future capital projects. In 2011/12, £774k was drawn down to fund capital expenditure, this included expenditure related to the development of Cator Street and refurbishments to Dulwich Leisure Centre.
77. As stated in paragraphs 9 and 10 , the budget contained a contingency budget of £5.5m, £5.4m of which was unused and therefore has been put into reserves to help fund the following:
- commitments in future years that arise from the council's modernisation agenda
  - unforeseen liabilities that may arise in the future.
78. The favourable general fund outturn variance on services has been set aside to fund specific capital projects in future.
79. The technical movement in reserves in tables 5 and 6 relates to a significant contribution to reserves for 160 Tooley Street of £2.3m. This movement is for accounting reasons and relates to the re-profiling of the rents to an average rent over a set period of years taking into account an initial rent free period. For similar reasons there is also a drawdown from reserves for Queens Road of £281k.
80. There was also a significant contribution to reserves of £1.5m in respect of the smoothing of the waste PFI unitary charge. This contribution to reserves will cover the longer term (25 year) life cycle cost of the project.
81. The table below illustrates how the reserve balance is allocated across the main earmarked reserve headings.
82. In line with the Medium Term Resources Strategy (MTRS), the Council has maintained appropriate earmarked reserves, in order to mitigate future risks, fulfil future commitments already made, and to provide resources to enable services to transform over time.
83. Corporate projects and priorities reserves are held to fund those future activities that

will enable the council to function more efficiently and effectively. They include resources held to meet the cost of ongoing re-organisation and restructuring that the Council must undertake to modernise and improve service levels and operational efficiency of Southwark's activities.

84. Service reviews and improvements represent resources held that can be directly linked to services provided.
85. Capital programme and other capital investment reserves are held to fund one-off expenditure that may be incurred over more than one year and by its nature is not appropriate to be included within annual revenue budgets, to facilitate the significant regeneration and development taking place in the borough. Projects include the Elephant & Castle, Canada Water, Southwark Schools for the Future, land acquisitions and other significant one-off costs associated with these projects.
86. Strategic financing, technical liabilities and future financial risks reserves are in the main held to mitigate against future financial risks that may arise. For example, taxation risks, legislative and funding changes including actions involving the Greater London Authority and other government bodies, risks as a result of unavoidable changes in accounting practice, and circumstances in so much as they represent uninsured risks. They also include balances that are held for technical accounting reasons as described in paragraph 79.

Table 7: Revenue and capital earmarked reserves

Type of reserve	Opening balance as at 01 April 2012	Movement in year	Transfers between reserves	Closing balance as at 31 March 2012
	£'000	£'000	£'000	£'000
<b>Corporate projects and priorities reserves</b>				
Modernisation, service & operational improvement reserve	(7,307)	1,208	954	(5,145)
Regeneration & Development Reserve	0	722	(722)	0
Community, Business and Youth Support Funds	0	(2,473)	0	(2,473)
Financial Risk & Future Liabilities Reserve	(436)	(2,439)	0	(2,875)
Funds set aside for future risks	(100)	(100)	0	(200)
Funds set aside for specific projects	(2,806)	325	0	(2,481)
Revenue Grants	(199)	(145)	0	(344)
<b>Subtotal</b>	<b>(10,848)</b>	<b>(2,902)</b>	<b>232</b>	<b>(13,518)</b>
<b>Service reviews and improvements reserve</b>				
Service reviews and improvement	(1,197)	(3,097)	0	(4,294)
<b>Subtotal</b>	<b>(1,197)</b>	<b>(3,097)</b>	<b>0</b>	<b>(4,294)</b>
<b>Capital programme and other capital investment reserves</b>				
Capital contingency	(2,231)	(420)	0	(2,651)
Modernisation, service & operational improvement reserve	0	(6,364)	0	(6,364)
Regeneration & Development Reserve	(7,028)	273	759	(5,996)
Financial Risk Reserve	0	0	0	0
Departmental balances carried forward	(579)	579	0	0
Funds set aside for specific projects	(5,904)	(5,253)	0	(11,157)
Performance Reward Grant	(4,335)	4,335	0	0
<b>Subtotal</b>	<b>(20,077)</b>	<b>(6,850)</b>	<b>759</b>	<b>(26,168)</b>
<b>Strategic financing, technical liabilities and future financial risks reserves</b>				
Modernisation, service & operational improvement reserve	0	281	(954)	(673)
Regeneration & Development Reserve	0	37	(37)	0
Financial Risk & Future Liabilities Reserve	(7,763)	3,363	0	(4,400)
Funds set aside for specific projects	(10,734)	(478)	0	(11,212)
Funds set aside for future risks	(17,586)	1,805	0	(15,781)
<b>Subtotal</b>	<b>(36,083)</b>	<b>5,008</b>	<b>(991)</b>	<b>(32,066)</b>
<b>Total</b>	<b>(68,205)</b>	<b>(7,841)</b>	<b>0</b>	<b>(76,046)</b>

### Schools funding reserves movements

87. The main funding for schools comes from the dedicated schools grant (DSG) which is largely passed directly to schools in the form of a school budget share each year, with the remainder of the grant held centrally.
88. Table 8 below shows a £2.5m increase in the DSG reserve which represents the amount of grant held centrally that was not used in 2011/12. The movement in schools' balances of £2.98m represents an increase in the balance held by schools in their school bank accounts.

**Table 8: Summary of schools funding reserve movements**

	2011/12 opening balance	Change in reserves	Release of reserve for capital	2011/12 closing balance		2011/12 forecast closing balance as at Q3
Reserve	£'000	£'000	£'000	£'000		£'000
DSG reserve	(4,819)	(2,554)	0	(7,373)		(5,106)
Schools balances	(10,754)	(5,285)	2,305	(13,734)		(10,754)
<b>Total</b>	<b>(15,573)</b>	<b>(7,829)</b>	<b>2,305</b>	<b>(21,107)</b>		<b>(15,860)</b>

### HRA reserves movement

89. Table 9 below shows a £6.9m increase in the HRA reserve which represents in year movements to reserves, plus the favourable variance achieved for the HRA for 2011/12.

**Table 9: Summary of reserve movements for HRA as at outturn**

	2011/12 opening balance	Change in reserves	Release of reserve for capital	2011/12 closing balance		2011/12 forecast closing balance as at Q3
Reserve	£'000	£'000	£'000	£'000		£'000
HRA earmarked	(20,577)	(6,910)	0	(27,487)		(21,202)
<b>Total</b>	<b>(20,577)</b>	<b>(6,910)</b>	<b>0</b>	<b>(27,487)</b>		<b>(21,202)</b>

### Treasury management

90. The council's treasury management activity relates to both cash and debt balances. The cash earns interest until it is needed in spending and the debt funds current and past capital spend met through borrowing. Currently three investment firms manage the council's investments together with an in-house operation, which focuses on meeting day to day cash volatility using money market funds, call accounts and short term deposits. The priority is for capital preservation and exposure to banks and building societies is confined to major high rated entities with a high likelihood of



state support in the event it was needed. Exposure to UK Gilts, European Investment Bank (EIB), and the International Bank for Reconstruction & Development (the World Bank) helps strengthen security further.

91. The balance on deposit with major banks and building societies and in bonds is set out in table 10 below.

**Table 10: Exposure to counterparty and ratings**

EXPOSURE - MAR 2012 COUNTERPARTY AND RATINGS										
Exposure £m	FUND					Fitch Ratings				
COUNTERPARTY	Aberdeen	Alliance Bernstein	Invesco	In-House	£m	Long	Short	Support	Sovereign	Sovereign Rating
NORDEA BK FINLAND				15.0	15.0	AA-	F1+	1	FINLAND	AAA
CREDIT INDUST ET COMRCL	1.0				1.0	A+	F1+	1	FRANCE	AAA
DEUTSCHE BK				15.0	15.0	A+	F1+	1	GERMANY	AAA
GLOBAL TREAS FUNDS-MMF				25.0	25.0	Money	AAA		GLOBAL	Money Fund
ABN AMRO BK	5.0				5.0	A+	F1+	1	NETHERLANDS	AAA
ING BK	5.0	1.0	3.5		9.5	A+	F1+	1	NETHERLANDS	AAA
EUROPEAN INV BK	6.2	6.9			13.1	AAA	F1+		SUPRANATIONAL	AAA
INT BK RECONST DEVT	3.5	4.8			8.3	AAA	F1+		SUPRANATIONAL	AAA
SVENSKA	2.7	1.0			3.7	AA-	F1+	1	SWEDEN	AAA
UBS	3.1			15.0	18.1	A	F1	1	SWITZERLAND	AAA
BARCLAYS BK		1.0	6.5	12.8	20.3	A	F1	1	UK	AAA
HSBC	0.4		0.7		1.1	AA	F1+	1	UK	AAA
LLOYDS TSB/BK SCOTLAND		1.0			1.0	A	F1	1	UK	AAA
NATIONWIDE BSOC	4.0	1.5		10.0	15.5	A+	F1	1	UK	AAA
SANTANDER UK	4.5			15.0	19.5	A+	F1	1	UK	AAA
UK TREASURY	2.1	1.1			3.2	AAA	F1+		UK	AAA
BK OF NOVA SCOTIA	3.5				3.5	AA-	F1+	1	CANADA	AAA
COMMONW BK AUSTRALIA				10.0	10.0	AA	F1+	1	AUSTRALIA	AAA
NATIONAL AUSTRALIA		0.5			0.5	AA	F1+	1	AUSTRALIA	AAA
<b>Total £m</b>	<b>41.0</b>	<b>18.8</b>	<b>10.7</b>	<b>117.8</b>	<b>188.3</b>					

92. Financial conditions improved over the last quarter following a number of measures by central banks towards the end of 2011, which included the provision of unlimited three-year funding by the European Central Bank (ECB) against a wide range of collateral and co-ordinated intervention to provide liquidity in foreign exchange markets. Equity markets and bank funding conditions improved and agreement was reached on further international assistance to Greece. However, concerns over the pace of growth and the competitiveness of some euro-area states persisted and although sovereign yields in those countries improved after the ECB funding, they still remain elevated. Outside Europe, investor demand for haven assets contributed to the cost of borrowing in the UK and US remaining low.
93. Towards the end of March 2012, the council repaid £100m in high coupon debt (rates above 9%) maturing in 2014/15 and replaced it in April 2012 with new loans at 3.20%, repayable over a period of 20 years in equal instalments. The repayment was funded from general fund cash and £82m was drawn down from the three fund managers and the remainder was met from funds managed in-house. The repayment involved premium of £20.6m, shared between the HRA (83%) and the general fund (17%) according to their respective share of debt and will be written out over 20 years. The exercise secures low coupon loans and reduces refinancing risk in 2014/15.

94. Debt was further reduced by £199.3m as part of HRA self-financing by the government in March 2012. From April 2012, HRA debt interest will fall and in return, it will have to meet all future interest and running costs from its own resources rather than rely on HRA subsidy as before.
95. The £100m debt refinancing and the £199.3m self-financing payment together reduced debt to £462.5m as at 31 March 2012. However the £100m replacement borrowing in April 2012 raises debt to £562.5m.
96. In March 2012, HSBC Bank, which provided custodian services to the fund managers, gave three months' notice that it no longer wished to provide the service. The council is currently in negotiation with a replacement provider so that it can continue to use external fund managers.

### Community impact statement

97. This report monitors expenditure on council services, compared to the planned budget agreed in February 2011. Although this outturn report in itself has been judged to have no or a very small impact on local people and communities, the expenditure it is reporting was designed to have an impact on local people and communities, which will have been considered at the time the services and programmes were agreed. It is important that resources are efficiently and effectively utilised to support the council's policies and objectives.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
2011/12 Revenue monitoring / Outturn	160 Tooley Street London SE1 2QH	Vernon Smith 020 7525 7355

### BACKGROUND DOCUMENTS

No.	Title
Appendix A	Budget movements

**AUDIT TRAIL**

<b>Cabinet member</b>	Councillor Richard Livingstone, Cabinet Member for Finance, Resources and Community Safety	
<b>Lead officer</b>	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
<b>Report author</b>	Jennifer Seeley, Finance & Corporate Services	
<b>Version</b>	Final	
<b>Dated</b>	5 July 2012	
<b>Key Decision</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	No	No
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	5 July 2012	

## APPENDIX A

## BUDGET MOVEMENTS

Budget movements				
Department from	Amount £000	Department to	Amount £000	Reason
Council wide	(52,077)	Finance and resources & strategic finance	52,077	Technical accounting adjustment in relation to appropriation of capital grants
Finance and resources & strategic finance	(41,630)	Children's	41,630	Technical accounting adjustment in relation to revenue expenditure funded from capital under statute (REFCUS)
Finance and resources & strategic finance	(17,964)	Regeneration and neighbourhoods	17,964	Technical accounting adjustment in relation to capital charges for revaluations and impairments
Finance and resources & strategic finance	(10,519)	Children's	10,519	Technical accounting adjustment in relation to capital charges for revaluations and impairments
Finance and resources & strategic finance	(9,792)	Environment and leisure	9,792	Technical accounting adjustment in relation to revenue expenditure funded from capital under statute (REFCUS)
Finance and resources & strategic finance	(4,656)	Environment and leisure	4,656	Technical accounting adjustment in relation to capital charges for revaluations and impairments
Finance and resources & strategic finance	(3,855)	Regeneration and neighbourhoods	3,855	Technical accounting adjustment in relation to revenue expenditure funded from capital under statute (REFCUS)
Children's	(3,377)	Finance and resources & strategic finance	3,377	Technical accounting adjustment in relation to reverse IAS19 budgets
SCR income	(3,362)	Environment and leisure	3,362	Technical accounting adjustment in relation to apportionment of year end SCR budgets
SCR income	(2,987)	Children's	2,987	Technical accounting adjustment in relation to apportionment of year end SCR budgets
Children's	(2,979)	Appropriations	2,979	Technical accounting adjustment in relation to movement in schools balances
SCR income	(2,968)	Regeneration and neighbourhoods	2,968	Technical accounting adjustment in relation to apportionment of year end SCR budgets
Children's	(2,766)	Appropriations	2,766	Technical accounting adjustment in relation to DSG favourable variance taken to reserves
Finance and resources & strategic finance	(2,476)	Housing	2,476	Technical accounting adjustment in relation to revenue expenditure funded from capital under statute (REFCUS)
Finance and resources & strategic finance	(2,339)	Appropriations	2,339	Technical accounting adjustment in relation to Tooley Street - smoothing rental payments for accounting purposes
Children's	(2,305)	Direct revenue funding of capital	2,305	Revenue contribution to capital from schools

<b>Budget movements</b>				
<b>Department from</b>	<b>Amount £000</b>	<b>Department to</b>	<b>Amount £000</b>	<b>Reason</b>
Environment and leisure	(1,652)	Finance and resources & strategic finance	1,652	Technical accounting adjustment to reverse IAS19 budgets
Housing	(1,587)	SCR income	1,587	Technical accounting adjustment in relation to apportionment of year end SCR budgets
SCR income	(1,526)	Communities, law and governance	1,526	Technical accounting adjustment in relation to apportionment of year end SCR budgets
Environment and leisure	(1,497)	Appropriations	1,497	Technical accounting adjustment in relation to Waste PFI equalisation reserve
Health & community services	(1,480)	Appropriations	1,480	Care homes fees uplift
Finance and resources & strategic finance	(1,473)	Environment and leisure	1,473	Technical accounting adjustment in relation to capital charges for depreciation applied for year end
Health & community services	(1,145)	Finance and resources & strategic finance	1,145	Technical accounting adjustment to reverse IAS19 budgets
Appropriations	(1,145)	Finance and resources & strategic finance	1,145	Release of reserve to fund an increase in provision for future liabilities.
Appropriations	(1,019)	Finance and resources & strategic finance	1,019	To provide for the cost of the new horizons project
Children's	(900)	Appropriations	900	To reverse the previously agreed release of reserves to meet one off costs of re-organisation.
Health & community services	(886)	Appropriations	886	Client adaptations works
SCR income	(840)	Health & community services	840	Technical accounting adjustment in relation to apportionment of year end SCR budgets
Children's	(775)	Appropriations	775	Condition and capacity survey of primary schools; to support cost effective implementation of capital expansion and maintenance programme for schools
Appropriations	(750)	Finance and resources & strategic finance	750	Serco asset transfer in advance of retender
Regeneration and neighbourhoods	(657)	Finance and resources & strategic finance	657	Technical accounting adjustment to reverse IAS19 budgets
Communities, law and governance	(583)	Finance and resources & strategic finance	583	Technical accounting adjustment to reverse IAS19 budgets
Appropriations	(571)	Regeneration and neighbourhoods	571	Elephant and Castle and area transport studies
Children's	(520)	Deputy chief executives	520	Transfer staffing and other budgets from Adults' and Children's training codes to

<b>Budget movements</b>				
<b>Department from</b>	<b>Amount £000</b>	<b>Department to</b>	<b>Amount £000</b>	<b>Reason</b>
				organisational development
Finance and resources & strategic finance	(507)	Health & community services	507	Revenue expenditure funded from capital under statute (REFCUS)
Finance and resources & strategic finance	(505)	Children's	505	Technical adjustment in relation to capital charges for depreciation applied for year end
SCR income	(501)	Finance and resources & strategic finance	501	HRA finance team
Health & community services	(500)	Appropriations	500	Contribution to building compliance
Health & community services	(500)	Appropriations	500	Funding set aside for wider corporate modernisation programme
Appropriations	(500)	Finance and resources & strategic finance	500	Release of funding to meet budget pressures within revenues and benefits as arising as a result of the continued economic downturn
Finance and resources & strategic finance	(499)	Appropriations	499	Barbara Hepworth Sculpture insurance claim receipt
Deputy chief executives	(495)	Finance and resources & strategic finance	495	Technical accounting adjustment to reverse IAS19 budgets
Finance and resources & strategic finance	(492)	Regeneration and neighbourhoods	492	Technical accounting adjustment in relation to capital charges for depreciation applied for year end
Housing	(489)	Finance and resources & strategic finance	489	Technical accounting adjustment to reverse IAS19 budgets
Finance and resources & strategic finance	(470)	Appropriations	470	Youth fund
Finance and resources & strategic finance	(469)	SCR income	469	Apportionment of year end SCR budgets
Environment and leisure	(469)	SCR income	469	Correction of SCR / Environment / DSO budgets
Health & community services	(451)	Appropriations	451	Managed accounts underpayment
Children's	(435)	Appropriations	435	Early help initiatives – pump prime early help pilot projects in schools and children's centres.
Finance and resources & strategic finance	(420)	Appropriations	420	New home bonus payment received in 2011/12 for 2012/13 taken to reserves
Finance and resources & strategic finance	(405)	SCR income	405	Re-alignment of HRA/GF budgets following office accommodation review
Appropriations	(370)	Children's	370	Gloucester school - Southwark solutions
Environment and leisure	(350)	Appropriations	350	Contribution to capital reserves from favourable variances in waste
Appropriations	(350)	Children's	350	East Dulwich and Summer Road refurbishment

<b>Budget movements</b>				
<b>Department from</b>	<b>Amount £000</b>	<b>Department to</b>	<b>Amount £000</b>	<b>Reason</b>
Regeneration and neighbourhoods	(324)	Appropriations	324	Contract obligation
Regeneration and neighbourhoods	(320)	Appropriations	320	The previously notified request to meet reorganisation and redundancy costs within the Elephant and Castle division is not required.
Finance and resources & strategic finance	(318)	Appropriations	318	Reduction in the release of reserves for re-organisation/ redundancy costs within finance and resources
Health & community services	(315)	Appropriations	315	Learning disabilities transfer - continuing care to returned clients
Appropriations	(307)	Finance and resources & strategic finance	307	Meet costs in relation to decommissioning of the 3 town halls prior to disposal
Health & community services	(300)	Appropriations	300	Camden society transition funding support
Regeneration and neighbourhoods	(300)	Direct revenue funding of capital	300	Contribution to capital for Canada Water Library
Environment and leisure	(300)	Appropriations	300	Contribution to reserves from favourable variance against the Canada Water library budget to fund RFID at Peckham and Dulwich libraries
Children's	(300)	Appropriations	300	A suite of projects is proposed to support school improvement in response to the new Ofsted Framework
Finance and resources & strategic finance	(298)	Regeneration and neighbourhoods	298	Youth fund allocation
Appropriations	(295)	Finance and resources & strategic finance	295	Re-allocation to unallocated savings
Finance and resources & strategic finance	(292)	Appropriations	292	Public disorder recovery scheme
Appropriations	(291)	SCR income	291	Release of reserve to meet SCR shortfall
Appropriations	(281)	Finance and resources & strategic finance	281	Technical adjustment in respect of Queens Road Block F rental smoothing
Finance and resources & strategic finance	(270)	Deputy chief executives	270	This is to rationalise Cator Street budgets under Corporate facilities management by combining new CFM run Cator Street with residual budget from old training centre.
Finance and resources & strategic finance	(257)	Appropriations	257	Voluntary sector transition grant
Finance and resources & strategic finance	(251)	Environment and leisure	251	Planned maintenance allocation
Environment and leisure	(250)	Appropriations	250	Future funding of CCTV

<b>Budget movements</b>				
<b>Department from</b>	<b>Amount £000</b>	<b>Department to</b>	<b>Amount £000</b>	<b>Reason</b>
Regeneration and neighbourhoods	(225)	Appropriations	225	Reduction in the previously notified planned use of reserve for Southwark Schools for Future (SSF) to supplement existing base budgets needed to fund technical, legal and financial/commercial support to the closure of remaining SSF projects.
Regeneration and neighbourhoods	(220)	Appropriations	220	To reverse the release of reserve to fund regeneration around Canada Water and Bermondsey Spa
Appropriations	(212)	Children's	212	Release of DSG reserve for schools affected by regeneration projects
Finance and resources & strategic finance	(212)	Environment and leisure	212	To replace funding as costs for the noise team can no longer be recharged to the HRA.
Finance and resources & strategic finance	(212)	Children's	212	Youth fund allocation
Finance and resources & strategic finance	(210)	Appropriations	210	Reverse the release of reserves for IBM legal fees
Communities, law and governance	(207)	Appropriations	207	Reverse of reserve to community engagement not required.
Housing	(202)	Appropriations	202	Homelessness prevention funding received in 2011/12 to be carried forward and used in 2012/13.
Finance and resources & strategic finance	(200)	Communities, law and governance	200	Technical adjustment in relation to capital charges for revaluations and impairments
Children's	(200)	Appropriations	200	Social care electronic records system – revenue contribution to an options appraisal of a fit for purpose system for front line staff.
Finance and resources & strategic finance	(200)	Appropriations	200	Create a reserve for the future costs of building compliance.
Children's	(200)	Appropriations	200	Ofsted joint inspection of safeguarding and looked after children's services.
Communities, law and governance	(200)	Appropriations	200	Land charges
Children's	(200)	Appropriations	200	Transition funding to support youth restructure. Transition funding to support youth restructure.
Finance and resources & strategic finance	(176)	Environment and leisure	176	Meet expenditure as local lead flood authority
Environment and leisure	(175)	Appropriations	175	Contribution to street trading account
Children's	(164)	Health & community services	164	Allocation of HIV/Aids support expenditure budget
Deputy chief executives	(142)	Appropriations	142	Contribution to reserves from Org development - adult workforce development grant
Children's	(140)	Appropriations	140	SEN LLD review agenda



<b>Budget movements</b>				
<b>Department from</b>	<b>Amount £000</b>	<b>Department to</b>	<b>Amount £000</b>	<b>Reason</b>
Regeneration and neighbourhoods	(127)	Appropriations	127	Aylesbury
Finance and resources & strategic finance	(126)	Health & community services	126	Technical adjustment in relation to capital charges for revaluations and impairments
Deputy chief executives	(120)	Appropriations	120	HR transformation
Children's	(119)	Appropriations	119	Meet future costs of restructuring
Appropriations	(116)	Children's	116	Children's IT
Finance and resources & strategic finance	(115)	Children's	115	Accounting for interest credited to schools bank accounts
Finance and resources & strategic finance	(100)	Housing	100	Technical adjustment in relation to capital charges for revaluations and impairments
Regeneration and neighbourhoods	(100)	Appropriations	100	Reduction in the release of the small business relief fund created as a result of the public disorder that took place in August
Appropriations	(99)	Environment and leisure	99	On street parking
Finance and resources & strategic finance	(94)	Health & community services	94	Planned maintenance allocation
Finance and resources & strategic finance	(85)	Children's	85	Planned maintenance allocation
Regeneration and neighbourhoods	(85)	Appropriations	85	The previously notified release of reserve to meet costs in relation to improving local retail environments (ILRE) is not required.
Communities, law and governance	(82)	Regeneration and neighbourhoods	82	Community councils funding allocation
Appropriations	(80)	Environment and leisure	80	London training and resource centre
Finance and resources & strategic finance	(79)	Appropriations	79	Reduction in the release of reserve for Potters Field.
Finance and resources & strategic finance	(77)	Appropriations	77	Carry over of housing benefit reforms transitional funding
Finance and resources & strategic finance	(73)	Health & community services	73	Technical adjustment in relation to capital charges for revaluations and impairments
Appropriations	(73)	Finance and resources & strategic finance	73	To meet start up costs for Queens Road Block F
Finance and resources & strategic finance	(67)	Communities, law and governance	67	Planned maintenance allocation
Deputy chief executives	(64)	Appropriations	64	Contribution to reserves from Org development - members development
Finance and resources & strategic finance	(63)	Council wide	63	Technical adjustment to release funding from GF balances to meet cost of NNDR refunds
Appropriations	(62)	Finance and resources & strategic finance	62	To meet a shortfall in budget for Cator Street following the transfer from children's services.

<b>Budget movements</b>				
<b>Department from</b>	<b>Amount £000</b>	<b>Department to</b>	<b>Amount £000</b>	<b>Reason</b>
Appropriations	(60)	Finance and resources & strategic finance	60	Increase in the release of reserves from the modernisation reserve to fund the corporate programming unit (CPU).
Environment and leisure	(60)	Direct revenue funding of capital	60	Revenue contribution to capital for Burgess Park revitalisation programme
Environment and leisure	(55)	Appropriations	55	In setting the budget for this year, savings were identified that are reliant on service re-organisation. This budget movement represents a reduction in the previous request to release reserves for the associated cost of redundancy being released from reserves.
Health & community services	(53)	Finance and resources & strategic finance	53	Transfer of accommodation budgets to finance and resources
Finance and resources & strategic finance	(50)	Appropriations	50	Reserve fund created for expenditure in 2012/13 in relation to the Queen's Jubilee celebrations
Appropriations	(49)	Finance and resources & strategic finance	49	Release of reserve to meet Census costs
Appropriations	(46)	Environment and leisure	46	To fund additional winter maintenance costs that arose due to the adverse weather conditions
Regeneration and neighbourhoods	(44)	Finance and resources & strategic finance	44	Staff transfer from regeneration to F&R
Children's	(43)	Finance and resources & strategic finance	43	Contribution to Cator Street running costs
Finance and resources & strategic finance	(35)	Environment and leisure	35	Staff transfer from F&R to E&L
Finance and resources & strategic finance	(34)	Appropriations	34	Increase the internal audit reserve
Appropriations	(31)	Finance and resources & strategic finance	31	Increase in the costs of disposal properties
Housing	(28)	Appropriations	28	Contribution to reserves of warm homes healthy people funding not used in 2011/12
Environment and leisure	(28)	Appropriations	28	Strike pay savings taken to reserves
Finance and resources & strategic finance	(26)	Environment and leisure	26	Cover cost of tree pruning activities
Deputy chief executives	(26)	Appropriations	26	Funding received in 2011/12 from CLG to deliver the pre-emptive customer centric intervention project (PECCI) in 2012/13.
Appropriations	(25)	Finance and resources & strategic finance	25	Decommissioning - Corporate Programming Unit

<b>Budget movements</b>				
<b>Department from</b>	<b>Amount £000</b>	<b>Department to</b>	<b>Amount £000</b>	<b>Reason</b>
Regeneration and neighbourhoods	(25)	Appropriations	25	Release of reserves for Queens Road due diligence not required
Appropriations	(22)	Regeneration and neighbourhoods	22	Optimum grant release from reserves
Health & community services	(21)	Communities, law and governance	21	Community action Southwark
Children's	(21)	Appropriations	21	Strike pay savings taken to reserves
Finance and resources & strategic finance	(21)	Deputy chief executives	21	Youth fund allocation
Finance and resources & strategic finance	(20)	Communities, law and governance	20	Technical adjustment in relation to capital charges for revaluations and impairments
Environment and leisure	(20)	Appropriations	20	Reduction in the release of reserve for the peoples network
Finance and resources & strategic finance	(19)	Appropriations	19	Strike pay savings taken to reserves
Communities, law and governance	(18)	Environment and leisure	18	Community councils funding allocation
Health & community services	(18)	Appropriations	18	Strike pay savings taken to reserves
Deputy chief executives	(15)	Appropriations	15	Funding received from NHS London to develop Health and Wellbeing Board
Appropriations	(14)	Finance and resources & strategic finance	14	Real asset management (RAM) system
Finance and resources & strategic finance	(14)	Housing	14	SELHP interest payment
Finance and resources & strategic finance	(12)	Regeneration and neighbourhoods	12	Planned maintenance allocation
Appropriations	(10)	Regeneration and neighbourhoods	10	Increase in the release of housing planning delivery grant (HPDG) held in reserves in order to complete the committed projects.
Communities, law and governance	(9)	Children's	9	Community councils funding allocation
Finance and resources & strategic finance	(9)	Appropriations	9	Unused high street support scheme grant to community restoration reserve
Finance and resources & strategic finance	(8)	Housing	8	Planned maintenance allocation
Regeneration and neighbourhoods	(8)	Appropriations	8	Reduction in the previously notified required release of reserve set aside to meet the legal and other costs of numerous planning appeals the volume of which increased after the council tightened its standards.
Regeneration and neighbourhoods	(7)	Appropriations	7	Strike pay savings taken to reserves
Housing	(5)	Appropriations	5	Strike pay savings taken to reserves

<b>Budget movements</b>				
<b>Department from</b>	<b>Amount £000</b>	<b>Department to</b>	<b>Amount £000</b>	<b>Reason</b>
Communities, law and governance	(4)	Appropriations	4	Strike pay savings taken to reserves
Deputy chief executives	(4)	Appropriations	4	Strike pay savings taken to reserves
Finance and resources & strategic finance	(3)	Housing	3	Technical adjustment in relation to capital charges for revaluations and impairments
Finance and resources & strategic finance	(3)	Deputy chief executives	3	Planned maintenance allocation
Finance and resources & strategic finance	(1)	Deputy chief executives	1	Technical adjustment in relation to capital charges for revaluations and impairments

<b>Item No.</b> 17.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Authorisation of Debt Write-offs over £50,000 for National Non Domestic Rates – Revenues & Benefits Service	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Finance and Corporate Services	

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

National Non Domestic Rates, known locally as Business Rates are collected from businesses in the Borough by the Council and paid into a central government pool and then redistributed to the Council as part of the annual grant settlement.

The Council is responsible for collecting approximately £214m of national non domestic rates on behalf of the government and take appropriate enforcement action where needed to ensure that collection performance is high.

Historically, collection rates have been high with an improved performance in 2011-12 of 97.8%. This demonstrates that the Council is acting diligently and effectively in collecting the business rates for the government.

However, there will be cases where businesses cease to trade due to becoming insolvent or dissolved where it has been decided it is not financially viable to continue to operate. In a small number of cases the amount of rates will be considerable as they are calculated on the rateable value of the property occupied.

The Council will only consider writing off debt where it is deemed to be irrecoverable to collect. The cost of business rates write off's is borne by the government and not the Council or the taxpayers.

**RECOMMENDATIONS**

1. That approval is given for write off of the debt of £242,413.59 for 10 debts which are irrecoverable.
2. That Members advise any further action they require on the write-off not agreed within this report.

## **BACKGROUND INFORMATION**

3. Under the Councils Constitution write-off of debts above £5,000 but below £50,000 has been delegated to individual Members within their own service area. Debt write-off under £5,000 can be authorised by Chief Officers. Write off of any debt over £50,000 must be referred to Cabinet for authorisation.
4. There are a number of key reasons why the Council may wish to write-off a debt. These are:
  - i. The debt cannot be substantiated i.e. there is no documentary evidence that the debtor accepted the goods or services with the knowledge that a charge would be made.
  - ii. The debt is uneconomic to collect i.e. the cost of collection, including substantiation, is greater than the value of the debt.
  - iii. The debt is time barred, where the statute of limitation applies. Generally this means that if a period of six years has elapsed since the debt was last demanded, the debt cannot be enforced by legal action.
  - iv. The debtor cannot be found or communicated with despite all reasonable attempts to trace the debtor.
  - v. The debtor is deceased and there is no likely settlement from the estate or next of kin.
  - vi. Hardship, where permitted, (not hardship relief) on the grounds that recovery of the debt is likely to cause the debtor serious financial difficulty.
  - vii. Insolvency where the organisation or person has gone into bankruptcy and there are no assets to claim against.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy implications**

5. The proposed write offs set out in this report are recommended in accordance with the Councils agreed write off policies and procedures. The reasons for each recommended write off are stated in the appendices attached.
6. Appendix 1 includes write-offs for National Non-Domestic Rates (NNDR). The NNDR write-offs have been recommended by the Council's NNDR Business Unit. In each case and where appropriate the business unit has attempted to trace account holders via a standard procedure as follows: -
  - Interrogation of the NNDR database.
  - Interrogation of the Document Imaging System
  - Tracing letters issued to other local authorities & solicitors.
  - Inspection of the domestic or business premises.
  - Land Registry searches.
  - Companies House searches

- Tracing letter to landlords or letting/managing agents & directors
  - Letter sent to the Official Receiver for confirmation of any dividends to be paid
  - Checks made with other Council Departments
7. The NNDR business unit use a minimum of three tracing methods and conducts a 10% audit review of cases under £5,000 and a 50% audit review of cases £5,000 to £50,000 and 100% on cases over £50,000 to ensure that the correct procedures have been adhered to.

### **Resource implications**

8. The total Non Domestic Rates debt recommended for write off is £242,413.59 for 10 debts which are irrecoverable. This relates to a single company recently liquidated.
9. In the current economic climate, it is envisaged that a greater number of small and medium sized businesses will experience difficult trading conditions. Whilst every effort will be made to provide support within the scope of the existing legislation, it is inevitable that there will be an increase in the number of businesses dissolved, put into administration or receivership or liquidated. This, in turn, will lead to more cases being written off due to the business rates debts being irrecoverable.
10. The above debt will be contained within the NNDR bad debt provisions.
11. As per paragraph 3 the schedule of write-offs has been compiled in accordance with the Council's agreed policy and procedures.
12. The debt is recommended for write-off, as it is considered irrecoverable or uneconomic to collect.
13. The recommended write-off of £242,413.59 for National Non Domestic Rates will be contained within the Councils relevant bad debt provisions.

### **Community impact statement**

14. This decision has been judged to have no or very small impact on local people and communities.

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

#### **Director of Legal Services**

15. The report recommends that the debts set out in Appendix 1 to this report are written off in accordance with the council's procedures on debt write-off.
16. The approval of debt write-offs for sums over £50,000 is reserved to the cabinet for collective decision making. This particular debt has arisen as a result of non payment of non domestic rates.
17. The report sets out the circumstances whereby debts can lawfully be written off by the council and this includes cases where a company has been gone into liquidation and there are no assets to claim against. The company in

appendix 1 is a company recently liquidated. In such circumstances there are no means available to successfully pursue the debt.

18. The Director of Legal Services agree with the recommendation that this debt should be written off in accordance with procedure and is lawful.

#### **Strategic Director of Finance and Corporate Services (FIN0347)**

19. As per paragraph 3 the schedule of write-offs has been compiled in accordance with the Council's agreed policy and procedures.
20. This report recommends the write off of ten debts, each falling within the range reserved for member decision. Each debt meets one or more of the criteria for write-off and the Strategic Director of Finance and Corporate Services considers that it would be uneconomic to make any further attempt at recovery.
21. The recommended write-off of £242,413.59 will be contained within the Council's bad debt provisions. The amount will be met from the NNDR Rating Pool and the cost is not borne by the Council or Council Taxpayers.
22. As per paragraph 3 the schedule of write-offs has been compiled in accordance with the Council's agreed policy and procedures.

#### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
National Non Domestic Rates Customer Account	Revenues & Benefits 1st Floor, Hub 3, 160 Tooley Street, London SE1 2QH	Norman Lockie 020 7525 0928

#### **APPENDICES**

<b>Appendix number</b>	<b>Title of appendix</b>
Appendix 1	Case studies 1-10



**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance, Resources and Community Safety	
<b>Lead Officer</b>	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
<b>Report Author</b>	Norman Lockie, Operations Manager (Revenues)	
<b>Version</b>	Final	
<b>Dated</b>	5 July 2012	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	5 July 2012	

## Appendix 1

## Case Details

## Case 1

Name & address of ratepayer	Amount	Period	Reason for write off
Tooley Street Cellars Limited  14-16 Bermondsey Street, London, SE1 2EG	£77,567.63	13/12/2005 - 03/05/2011	Insolvency – no assets to claim  Company Liquidated

## Statement of account

## Amount billed:

Period	Amount £
13/12/05-31/03/06	2,228.11
01/04/06-31/03/07	8,934.28
01/04/07-31/03/08	10,857.23
01/04/08-31/03/09	14,091.77
01/04/09-31/03/10	20,370.00
01/04/10-31/03/11	19,319.64
01/04/11-03/05/11	1,766.60

**Total amount billed**                      **77,567.63**

Payments received    0.00

**Balance outstanding**                      **£77,567.63**

## Notices issued:

Date	Details
24/09/09	Bill for period 13/12/05-31/03/10
20/11/09	Reminder
28/01/10	Summons
08/03/10	Bill for period 01/04/10-31/03/11
18/05/10	Reminder
24/06/10	Summons
08/03/11	Bill for period 01/04/11-31/03/12
27/04/11	Reminder
20/05/11	Summons
07/07/11	Revised bill for period 01/04/11-03/05/11 following appointment of Administrators

**Recovery action taken:**

19/02/10	Liability order granted for period 13/12/05-31/03/10
17/09/10	Liability order granted for period 01/04/10-31/03/11
17/06/11	Liability order granted for period 01/04/11-31/03/12

**Case history**

On 24 September 2009, Tooley Street Cellars Ltd were billed retrospectively for business rates from their date of occupation of 13 December 2005. Prior to this date, bills were sent to the owners of the property, Network Rail. On 24 August 2009, Network Rail provided a copy of the lease agreement for Tooley Street Cellars Ltd and the rate liability was amended accordingly. Network Rail were asked to provide the reason for the delay in providing this information but no explanation was provided.

Bailiffs were instructed to enforce the debt once the liability order was obtained but the premises was used as storage only and they could not find sufficient goods to cover the value of the debt. The next stage of action identified was to take steps to wind up the company, but before this could be progressed notification was received that the company had gone into administration on 4 May 2011. From this date the Council worked closely with the administrators to try to ensure a dividend was repaid on the debt if possible.

In November 2011 the administrators informed the Council they were in the process of liquidating the company and there was no chance of any dividend against the NNDR debts. A winding up order was made in the High Courts of Justice on 20 January 2012. The Insolvency Service are administering the case and they have confirmed that there is no prospect of a distribution of funds.

**Case 2**

<b>Name &amp; address of ratepayer</b>	<b>Amount</b>	<b>Period</b>	<b>Reason for write off</b>
Tooley Street Cellars Limited  Arches 119-123 & 909-912 & 934 & 944-945 & 951, 68- 74 Tooley Street, London, SE1 2TF	£71,167.18	01/01/2008 - 03/05/2011	Insolvency – no assets to claim  Company Liquidated

**Statement of account****Amount billed:**

<b>Period</b>	<b>Amount £</b>
01/07/08-31/03/09	22,716.48
01/04/09-31/03/10	31,767.50
01/04/10-31/03/11	37,309.98
01/04/11-03/05/11	3,573.88

**Total amount billed                    £95,367.84**

**Payments received:**

13/07/09	1,763.16cr
25/09/09	4,937.50cr
09/11/09	2,500.00cr
07/12/09	2,500.00cr
15/01/10	2,500.00cr
29/01/10	2,500.00cr
12/03/10	2,500.00cr
31/03/10	2,500.00cr
26/04/10	2,500.00cr

**Total payments received            £24,200.66cr**

**Balance outstanding                    £71,167.18**

**Notices issued:**

<b>Date</b>	<b>Details</b>
13/04/10	Bill for period 01/01/08-31/03/11
10/06/10	Revised bill for period 01/07/08-31/03/11 (empty property – exempt from charge 01/01/08-30/06/08)
16/09/10	Reminder
27/10/10	Summons for amount due from 01/07/08-31/03/10
25/01/11	Summons for amount due from 01/04/10-31/03/11
08/03/11	Bill for period 01/04/11-31/03/12
05/07/11	Revised bill for period 01/04/11-03/05/11 following appointment of Administrators

**Recovery action taken:**

19/11/10            Liability order granted for period 01/07/08-31/03/10  
16/02/11            Liability order granted for period 01/04/10-31/03/11

Following changes to the Rating List undertaken by the Valuation Office Agency of HM Revenues and Customs, a bill was issued on 13 April 2010. The company claimed the premises was uninhabitable but were unwilling to approach the Valuation Office Agency (as suggested by Southwark) to appeal to have the property taken out of rating or have the rateable value reduced. Since the property was unoccupied, a six month empty property exemption was applied for the period 1 January to 30 June

In April 2010 payments totalling £24,200.66 were transferred onto the account from another Tooley Street Cellars Ltd account that was in credit to reduce the outstanding debt.

Bailiffs were instructed to enforce the debt once the liability order was obtained but were unable to obtain further payment. The next stage of action identified was to take steps to wind up the company, but before this could be progressed notification was received that the company had gone into administration on 4 May 2011. From this date the Council worked closely with the administrators to try to ensure a dividend was repaid on the debt if possible.

In November 2011 the administrators informed the Council they were in the process of liquidating the company and there was no chance of any dividend against the NNDR debts. A winding up order was made in the High Courts of Justice on 20 January 2012. The Insolvency Service are administering the case and they have confirmed that there is no prospect of a distribution of funds.



January 2012. The Insolvency Service are administering the case and they have confirmed that there is no prospect of a distribution of funds.

**Case 4**

<b>Name &amp; address of ratepayer</b>	<b>Amount</b>	<b>Period</b>	<b>Reason for write off</b>
Tooley Street Cellars Ltd  68-74 Tooley Street, London, SE1 2TF	£14,504.90	01/10/2006 – 31/03/2007	Insolvency – no assets to claim  Company Liquidated

**Statement of account****Amount billed:**

<b>Period</b>	<b>Amount £</b>
01/10/06-31/03/07	44,260.90

**Total amount billed                    44,260.90**

**Payments received;**

13/07/09	2,318.50cr
25/09/09	2,500.00cr
25/09/09	2,437.50cr
09/11/09	2,500.00cr
07/12/09	2,500.00cr
15/01/10	2,500.00cr
29/01/10	2,500.00cr
12/03/10	2,500.00cr
31/03/10	2,500.00cr
26/04/10	2,500.00cr
03/06/10	2,500.00cr
30/06/10	2,500.00cr

**Total payments received            £29,756.00cr**

**Balance outstanding                    £14,504.90**

**Notices issued:**

<b>Date</b>	<b>Details</b>
14/05/07	Bill for period 01/04/07-31/03/08
24/05/07	Bill for period 01/10/06-31/03/07
11/06/07	Reminder
02/07/07	Summons
25/07/07	Revised bill as property removed from rating list from 01/04/07

**Recovery action taken:**

20/07/07            Liability order granted for period 01/10/06-31/03/08

The ratepayer was initially registered for business rates from 1 April 2007 on 14 May 2007. The account start date was subsequently revised on 24 May 2007 following receipt of additional information to start from 1 October 2006.



The account was closed on 25 July 2007 following changes to the Rating List undertaken by the Valuation Office Agency of HM Revenues and Customs.

Bailiffs initially managed to obtain £29,756.00 in payments between 13 July 2009 and 26 April 2010. When further payment could not be obtained, the case was returned to the Council. The next stage of action identified was to take steps to wind up the company, but before this could be progressed notification was received that the company had gone into administration on 4 May 2011. From this date the Council worked closely with the administrators to try to ensure a dividend was repaid on the debt if possible.

In November 2011 the administrators informed the Council they were in the process of liquidating the company and there was no chance of any dividend against the NNDR debts. A winding up order was made in the High Courts of Justice on 20 January 2012. The Insolvency Service are administering the case and they have confirmed that there is no prospect of a distribution of funds.

## Case 5

Name & address of ratepayer	Amount	Period	Reason for write off
Tooley Street Cellars Ltd	£16,204.22	24/06/2008 – 30/06/2009	Insolvency – no assets to claim
47 St Thomas Street, London, SE1 3QX			Company Liquidated

### Statement of account

#### Amount billed:

Period	Amount £
24/06/08-31/03/09	12,093.01
01/04/09-30/06/09	4,111.21
<b>Total amount billed</b>	<b>16,204.22</b>

Payments received 0.00

**Balance outstanding £16,204.22**

#### Notices issued:

Date	Details
07/01/09	Bill for period 24/06/08-31/03/09
23/03/09	Reminder
29/04/09	Summons
21/02/09	Bill for period 01/04/09-31/03/10
16/04/09	Reminder
02/06/09	Summons
24/09/09	Revised bill for period 01/04/09-30/06/09 following vacation of property

#### Recovery action taken:

15/05/09	Liability order granted for period 24/06/08-31/03/09
19/06/09	Liability order granted for period 01/04/09-31/03/10

On 7 January 2009 Tooley Street Cellars Ltd were registered for business rates from 26 June 2008. The account was closed on 24 September 2009 following information received from the managing agents for the premises.

Bailiffs were instructed to enforce the debt once the liability order was obtained but they could not find sufficient goods to cover the value of the debt. The next stage of action identified was to take steps to wind up the company, but before this could be progressed notification was received that the company had gone into administration on 4 May 2011. From this date the Council worked closely with the administrators to try to ensure a dividend was repaid on the debt if possible.

In November 2011 the administrators informed the Council they were in the process of liquidating the company and there was no chance of any dividend against the NNDR debts. A winding up order was made in the High Courts of Justice on 20

January 2012. The Insolvency Service are administering the case and they have confirmed that there is no prospect of a distribution of funds.

**Case 6**

<b>Name &amp; address of ratepayer</b>	<b>Amount</b>	<b>Period</b>	<b>Reason for write off</b>
Tooley Street Cellars Ltd,  Arches 913, 914, 68-74 Tooley Street, London , SE1 2TF	£11,272.91	05/11/2007 – 03/05/2011	Insolvency – no assets to claim  Company Liquidated

**Statement of account****Amount billed:**

<b>Period</b>	<b>Amount £</b>
05/05/08-31/03/09	4818.09
01/04/09-31/03/10	0.00
01/04/10-31/03/11	5861.51
01/04/11-03/05/11	593.31

**Total amount billed**                      **11,272.91**

Payments received    0.00

**Balance outstanding**                      **£11,272.91**

**Notices issued:**

<b>Date</b>	<b>Details</b>
09/06/10	Bill for period 05/02/08-31/03/10
16/07/10	Reminder
26/08/10	Summons
10/02/11	Bill for period 01/04/10-31/03/11
08/03/11	Bill for period 01/04/11-31/03/12
27/04/11	Reminder
20/05/11	Summons
07/07/11	Revised bill for period 01/04/11-03/05/11 following vacation of property

**Recovery action taken:**

17/09/10	Liability order granted for period 05/05/08-31/03/09
17/06/11	Liability order granted for period 01/04/09-31/03/12

On 9 June 2010, Tooley Street Cellars Ltd were retrospectively registered for business rates from 5 November 2007 following a property inspection instigated due to various liability disputes. The visit established that the property was unoccupied but leased by Tooley Street Cellars Ltd. The property was exempt from empty property rate from 1 April 2009 31 March 2010 because the rateable value of the property was less than £18,000. From 1 April 2010 the empty rate

charge became payable because the rateable value of the property was increased to £19,250.

Bailiffs were instructed to enforce the debt once the liability order was obtained but they could not find sufficient goods to cover the value of the debt. The next stage of action identified was to take steps to wind up the company, but before this could be progressed notification was received that the company had gone into administration on 4 May 2011. From this date the Council worked closely with the administrators to try to ensure a dividend was repaid on the debt if possible.

In November 2011 the administrators informed the Council they were in the process of liquidating the company and there was no chance of any dividend against the NNDR debts. A winding up order was made in the High Courts of Justice on 20 January 2012. The Insolvency Service are administering the case and they have confirmed that there is no prospect of a distribution of funds.



**Case 8**

<b>Name &amp; address of ratepayer</b>	<b>Amount</b>	<b>Period</b>	<b>Reason for write off</b>
Tooley Street Cellars Ltd  Arches 935-937, 68-74 Tooley Street, London , SE1 2TF	£7.32	01/04/2008 – 04/10/2009	Insolvency – no assets to claim  Company Liquidated

**Statement of account****Amount billed:**

<b>Period</b>	<b>Amount £</b>
01/01/08-31/03/08	673.40
01/04/08-31/03/09	2,818.20
01/04/09-04/10/09	1,515.72
<b>Total amount billed</b>	<b>5,007.32</b>

**Payments received**

03/06/10	2,500.00cr
30/06/10	2,500.00cr

**Total payments received            £5,000.00cr**

**Balance outstanding                    £7.32**

**Notices issued:**

<b>Date</b>	<b>Details</b>
24/09/09	Bill for period 13/12/05-31/03/10
20/11/09	Reminder
28/01/10	Summons
08/03/10	Bill for period 01/04/10-31/03/11
18/05/10	Reminder
24/06/10	Summons
08/03/11	Bill for period 01/04/11-31/03/12
27/04/11	Reminder
20/05/11	Summons
07/07/11	Revised bill for period 01/04/11-03/05/11 following vacation of property

**Recovery action taken:**

19/02/10	Liability order granted for period 13/12/05-31/03/10
17/09/10	Liability order granted for period 01/04/10-31/03/11
17/06/11	Liability order granted for period 01/04/11-31/03/12

The ratepayer was registered for business rates from 1<sup>st</sup> April 2008 on 15<sup>th</sup> April 2010. The account was closed on 18<sup>th</sup> January 2011 following information the property was sold in 2009.

Bailiffs initially managed to obtain £5,000.00 in payments in June 2010. When further payment could not be obtained, the case was returned to the Council. The next stage of action identified was to take steps to wind up the company, but before this could be progressed notification was received that the company had gone into administration on 4 May 2011. From this date the Council worked closely with the administrators to try to ensure a dividend was repaid on the debt if possible. The adjustment to the account following the vacation of the property resulted in a small balance remaining outstanding.

In November 2011 the administrators informed the Council they were in the process of liquidating the company and there was no chance of any dividend against the NNDR debts. A winding up order was made in the High Courts of Justice on 20 January 2012. The Insolvency Service are administering the case and they have confirmed that there is no prospect of a distribution of funds.







<b>Item No.</b> 18.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Disposal of the Council's freehold interest in Elmington estate sites C, D, E and G, Camberwell, SE5	
<b>Ward affected:</b>		Camberwell Green	
<b>From:</b>		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

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

The next important stage in the Elmington renewal programme has now been reached with the recommendation to dispose of the 4 sites in Phase 3 of the development. The blocks in C, D, E and G are no longer “fit for purpose” and replacement is the only viable option. Elmington is a very long standing community and residents will have to bear much upheaval which is why their close involvement in the development process, including involvement in choosing the preferred bidder, is so important. The preferred bid meets the aspirations of the Council and residents for these sites with affordable rent levels, densities which maximise available housing while respecting the scale of the present area and income level achieved through the disposal which enables the Council to fund much needed improvements to our housing stock.

Renewal of the Elmington Estate fits into the wider plan to regenerate Camberwell. Proposed improvements to Camberwell Green and the environs of the Magistrates Court, improved transport layout, a new library, a sports hall and youth facilities with access at the back of the leisure centre all strengthen direct links between the Estate and Camberwell Town Centre. The replacement of the poor quality housing on the Elmington will contribute to the improvement of the whole area.

### **RECOMMENDATIONS**

That the Cabinet:

1. Approves the disposal of Elmington Estate sites C, D, E and G on the main terms and conditions that are set out in the closed report.
2. Authorises the Head of Property to agree any variations to these terms that may be necessary to achieve the successful regeneration of Elmington Estate sites C, D, E, and G.
3. In the unlikely event that this recommended sale does not proceed to exchange, the Cabinet authorises the Head of Property to agree the terms of a sale with any one or combination of the under bidders set out in the closed report and/or any other third party, provided that these terms conform with the council's legal obligation to achieve the best consideration reasonably obtainable where that is required.

4. Authorise that the capital receipt from the sale of the property is recycled into the Council's Housing Investment Programme.

#### **BACKGROUND INFORMATION**

5. Elmington Estate Sites C, D, E and G are four areas of land between the south eastern boundary of Burgess Park and Camberwell Green SE5. Their combined area is approximately 1.47 hectares (3.63 acres) and they form a large component of the Elmington Estate as outlined in the plan (s) attached at Appendix 1.
6. The sites are occupied by 1960's residential blocks and a 1980's single storey Neighbourhood Housing Office. Phase 1 of the regeneration programme saw the construction of 136 new council homes and 6 housing association homes. Phase 2 comprises sites A and B which are two cleared sites where a development by Notting Hill Housing Trust is due to begin this year following the grant of planning consent in March 2012.
7. The Director of Regeneration submitted a report to Cabinet on the 22<sup>nd</sup> March 2011 recommending a new re-development strategy for the regeneration of sites C, D, E and G whilst the remaining blocks in better condition would be re-furnished as part of the warm, dry and safe programme. This was approved and the Property Division was instructed to undertake the marketing and disposal of the subject sites.
8. A two stage marketing strategy was agreed and the sites were offered to the market by the Property Division during November 2011. Thirty leading developers and Housing Associations were contacted directly. The sites were also advertised in national property trade journals.
9. Stage 1 of the process required parties to submit detailed expressions of interest which outlined their initial proposals, details of their development team, funding arrangements and track record. From the expressions of interest that were received three bidders were selected who were from major development organisations with good track records in urban regeneration. A detailed comparative analysis of the expressions of interest was undertaken with local resident consultation contributing to the short listing process.
10. Stage 2 of the process required the shortlisted parties to submit detailed information on their proposals for the site, financial offers including full terms and conditions, overage arrangements and further funding information. The shortlisted parties met with planning officers at an early stage and again prior to final submission to present their proposals in an official pre-application process and make amendments if necessary to ensure their bids were compliant with planning policy and deliverable.
11. The shortlisted developers were asked to make their best bids for the sites subject to obtaining planning consent for their proposed scheme and on the basis of a development in accordance with existing planning policy that would provide target social rented housing not eligible for receipt of grant funding from the Homes and Communities Agency (HCA).
12. Additionally bids were also required on the basis that the 1 and 2 bedroom Housing Association rented units would be at new affordable rents at no more

than 65% of market including service charge which was agreed as an exception to planning policy on Elmington sites A and B.

13. Each of the three shortlisted parties submitted an offer by the deadline of 5pm June 8<sup>th</sup> 2012. These were then analysed and assessed by officers from the Property Division together with Elmington resident representatives who used the services of an independent tenant and leaseholder advisor to assist them in making their comments. There was also significant input from colleagues in Development Management particularly concerning the deliverability of each proposal in planning terms.

## **KEY ISSUES FOR CONSIDERATION**

### **Basis of disposal**

14. The council's land is held for housing purposes and the provisions of section 32 of the Housing Act 1985 govern the terms of any disposal. The consent of the Secretary of State is required for disposals of housing land, but the Department of Communities and Local Government has issued the General Housing Consents 2012 which set out the circumstances in which disposals of housing land can proceed without specific consent needing to be obtained. The new general consents came into force in May 2012 revoking the previous consents dating from 2005, and it should be noted that disposals of vacant land (i. e land for development which are either vacant or buildings on the land will be demolished) are no longer subject to a requirement to obtain best consideration.
15. It is expected that it will take approximately three to four months from instructing lawyers to finalise the development agreement and exchange contracts following selection of the preferred bidder in the closed report. A planning permission on the sites could be obtained by Spring 2013 therefore part of the capital receipt may be received within the financial year 2013/2014.

### **Sustainability**

16. Every unit constructed on this site will have to achieve Code for Sustainable Homes Level 4 or above. This will help to ensure that this development achieves a very high level of sustainability to help mitigate its impact on the environment.

### **Community impact statement**

17. The recommended option will have a positive impact on the local community and borough as a whole. It will enable the regeneration of a number of poor housing blocks where the quality of the housing stock is very poor. It is likely that around 226 new homes will be built with a minimum of 20% suitable for families or larger households in accordance with the new core strategy. 10 % of the units will be suitable for wheelchair users and all units are expected to achieve the Lifetime Homes standard.
18. The receipt will be used towards the council's warm, dry and safe programme refurbishing the remaining blocks on the Elmington Estate.

### **Consultation**

19. The Elmington RSG sub-committee helped in the short listing to three bidders from the expressions of interest. They have since reviewed all three bids in how

the parties have addressed the Residents Aspirations document to provide feedback into the final selection process.

20. The RSG sub committee expressed their concern that if the social housing was let at the new affordable levels of say 65% of the market rent then this would have two effects:
  - a). Reduce the ability of many existing Elmington tenants to return to the new build homes on sites C, D, E and G.
  - b). Reduce the likelihood of some tenants downsizing if the rents for the 2 & 3 bedroom houses were similar.
21. There will be an extensive consultation as part of the statutory planning process. This will enable local residents to comment on and have a say on the development of these sites. It is likely that the developer will undertake public consultation prior to submitting a planning application to give residents the earliest opportunity to feed into the design process.
22. Prior to this stage there has been regular consultation with local residents undertaken by Housing and the Property Division who will continue this as the matters progress.

### **Housing considerations**

23. The housing department has indicated the preferred scheme offers all the rented units as social rent and therefore, as well as being policy compliant in planning terms, will also assist in meeting both the aspirations of those residents expressing an option to return to new developments and addressing the wider housing need.
24. The proposed scale of the development will provide additional affordable homes in comparison to the other submissions, as well as providing both a good range of bed sizes in particular in relation to the provision of wheelchair homes.

### **Resource implications**

25. There are no direct staffing implications arising from the proposed disposal strategy.
26. The council's reasonable surveying and legal costs will be met by the purchasers.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Finance and Corporate Services**

27. This report recommends that the Cabinet approves the disposal of Elmington Estate sites C, D, E and G subject to a number of terms and conditions, authorises the Head of Property to agree any variations to these terms that may be necessary to achieve the successful regeneration of Elmington Estate sites C, D, E and G and (if necessary) authorises the Head of Property to agree the terms of a sale with any one or combination of the under bidders set out in this report and/or any other third party.

28. The Strategic Director of Finance and Corporate Services notes the financial implications contained within the report and also notes that notwithstanding recent legislative changes regarding best consideration requirements for housing land, the market has been tested to establish value.
29. The Strategic Director of Finance and Corporate Services also notes that the capital receipt from the sale of the property is to be recycled into the Housing Investment Programme. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

### **Director of Legal Services**

30. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However that power does not enable a local authority to do anything which is unable to do by virtue of a pre-commencement limitation. Section 32 of the Housing Act 1985 is a pre-commencement statute that imposes certain limitations on the council's general power to dispose of its land.
31. The report recommends the disposal of land held by the council for housing purposes.
32. As the Property falls within the council's housing portfolio, the disposal can only proceed in accordance with s32 of the Housing Act 1985, for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required.
33. A number of general consents have been issued in the General Housing Consents 2012.
34. Consent A3.2 states that a local authority may dispose of vacant land.
35. "vacant" in relation to land means land on which:
  - a. No houses have been built or;
  - b. Where houses have been built, such houses are no longer capable of human habitation and are due to be demolished.
36. The disposal of the site will be on terms whereby the land is sold subject to a requirement for the buyer to obtain planning permission including demolition of the existing buildings on the sites.
37. The new general consents came into force in May 2012 revoking the previous consents dating from 2005, and it should be noted that disposals of vacant land (ie land for development which are either vacant or buildings on the land will be demolished) are no longer subject to a requirement to obtain best consideration.

**BACKGROUND PAPERS**

Background Papers	Held At	Contact
Elmington Estate Sites C, D, E and G Camberwell SE5	Southwark Property, Chief Executive Office, 160 Tooley Street, London SE1 2QH	Marcus Mayne 020 7525 5651

**APPENDICES**

No.	Title
Appendix 1	Plan showing the location and extent of Elmington Estate sites C, D, E and G.

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management		
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive		
<b>Report Author</b>	Marcus Mayne, Principal Surveyor		
<b>Version</b>	Final		
<b>Dated</b>	5 July 2012		
<b>Key Decision?</b>	Yes	<b>If yes, date appeared on forward plan</b>	May 2012
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>	
Director of Legal Services	Yes	Yes	
Strategic Director of Finance and Corporate Services	Yes	Yes	
<b>Cabinet Member</b>	Yes	Yes	
<b>Date final report sent to Constitutional Team</b>			5 July 2012





<b>Item No.</b> 19.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Approval to take a lease on the Ground Floor Offices, 1 Lugard Road, and of the Principle Heads of Terms	
<b>Ward(s) or groups affected:</b>		All wards	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report recommends that the council take out a lease on office accommodation at 1 Lugard Road, SE15. This address is part of the same development as the council's new offices at two other blocks on Queen's Road, enabling the council to deliver greater efficiencies through having fewer, more concentrated centres for its office accommodation.

The lease on this building will enable the council to further modernise its office estate and will allow us to bring forward the sale of outdated accommodation already earmarked for disposal. The space being leased would work well for the Customer Service Centre service being brought back in-house next year, enabling the council to make a saving on the costly Cotton Centre accommodation currently used under contract.

**RECOMMENDATIONS**

That cabinet:

1. Agrees to take a lease of block C 1 Lugard Road, SE15 2HG (identified on the attached plan), subject to acceptable terms being agreed with the landlord.
2. Delegates authority to the Chief Executive to agree detailed lease terms, as recommended by the Head of Property, and to complete a lease of the premises on the terms (or better) set out in the closed version of this report.
3. Notes that the capital requirements for the acquisition of the lease and fit out costs, as detailed in the closed version of this report, will be incorporated into the capital outturn report that is being presented to cabinet in July 2012.

**BACKGROUND INFORMATION**

4. Cabinet approved the Revised Office Accommodation Strategy at its meeting on 23 November 2010.
5. The Revised Office Accommodation Strategy committed the council to maximise the use of 160 Tooley Street. Overall 350 additional staff have been moved in to Tooley Street, including for example the new housing central operations team and the new in-house revenues and benefits service.

6. In addition to maximising the use of Tooley Street, the accommodation strategy agreed the council's requirement for a further operational office site in the centre or south of the borough for specialist services that do not fit efficiently into the Tooley Street model or which are geographically more appropriately located in that area.
7. A previously unoccupied office development comprising of two adjacent blocks (F and J) was identified at Queens Road, SE15, and cabinet delegated authority to the chief executive to acquire leases on these properties.
8. A lease of Block F Queens Road was completed on 1 June 2011 for a term of 20 years. Subsequently, procurement for fit-out of the property was completed and the build project is currently underway with practical completion expected on 30 July 2012. The office block will provide modern, flexible and sustainable accommodation for 350 staff with occupation commencing during August and September 2012. Major staff groups will include health and community services, housing management and community safety.
9. Cabinet approved a subsequent decision to acquire the freehold of Block J Queens Road, on 20 March 2012. This acquisition will allow the council to continue consolidating its remaining estate and to further fulfil anticipated accommodation requirements in terms of space, quality and flexibility.
10. The acquisition of the freehold of Block J was completed on 28 May 2012.
11. Since that decision, the opportunity to acquire a lease on additional ground floor office accommodation within a third adjacent unit, Block C, was presented to officers in April 2012.
12. Acquiring a lease on Block C would build upon the principles of co-locating offices and developing an operational hub in the centre or south of the borough agreed in the Revised Office Accommodation Strategy 2010.
13. Block F, Block J and the subject of this report, Block C, are all within the same development. (see Appendix 1 for plan).
14. By consolidating the council's identified accommodation requirements on a single campus, efficiencies will be gained through the co-location of staff and sharing of facilities. Queens Road also offers excellent transport links both across the borough and to Tooley Street, with a 6 minute journey time to London Bridge.
15. Block C was partially used as an office accommodation by Wandle Housing Association who recently vacated the site. Blocks F and J have been unoccupied since construction in 2006. By occupying the Queens Road campus the council can be expected to bring economic benefits to the local area and contribute to the uplift of the area anticipated through the opening of the Overground link to the London underground network (December 2012) and the redevelopment of other major sites including the site of the former Wooddene estate.

## KEY ISSUES FOR CONSIDERATION

### Property issues

16. Block C is a detached four storey building fronting onto Lugard Road, immediately to the South of Block J. It is primarily a residential block with the subject office accommodation comprising the entire ground floor.
17. The premises will provide approximately 760 sq m (8,100 sq ft) of net office accommodation. Until recently these offices had been occupied by the landlord, Wandle Housing Association, who manage the residential accommodation within the larger scheme. As part of an ongoing rationalisation of their operational estate Wandle have now vacated. Part of the space has been fitted out with cellular meeting and office spaces, with the remainder being in a shell/core condition. The existing fit out is of a temporary nature and will need to be removed and replaced with a standard consistent with both Block F and J, allowing full and efficient use of the accommodation
18. Final detailed negotiations with the landlord are still ongoing and this report proposes that the approval of detailed heads of terms is delegated to the Head of Property.
19. The principle heads of terms agreed are contained in the closed version of this report.
20. Test fits have been carried out by consultant architects to confirm that the building is physically capable of meeting the council's standard flexible workplace requirements. It is confirmed that up to 120 desk spaces (depending on the size of the desk) can be accommodated with the final number to be decided according to service needs.
21. A technical due diligence survey has been commissioned but is not expected to reveal any significant issues. The conclusions and any recommendations of this report will be taken into account as part of the report to the Chief Executive to seek approval of the final Heads of Terms.
22. The council plans to procure fit out works for Block C in a similar manor to that for Blocks F and J under the iESE contractors framework. In order to expedite the development of this site, preparative procurement work has been carried out in parallel to the agreement of a lease. It is anticipated that pending lease and procurement approvals, practical completion can be obtained for at Block C by 1 April 2013.
23. Expanding the Queens road campus to include block C will further help to meet the objectives of the Revised Office Accommodation Strategy, which include:
  - Ensure that the estate is flexible and adaptable to the future needs of the council.
  - Reduce to a minimum the total number of office sites to:
    - Maximize the opportunity for modern ways of working
    - Maximise revenue savings and capital receipts
    - Release strategic sites for regeneration

- Maximise the council's opportunity to improve environmental sustainability
- Maximise the opportunity to work across departments and with partners that better meets the needs of residents
- Minimise the cost of maintenance liabilities and the risks of operating old and un-refurbished property
- Ensure that these office sites are fully compliant, highly accessible and high quality to improve the council's attraction as employer of first choice

### **Accommodation requirements**

24. In common with 160 Tooley Street and Queens Road block F and J, the council plans to fit-out block C with maximum flexibility. By increasing the capacity of the Queens Road campus the council will be able to bring further candidate teams into the revised office accommodation programme thus releasing further assets in to the programme and modernisation benefits to those agreed in the original business case.
25. The addition of block C will also allow for further sharing of meeting and where appropriate welfare facilities, increasing the efficiency of space utilisation. Security, facilities and reception functions will also be shared. It is proposed that the initial primary use of Block C will be to provide call-handling facilities for a new in-house service.
26. As highlighted in the council plan, elements of the operational estate still require modernisation and rationalisation. In addition, a number of major office sites remain earmarked for regeneration and redevelopment. Most significantly these include the council offices at Bournemouth Road and children's services facilities at Sumner House. Space is also required to accommodate elements of the customer services function as the service is brought in-house from the Cottons Centre with the end of the Vangent contract. Work is underway to assess the suitability of a number of services for accommodation in an expanded Queens Road campus including:
  - Review of candidates across the entire Queens Road campus and other local accommodation, including the efficient provision of customer contact facilities
  - Community Housing Service
  - Specialist Children's services
  - Corporate training and meeting facilities

### **Capital implications**

27. The Revised Office Accommodation strategy agreed by cabinet in November 2010 allocated capital resources to the improvement and rationalisation of the office and operational estate. A revised capital allocation has been proposed within the capital outturn report due for consideration at cabinet in July 2012 reflecting the increase in scope of the programme. The programme is fully funded through the disposal of surplus property. The current estimate for disposals resulting from the office accommodation programme is £50m with £30m delivered so far. Additional disposal receipts, new to the capital programme, will be identified in line with the further development of plans for Block J and properties to the value £2.5 m have been identified as candidates to

be brought within the scope of the programme.

28. The capital costs for the acquisition and fit out of block C, contained within the closed version of this report, will be funded through the revised capital allocation.

### **Revenue implications**

29. As detailed in the Revised Office Accommodation Strategy a revenue budget for facilities management of new sites will be developed deriving from funds currently expended through candidate teams current accommodation. With the anticipated moderate costs at Queens Road, further enhanced by the increased efficiencies gained by expanding the campus to include block C, a reduction in the overall councils spend on facilities management is therefore expected.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

30. Section 120 (1) of the Local Government Act 1972 ("the 1972 Act") authorises the council to acquire any land by agreement for the purposes of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area. By virtue of section 120 (2) of the 1972 Act the council may acquire by agreement any land for any purpose for which they are authorised by the 1972 Act or any other Act to acquire land, notwithstanding that the land is not immediately required for the purpose; and until it is required for that purpose, it may be used for the purpose of any of the council's functions.
31. The report provides that the property is being acquired for the purpose of providing an operational hub in the centre/south of the borough as recommended by the Revised Office Accommodation Strategy 2010.
32. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. The 1972 Act provides certain limitations on the ability of the council to acquire land in that this must be for the purposes set out in the Act.
33. Part C of the council's constitution reserves to the cabinet decisions on the acquisition of land and property where the market value exceeds £100,000.

### **Strategic Director of Finance and Corporate Services (NR 14/06/12)**

34. This report recommends that the cabinet agrees to the council taking a lease on block C 1 Lugard Road, SE15, delegates authority to the Chief Executive to agree detailed lease terms as recommended by the head of Property and notes that the capital requirements for the acquisition of the lease and fit out costs will be incorporated into the capital outturn/refresh report that is being presented to cabinet in July 2012.
35. The Strategic Director of Finance and Corporate Services notes the capital and revenue implications contained within the report. He further notes the anticipated maximum level of rent that the council would pay.
36. The revised office accommodation strategy capital programme has sufficient

approved budget to handle preliminary costs associated with the proposals and subject to approval of the capital outturn/refresh report by members in July, will have sufficient to deliver to the recommendations. . Officer time to effect the recommendations will be contained within existing budgeted revenue resources

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Revised Office Accommodation Strategy-Cabinet 23 November 2010	Corporate Programmes Unit, 160 Tooley Street, London SE1 2QH	Robin Rogers 020 7525 5179
Acquisition of Office Accommodation (Block J) at Queens Road London SE15 2HP - Cabinet 20 <sup>th</sup> March 2012	Corporate Programmes Unit, 160 Tooley Street, London SE1 2QH	Robin Rogers 020 7525 5179

## APPENDICES

No.	Title
Appendix 1	Plan

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance, Resources and Community Safety	
<b>Lead Officer</b>	Duncan Whitfield, Strategic Director of Finance and Corporate Services	
<b>Report Authors</b>	Pascale Rosenbloom, Corporate Property & Rod Spence, Corporate Programme Unit	
<b>Version</b>	Final	
<b>Dated</b>	4 July 2012	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	4 July 2012	





<b>Item No.</b> 20.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Disposal of 170 Sumner Road, London SE15 6JL	
<b>Ward(s) or groups affected:</b>		Peckham	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report recommends the disposal of the former housing office at 170 Sumner Road in Peckham. The building has been empty since the reorganisation of the housing department in autumn 2011, when the staff who worked there were temporarily relocated to Cator Street. Those members of staff will be based at the new Queens Road offices from September 2012.

As the building was a housing office, it is held as part of the Housing Revenue Account. As a consequence, the capital receipt from this building will be earmarked for the Housing Investment Programme to ensure that every council home is made Warm, Dry and Safe.

### **RECOMMENDATIONS**

That the cabinet

1. Approves the disposal of the council's freehold interest in 170 Sumner Road, London SE15 6JL ("the Property"), as shown hatched black on the attached plan, to the bidder identified and on terms set out in the accompanying closed agenda report, subject to any further negotiations considered necessary by the Head of Property.
2. That should the sale not proceed to completion within a reasonable time as determined by the Head of Property, the Property be offered to the underbidder or re-offered for sale on the open market and then sold on terms to be approved by the Head of Property for the best consideration that can reasonably be obtained.

### **BACKGROUND INFORMATION**

3. On 23 November 2010, cabinet approved the next phase of the Modernisation programme including the rationalisation of further council-occupied office space. This provided for the disposal of the Property once surplus to operational needs. Following reorganisation of office space the Property is now available for disposal.
4. The Property is a two storey office, built in the 1990s and used as an area housing office since that time. The Property has potential for residential

redevelopment. As a former Housing Office, the Property is held in the Housing Revenue Account.

5. A marketing campaign has been carried out including national advertising in the property press and a presence on the council's website. Details were circulated to interested parties already known to the council. A closing date of 15 June was set for offers.
6. The closed agenda report carried details of the offers received and for reasons of commercial confidentiality it is not possible to report these on the open agenda. The transaction being recommended will result in the redevelopment of the Property for residential use in due course. It is confirmed that the offer being recommended is the best consideration reasonably obtainable.
7. The head of property recommends that the council proceed with this sale as it meets all the relevant financial criteria and will result in an early capital receipt. It will also contribute to the regeneration of Peckham and the provision of extra housing, including affordable housing. Proposals will be subject to planning consent in the usual way.
8. It is intended to complete the sale of the Property as soon as possible. If the sale does not proceed for whatever reason, this report also seeks authority for the Property to be offered to the next best deliverable offer from the marketing process, or failing that for the property to be re-offered on the market, and then sold for the best consideration that can reasonably be obtained.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy implications**

9. The disposal of the Property is in line with the strategy of modernising council working practices by reducing the number of satellite offices across the borough. Bringing together staff and rationalising offices has delivered a culture change in the quality and consistency of customer service. Disposal of surplus offices enables savings in property repairs and maintenance as well as occupation and facilities management costs at decommissioned sites.
10. The proposal will help to meet the council's commitment to carbon reduction through replacement of outdated energy-hungry accommodation with modern office space.
11. The Property has been considered as a possible site on which to build new homes but it is felt that other sites are preferable. The receipt may be used to support homebuilding or other capital initiatives.

### **Community impact statement**

12. The community impact of proposals to rationalise administrative offices has been addressed in the report to cabinet on 23 November 2010 which dealt with the principle of disposal.
13. Following the implementation of the reorganisation of Housing Management from autumn 2011, housing office staff previously located at Sumner Road were accommodated in the interim headquarters for the south area at Cator Street. From August 2011 these staff will be relocated to the new shared office facility at

Queens Road. Front counter housing services have not been provided at Sumner Road for some years. Tenants in the south of the borough can access services from Harris Street, Bournemouth Road and the Peckham One Stop shop.

### **Resource implications**

14. This proposal will generate a capital receipt which is expected in the financial year 2012/13.
15. The buyers will also contribute towards the council's administrative costs.
16. The disposal of the Property will release revenue currently put towards its maintenance and security.

### **Consultation**

17. Consultation has taken place as part of earlier authorities including the cabinet report of 23 November 2010. Should there be any change of use or development requiring planning consent, consultation necessary for those processes will take place.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

18. The legal concurrent of the Director of Legal Services is set out in the closed agenda report.

### **Strategic Director of Finance and Corporate Services (NR/F&R/21/6/12)**

19. This report recommends that the Cabinet approves the disposal of the council's freehold interest in 170 Sumner Road, London SE15. Should the disposal of the Property not proceed within a reasonable period as determined by the Head of Property, the freehold interest in the Property be offered to the under bidders or re-offered for sale on the open market and sold on terms to be approved by the Head of Property.
20. The Strategic Director of Finance and Corporate Services notes the resource implications contained within the report. The Strategic Director of Finance and Corporate Services also notes the efforts made to obtain best consideration for the asset. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.

## **BACKGROUND DOCUMENTS**

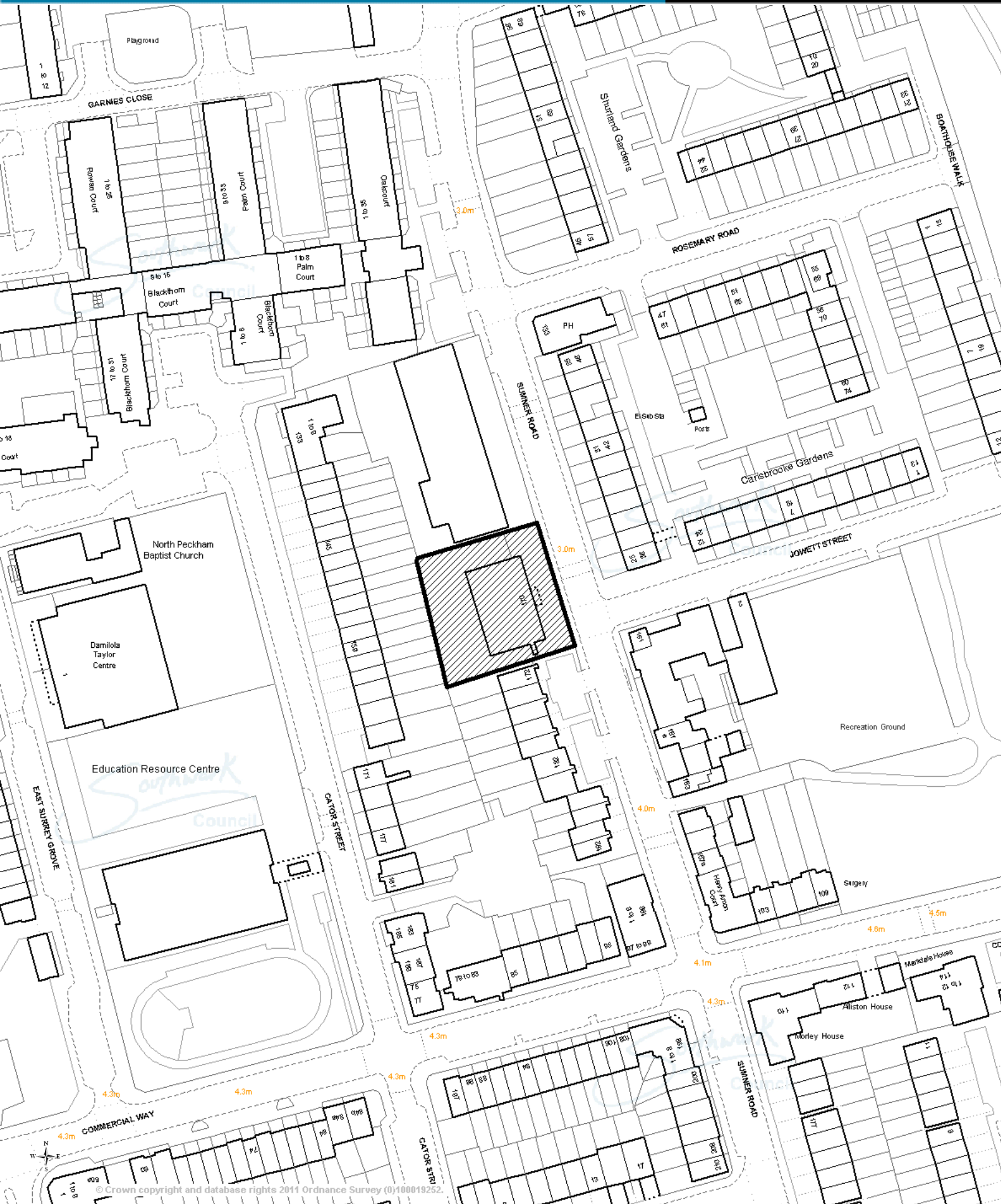
<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Cabinet report, 23 November 2010	Southwark Property, Regeneration and Neighbourhoods, 160 Tooley Street, SE1 2QH	Christopher Rhodes Principal Surveyor 020 7525 5480

**APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Plan

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance, Resources and Community Safety	
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Christopher Rhodes, Principal Surveyor	
<b>Version</b>	Final	
<b>Dated</b>	5 July 2012	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	5 July 2012	



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<b>Item No.</b> 21.	<b>Classification:</b> Open	<b>Date:</b> 17 July 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Appointments to Outside Bodies 2012/13 – Better Bankside Board / Waterloo Quarter Business Alliance / Kings College Hospital NHS Council of Governors	
<b>Ward(s) or groups affected:</b>		N/a	
<b>From:</b>		Director of Corporate Strategy	

## RECOMMENDATIONS

1. That cabinet consider and agree appointments to the Better Bankside Board, Waterloo Quarter Business Alliance and Kings College Hospital NHS Council of Governors for the 2012/13 municipal year.

## BACKGROUND INFORMATION

2. Cabinet considered and agreed appointments to outside bodies for the 2012/13 municipal year at its meeting on 19 June 2012. Cabinet however, deferred appointments to the Better Bankside Board and Waterloo Quarter Business Alliance (business improvement districts) pending further information about councillor representation on these bodies. The Kings College Hospital NHS Council of Governors had been omitted from the report.

## KEY ISSUES FOR CONSIDERATION

### Better Bankside Board

3. There is no requirement for the representative to be a cabinet member or a ward councillor. The representative has voting rights.

### Waterloo Quarter Business Alliance

4. There is no requirement for the representative to be a cabinet member or a ward councillor. The representative has observer status only i.e. does not have voting rights.

### Kings College Hospital NHS Council of Governors

5. This body had been omitted from the cabinet report on outside bodies considered on the 19 June 2012.

## Legal implications

6. Appointments to some of the outside bodies may carry risk both corporately and to the individuals appointed. Standards Committee at its meeting on 9 November 2011 approved 'Guidance to Members who serve on Outside Bodies' which is intended to help councillors understand their duties when appointed to outside

bodies, and how to handle conflicts of interest that may arise. The guidance will be reissued to councillors following this appointments process.

### Community impact statement

7. The council is being invited to make nominations to various outside bodies. The nominations process has no direct impact on the community.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Documentation from the relevant Outside Bodies	160 Tooley Street London SE1 2QH	Everton Roberts 020 7525 7221

### APPENDICES

No.	Title
Appendix A	Appointments to Outside Bodies 2012/13

### AUDIT TRAIL

<b>Lead Officer</b>	Ian Millichap, Constitutional Manager	
<b>Report Author</b>	Everton Roberts, Constitutional Officer	
<b>Version</b>	Final	
<b>Dated</b>	5 July 2012	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	No	No
Strategic Director of Finance and Corporate Services	No	No
<b>Date final report sent to Constitutional Team</b>		5 July 2012

## APPENDIX A

## APPOINTMENTS TO OUTSIDE BODIES 2012/13

Name	Purpose	No. of places	Notes
<b>Better Bankside Board</b>	To improve the quality of the Bankside environment, further develop the potential draw of the area, increase the sense of security and ensure that better and sustainable maintenance and management arrangements are put in place.	1	<b>(Regeneration function)</b>
<b>Waterloo Quarter Business Alliance – Southwark (Business Improvement District)</b>	To create a safer and more pleasant trading environment for businesses and to promote the area to bring in more visitors, whilst maintaining its individuality and unique character.	1	<b>(Regeneration function)</b>
<b>Kings College Hospital NHS Council of Governors</b>	Their vision is to become a fundamentally new kind of hospital built around patient need, offering patients the highest quality of care, and to deliver this as part of a joined-up and well-managed healthcare system, built in partnership with GPs and other healthcare providers.	1	<b>(Health function)</b>



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Claire Hickson	1	Susanna White	1
Richard Livingstone	1	Duncan Whitfield	1
Catherine McDonald	1		
Veronica Ward	1	<b>Officers</b>	
<b>Other Councillors</b>		Doreen Forrester-Brown	1
Catherine Bowman	1	Jennifer Seeley	1
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The Right Revd Emmanuel Oyewole	1	<b>Others</b>	
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Alex Doel, Cabinet Office	1		
Tom Greenwood, Opposition Group Office	1	<b>Total:</b>	<b>65</b>
<b>Press</b>		<b>Dated:</b> 20 June 2012 (PT/CT)	
Southwark News	1		
South London Press	1		
<b>Members of Parliament</b>			
Harriet Harman, MP	1		
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Simon Hughes, MP	1		