

Cabinet

Tuesday 25 September 2012

4.00 pm

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

Membership

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

Councillor Fiona Colley

Portfolio

Leader of the Council
Deputy Leader and Housing Management
Children's Services
Transport, Environment and Recycling
Communities and Economic Development
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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Webpage: <http://www.southwark.gov.uk>

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 17 September 2012



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Cabinet

Tuesday 25 September 2012

4.00 pm

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

Order of Business

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PART A - OPEN BUSINESS

MOBILE PHONES

Mobile phones should be turned off or put on silent during the course of the meeting.

1. APOLOGIES

To receive any apologies for absence.

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

In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Members to declare any interests and dispensations in respect of any item of business to be considered at this meeting.

4. PUBLIC QUESTION TIME (15 MINUTES)

To receive any questions from members of the public which have been submitted in advance of the meeting in accordance with the cabinet procedure rules.

5. MINUTES

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To approve as a correct record the minutes of the open section of the meeting held on 17 July 2012.

Item No.	Title	Page No.
6.	DEPUTATION REQUESTS	
	To consider any deputation requests.	
7.	RESPONSE TO THE EDUCATION AND CHILDREN'S SERVICES SCRUTINY SUB-COMMITTEE'S REVIEW OF SUPPORT FOR PARENTS AND CARERS OF DISABLED CHILDREN AND YOUNG PEOPLE	11 - 17
	To consider the response to the recommendations of the education and children's services scrutiny sub-committee on the review of support for parents and carers of disabled children and young people.	
8.	GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - INDEPENDENT FOSTERING SERVICE	18 - 34
	To approve the procurement strategy for the independent fostering service for a four year framework contract commencing 10 June 2013.	
9.	GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - SEMI- INDEPENDENT LIVING SERVICE	35 - 53
	To approve the procurement strategy for the semi-independent living service for a four year framework contract commencing 10 June 2013.	
10.	RESPONSE TO THE SCRUTINY REPORT INTO THE COLLAPSE OF SOUTHERN CROSS CARE HOMES	54 - 60
	To consider and agree the measures the Council has in place to manage the concerns raised by the Southwark health and adult social care scrutiny sub-committee in respect of the collapse of Southern Cross Care Homes and to respond to the scrutiny report recommendations.	
11.	PECKHAM AND NUNHEAD AREA ACTION PLAN - PUBLICATION/SUBMISSION VERSION	61 - 80
	To recommend to council assembly the approval of the Peckham and Nunhead Area Action Plan for submission to the Secretary of State for Communities and Local Government, provided that no substantive changes are necessary following consultation.	

Item No.	Title	Page No.
12.	APPROVAL OF THE COUNCIL'S TRANSPORT FOR LONDON FUNDED WORK PROGRAMME FOR 2013/14 AND INDICATIVE PROGRAMME TO 2014/15 FOR SUBMISSION TO TRANSPORT FOR LONDON	81 - 87
	To agree the content of the council's proposed submission to Transport for London (TfL) identifying transport projects to be delivered with TfL Local Implementation Plan funding in 2013/14 and the indicative programme for the 2014/15.	
13.	TO APPROVE AN APPLICATION TO THE SECRETARY OF STATE FOR A COMPULSORY PURCHASE ORDER (CPO) TO PURCHASE THE REMAINING LEASEHOLD PROPERTIES WITHIN MAYDEW HOUSE, ABBEYFIELD ESTATE	88 - 103
	To agree to the making of compulsory purchase orders for the acquisition of the remaining leasehold interests in Maydew House for the purpose of securing the regeneration of the Abbeyfield Estate.	
14.	QUARTER 1 CAPITAL REPORTING FOR 2012/13 AND CAPITAL PROGRAMME REFRESH FOR 2012/13 - 2021/22	104 - 135
	To note the general fund capital programme 2012/13 – 2021/22 and the housing investment programme 2012/13 – 2016/17 as at Quarter 1, and to agree virements and new capital bids.	
15.	QUARTERLY REVENUE MONITORING REPORT QUARTER 1, 2012/13 INCLUDING TREASURY MANAGEMENT	136 - 152
	To consider and note the general fund and housing revenue outturn forecasts and the treasury management activity for the first quarter 2012/13. To also note the forecast performance for the Council Tax and Business Rate collection fund and to approve the general fund budget movements.	
16.	GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - PROFESSIONAL TECHNICAL SERVICES CONTRACT	153 - 163
	To approve the procurement strategy for professional technical services.	
17.	GATEWAY 2: CONTRACT AWARD APPROVAL - IT MANAGED SERVICES	164 - 182
	To approve the award of the IT Managed Services contract for a period of four years commencing from 1 February 2013.	

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18. MOTIONS REFERRED FROM COUNCIL ASSEMBLY

183 - 187

To consider motions referred from the 4 July 2012 council assembly meeting on the following:

- Motion on the themed debate – Health and Wellbeing Priorities
- Southwark Nurseries

OTHER REPORTS

The following item is also scheduled for consideration at this meeting:

19. TO APPROVE AN APPLICATION TO THE SECRETARY OF STATE FOR A COMPULSORY PURCHASE ORDER (CPO) TO PURCHASE THE REMAINING LEASEHOLD PROPERTIES WITHIN THE ELMINGTON ESTATE PHASE 3 SITES C, D, E AND G

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

20. MINUTES

To approve as a correct record the minutes of the closed section of the meeting held on 17 July 2012.

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21.	GATEWAY 1: PROCUREMENT STRATEGY APPROVAL - PROFESSIONAL TECHNICAL SERVICES CONTRACT	
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22.	GATEWAY 2: CONTRACT AWARD APPROVAL - IT MANAGED SERVICES	
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**DISCUSSION OF ANY OTHER CLOSED ITEMS AS NOTIFIED AT THE
START OF THE MEETING AND ACCEPTED BY THE CHAIR AS
URGENT**

Date: 17 September 2012



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 17 July 2012 at 4.00 pm at Council Offices, 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Peter John (Chair)
Councillor Ian Wingfield
Councillor Dora Dixon-Fyle
Councillor Barrie Hargrove
Councillor Claire Hickson
Councillor Richard Livingstone
Councillor Catherine McDonald
Councillor Veronica Ward

1. APOLOGIES

All members were present, except Councillor Fiona Colley who is currently on maternity leave.

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 6: Deputation requests

Item 22: Public Health Shared Services between Lambeth and Southwark Councils.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures of interests or dispensations.

4. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

5. MINUTES

RESOLVED:

That the minutes of the meeting held on 19 June 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 items on the agenda for this meeting.

RESOLVED:

That the deputation requests from the Abbeyfield Residents Steering Group and North Peckham Tenants and Residents Association be heard.

Abbeyfield Residents Steering Group

The deputation spokesperson addressed the meeting to request the continued involvement of the tenants in the next and future stages of the process. The spokesperson expressed concern in respect of the potential cost of the concierge for the tenants and its affordability. Additionally, the deputation requested continued access to an independent resident adviser for assistance on an ad hoc basis. For example, this might be required when matters of technical complexity arise.

North Peckham Tenants and Residents Association

The deputation spokesperson outlined their concerns relating to the proposed disposal of 170 Sumner Road, London SE15 in the context of their request for a community hall within the area. While it was accepted that the premises was not ideally suited to their requirements for a community hall, they wished to have their request for this community facility to be considered by cabinet. Premises within the area were booked far in advance and are difficult for the community to access when required.

The Walworth Society

This request was withdrawn prior to the meeting.

7. REPORT INTO THE COLLAPSE OF SOUTHERN CROSS CARE HOMES (REPORT OF THE 2011/12 SOUTHWARK HEALTH AND ADULT SOCIAL CARE SCRUTINY SUB-COMMITTEE)

Councillor Mark Williams, chair of the 2011/12 Southwark health and adult social care scrutiny sub-committee presented the report.

RESOLVED:

That 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 the report) be noted and that Councillor Catherine McDonald, cabinet member for health and adult social care bring back a report to cabinet, in order to respond to overview and scrutiny committee by the 25 September 2012 cabinet meeting.

8. EMPLOYMENT AND UNEMPLOYMENT IN SOUTHWARK (REPORT FROM REGENERATION & LEISURE SCRUTINY SUB-COMMITTEE)

Councillor David Noakes, chair of the 2011/12 regeneration and leisure scrutiny sub-committee presented the report.

RESOLVED:

That the recommendations of the review of employment and unemployment in Southwark be noted and that Councillor Claire Hickson, cabinet member for communities and economic development consider these recommendations also in the context of the economic development strategy currently being developed and bring back a report to the 25 September 2012 cabinet meeting, in order to respond to the overview and scrutiny committee.

9. ABBEYFIELD ESTATE - REGENERATION PROJECT UPDATE

The cabinet heard a deputation from the Abbeyfield Residents Steering group (item 6).

RESOLVED:

1. That it be noted 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. That a separate report seeking to make a compulsory purchase order for the acquisition of all interests not within the council's ownership be brought to cabinet at a later date.
3. That the proposed development process including identification of void properties for sale, with a concentration in the top eight floors be noted.
4. That a later procurement for the consultants and contractor to deliver the enhanced refurbishment works as outlined in paragraph 44 of the report be noted.
5. That arrangements for a concierge service on completion of the works programme be worked up separately from the other schemes in the borough in the light of the specific requirements pertaining at Abbeyfield Estate.
6. That the position for rent charges at Maydew House after refurbishment works are

complete be agreed.

7. That the implications of the implementation of the Southwark Heat Network proposals on the estate be noted.
8. That the impact of the capital works service charges to leaseholders and the annual service charges to all residents be noted.
9. That the arrangements for ongoing consultation with residents and the Bede Centre be noted.
10. That an update report be received in six months on all high investment need estates within Southwark, including Abbeyfield.

10. FOUR SQUARES ESTATE - MAJOR WORKS UPDATE

RESOLVED:

1. That the progress made in delivering the security and enhanced refurbishment works be noted.
2. That the strategy of appointing specialist advisors for disposals as outlined in paragraph 33 of the report be agreed.
3. 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 of the report.
4. That an update report be received in six months on all high investment need estates within Southwark, including the Four Squares Estate.

11. GATEWAY 1 LONG-TERM REPAIRS AND MAINTENANCE CONTRACT

RESOLVED:

1. That the procurement strategy outlined in the 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 be approved.
2. That it be noted whilst all repairs and maintenance services are to be included in the 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 of the report. A decision will be made on this in the subsequent contract award report.

12. DIRECTLY FUNDED HOUSING DELIVERY

RESOLVED:

1. That the affordable housing fund (AHF) for 2011/12 to 2015/16 (see paragraph 12 of the report) be noted.
2. That agreement be given in principle to the council directly building and providing new affordable homes in the borough within the financial limits of the affordable housing fund (AHF) set out in the report and in line with the council's local planning policy framework.
3. That officers be instructed to prepare a further report for presentation to cabinet in September 2012 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.

13. COMMUNITY INFRASTRUCTURE LEVY (CIL) PRELIMINARY DRAFT CHARGING SCHEDULE

RESOLVED:

1. That the community infrastructure levy (CIL) preliminary draft charging schedule (Appendix A of the report) be approved for public consultation.
2. That the draft infrastructure delivery plan (Appendix B), the equalities analysis (Appendix C) and the consultation plan (Appendix D) be noted.
3. That it be noted that the funding gap of £139m in respect of improvements to the Elephant and Castle Northern line station cannot be met from the borough wide community infrastructure levy which is expected to generate around £112m by 2026.

14. LOCAL COUNCIL TAX SUPPORT SCHEME

RESOLVED:

1. That as Council Tax Benefit (CTB) is to be abolished by the government from 1 April 2013, the requirement for the council to adopt a Local Council Tax Support (CTS) scheme in its place by 31 January 2013 with a 10 per cent reduction in funding be noted.
2. That the underlying principles to approaching this change in government funding as described in paragraphs 12-14 of the report be approved.
3. That, subject to consultation, the proposed option for Local Council Tax Support (CTS), detailed at Appendix A (model 10) of the report be approved, which will result in capping future council tax support to 85 per cent.
4. That the proposed consultation strategy and the 8 week consultation period be approved.

5. That the principles underlying the consultation as outlined in paragraphs 45-52 of the report be approved.
6. That the proposal for the removal of the current second adult rebate element from the new scheme be approved in principle, and the need to consider again in October 2012 following the outcome of the consultation process be noted.
7. That it be noted following consultation that 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.

15. QUARTERLY CAPITAL MONITORING REPORT OUTTURN AND CAPITAL PROGRAMME REFRESH 2012-2022

RESOLVED:

1. That the outturn position for 2011/12 for the general fund capital programme including the overall position of the programme from 2011-21 (Appendix A of the report) be noted.
2. That the outturn position for 2011/12 for the housing investment programme (Appendix B of the report) be noted.
3. That the virements and funded variations to the general fund capital programme (Appendix C of the report) be approved.
4. That 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 of the report) be approved.
5. That the strategic director of finance and corporate services be requested to present an updated programme report with the remaining items for refresh in September 2012 in light of updated resources and information.

16. REVENUE OUTTURN REPORT 2011/12, INCLUDING TREASURY MANAGEMENT

RESOLVED:

That the following be noted:

- The general fund outturn for 2011/12; and movement on reserves
- The budget movements in Appendix A of the report
- The schools budget outturn, which has been taken to the dedicated schools grant reserve
- The housing revenue account's (HRA) outturn for 2011/12 and movement on reserves
- The collection fund's year-end surplus balance

- The treasury management activity for the year.

17. AUTHORISATION OF DEBT WRITE-OFFS OVER £50,000 FOR NATIONAL NON DOMESTIC RATES - REVENUES & BENEFITS SERVICE

RESOLVED:

That the write off of the debt of £242,413.59 for 10 debts which are irrecoverable be approved.

18. DISPOSAL OF THE COUNCIL'S FREEHOLD INTEREST IN ELMINGTON ESTATE SITES C, D, E AND G, CAMBERWELL, SE5

RESOLVED:

1. That 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 be approved.
2. That the head of property be authorised 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. That in the unlikely event that this recommended sale does not proceed to exchange, the head of property be authorised to agree the terms of a sale with any one or combination of the under bidders set out in the closed report and/or any other third party, provided that these terms conform with the council's legal obligation to achieve the best consideration reasonably obtainable where that is required.
4. That the capital receipt from the sale of the property be recycled into the council's housing investment programme.

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

RESOLVED:

1. That it be agreed to take a lease of Block C, 1 Lugard Road, SE15 2HG (identified on the plan attached to the report), subject to acceptable terms being agreed with the landlord.
2. That authority be delegated 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 the report.
3. That the capital requirements for the acquisition of the lease and fit out costs, as detailed in the closed version of the report be noted and that it will be incorporated into the capital outturn report that is being presented to cabinet in July 2012.

20. DISPOSAL OF 170 SUMNER ROAD, SE15 6JL

The cabinet agreed to hear a deputation from the North Peckham Tenants and Residents Association on the need for a community hall in the area (item 6).

RESOLVED:

1. That the disposal of the council's freehold interest in 170 Sumner Road, London SE15 6JL ("the Property"), as shown hatched black on the plan attached to the report, to the bidder identified and on terms set out in the accompanying closed agenda report be approved, 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.

21. APPOINTMENTS TO OUTSIDE BODIES 2012/13

RESOLVED:

That appointments to the following outside bodies for the municipal year 2012/13 be agreed:

- Better Bankside Board - Councillor Adele Morris
- Waterloo Quarter Business Alliance - Councillor David Noakes
- Kings College Hospital NHS Council of Governors - Councillor Catherine McDonald.

22. PUBLIC HEALTH SHARED SERVICE BETWEEN LAMBETH AND SOUTHWARK COUNCILS

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept this item as urgent as the timescales to put in place a shared Lambeth-Southwark Director of Public Health and specialist public health team in line with public health transition deadlines of April 2013 would have meant that a delay in any cabinet decision would be detrimental to the change process.

As set out in the advice by the director of legal services, the public health transfer requires a due diligence exercise in order to establish where TUPE or similar arrangements apply. In order to discharge the NHS and council's statutory obligations to consult with affected staff, as receiver and sender organisations under TUPE, consultation with the affected Directors of Public Health would need to take place in August 2012, with consultation with other affected staff taking place between October and December 2012. Any delay in considering the report could have negatively impacted on the commencement of the statutory consultation in August 2012, as set out in the transition timetable.

RESOLVED:

1. That agreement be given to share a Director of Public Health (DPH) and a specialist public health team with Lambeth Council.
2. That a joint due diligence exercise between Lambeth and Southwark take place on the DPH function to inform and validate the financial model for the public health shared service and that this will be undertaken under the oversight of the chief executive in consultation with the cabinet member for health and adult social care.
3. That authority be delegated to the chief executive to undertake immediate work with the NHS South-East London Cluster and Lambeth Council to specify and establish the shared DPH and specialist public health team.

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

This item was withdrawn.

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 category 3 of paragraph 10.4 of the Access to Information Procedure Rules of the Southwark Constitution.

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

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

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

The cabinet considered the closed information relating to this report. See item 19 for decision.

26. DISPOSAL OF 170 SUMNER ROAD, SE15 6JL

The cabinet considered the closed information relating to this report. See item 20 for decision.

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

This item was withdrawn.

The meeting ended at 6.50pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, 25 JULY 2012.

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

Item No. 7.	Classification: Open	Date: 25 September 2012	Meeting Name: Cabinet
Report title:		Response to the Education and Children's Services Scrutiny Sub-committee's review of support for parents and carers of disabled children and young people	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Dora Dixon-Fyle, Children's Services	

FOREWORD – COUNCILLOR DORA DIXON-FYLE, CABINET MEMBER FOR CHILDREN'S SERVICES

Providing effective support for children and young people with a special educational need or disability and their family is a central priority of this council. The service seeks and welcomes feedback which enables it to improve the support it offers, and it continues to identify areas for improvement. The Education and Children's Services Scrutiny Sub-Committee's report and recommendations are received in this context. The recommendations will help the service ensure that families with children and young people with a special educational need or disability receive the support and information they may need to fulfil their potential and lead healthy, safe and independent lives.

I am pleased to note that Southwark received a special mention in the London Evening Standard on the 10 September highlighting the fact that staff at our Fusion leisure centres since March 2012 have received disability training and that each leisure centre has a 'disability' champion. Surrey Docks watersports centre offers adapted sailing and as part of our £2 million Olympic legacy funding we have committed £85,000 on a new outdoor disability multi-sports court for Peckham Town Football Club. This facility will provide an all weather venue that will allow members of Peckham Town FC disability teams and surrounding areas special needs schools players and local disability groups an opportunity to take part in football development sessions, competitive games and coaching programmes.

I am also pleased to note we have installed a new disability pool hoist in order to increase inclusivity for disabled users at the Peckham Pulse Healthy Living Centre.

RECOMMENDATION

1. That Cabinet note and agree the response to the recommendations of the Education and Children's Services Scrutiny Sub-Committee.

BACKGROUND INFORMATION

Education and Children's Services Scrutiny Sub-Committee

2. The then Education and Children's Services Scrutiny Sub-Committee conducted a review of support for parents and carers of children with special educational

needs and disability (SEND). It reported its recommendations to cabinet on 19 June 2012. Cabinet agreed that the recommendations be noted and that the cabinet member for children's services bring back a report to cabinet in order to respond to the sub-committee by 25 September 2012.

Report summary

3. The review focused on how best to support parents and carers so that they in turn can have a better quality of life and be in the best position to parent their disabled child, look after their wider family and participate in community life. Evidence submitted to the review included responses from parents, Contact A Family, the Southwark Parent Carers Council, and council services.
4. The review identified 18 recommendations, many of which were already being addressed by children's services. This report contains a detailed response to each of the recommendations.

Response to recommendations

5. The report and its recommendations complement ongoing work in the special educational needs (SEN) and children with disabilities (CwD) teams to develop and continue to improve support for parents and carers of children and young people with SEN or a disability.
6. For example, this has included development work to give children and their families greater choice and control over the services they receive, in line with the recent SEND paper, and the Children and Families Bill which is due to be published in the autumn. The council has established a personalisation pilot to take these ideas forward, and is working with families to ensure it meets their needs. Up to 30 personal budgets will be developed in this financial year, with a gradual roll-out from April 2013 onwards in line with learning from the initial pilot families and the national personalisation pathfinder projects which are due to report in 2013.

KEY ISSUES FOR CONSIDERATION

Recommendations from sub-committee/response

7. The scrutiny sub-committee made 18 recommendations, to which responses, grouped by theme, are set out below.

Sport and leisure

8. Recommendation 1: Improve the accessibility of universal services by developing and promoting disability awareness training for staff in Southwark's sports and leisure facilities; such as libraries, museums, swimming pools and parks. Ensure this includes training on meeting the needs of hearing and visually impaired children and children with autism.
9. Response:
Southwark already provides free online disability awareness training for sports and leisure staff as well as voluntary partners. In addition, all libraries have induction loops and access to Supernova software, which provides magnification, speech and Braille support. There are plans to offer access to Supernova on all library computers by early 2013. This summer the annual

summer reading challenge in libraries included multi-sensory storytelling for all special needs children with staff being specially trained to deliver this. This was also be offered during the Boundless Festival in September.

10. Recommendation 2: Encourage sports and leisure facilities to increase the accessibility of mainstream services and provide special sessions suitable for disabled children and young people.
11. Response:
The council already works closely with mainstream sports and leisure facilities to encourage inclusive sessions, and is investing in its leisure centres to ensure all are fully accessible. The community sport team includes a sports equity officer, responsible for promoting disability sport to improve access and quality of provision. In addition, the community sports team has launched a £15,000 legacy grant scheme alongside the Olympic and Paralympics Games, and Southwark's team at the London Youth Games for disabled young people secured a £2,000 grant from Balfour Beatty to develop the local teams.

Short break activities and work plan

12. Recommendation 3: Take forward the short break work plan.
13. Recommendation 4: Evaluate the services in place to support parents and carers of disabled children over the age of 5; particularly recognising the evidence received of the additional stresses that families experience when young people reach adolescence and in times of transition.
14. Recommendation 5: Where resources allow, provide additional services and support for children and young people with autism; particularly those with challenging behaviour or ADHD and for children under 8.
15. Response:
The council is already taking forward the actions agreed in the short breaks workplan, which includes actions to improve provision in line with recommendations 4 and 5. Progress to date includes establishing an autism post-diagnosis support worker at Sunshine House and expanding the range of holiday schemes for children aged five and over as well as revising the school travel policy and developing provision which siblings of disabled children can also attend.

There is already a wide range of support at times of transition from the early help and SEN teams, and independent parent partnership. In addition, we have already established an integrated adults' and children's services 'transition team' for 14 to 19 year olds will further support a smooth transition to adulthood.

Disability register

16. Recommendation 6: Keep Southwark's Council Disability Register updated and set up a dialogue with partners on protocols to share data in ways that are transparent, lawful and that will assist families and partner organisations supporting families.
17. Response:
The CwD team accepts this recommendation and will establish a steering group, with parent carer representation, to review the eligibility criteria for inclusion on

the disability register and the information available about the register on the council's website and in the form of leaflets and other written information.

Information and data sharing

18. Recommendation 7: Explore how the council can do data sharing better and more sensitively. Particularly look at the request that social workers take into account information available from health practitioners when making assessments of children and families.
19. Response:
The CwD team carries out its assessments in line with the national assessment framework and this requires that information from health and other professionals should be taken into consideration. Clear guidance already exists for social workers on when and how they can share information. The service will continue to explore how it can do this more sensitively.

Assessments and use of CAF

20. Recommendation 8: Guarantee that all children will receive an assessment by social and educational services if referred by a professional. Undertake these as early as possible in recognition of the importance of timely support.
21. Recommendation 11: Ensure that the common assessment framework (CAF) enables organisations to support families of disabled children, that there are no unnecessary barriers and that the CAF acts as a collaborative system for statutory and voluntary services to identify and support families in need.
22. Recommendation 12: Ensure assessments and consultations take into account parents' and carers' responsibilities for other children or work commitments, particularly when taking decisions about the services and support these families receive.
23. Response:
Children referred to social and educational services by professional always receive an assessment. These are conducted according to statutory guidance, which include thresholds for the provision of statutory support. All social work assessments are undertaken as early as possible, and all must take a holistic view of the family, including the other pressures parents and carers may be under, when determining what support services families receive.

Those children who do not meet thresholds for statutory support are signposted to services that can offer support. The council is reconfiguring these services to better support families and prevent the need for statutory intervention. This includes developing teams around schools, settings and children's centres which can provide extra support for children and families, such as support for autism, educational welfare or educational psychologists.

There are no barriers to the use of the CAF, and the council continues to promote its use including providing free training sessions. As a collaborative tool, the CAF can help speed up the assessment process, in part because parents need tell their story only once.

Information, advice and guidance

24. Recommendation 9: Provide clear advice and support to parents and carers on their rights, through publications and support organisations.
25. Recommendation 14: Provide families with information on statutory, community and generic services available through events, publications and support organisations.

26. Response:

Parents and carers can access a wide range of information on events, activities and their rights from the family information service, the parent partnership service, the SEN, early help and CwD teams, and commissioned provision such as Contact A Family. This is available in written publications as well as by telephone or in person. New publications include the parent partnership's A to Z of SEN guide for parents and its guide to secondary SEN provision in schools.

The council is also working to expand the information available online, as well as develop innovative solutions such as online user forums. The information that council services provide, however, is reliant on the cooperation of providers to notify the council of events and activities on offer, and the council strongly urges community and commissioned providers to work with the council to better coordinate the information available to parents and families.

Schools and statements

27. Recommendation 10: Ensure that statements of special educational need are adhered to.
28. Recommendation 15: Work with all schools to promote better relationships and communication between home and school for families of disabled children and young people.

29. Response:

Schools are responsible for the annual review of statements, and interim or emergency reviews can be called by the school or parent or carer at any time. The council must be invited to any such review. The council also continues to work closely with schools to promote better relationships and communication with parents, primarily through the parent partnership. Key activity for this team includes supporting parents at meetings at school and visiting schools with parents; advising parents on the types of schools suitable for their child, transition, navigating the statementing process; and training sessions. In addition, the early help service can put in place support identified through a CAF, and will move to a statutory assessment if no progress is made. The SEN team will then work with parents and schools directly.

Employment support

30. Recommendation 13: Promote provision for parents of disabled children to find meaningful employment, whilst also fulfilling their caring responsibilities. Parents recommended a pilot developed by the London Borough of Wandsworth.

31. Response:

The council already provides a wide range of back-to-work support, including through children's centres and commissioning voluntary sector organisations. In developing new commissioning contracts from April 2013, the Wandsworth pilot will be considered. The parent partnership also provides a wide range of support to boost parents' confidence, including training on assertiveness and being a volunteer, which for many parents is a vital stepping stone towards employment.

Consultation and peer support

32. Recommendation 16: Improve consultation and engagement by:

- a. Ensuring that results of consultations are shared; wherever possible explain why some requests cannot be honoured
- b. Offer various methods to collect feedback (ie face to face consultation, questionnaire, electronic survey, telephone survey)
- c. Provide opportunities for parents to participate in the strategic planning of services wherever possible
- d. Use robust methods to engage children and young people and include their views

33. Response:

The council already uses a range of consultation methods, including face-to-face, telephone and written surveys. The council also continues to support the local independent parent-led parent carer council, through providing co-located office space and seconding two workers to support the parent carer council's development. Key milestones for the year ahead include developing a participation strategy and preparing joint good practice guidelines.

34. Recommendation 17: Value parents as a resource and the power of peer support; particularly in times of scarce financial resources.

35. Response:

The council strongly agrees that parents and carers are the experts in their child's life, welfare and upbringing. This belief underpins the council's investment in peer support through the parent carer council and voluntary organisations including Contact A Family. In addition, the personalisation pilot offers further opportunities to empower parents and carers by increasing the choice and control they have over the services they receive, and ensure they are at the heart of decision-making about their care.

Voluntary sector

36. Recommendation 18: Commission contracts for as long as reasonably possible.

37. Response:

In line with the Southwark Compact, the council remains committed to supporting the voluntary and community sector, including the need to take early, clear decisions on contracting arrangements.

Community impact statement

38. The council is committed to supporting children and young people with SEN or a disability, and their families, to lead healthy, safe and independent lives. This includes providing clear, accessible information, advice and guidance, as well as

timely assessment and support. The recommendations detailed in this report support these commitments.

Resource implications

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Departmental Finance Manager, Children's (Ref: CS0226)

40. The resource implications are as set out in the body of the report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Support for Parents and Carers of Disabled Children and Young People - Report from the Education and Children's Services Scrutiny Sub-committee	160 Tooley Street, London SE1 2QH http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=3127	Scrutiny Team 020 7525 0514

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Dora Dixon-Fyle, Cabinet Member for Children’s Services		
Lead Officer	Romi Bowen, Strategic Director of Children’s Services		
Report Authors	Rory Patterson, Deputy Director, Specialist Children’s Services		
Version	Final		
Dated	13 September 2012		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Director of Legal Services	Yes	No	
Strategic Director of Finance and Corporate Services	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Officer		13 September 2102	

Item No. 8.	Classification: Open	Date: 25 September 2012	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Independent Fostering Services	
Ward(s) or groups affected:		All Wards	
Cabinet Member:		Councillor Dora Dixon-Fyle, Children's Services	

FOREWORD – COUNCILLOR DORA DIXON-FYLE, CABINET MEMBER FOR CHILDREN'S SERVICES

This report asks cabinet to approve the procurement strategy for the future procurement of independent fostering services. As corporate parents we are committed to securing placement services at good value for the taxpayer which are within the council's boundaries, keeping families closer wherever we are able and working to continuously improve the outcomes for the children and young people in our care. In continuing to strive for these children to become successful members of the community our proposals for supporting independence skills fully address the recommendations in the recent OFSTED inspection report. The delivery plan for the project provides for the voice of the children and young people being heard

I am satisfied that in agreeing this report the cabinet will be endorsing its determination to secure the most cost effective and efficient provision for the most vulnerable children and young people in our borough.

RECOMMENDATION

1. That the Cabinet approve the procurement strategy outlined in this report for the independent fostering service which is to undertake a competitive tender process for a four year framework contract commencing on 10 June 2013 in the estimated maximum sum of £17.2m.

BACKGROUND INFORMATION

2. There are approximately 550 children in care. Children come into care for a variety of reasons; some enter at birth whilst others enter as either young children or teenagers. Children's Services ensure that as many children as possible are adopted or placed with extended family members, but a significant majority remain in care for most of their childhood and adolescence.
3. In almost all cases, the council's looked after children have experienced significant levels of abuse and neglect within their families prior to entering care. As a result, some children in care have very complex needs including behavioural and learning difficulties and mental health problems.
4. As corporate parents we do all we can to ensure that looked after children live in a stable family environment. Giving children the best possible start in life by providing stable long term living arrangements helps to improve wellbeing and life chances.

5. Southwark's commissioning strategy for children in care seeks to ensure that provision is of good quality and improves the outcomes for our children. It is hoped that by making the proposed changes to the service these aspirations will be further enhanced.
6. The council meets this service requirement by providing four categories of care:
 - (i) Independent fostering services (ages 0 -18)
 - (ii) Semi-independent living services (ages 16 -18)
 - (iii) Residential care (ages 0 – 16)
 - (iii) In house fostering services (ages 0 – 18).

This report relates only to independent fostering.

7. Southwark's fostering service has been rated as good with some outstanding features in its most recent Ofsted inspection. In circumstances where it is not possible to meet a child's needs through our own resources we also commission foster carers through independent fostering agencies which can provide additional capacity alongside more specialist support.
8. Each fostering agency (including local authority fostering agencies) is a free standing registered agency subject to national fostering regulation and Ofsted inspection arrangements. Each agency approves its own carers who can only be registered with one agency at any given time. Carers cannot therefore be transferred to another agency as a result of contract changes for their respective IFA. This in turn means that once a child has been placed with a foster carer through an IFA, the placement will continue until ended, regardless of whether the IFA remains a chosen provider of the council. This is to ensure that those in care do not lose the benefit of established relationships.
9. Good quality foster care that matches children with carers that most suit their needs is the main vehicle for ensuring the council achieves stable placements.
10. Carers are not employees and only receive a weekly allowance for the period a child in care lives with them. They can be approved to provide care for up to a maximum of three children within one household, with each child potentially being placed by a different local authority at a differing rate, according to age and need.
11. Of the current 550 looked after children in Southwark, 284 are with council approved and supported carers and 120 with IFA's. 17 have been placed for adoption; 45 found other placements in the community; 38 are in specialist residential settings including those with profound disabilities; 41 are with semi independent living services; and 5 are subject to court ordered parent and child assessment placements. The total cost of the IFA service for 2011/12 was £4.3m.
12. Following the implementation of more formalised interim procurement arrangements in 2010/11 the council currently uses seventeen preferred providers and another twenty through spot purchasing. The key outcomes of the interim arrangements have been:

- Improved service levels following the introduction of enhanced specifications.
- Increased ability to source high quality and cost effective placements.
- Improved contract management.
- The development of fostering for children with disabilities, short breaks, youth offending and mother and baby services. There are currently six placements for disabilities and five for mother and baby.

Summary of the business case/justification for the procurement initiative

13. IFAs play an important role in the local placement economy especially in providing placements that meet those with more complex needs. In order to build on the success of the interim arrangements a service review was undertaken in June 2012 in full consultation with young people in care, care leavers, staff, providers and partner agencies to inform the commissioning strategy going forward. Below is a summary of the main findings and recommendations.

The Service

- Overall the number of children being recommended for foster care placements is rising, in the context of a national shortage of foster carers.
- Whilst there is a strategy to increase the number of council foster carers, this is a medium to long term strategy and cannot meet immediate demand and needs.
- The Crime and Disorder Act 1998 places a general duty on Local Authorities to act in partnership to prevent offending by children and young persons. The Youth Justice Board will require local authorities to have a range of placement options available as an alternative to remands into custody.
- The Legal Aid Sentencing and Punishment of Offenders Act 2010-12 (LASPO), due to be implemented from November 2012 introduces some key changes including a new remand framework for young people. Changes to the law on bail and remand are aimed at reducing the number of those who are unnecessarily remanded into custody. Under the new “no real prospect” test, offenders would be released on bail if they would be unlikely to receive a custodial sentence. These statutory requirements will be included in the new framework.
- It was felt that placement types and discounts could be simplified and the option of reviewing pricing during the contract period should be considered.
- There should be a clear strategy for managing existing placements that may remain outside of the new framework arrangement.
- More emphasis is needed to ensure that from the age of 13 young people develop life skills for independent living in a planned/incremental way, a recommendation of the recent OFSTED inspection.
- There should be a requirement that any additional mileage over and above that included in the standard weekly fee must be agreed in advance.
- Specific requirements in relation to placements for disabled children; youth offending/remand placements; parent and child placements should be reviewed.
- Emphasis should be placed on early recognition/safeguarding for young people who may be vulnerable to crime, substance misuse and teenage pregnancy.

- Enhancements for children with challenging or complex needs will not be included as challenging behaviour is often expected behaviour for children in care given their previous experiences, therefore a single standard weekly fee will encompass this.
- Of the 120 placements currently, 53 are within a 7 mile radius. It is proposed that a new requirement is introduced to ask providers to increase the percentage placements within Southwark's boundaries or within 7 miles of Southwark from 47% to a new target of at least 75%. This will support young people being able to maintain contact with family and friends.
- Introduce a standard weekly fee which will cover all cost elements that are routinely required in a foster care placement (excluding for example therapies or assessments). This will enable a genuine like for like comparison of cost and move away from current additional fee practices.

Independent Fostering Agencies

- A need for improved communication and information flow between providers and social workers about individual children.
- A need for greater emphasis on the importance of placement stability, and the steps that providers are expected to take in this regard.
- Require better information and intelligence gathering by providers to support service improvement and matching of a child to a placement.
- A two tier system of providers should be introduced based on quality and price.
- A requirement that providers consider special guardianship and "staying put" arrangements be introduced.

Foster Carers

- That further partnership working is needed to provide enhanced support for young people's transition to independence. Life skills sessions should include cooking, basic do-it-yourself, managing money, managing your home, domestics and financial planning, and an understanding of the benefits system.
- Carers must be able to deal appropriately with children and young people with challenging behaviour.
- Carers must be able to deal appropriately with children and young people with challenging behaviour.
- Households must be smoke free for all children aged under five and for all children with certain medical conditions.

14. Currently placements are divided into the following categories:

Generalist – All ages

- Level One – Enhanced fostering placements
- Level Two – Standard fostering placement
- Level Three – Post 18 placements

Specialist Fostering

- Managing significant offending behaviour.
- Severe and profound disabilities.
- Short break for severe and profound disabilities.

- Mother and baby fostering.

15. The following placement types are proposed:

Lot 1	a	Foster care placements for children aged 0-4	— Standard weekly fee
	b	Foster care placements for children aged 5-10	
	c	Foster care placements for children aged 11+	
Lot 2		Parent and Child Placements	— Specialist
Lot 3		Foster care placements for disabled children/severe profound	
Lot 4		Foster care placements subject to alternative to secure remand (court) status	

16. Providers interested in Lot 1 will be required to apply for all of the sub-lots a, b and c, but asked to submit separate prices for each age group. The reasoning for this approach is that placement data suggests that cost increases with age. Age bands therefore allow charges to better reflect actual cost, rather than relying on a single unit cost that is balanced across the whole 0-18 population.

17. Unlike some other framework arrangements, Southwark has decided not to specify a separate placement type for children with challenging or complex needs. The initial reasoning for this was that ‘challenging’ behaviour is, in many senses, to be expected particularly for the largest cohort of placements which is for children and young people aged 11 plus. Southwark felt that a single standard weekly fee for each age-group of child / young person was therefore more appropriate.

18. Providers who express an interest in Lot 2, parent and child, will be asked to quote an inclusive price for both parent and child.

19. Providers who express an interest in Lot 3, disabled children, will not be provided with a restricted definition of ‘disabled’. The specification outlines broad requirements and highlights the breadth of potential disabilities that a provider might encounter. This will give the council the flexibility to place children and young people under the generic lot 1, or under lot 3 for disabled children as appropriate.

20. Providers who express an interest in lot 4, alternative to secure remand fostering shall refer to those children aged 11 plus who are subject to a court remand order under revised Youth Justice Board (YJB) regulations being introduced in the autumn 2012.

21. The contract will reference provision for “staying put” arrangements for young people over the age of 18, and the council will have an agreed rate of allowance for this group.

22. Whilst it has been agreed that separate contracts will be awarded for standard and specialist services, until work is finalised on capacity requirements it is not yet possible to estimate the total number providers that will be needed. This will be completed before the procurement commences.

23. Service providers appointed to the framework will be incentivised by creating a two tier structure. See paragraph 28 for further information.

24. Clear referral pathways and procedures will be in place to ensure that the best possible placement fit is selected to respond to a child's bespoke needs, for example this will include if the placement is within a 7 miles radius. The matching of a placement will involve the child's allocated social worker and be able to deliver appropriate responses in both planned and emergency situations.
25. The placement allocation will be as follows:
 - (i) Request first sent to council foster carers service with a response timeline.
 - (ii) If no match is made the request will then be sent to tier 1 providers with a response timeline of 48 hours.
 - (iii) If no match is made the request will then be sent to tier 2 providers to run concurrently with the tier 1 request.
 - (iv) If a suitable match is received from tier 1 and tier 2, priority will be given to the tier 1 response.
26. An annual performance review will be carried out to assess performance concerning outcomes for children and to ensure providers are fit to remain in tier one, to include for example:
 - Their capacity to provide placements within a 7 mile radius of the borough.
 - Outcomes for children and young people including success in supporting independence skills.
 - The voice of children and young people.
 - Unplanned endings of placements.
 - Approaches to safeguarding.
 - The specific requirements of the service specification.
27. At the end of year two (contract mid point) a pricing review will be undertaken to ensure on-going best value. It will be made clear to providers that to remain or move to tier one their pricing must be competitive. Failure to do so will result in the more expensive agencies risking demotion to tier two whilst also providing an opportunity for providers in tier two (who have met all the quality standards) to be promoted to tier one.
28. In response to the service review of the council's internal commissioning processes and procedures further efficiencies are expected through process and system integration.
29. A framework operational manual will be produced for staff and the providers fully detailing how the framework will operate e.g. tier structure, placement allocations, quality and price reviews, contract monitoring and management.

Market considerations

30. Based on evidence collated in 2011 from London Care Services, which is a pan London agreement, there are a number of factors influencing the market. There are over 100 providers in London who offer an independent fostering service and on average there were price reductions of 3% for the financial year 2012/13. Pricing is volatile and the interim commissioning arrangements with the council's 17 providers have on average reduced their prices by 1.2% for the financial year 2012/13.

31. Providers are aware of the ongoing changes and welcome the opportunity to develop their business to support the changes required for the Youth Justice Board to place young people with foster carers as an alternative to remands into custody. They also welcome working with councils to reduce their back-office costs and to minimise duplication.
32. With the contraction in the economy over the last three years, the ongoing constraints in the economy and current knowledge of the market for this type of work, a high level of competitive responses are expected.

KEY ISSUES FOR CONSIDERATION

Options for procurement including procurement approach

33. The following procurement options were considered:
 - i. Do nothing.
 - ii. Participate in an existing framework arrangement.
 - iii. Undertake a joint tender with other local authorities.
 - iv. Expand the in-house service.
 - v. Undertake a Southwark only competitive process.

A summary of the advantages and disadvantages of each option are included in Appendix 1.

Proposed procurement route

34. The proposed procurement route is to undertake a competitive tendering process following a Part B non EU restricted procedure.

Identified risks for the procurement

35. A risk register has been produced and will be monitored by the project manager. Updates and alerts will be escalated to the programme commissioning board in accordance with the agreed project governance. Table 1 below summaries the main risks.

No.	Risk	Likelihood	Risk Control
1.	<ul style="list-style-type: none"> That TUPE applies to foster carers leading to increased costs and providers requiring indemnity from the council against transferring liabilities. 	Low	<ul style="list-style-type: none"> Legal opinion is that the risk of TUPE applying is low but have recommended precautionary paragraphs in the pre-qualification questionnaire and invitation to tender documentation.
2	<ul style="list-style-type: none"> That the need to ensure quality services means fewer applicants pass the necessary quality threshold. 	Medium	<ul style="list-style-type: none"> Threshold will be set to balance quality whilst maximising interest.
3	<ul style="list-style-type: none"> Slippage in procurement process results in desired deadlines not being met. 	Medium	<ul style="list-style-type: none"> Project timeline will be monitored by the project manager and issues escalated accordingly.
4	<ul style="list-style-type: none"> The range of providers does not have sufficient capacity to meet service needs meaning that a high level of spot purchasing continues. 	Medium	<ul style="list-style-type: none"> The evaluation will include an assessment of capacity capability.

Key / Non key decisions

36. This report relates to a key decision.

Policy implications

37. The sufficiency duty under section 22G of the 1989 Act requires Children's Services to secure sufficient accommodation for looked after children. This requires local authorities to take steps that secure, so far as reasonably practicable, sufficient accommodation within the authority's area which meets the needs of children that the local authority are looking after, and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the local authority's area ('the sufficiency duty').
38. The council must have regard to the benefits of securing a range of accommodation through a number of providers. The accommodation must also meet the assessed needs of children.
39. This means having the right placement in the right place, at the right time which is a vital factor in improving placement stability. Stability is known as the critical success factor in relation to better outcomes for looked after children.

Activity	Complete by:
Place GW1 and GW2 on Forward Plan	15 August 2012
DCRB Review Gateway 1: Procurement strategy report	15 August 2012
CCRB Review Gateway 1: Procurement strategy report	30 August 2012
Notification of forthcoming decision – despatch of Cabinet agenda papers	3 September 2012
Cabinet Review Gateway 1: Procurement strategy report	11 September 2012
Approval of Gateway 1: Procurement strategy report	25 September 2012
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	5 October 2012
Completion of tender documentation	5 October 2012
Advertise the contract	5 October 2012
Closing date for expressions of interest (25 days)	30 October 2012
Completion of short-listing of applicants	12 December 2012
Invitation to tender	14 December 2012
Closing date for return of tenders (45 days)	28 January 2013
Completion of evaluation of tenders	22 March 2013
DCRB Review Gateway 2: Contract award report	10 April 2013
CCRB Review Gateway 2: Contract award report	18 April 2013
Notification of forthcoming decision – despatch of Cabinet agenda papers	22 April 2013
Cabinet Review of GW2: Contract award report	29 April 2013
Approval of Gateway 2: Contract Award Report	14 May 2013
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	24 May 2013
Contract award	27 May 2013
Contract start (subject to TUPE)	10 June 2013
Contract completion date	9 June 2017

TUPE/ Pension implications

40. Legal has advised that the engagement of providers on spot contracts supports an argument that the conditions to TUPE applying are not met, although this may be weakened if, as is the case, the council has consistently awarded a succession of contracts to the same provider. However as it not the intention to remove a child from an existing placement if the relevant provider is unsuccessful then there will also be a good argument on this basis that there will be no transferring activity.
41. The nature of the current arrangements together with the understanding that existing providers also provide similar services to other local authorities suggests that there will be no organised groupings of employees whose principal purpose is the carrying out of the activities for the council.

42. The procurement documentation will advise that the council do not consider TUPE to apply but that all applicants must seek their own independent advice and that no warranty is given to this effect.

Development of the tender documentation

43. The project team will work with service leads, corporate procurement, legal, departmental children's services finance, contract and performance improvement team and health and safety services to develop the tender documentation including the service specification, pre-qualification questionnaire (PQQ) and the quality and pricing evaluation methodologies.

Advertising the contract

44. As a Part B service, there is no formal need to issue an OJEU notice. However, in order to ensure all market areas are covered, a voluntary notice will be issued. In addition, adverts will be placed on the council's website, Community Action Southwark website, in Community Care and other similar trade journals. Existing providers and other known providers will also be alerted to the advert placed on the council's website.

Evaluation

45. Contracts will be awarded on the basis of MEAT (most economically advantageous tender) using a price/quality ratio of 70/30 in line with council guidelines. As per the restricted protocol, the process will consist of two stages.

Stage One – Pre-Qualification Questionnaire (PQQ)

46. The purpose of the PQQ is to create a short list of organisations who have demonstrated that they have sufficient technical capacity and financial and economic standing and ability to be invited to tender. In order to determine sufficient financial and economic standing, and technical capacity and ability PQQs will be evaluated in accordance with the criteria as set out in Articles 29-35 of Directive 92/50/EEC (as amended or replaced).
47. Method statements will be used to assess the technical section, for which there will be a minimum pass mark. Applicants who are not able to demonstrate that they currently have a good or outstanding OFSTED grading will be eliminated from the process. The short listing process will include an assessment of capacity. The financial, health and safety and qualities sections will be assessed as pass or fail. For the financial assessment, a minimum financial operating threshold will be set.
48. The final PQQ evaluation methodology will be signed off by the commissioning board and advised to applicants.

Stage Two - Invitation to Tender

49. The council is looking for responses from agencies having experience of providing standard and specialist services. The number of providers will be dependent on the capacity of the available placement types. Providers will need to pass the quality threshold before they are assessed on price. Allocation onto tier one or tier two will then be based solely upon price as all agencies will have met the quality level.

Quality Assessment (30%)

50. The quality assessment will be based on a written submission which will examine the following areas:

- Strategic plan and strategy to increase the capacity and coverage of foster care placements at a 7 mile radius of Southwark.
- Strategy for minimising placement breakdown.
- Specific requirements of the service specification.
- Approaches to safeguarding.
- Approaches to transition including preparation for living independently.

Method statements will be used to evaluate applicants against the key quality criteria, for which there will be a minimum pass mark for each question.

Price Assessment (70%)

51. Applicants will be asked to complete a pricing schedule which requires them to separately cost the various aspects of the service, including setting a standard weekly fee and specialist services for parent and child placements, disabled children and placements subject to remand (court) status. The council will expect discounts of between 1% and 2% for the total value spend. Further discounts will be required for sibling groups and if a placement duration is for more than a year. An evaluation matrix has been finalised with finance colleagues.
52. The evaluation panel will be made up of representatives from finance, health and safety, policy and equalities, commissioning and assessment, children looked after service and the young people in care. Officers from legal and corporate procurement will be consulted as required throughout the process. Up to two clarifications will be undertaken as required.

Community impact statement

53. All potential providers are required by the council to proactively demonstrate their commitment to diversity and equal opportunities. As will be highlighted within the contract specification, all contracted arrangements will need to meet specific cultural and language needs where applicable.
54. It is crucial that services the council provides for children and young people are accessible and support their needs by promoting equality and responding to diversity – including issues with respect to age, disability, faith, gender, ethnicity and sexuality.
55. The children looked after service has an equality impact assessment for 2012/14 which recognises the diverse needs for looked after children and the range of supports required for them to become positive members of the community. This procurement is supporting both the 2012/14 children looked after equality action plan and 2012/13 children looked after-business plan. If following advice, any further checks or assessments are required, these will be undertaken.

Economic considerations

56. The details of the contract will be put on the council website, it is anticipated that this will attract the interest of local providers and afford them the opportunity to register their interest in competing for the work.

Social considerations

57. By seeking to place children within the Southwark area wherever possible contact with their families is the foundation of a strong and stable society ensuring children develop into healthy, happy and successful adults.
58. The successful contractors are also expected to meet the London Living Wage (LLW) requirements. For this service it is considered that best value will be achieved by including this requirement as it will enable contractors to employ suitably qualified professional social work staff who are able to provide a quality service. 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.

Environmental considerations

59. The council supports keeping families and communities together. This also reduces the need for excessive car journeys and public transport thus contributing to the reduction in carbon emissions.

Plans for the monitoring and management of the contract

60. The contract will be managed by the contract monitoring and performance improvement team in Children's Services. Managing and monitoring of the contract will include:
- Compliance with the specification
 - Performance indicator measurement including stability
 - Best value
 - Service user outcomes
 - Service user satisfaction
 - Risk management
 - Health and safety
 - Social care assessment
61. Quarterly monitoring will include: information about the numbers of carers and number of placements; allegations of misconduct and child protection enquiries; planned and unplanned endings of placements; referrals received and placements made; staff turnover, sickness and grievances; foster carer training; general feedback from providers.
62. If a provider fails to achieve the required performance standard in 4 or more KPIs they will be temporarily suspended meaning they will not receive further placement referrals until they have made the required improvement(s).

63. The annual performance assessment will be led by the Children's Services commissioning service with input from social work staff and independent reviewing officers. The meeting will review performance over the preceding year, including progress and areas for improvement and will result in an overall assessment rating of 'excellent', 'good', 'average' or 'poor' for each provider.

Staffing/procurement implications

64. There will be limited impact on staff caused by the tendering of this contract.

Financial implications

65. The objective of this proposal is to deliver an efficient and effective service delivering savings over the 4 year life of the contract. The profile of the savings will rise from a low base in the first year and over the life of the contract it is estimated that it should be possible to deliver savings of up to £200k. The assumption behind the savings is that the volume of the placements will remain roughly as they are now. An increase in the volume may produce discounts although this would be counter balanced by the increased base cost. There is a complex relationship between volumes and mechanisms whereby agencies maintain tier one status which will be better understood as the contract progresses.
66. Approved budget of £4.3m is available to deliver the existing service for the year 2012/13. The proposal has a similar budget profile, and subject to the annual Council budget setting process there will be sufficient budget for the term of the proposal.

Legal implications

67. Legal implications are included in the advice from the Director of Legal Services at paragraph 79 onwards.

Consultation

68. Consultations have been with young people in care, care leavers, Speaker Box – Southwark's children in care council, staff, providers and partner agencies including other local authorities, health, youth offending service and connexions and the feedback was used to produce the new service specification and framework documentation.

Other implications or issues

69. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

70. This is a gateway one report seeking cabinet approval for the procurement strategy for the independent fostering service.
71. With an advised maximum value of £17.2m, there is a requirement to take all reasonable steps to obtain at least five tenders following a publicly advertised

competitive tendering process. Whilst this service is classified as Part B under the EU Procurement Regulations and therefore does not require that a formal OJEU notice is issued, paragraph 44 confirms that a voluntary notice will be issued, in addition to local advertisements in compliance with the council's contract standing orders.

72. Paragraph 12 advises that following a recent review of the interim service provision put in place during the latter part of 2010/11, a number of findings and recommendations were made pertaining to future service needs, the main ones of which are summarised in the report. The result is that it is now proposed to put a framework contract in place to support existing in-house arrangements to deliver the redefined standard and specialist placement types initially detailed at paragraph 15, and expanded upon in paragraphs 16 - 27.
73. Paragraphs 23 - 27 detail the proposal to operate the framework using a two tier structure as a means of ensuring service providers are continuously incentivised to maintain both quality standards and competitive pricing, the latter of which will be via a price review at the end of the second year.
74. Appendix 1 summarises the procurement options considered which have resulted in the proposed recommendation, and paragraph 32 confirms that a high level of competitive responses is expected.
75. Paragraph 34 confirms that the procurement will follow the EU Restricted protocol, and the evaluation methodology is summarised at paragraphs 45 - 52, including confirmation that the council's standard 70/30 price quality ratio will be used; that only those applicants who successfully pass the PQQ stage will be invited to tender; that they will then need to reach a minimum quality level in order to have their pricing evaluated; and how it is the latter that will determine allocation to tier one or two. It is noted that at this time it is not possible to anticipate the number of providers that will be appointed to the framework as this depends on capacity requirements, but work is on-going so as to include relevant information in the final tender documentation. Paragraph 48 advised that the final evaluation methodology will be approved by the Commissioning Board.
76. Paragraph 41 advises that following legal advice TUPE is not expected to apply, however applicants will be advised to seek their own independent advice.
77. The project plan is deemed achievable as long as assigned resources are maintained and the on-going monitoring of the plan has been built into the risk register, a summary of which is given at paragraph 39.
78. Paragraphs 60 - 63 detail the contract monitoring and management arrangements that will be put in place.

Director of Legal Services

79. This report seeks the cabinet's approval to the procurement strategy for the semi-independent living service by establishing a framework contract as detailed in paragraph 1. As the value of the services exceeds £4 million, and is therefore a Strategic Procurement, then this decision is reserved to the cabinet.

80. Whilst these services are not subject to the full EU tendering requirements (being classed as Part B services), they are subject to the general EU principles regarding transparency and non-discrimination. It is also necessary for the services to be procured in accordance with the council's tendering requirements under Contract Standing Orders, which requires at this value that at least 5 tenders are sought following a publicly advertised competitive tendering process. As noted in paragraph 44, the council intends to follow such a process, and in order to reach all parts of the market will be issuing a voluntary OJEU notice.

Strategic Director of Finance and Corporate Services (NR/FCS/31/8/12)

81. This gateway one report recommends that the Cabinet approve the procurement strategy for the independent fostering service, specifically to undertake a competitive tender process for a four year framework contract commencing on 10 June 2013.
82. The strategic director notes the financial implications contained within the report. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Update report on the Provision of Semi-Independent Living Services, Independent Fostering Agencies and Residential Services.	Children's Services 160 Tooley Street London SE1 2QH	Shenis Hassan 020 7525 1552
Children in Care, Commissioning Strategy - 2010/11 to 2013/14	Children's Services 160 Tooley Street London SE1 2QH	Shenis Hassan 020 7525 1552
Children Looked After: Equality Impact Assessment - 2012/14	Children's Services 160 Tooley Street London SE1 2QH	Shenis Hassan 020 7525 1552

APPENDICES

Appendix number	Title of appendix
Appendix 1	Summary of Procurement Options

AUDIT TRAIL

Cabinet Member	Councillor Dora Dixon Fyle, Children's Services		
Lead Officer	Romi Bowen, Strategic Director of Children's Services		
Report Author	Shenis Hassan, Interim Senior Manager, Commissioning and Business Modernisation		
Version	Final		
Dated	13 September 2012		
Key Decision?	Yes	If yes, date appeared on forward plan	June 2012
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments included
Head of Procurement		Yes	Yes
Director of Legal Services		Yes	Yes
Strategic Director of Finance and Corporate Services		Yes	Yes
Contract Review Boards			
Departmental Contracts Review Board		Yes	Yes
Corporate Contracts Review Board		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			13 September 2012

APPENDIX 1

SUMMARY OF PROCUREMENT OPTIONS CONSIDERED

No	Option	Disadvantages	Advantages
1	Do nothing	<p>The council has a statutory obligation to provide this service.</p> <p>Desired efficiencies would not be achieved.</p>	None
2	Use an existing framework agreement	<p>Desired efficiencies would not be achieved as this would be business as usual.</p> <p>Procurement would need to continue on a spot purchase basis as there is no framework agreement in place.</p>	<p>London Care Services (LCS) manages a Pan London Agreement which sets out fee levels and specifications for London authorities to use.</p> <p>Shorter procurement timeline.</p>
3	Joint tender	<p>There are no neighbouring authorities fully committed to seeking a shared service arrangement for this type of work at this time.</p> <p>Longer procurement timeline.</p> <p>Possible delay in achieving desired savings.</p>	Economies of scale
4	Expand in-house service.	This is a long term strategy and so cannot meet short term needs.	Provides the most economical service option.
5	Undertake a competitive tender process	Longer procurement timeline.	<p>Will allow the council to scope the service as desired.</p> <p>Will test the market to ensure most competitive rates.</p>

Item No. 9.	Classification: Open	Date: 25 September 2012	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Semi-Independent Living Service	
Ward(s) or groups affected:		All Wards	
Cabinet Member:		Councillor Dora Dixon-Fyle, Children's Services	

FOREWORD – COUNCILLOR DORA DIXON-FYLE, CABINET MEMBER FOR CHILDREN'S SERVICES

This report asks cabinet to approve the procurement strategy for the future procurement of semi independent living services. As corporate parents we are committed to securing placement services at good value for the taxpayer which are within the council's boundaries, keeping families closer wherever we are able and working to continuously improve the outcomes for the children and young people in our care. In continuing to strive for these children to become successful members of the community our proposals for supporting independence skills fully address the recommendations in the recent OFSTED inspection report. The delivery plan for the project provides for the voice of the children and young people being heard.

I am satisfied that in agreeing this report the cabinet will be endorsing its determination to secure the most cost effective and efficient provision for the most vulnerable children and young people in our borough.

RECOMMENDATION

1. That the Cabinet approve the procurement strategy outlined in this report for the semi-independent living service, specifically to undertake a competitive tender process for a four year framework contract commencing on 10 June 2013 at an estimated maximum sum of £6.8m.

BACKGROUND INFORMATION

2. There are approximately 550 children in care. Children come into care for a variety of reasons; some enter at birth whilst others enter as either young children or teenagers. Children's Services work hard to ensure as many children as possible are adopted or placed with extended family members, but a significant majority remain in care for most of their childhood and adolescence.
3. In almost all cases, the council's looked after children have experienced significant levels of abuse and neglect within their families prior to entering care. As a result, some children in care have very complex needs including behavioural and learning difficulties and mental health problems.
4. As corporate parents we do all we can to ensure looked after children live in a stable, family environment. Giving children the best start in life through providing stable, long term living arrangements helps to improve wellbeing and life chances.

5. Sometimes children's needs can be met through foster carers, recruited trained and supported by the council. In circumstances where it is not possible to meet a child's needs through our own resource, we also commission foster carers through independent agencies which can provide more specialist support. The semi-independent living service is provided when young people aged 16 or over are unable to remain settled in a fostering environment. This may be for a variety of reasons; including the fact that for some young people do not want an alternative family to their birth family. There are also a number of late entrants into the care system (aged 16 and 17) who come into care as a result of chaotic family lifestyles who simply will not settle or accept a fostering placement.
6. Ofsted reported in June 2012 that looked after children and young people's economic well-being outcomes are adequate. Southwark Council is determined to improve this assessment and the Children and Young People's Plan, the Corporate Parenting Committee and the children in care commissioning strategy have identified this as a priority area for development.
7. Strong partnerships with the housing department are well established ensuring priority for care leavers through Supporting People arrangements and providing secure tenancies. The majority of responses to a perception survey show that most care leavers live in good or very good accommodation, however, almost one third do not feel they are living in the right location and some care leavers who spoke to inspectors had variable views on the suitability of their accommodation.
8. Southwark's commissioning strategy for children in care aims to provide good quality accommodation to improve outcomes for this vulnerable group. It is intended that by making the proposed changes to the service these aspirations will be achieved.
9. The council meets their responsibilities by providing four categories of care:
 - (i). Independent fostering services (ages 0 -18)
 - (ii). Semi-independent living services (ages 16 -18)
 - (iii). Residential care (ages 0 – 18)
 - (iv). In house fostering services (ages 0 – 18)

This report relates only to semi-independent living services.

10. Semi Independent provision is an accommodation-based support service provided by the private and voluntary sector which enables young people in care from 16 to 18 years to achieve independence at 18. The support for looked after children by the semi independent service is not regulated by OFSTED, however the commissioning team take a robust approach to contract monitoring to ensure that providers meet and maintain the service quality and safeguarding standards required by the 1989 Children's Act and essential to the best possible outcomes for the children. This was identified as strength in the recent Ofsted inspection.
11. Each semi independent agency is a free standing registered business which leases properties (various sizes to meet placement type) and employs key workers to support these older looked after children. Semi independent 24/7 units or houses of multiple occupation can also be approved for up to three or

- four young people in care within the household, with each child potentially being placed by a different local authority at a differing cost according to need. It may be difficult in these circumstances for the providers to accurately attribute semi independent staff support and management staff time to any specific spot purchased placement or local authority framework.
12. Southwark will not use a semi independent placement for any young person under 16.5 years old, unless in exceptional circumstances. A semi independent placement is usually provided after 17 years of age. Allocated key workers assist young people to develop independent living skills, link them to appropriate community-based and/or statutory services, promote employment/education and provide support to help them live independently within the community.
 13. Young people in care already placed with providers who are unsuccessful in subsequent procurement rounds will not be moved/transferred to agencies who are in the framework.
 14. Of the current 550 looked after children in Southwark 41 are with the semi independent living services. 404 are with foster carers; 17 have been placed for adoption; 45 are with extended family placements in the community; 38 are in specialist residential settings including those with profound disabilities; and 5 are subject to court ordered parent and child assessment placements. The total cost of the semi-independent service in 2011/12 was £1.7m.
 15. Following the implementation of more formal commissioning arrangements in 2010/11 the council now uses twelve preferred providers. The key outcomes of this interim approach have been:
 - Improved management and competitive selection of providers leading to a reduction in providers from an average of 29 per annum to 10.
 - Improved service levels following the introduction of specifications.
 - Improved contract management enabling greater partnership working with providers.
 - The establishment of seven placement categories delivering a targeted approach to better meet young people's needs.
 - Agreement that providers will allow young people to stay after their 18th birthday at housing benefit rates until they are able to transfer to their permanent post 18 home.
 - An annual saving in excess of £150k.

Summary of the business case/justification for the procurement initiative

16. The semi independent providers play an important role by providing flexible and supported accommodation for young people who cannot remain in foster care or residential care. In June 2012 to build on the success of the interim arrangements a service review was undertaken in consultation with young people in care, care leavers, staff, providers and partner agencies to inform the commissioning strategy. Below is a summary of the main findings and recommendations.

The Service

- Southwark Council has new mandatory requirement to comply with the Crime and Disorder Act 1998 which places a general duty on local authorities to act in partnership to prevent offending by young people. The Youth Justice Board will require local authorities to have a range of placement options available as an alternative to remands into custody.
- The Legal Aid Sentencing and Punishment of Offenders Act 2010-12 to be implemented from November 2012 introduces some key changes including a new remand framework for young people. Changes to the law on bail and remand are aimed at reducing the number of those who are unnecessarily remanded into custody. Under the new “no real prospect” test, offenders would be released on bail if they would be unlikely to receive a custodial sentence. These statutory requirements will be included in the new framework.
- Currently there are 41 placements with 35 placements within a 7 miles radius. It is proposed that a new requirement is introduced to ask providers to increase the percentage placements within Southwark’s boundaries or within 7 miles of Southwark from 85% to a new target of at least 95%. This will support young people being able to maintain contact with family and friends.
- OFSTED inspection recommendations in June 2012 identified the need to improve the preparation of looked after children for independence. A range of services are being reviewed and developed as a response. However, semi independent agencies play a key role in delivering the necessary skills/learning. The specification and new framework will address this more explicitly.
- A stronger partnership is required between the children looked after service and commissioned agencies to ensure that key workers support and encourage young people to access key services in Southwark including the newly established resource centre for children looked after.
- Emphasis should be placed on early recognition/safeguarding for young people who may be vulnerable to crime, substance misuse and teenage pregnancy.

Semi-independent service providers

- Semi independent agencies must be able to work effectively with young people with challenging behaviour to improve placement stability.
- A need for improved communication and information to facilitate providers working more closely with the council.
- Improved information and intelligence flows between the providers and young people’s social workers to ensure the best possible placements are made, and then maintained. This will also enable providers to further develop their services.
- Placement types and discounts could be simplified and pricing reviewed.
- A two tier system of providers should be introduced based on quality and price to incentivise the market.
- To further improve outcomes and better hold providers to account for their contribution to these a stronger monitoring and performance framework is required, utilising measurable performance indicators and the voice of young people.

Key Workers

- New standards and expectations are required for key workers as staff quality was seen as variable by young people.

- Increased emphasis on support for young people's transition to independence. Life skills sessions should include cooking, basic do-it-yourself, managing money, managing your home, domestics and financial planning, understanding the benefits system.

Proposed Framework

17. Currently placements are divided into seven levels of care and specialist parent and child specification. The following placement types are proposed, Appendix 2 provides a detailed breakdown of the placements:

Level 1	High Support	
Level 2a	Medium Support	
Level 2b	Low Support	
Level 3	Parent and child placements	
Level 4	Placements subject to alternative secure remand (court) status (16-18 yrs)	Specialist service

18. Providers will be asked to submit separate prices for Levels 1, 2a and 2b. Submitting prices for Level 3 and Level 4 provisional is optional.
19. Providers who express an interest in Level 3, parent and child, will be asked to quote an inclusive price for both parent and child. Providers who express an interest in Level 4, alternatives to secure remand semi independent provision shall refer to those children aged 16+ who are subject to a court remand order under revised youth justice board regulations being introduced in the autumn 2012.
20. Contracts will be awarded for standard and specialist services. The estimated number of providers for each service is in the process of being developed and will be finalised before the procurement commences.
21. This framework arrangement will be incentivised by creating a tiered structure. Providers will be ranked according to their price.
22. Clear referral procedures will be in place as part of the contracting framework to ensure that the best possible placement fit is selected to respond to child's bespoke needs - for example this will include if the placement is within a 7 miles radius. The matching of a placement will involve the child's allocated social worker and be able to deliver appropriate responses in both planned and emergency situations.
23. The placement allocation will be as follows:
- (i) Request first sent to tier 1 providers with a response timeline of 48 hours.
 - (ii) If no match is made the request will then be sent to tier 2 providers to run concurrently with the tier 1 request.
 - (iii) If a suitable match is received from tier 1 and tier 2, priority will be given to the tier 1 response
24. An annual performance review will be carried out to assess performance concerning outcomes for children and to ensure providers are fit to remain in tier one, to include for example:

- Their capacity to provide placements within a 7 mile radius of the borough.
 - Outcomes for children and young people including success in supporting independence skills.
 - Feedback from young people
 - Unplanned endings of placements.
 - Approaches to safeguarding.
 - The specific requirements of the service specification.
25. At the end of year two (contract mid point) a pricing review will be undertaken to ensure on-going best value. It will be made clear to providers that to remain or move to tier one their pricing must be competitive. Failure to do so will result in the more expensive agencies risking demotion to tier two whilst also providing an opportunity for providers in tier two (who have met all the quality standards) to be promoted to tier one.
26. In response to the service review of the council's internal commissioning processes and procedures further efficiencies are expected through process and system integration.
27. A framework operational manual will be produced for staff and the providers detailing the framework, how the tiers will be managed, and contract monitoring/management.

Market considerations

28. Based on evidence collated last year from London Care Services (LCS) which is a pan London agency there are a number of factors influencing the market. LCS has reported from 139 residential providers in 2012/13 five have closed and thirteen have temporarily closed.
29. The council has reduced its use of residential provision through more effective procurement of IFA. The number of young people in residential care has been reduced from an average of 35 to 30. This has produced a budget saving of £500k from the financial years 2010/11 to 2011/12.
30. With the contraction in the economy over the last three years, and ongoing financial constraints it is anticipated that proposals will be highly competitive and a good response is expected.
31. However it should also be noted that property prices in inner London have continued to rise significantly which is making it increasingly difficult for semi independent providers to find properties within Southwark's boundaries as freeholders/landlords are clear that they can obtain higher returns in the open market and not experience as many 'management' issues which flow from accommodating young people in care in their properties.
32. Recent government changes to the housing benefit system (lower caps introduced) has also had a significant impact upon this sector as care leavers reaching 18 are unable to have their rental costs met by their local housing benefit service. Landlords are therefore increasingly reluctant to lease their properties to semi independent providers in Southwark and neighbouring boroughs.

KEY ISSUES FOR CONSIDERATION

Options for procurement including procurement approach

33. The following procurement options were considered.

- i. Do nothing
- ii. Participate in an existing framework arrangement.
- iii. Undertake a joint tender with other local authorities.
- iv. Expand the in-house service.
- v. Undertake a Southwark only competitive process.

A summary of the advantages and disadvantages of each option are included in Appendix 1.

Proposed procurement route

34. The proposed procurement route is to undertake a competitive tendering process following a Part B non EU restricted procedure.

Identified risks for the procurement

35. A risk register has been produced and will be monitored by the project manager. Updates and alerts will be escalated to the programme commissioning board in accordance with the agreed project governance. Table 1 below summaries the main risks.

No.	Risk	Likelihood	Risk Control
1.	<ul style="list-style-type: none"> That TUPE applies to providers leading to increased costs and providers requiring indemnity from the council against transferring liabilities. 	Low	<ul style="list-style-type: none"> Legal has advised that the risk of TUPE applying is low but have recommended precautionary paragraphs in the pre-qualification questionnaire and invitation to tender documentation.
2	<ul style="list-style-type: none"> That the need to ensure quality services means fewer applicants pass the necessary quality threshold. 	Medium	<ul style="list-style-type: none"> Threshold will be set to balance quality whilst maximising interest.
3	<ul style="list-style-type: none"> Slippage in procurement process results in desired deadlines not being met. 	Medium	<ul style="list-style-type: none"> Project timeline will be monitored by the project manager and issues escalated accordingly.
4	<ul style="list-style-type: none"> The range of providers does not have sufficient capacity to meet service needs meaning that a high level of spot purchasing continues. 	Medium	<ul style="list-style-type: none"> The evaluation will include an assessment of capacity capability.

Key / Non key decisions

36. This report relates to a key decision.

Policy implications

37. The sufficiency duty under section 22G of the 1989 Act requires Children's Services to secure sufficient accommodation for looked after children. This requires local authorities to take steps that secure, so far as reasonably practicable, sufficient accommodation within the authority's area which meets the needs of children that the local authority are looking after, and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the local authority's area ('the sufficiency duty').
38. The council must have regard to the benefits of securing a range of accommodation through a number of providers. The accommodation must also meet the assessed needs of children.
39. This means having the right placement in the right place, at the right time which is a vital factor in improving placement stability. Stability is known as the critical success factor in relation to better outcomes for looked after children.

Activity	Complete by:
Place GW1 and GW2 on Forward Plan	15 August 2012
DCRB Review Gateway 1: Procurement strategy report	15 August 2012
CCRB Review Gateway 1: Procurement strategy report	30 August 2012
Notification of forthcoming decision – despatch of Cabinet agenda papers	3 September 2012
Cabinet Review Gateway 1: Procurement strategy report	11 September 2012
Approval of Gateway 1: Procurement strategy report	25 September 2012
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	5 October 2012
Completion of tender documentation	5 October 2012
Advertise the contract	5 October 2012
Closing date for expressions of interest (25 days)	30 October 2012
Completion of short-listing of applicants	12 December 2012
Invitation to tender	14 December 201
Closing date for return of tenders (45 days)	28 January 2013
Completion of evaluation of tenders	22 March 2013
DCRB Review Gateway 2: Contract award report	10 April 2013
CCRB Review Gateway 2: Contract award report	18 April 2013
Notification of forthcoming decision – despatch of Cabinet agenda papers	22 April 2013
Cabinet Review of GW2: Contract award report	29 April 2013
Approval of Gateway 2: Contract Award Report	14 May 2013
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	24 May 2013
Contract award	27 May 2013
Contract start (subject to TUPE)	10 June 2013
Contract completion date	9 June 2017

TUPE/Pension implications

40. Legal has advised that the engagement of providers on spot contracts supports an argument that the conditions to TUPE applying are not met, although this may be weakened if, as is the case, the council has consistently awarded a succession of contracts to the same provider. However as it not the intention to remove a child from an existing placement if the relevant provider is unsuccessful then there will also be a good argument on this basis that there will be no transferring activity.
41. The nature of the current arrangements together with the understanding that existing providers also deliver similar services to other local authorities

suggests that there will be no organised groupings of employees whose principal purpose is to carry out the activities for the council.

42. The procurement documentation will advise that the council do not consider TUPE to apply but that all applicants must seek their own independent advice and that no warranty is given to this effect.

Development of the tender documentation

43. The project team will work with service leads, corporate procurement, legal, departmental children's services finance, contract and performance improvement team and health and safety services to develop the tender documentation including the service specification, PQQ and the quality and pricing evaluation methodologies.

Advertising the contract

44. As a Part B service, there is no formal need to issue an OJEU notice. However in order to ensure all market areas are covered, a voluntary notice will be issued. In addition adverts will be placed on the council's website, community action Southwark website, in community care and other similar trade journals. Existing providers and other known providers will also be alerted to the advert placed on the council's website.

Evaluation

45. Contracts will be awarded on the basis of MEAT (most economically advantageous tender) using a price/quality ratio of 70/30 in line with council guidelines. As per the restricted protocol, the process will consist of two stages.

Stage One – Pre-Qualification Questionnaire (PQQ)

46. The purpose of the PQQ is to create a short list of organisations who have demonstrated that they have sufficient technical capacity and financial and economic standing and ability to be invited to tender. In order to determine sufficient financial and economic standing, and technical capacity and ability PQQs will be evaluated in accordance with the criteria as set out in Articles 29-35 of Directive 92/50/EEC (as amended or replaced).
47. Method statements will be used to assess the technical section, for which there will be a minimum pass mark. The short listing process will include an assessment of capacity. The financial, health and safety and qualities sections will be assessed as pass or fail. For the financial assessment, a minimum financial operating threshold will be set.
48. The final PQQ evaluation methodology will be signed off by the commissioning board and advised to applicants.

Stage Two - Invitation to Tender

49. The council is looking for responses from agencies having experience of providing standard and enhanced services. The number of providers will be dependent on the capacity of the available placement types. Providers will need to pass the quality threshold before they are assessed on price.

Allocation onto tier one or tier two will then be based solely upon price as all agencies will have met the quality level.

Quality Assessment (30%)

50. Method statements will be used to evaluate applicants against the key quality criteria, using the scoring system. To pass, they will have to achieve a minimum score for each question.

Price Assessment (70%)

51. Applicants will be asked to complete a pricing schedule which requires them to separately cost the various aspects of the service including setting weekly fees for the low/medium and high levels, services for young parents and placements subject to remand (court) status. The council will expect discounts of between 1% and 2% for the total value spend. An evaluation matrix has been developed with finance colleagues.
52. The evaluation panel will be made up of representatives from finance, health and safety, policy and equalities, commissioning and assessment, children looked after service and the young people in care. Officers from legal and corporate procurement will be consulted as required throughout the process. Up to two clarifications will be undertaken as required.

Community impact statement

53. All potential providers are required by the council to proactively demonstrate their commitment to diversity and equal opportunities. As will be highlighted within the contract specification all contracted arrangements will need to meet specific cultural and language needs where applicable.
54. It is crucial services that the council provides for children and young people are accessible and support their needs by promoting equality and responding to diversity – including issues with respect to age, disability, faith, gender, ethnicity and sexuality.
55. The children looked after service has an equality impact assessment for 2012/14 which recognises the diverse needs for looked after children and the range of supports required for them to become positive members of the community. This procurement is supporting both the 2012/14 children looked after equality action plan and 2012/13 children looked after-business plan. If following advice, any further checks or assessments are required, these will be undertaken.

Economic considerations

56. The details of the contract will be put on the council website, it is anticipated that this will attract the interest of local providers and afford them the opportunity to participate in the procurement

Social considerations

57. By seeking to place children within Southwark wherever possible this supports contact with their families and supports families which are the foundation of a

strong and stable society and to ensuring children develop into healthy, happy and successful adults.

58. The successful contractors are also expected to meet the London Living Wage (LLW) requirements. For this service it is considered that best value will be achieved by including this requirement as it will enable contractors to employ suitably qualified professional social work staff who are able to provide a quality service. 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.

Environmental considerations

59. Southwark council supports keeping families and communities together. This also reduces the need for excessive car journeys and public transport thus contributing to the reduction in carbon emissions.

Plans for the monitoring and management of the contract

60. The contract will be performance managed by the contract monitoring and performance improvement team in Children's Services. Managing and monitoring of the contract will include:
- Compliance with the specification
 - Performance indicator measurement including stability
 - Best value
 - Service user outcomes
 - Service user satisfaction
 - Risk management
 - Health and safety
 - Social care assessment
61. If a provider fails to achieve the required performance standard they will be temporarily suspended meaning they will not receive further placement referrals until they have made the required improvement(s).
62. Quarterly monitoring will include: Information about the numbers of placements and those within 7 miles of Southwark; allegations of misconduct and child protection enquiries; planned and unplanned endings of placements; referrals received and placements made; status of each young person with employment, education and training; the health of the young person; general feedback from providers.
63. Annual monitoring will include KPIs which cover:
The number of young people working effectively towards independence and attending a 6 week course with a preparation for life programme in place; number of young people who are not in education, employment or training, who attend Southwark "drop in" service to meet connexions and employment advisor once a month; number of young people with a fusion card and accessing sport (gym, swimming, classes or organised sport once a week)
64. The annual performance assessment will be led by the Children's Services commissioning service with input from social work staff and independent

reviewing officers. The meeting will review performance over the preceding year, including progress and areas for improvement and will result in an overall assessment rating of 'excellent', 'good', 'average' or 'poor' for each provider.

Staffing/procurement implications

65. There will be limited impact on council staff caused by the tendering of this contract.

Financial implications

66. The objective of this proposal is to deliver an efficient and effective service. It is also intended to deliver savings over the 4 year life of the contract. The profile of the savings will rise from a low base in the first year and over the life of the contract it is estimated to deliver savings of up to £120k. The assumption behind the savings is that the volume of the placements will remain roughly as they are now. An increase in the volume may produce large discounts although this would be counter balanced by the increased base cost. There is a complex relationship between volumes and percentage, sibling groups and mechanisms whereby agencies maintain tier one status which will become clearer as the contract progresses.
67. Approved budget of £1.7m is available to deliver the existing service for the year 2012/13. The proposal has a similar budget profile, and subject to the annual council budget setting process there will be sufficient budget for the term of the proposal.

Legal implications

68. Legal implications are included in the advice from the Director of Legal Services at paragraph 80 onwards.

Consultation

69. Consultations have been with young people in care, care leavers, children in care council (speaker box) staff, providers and partner agencies including other local authorities, health, youth offending service and connexions and the feedback used to produce the new service specification and framework documentation.

Other implications or issues

70. None.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

71. This is a gateway one report seeking cabinet approval for the procurement strategy for the semi independent living service.
72. With an advised maximum value of £6.8m, there is a requirement to take all reasonable steps to obtain at least five tenders following a publicly advertised

competitive tendering process. Whilst this service is classified as Part B under the EU Procurement Regulations and therefore does not require that a formal OJEU notice is issued, paragraph 44 confirms that a voluntary notice will be issued, in addition to local advertisements in compliance with the council's contract standing orders.

73. Paragraph 15 advises that following a recent review of the interim service provision put in place during the latter part of 2010/11, a number of findings and recommendations were made pertaining to future service needs, the main ones of which are summarised in the report. The result is that it is now proposed to put a framework contract in place to deliver the redefined placement types summarised at paragraph 17, and expanded upon in Appendix 2.
74. Paragraphs 21 - 25 detail the proposal to operate the framework using a two tier structure as a means of ensuring service providers are continuously incentivised to maintain both quality standards and competitive pricing, the latter of which will be via a price review at the end of the second year.
75. Appendix 1 summarises the procurement options considered which have resulted in the proposed recommendation, and paragraph 30 confirms that a high level of competitive responses is expected despite the impact of the continuing rise in property prices in London.
76. Paragraph 34 confirms that the procurement will follow the EU Restricted protocol, and the evaluation methodology is summarised at paragraphs 45 - 52, including confirmation that the council's standard 70/30 price quality ratio will be used; that only those applicants who successfully pass the PQQ stage will be invited to tender; that they will then need to reach a minimum quality level in order to have their pricing evaluated; and how it is the latter that will determine allocation to tier one or two. It is noted that at this time it is not possible to anticipate the number of providers that will be appointed to the framework as this depends on capacity requirements, but work is on-going so as to include relevant information in the final tender documentation. Paragraph 48 advised that the final evaluation methodology will be approved by the Commissioning Board.
77. Paragraphs 40 - 42 advise that following legal advice TUPE is not expected to apply, however applicants will be advised to seek their own independent advice.
78. The project plan is deemed achievable as long as assigned resources are maintained and the on-going monitoring of the plan has been built into the risk register, a summary of which is given at paragraph 39.
79. Paragraphs 60 - 64 detail the contract monitoring and management arrangements that will be put in place.

Director of Legal Services

80. This report seeks the cabinet's approval to the procurement strategy for the semi-independent living service by establishing a framework contract as detailed in paragraph 1. As the value of the services exceeds £4 million, and is therefore a Strategic Procurement, then this decision is reserved to the cabinet.

81. Whilst these services are not subject to the full EU tendering requirements (being classed as Part B services), they are subject to the general EU principles regarding transparency and non-discrimination. It is also necessary for the services to be procured in accordance with the council's tendering requirements under Contract Standing Orders, which requires at this value that at least 5 tenders are sought following a publicly advertised competitive tendering process. As noted in paragraph 44, the council intends to follow such a process, and in order to reach all parts of the market will be issuing a voluntary OJEU notice'

Strategic Director of Finance and Corporate Services (NR/FCS/31/8/12)

82. This gateway one report recommends that the cabinet approve the procurement strategy for the semi-independent living service, specifically to undertake a competitive tender process for a four year framework contract commencing on 10 June 2013.
83. The strategic director notes the financial implications contained within the report. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Update report on the Provision of Semi-Independent Living Services, Independent Fostering Agencies and Residential Services.	Children's Services	Shenis Hassan 020 7525 1552
Children in Care, Commissioning Strategy - 2010/11 to 2013/14	Children's Services	Shenis Hassan 020 7525 1552
Children Looked After: Equality Impact Assessment - 2012/14	Children's Services	Shenis Hassan 020 7525 1552

APPENDICES

No.	Title of appendix
Appendix 1	Summary of procurement options
Appendix 2	Proposed placement types

AUDIT TRAIL

Cabinet Member	Councillor Dora Dixon Fyle, Children’s Services		
Lead Officer	Romi Bowen, Strategic Director of Children’s Services		
Report Author	Shenis Hassan, Interim Senior Manager, Commissioning and Business Modernisation		
Version	Final		
Dated	13 September 2012		
Key Decision?	Yes	If yes, date appeared on forward plan	June 2012
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments included
Head of Procurement		Yes	Yes
Director of Legal Services		Yes	Yes
Strategic Director of Finance and Corporate Services		Yes	Yes
Contract Review Boards			
Departmental Contracts Review Board		Yes	Yes
Corporate Contracts Review Board		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			13 September 2012

APPENDIX 1

SUMMARY OF PROCUREMENT OPTIONS CONSIDERED

No	Option	Disadvantage	Advantage
1	Do nothing	<p>The council has a statutory obligation to provide this service.</p> <p>Desired efficiencies would not be achieved.</p>	
2	Use an existing framework agreement	<p>Desired efficiencies would not be achieved as this would be business as usual.</p> <p>Procurement would need to continue on a spot purchase basis as there is no framework agreement in place.</p>	<p>London Care Services (LCS) manages a Pan London Agreement which sets out fee levels and specifications for London authorities to use.</p> <p>Shorter procurement timeline.</p>
3	Joint tender	<p>There are no neighbouring authorities fully committed to seeking a shared service arrangement for this type of work at this time.</p> <p>Longer procurement timeline.</p> <p>Possible delay in achieving desired savings.</p>	<p>Economies of scales.</p> <p>Would test the market.</p>
4	Expand in-house service (already commissioned)	<p>Housing services providers are unable to provide required quality of support.</p> <p>The council's 'supporting people' service is unable to provide a sufficient number of placements.</p> <p>Supporting people contract does not cater for children looked after with high level and complex needs. (Does not meet specification requirements).</p>	<p>Supporting People are able to commission key worker support at a reasonable unit cost for low and medium need.</p>
5	Undertake a competitive tender process	Longer procurement timeline.	Will allow the council to scope the service as desired.

No	Option	Disadvantage	Advantage
			Will test the market to ensure most competitive rates.

APPENDIX 2**PROPOSED PLACEMENT TYPES**

Level of Service	Placement Type
High support - 24 hour supported accommodation – 14 hours support	The Provider shall provide a variety of accommodation which is staffed 24 hours a day with an allocated Key Worker available to offer a minimum of 14 hours one to one support. Young people requiring this service will usually be 17 years (may be 16 in exceptional circumstances, Southwark will routinely require a young person to receive 13 weeks 'high' support before moving to low or medium support.
Medium support - 7 hours accommodation and support	The Provider shall provide stand alone properties or one bedded flats/studios. Young people requiring this service will be 17 years or over. They will be young people in care who are assessed as requiring semi independent provision until they reach the age of 18.
Low support - 3 hours accommodation and support	The Provider shall provide stand alone properties or one bedded flats/studios. Young people requiring this service will be 17 years or over. They will be young people in care who are assessed as requiring service until they reach the age of 18.
Young people who are parents - high support	<p>The Provider shall supply accommodation as follows:</p> <ul style="list-style-type: none"> • Self Contained Accommodation (17-19 years) • 24 hour accommodation (16-18 years) <p>Provide 14 hours a week allocated key worker support to assist parents to develop community links and skills which will enhance their capacity to parent and live independently within their community.</p>
Young people subject to remand - high support	The Provider shall provide alternative accommodation to Southwark at short notice if required and be able to provide stand alone accommodation if required. Young people requiring this Service will usually be 17 years (may be from 16 in exceptional circumstances), The provider will allocate a specially trained key worker who will offer a minimum of 20 hours one to one support. This might usually be for two hours each evening and 10 hours at the weekend.

Item No. 10.	Classification: Open	Date: 25 September 2012	Meeting Name Cabinet
Report title:		Response to the Scrutiny Report into the Collapse of Southern Cross Care Homes	
Ward(s) or groups affected:		All	
From:		Councillor Catherine McDonald, Health and Adult Social Care	

FOREWORD - COUNCILLOR CATHERINE MCDONALD, CABINET MEMBER FOR HEALTH & ADULT SOCIAL CARE

I am very grateful to the Health & Adult Social Care Scrutiny Sub-Committee for their helpful recommendations. I set out in this report my response to their recommendations.

RECOMMENDATIONS

1. That Cabinet notes and agrees the measures that the council has in place to manage the concerns raised by scrutiny and to respond to the reports recommendations.
2. That Cabinet note in particular that the “Caring for our Future” White Paper indicated that there will be a consultation on oversight of the market in the Autumn 2012 including how people can be protected should a care provider go into financial difficulty.

EXECUTIVE SUMMARY

3. The 2011/12 Southwark Health and Adult Social Care Scrutiny Sub-Committee initiated a review into the collapse of Southern Cross Care Homes in June 2011 and its final report was presented to the Sub Committee in June and to Cabinet in July.
4. The review was initiated by Scrutiny in order to ascertain what lessons could be learnt from the collapse of Southern Cross care homes and to explore and make recommendations on action the council should consider to mitigate against potential risks to providing care for some of our most vulnerable residents should other providers go into financial difficult.
5. This report provides a formal response to the Scrutiny Sub Committee report and sets out the measures that the Council has in place to mitigate against potential future risks and the ongoing work that the Council is engaged with to continually improve the standards of care in local care homes and the quality of life for residents.

BACKGROUND INFORMATION

6. Southwark's Health and Adult Social Care Scrutiny Sub-Committee conducted a piece of work in early 2012 that looked into the following issues in relation to Southern Cross:
 - 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
7. In consideration of these issues the report focused on the council's role and arrangements in relation to the following themes:
 - Financial monitoring
 - Standard of care
 - Communication with residents and their families
8. The report concluded with a series of recommendations that are listed below:

Scrutiny Recommendations

- I. 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.
- II. 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.
- III. 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).
- IV. 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.

- V. 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.
- VI. 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.
- VII. 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.
- VIII. 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.
- IX. 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.
- X. 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.
- XI. That visiting times for family, friends and lay inspectors should be flexible.
- XII. That cabinet be asked to explore the feasibility of requiring indemnification from future care contractors in the event that the provider ceases to operate.

Response to the report recommendations:

- 9. The Council welcomes the Committee's consideration of the issues concerning the collapse of Southern Cross but asks Cabinet to note that the Council has measures in place that form part of its existing and routine approach to managing contracts for care services that address some of the concerns identified and recommendations made. The Council also asks Cabinet to note that the collapse of Southern Cross was a national issue, not just one that affected Southwark. While welcoming the Committee's work to highlight the issues, there were many aspects of the collapse of Southern Cross that were outside the control or remit of the Council. Actions included in the recommendations and work that the Council already undertakes in this regard would be unlikely to have prevented the collapse of a large national organisation structured in the way Southern Cross ran its business.

Recommendation 1

- 10. The Council already engages with other local authorities in relation to the use of care and nursing provision in geographic regions – for example Southwark liaises closely with Lambeth and Lewisham in particular. Intelligence is shared

around organisational issues, performance and quality. The Council undertakes as part of its ongoing management of contracts, including spot contracting arrangements for care homes, regular financial checks on the organisations/companies that own and manage the homes.

11. The approach is risk based and regular checks are focused on organisations / homes where the council has a significant number of placements (in excess of 10 placements in any one home or organisation). There is scope to liaise more closely with other boroughs in this regard and the work that London Councils is leading on in relation to a procurement strategy for Adult Social Care services has identified that financial checks may be one area where this could be approached on a pan London basis, rather than individual boroughs all conducting and paying for the same checks. The Council will therefore continue to explore the opportunity for greater joint working with other boroughs through this work.

Recommendation 2

12. It is important that Cabinet notes that previously Councils were responsible for the inspection and regulation of care homes. This function was removed when it was centralised under the Commission for Social Care Inspection (CSCI) and latterly the Care Quality Commission (CQC). There is a national issue about the economic regulation of the care home sector, and this may be considered as part of the consultation on the social care white paper in the autumn of 2012. The Council will have an opportunity to contribute to this.

Recommendation 3

13. With reference to recommendation number one, the Council as part of its existing approach to the management of contracts would undertake checks where there is a significant change in the organisation being contracted with. In the circumstances described checks would be made and I can confirm that checks have been made on Terra Firma.
14. It is however important for the Cabinet to note that the financial checks the Council is able to make are limited in their scope. Use of typical Experian checks, checking of accounts filed with Companies House can only reveal certain information and potential risks on a company's financial activities and standing. More sophisticated checks that would be focused on understanding and appraising the complex financial arrangements and structures that many companies have in place would require highly specialist commercial financial skills that can be costly to commission and may still not reveal information that the council can act on or has powers to act on.

Recommendation 4

15. The Council supports this recommendation and continues to hold providers to account through its quality and monitoring approach. In relation to communication with residents and families the council's quality and monitoring approach is not just confined to communication of significant changes such as change of ownership, but also focuses on communication of care and support needs of users and involvement of family and other professionals.

Recommendation 5

16. The Council has worked with and funded the Lay Inspectors over a number of years and is committed to the importance of getting feedback from users and user representatives. Their feedback can offer different perspectives and insight into the experience and quality of services within care home. The Council is currently in discussion with Age Concern, who host the Lay Inspector scheme, Southwark Link and SPAG to identify how best to develop its approach to ensure that there is a closer working partnership between the Council and these groups, all of whom have a contribution and role to play around 'lay inspection'.
17. The Council considers that there is an opportunity through better joint working to systematically consider the views and experience of users in care home and other alternative perspectives on the experience of receiving care.

Recommendation 6

18. The council is happy for the Committee to receive copies of Lay Inspection reports along with any response from the strategic director or contract managers / home manager. However the Council would ask that the committee notes the work the council is currently undertaking described above to develop a closer working partnership across the Lay Inspector scheme, Southwark Link and SPAG which will consider how findings and feedback from these groups is communicated to the council and what the most efficient and effective way is for responding to issues raised. The committee may wish to defer implementation of this recommendation pending the conclusion of these discussions as it may be that periodic joint reporting to the committee including the Councils response to any issues raised is the most effective way to manage this in the future.

Recommendation 7

19. With reference to the response to recommendation 6, while the Council supports this recommendation, it asks cabinet to note that work is underway to identify the most effective way of joining up the various forms of 'Lay Inspection' including the role of the Southwark Link and through this how best to report issues and findings along with any council response to the committee. The Cabinet may wish to consider deferring the implementation of this recommendation pending the conclusion of this work.

Recommendation 8

20. The Council as part of its ongoing development and improvement of its quality and performance monitoring approach to care homes has commissioned 'My Home Life' to provide a leadership forum for local care and nursing home managers. The 'My Home Life' ** project is strongly supported by all providers at a senior level and involves home managers being given time off to attend sessions with other home managers that are facilitated by My Home Life. These action learning sets explore the practice issues and challenges of managing care homes in order to share experiences and identify opportunities to develop best practice, and deliver improved quality of life for residents living in care homes in Southwark.

*** My Home Life is a collaboration that was established by the National Care Forum and Help the Aged in 2006. It now involves Age UK, City University, Joseph Rowntree*

Foundation and Dementia UK and is focused on promoting the quality of life for people living in care homes. <http://myhomelife.org.uk>

Recommendation 9

21. The Council supports and recognises the importance of this recommendation. Commissioners in health and community services, with the support of corporate colleagues in organisational development, are engaging with the local colleges and care home providers to ensure that the training available from the colleges is tailored and specific to the needs of the social care work force. The work will also ensure that providers have easy access to training through a range of delivery methods that ensures all staff have the right skills in relation to communication with residents, families and carers.

Recommendation 10

22. The Council supports this recommendation and with reference to recommendation four, as part of its routine and established contract monitoring of care homes, the Council will continue to hold providers to account in relation to provision of financial information to residents and family members. With reference to the introduction of personal budgets, at this stage the implementation of personal budgets including direct payments / self management of personal budgets has not been applied to care home placements.
23. The Cabinet should note that government has recently invited councils to participate in piloting personal budgets for care homes. These pilots should provide valuable learning about the potential advantages of this approach.

Recommendation 11

24. The Council supports this recommendation and through its contract management and monitoring work will continue to ensure that providers are held to account around being flexible with visiting times.

Recommendation 12

25. The Council supports the recommendation to explore the feasibility of seeking indemnity under future contracts with care suppliers against provider failure and asks the cabinet to note that the feasibility analysis will need to carefully consider the cost benefits of seeking indemnity and the applicability and appropriateness on a service by service basis.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Scrutiny Report into the collapse of Southern Cross Care Homes	Scrutiny Team, Southwark Council, PO BOX 64529, London SE1P 5LX.	Julie Timbrell Project Manager 020 7525 0514
Scrutiny report Care Homes Questionnaire	Scrutiny Team, Southwark Council, PO BOX 64529, London SE1P 5LX.	Julie Timbrell Project Manager 020 7525 0514

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Catherine McDonald, Health and Adult Social Care		
Lead Officer	Susanna White, Strategic Director of Health and Community Services		
Report Author	Jonathan Lillistone, Head of Commissioning		
Version	Final		
Dated	6 September 2012		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Director of Legal Services	No	No	
Strategic Director of Finance and Corporate Services	No	No	
Director of Adult Social Care	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team		14 September 2012	

Item No. 11.	Classification: Open	Date: 25 September 2012	Meeting Name: Cabinet
Report title:		Peckham and Nunhead Area Action Plan Publication/Submission version	
Ward(s) or groups affected:		Peckham, The Lane, Livesey, Peckham Rye, Nunhead	
Cabinet Member:		Councillor Veronica Ward, Culture, Sport, the Olympics and Regeneration (South)	

FOREWORD – COUNCILLOR VERONICA WARD, CABINET MEMBER FOR CULTURE, SPORT, THE OLYMPICS AND REGENERATION (SOUTH)

This is the Peckham and Nunhead Area Action Plan. The process of discussion with so many parts of the community and the careful and detailed work by the planning and regeneration teams in the chief executive's department reflects the sensitive approach to this widely diverse, complex and attractive centre of our borough. It is a measure of this work that the final plan we now have has not had to be altered significantly following the preceding preferred option consultation process. This demonstrates that the main preferred option's balance of proposals for future land uses for both regeneration and conservation areas is supported by the community.

The vision for a thriving main retail high street with good walk through connections, the enhancement of the largely hidden very old Peckham, a dramatic station frontage, recognition of the significance and contribution of the creative community to Peckham, the increase in affordable housing and respect for the "village" areas within the overall plan promise a Peckham of the future that everyone in the area can feel very positive about. Nunhead too with its own individual character has a programme of improvements planned, part funded from the GLA Outer London Fund which will secure its identity as a distinct village centre.

The changes made following the preferred option consultation are set out in paragraphs 12-14 of the report. They clarify building heights on specific sites, cycle routes and include a figure to show the exclusion zone around secondary schools for hot food takeaways. Reference will also be made to transport policy - the need to continue to resist all proposals that diminish rail and bus services; to work with transport providers.

RECOMMENDATIONS

That cabinet recommends council assembly to:

1. Agree to publish the Peckham and Nunhead Area Action Plan (AAP) publication/submission version (Appendix A).
2. Note the supporting documents: the consultation report (Appendix B), the consultation strategy (appendix C), the consultation plan (Appendix D), the sustainability appraisal (Appendix E), the equalities appraisal (Appendix F), the appropriate assessment

(Appendix G) and the schedule of proposed changes to the adopted policies map (Appendix H).

3. Approve the Peckham and Nunhead AAP publication/submission version for submission to the Secretary of State for Communities and Local Government provided no substantive changes are necessary following consultation.
4. Delegate the approval of any minor amendments resulting from consultation on the publication/submission AAP to the Director of Planning in consultation with the Cabinet Member for Culture, leisure, sport, the Olympics and regeneration (South).

BACKGROUND INFORMATION

5. We are preparing an area action plan (AAP) for Peckham and Nunhead. Once adopted, the AAP will form part of Southwark's development plan and will be used to make decisions on planning applications. Whilst the AAP must be in general conformity with the London Plan (2011) and the Core Strategy (2011), it can adapt some of these policies to reflect specific issues in Peckham and Nunhead. Alongside the core strategy, it may replace some of the saved Southwark Plan (2007) policies. Once adopted the AAP will form part of the council's development plan and because of its status as a development plan, the AAP must be taken to council assembly for agreement for formal consultation and submission to the Secretary of State.
6. The AAP covers the majority of the area covered by the Peckham and Nunhead community council, covering Livesey, Peckham Rye, The Lane, Peckham, and Nunhead wards. Small parts Livesey and Peckham Rye wards are outside the AAP boundary.
7. The AAP sets out a detailed vision for Peckham and Nunhead which builds on the vision in the Core Strategy. It sets policies to make sure that over the next fifteen years we get the type of development to deliver the vision. It includes a section on delivery which sets out how the policies and necessary infrastructure will be implemented.
8. We are currently at the sixth stage of preparing the AAP.
 - The first stage was the sustainability appraisal scoping report (November 2006-February 2007).
 - The second stage was a *Future Peckham* vision paper, which set out the key issues that the AAP would consider (March-April 2008).
 - The third stage was the issues and options consultation, which was the first big stage of consultation (September to May 2009). This set out the key issues and challenges for Peckham and Nunhead and possible options to overcome these issues. These options were fairly broad, but established distinct and viable alternative approaches to regeneration and redevelopment.
 - The fourth stage introduced a further stage of consultation on options to ensure that we had fully consulted on all of the possible options before we selected the preferred options (May to September 2011). This was called the *towards a preferred option*.
 - The fifth stage of consultation was the *preferred option* (January to April 2012). It set out our preferred option for Peckham and Nunhead, setting out our strategy

for each of the issues identified through the issues and options and towards a preferred option.

9. This sixth and final stage of consultation proposes the same document for both the publication and submission to the Secretary of State for examination in public. The publication/submission AAP will be out for consultation from September to December 2012. We are inviting representations on its soundness.
10. Following close of consultation, the AAP will be submitted to the Secretary of State for independent examination in December 2012. The AAP will be subject to an examination in public held by a planning inspector appointed to act on behalf of the Secretary of State. This is planned to take place in March 2013. The inspector will consider representations made by interested parties to test the soundness of the draft AAP. This will involve the inspector asking further questions about issues and examining relevant evidence.
11. The inspector will then publish a report with binding recommendations, expected for receipt in Summer 2013. We will then choose to adopt the final AAP or to withdraw and go back to informal consultation. If we choose to adopt the AAP, it will be taken to Council Assembly for adoption in October 2013.

KEY ISSUES FOR CONSIDERATION

Changes from the preferred option AAP

12. The publication/submission AAP carries forward the same overall approach as the approach consulted on at the preferred option stage of consultation.
13. The significant changes are:
 - Targets/capacity. We have amended targets to take into account further work considering capacities and the viability of development as follows:
 - Up to 8,000 sqm of retail (previously up to 15,000)
 - Up to 4,000 sqm of business (previously up to 8,000)
 - A minimum of 2,000 new homes (this has remained the same).

We have explained throughout the AAP, specifically within the section on proposals sites, that the capacities are indicative and will be determined through planning applications, so the figures could be higher or lower.

- Policy 11 – active travel. The publication/submission AAP includes a map to show cycling routes (we previously had one in the AAP at the towards a preferred option stage but took it out as our approach changed). Figure 15 shows indicative cycling routes (rather than detailed routes).
- Policy 26 – building heights. At the preferred option, we set out the there could be a taller element on five sites (Aylesham, Wooddene, Copeland Road car park, Copeland Industrial Park and the cinema site) of between 6-10 storeys. The publication/submission AAP amends this approach to take into account our urban design and tall building modeling and consultation feedback.

- Expanding the delivery and implementation section. We have expanded this section to include:
 - An infrastructure plan
 - Information on CIL
 - A monitoring table.

14. The minor changes are:

- Factual updates to explain what happens at this final stage of consultation.
- Minor wording tweaks to the vision, policies and justifications to policies to make the final policies more clear.
- Removal of the policy to allow residential above shops within policy 1, as national planning policy has since changed to allow this.
- Inserting a figure to show the exclusion zone around secondary schools for hot food takeaways for policy 4.
- Making it clear within policy 6 on business space that business space will be retained within certain locations unless an exception can be demonstrated in accordance with our borough-wide policies.
- Removing the reference to wheelchair housing within policy 18, as this is already covered within the Saved Southwark Plan and will be reviewed through the preparation of our Local Plan.
- Policy 19 – open spaces. We have removed Brimington Allotments from being put forward as a new protected open space.
- Have included more detail within the character area policies to reflect comments from consultation and to focus more on each area's unique character, as required by English Heritage.

The publication/submission AAP

15. The key issues for consideration within the publication/submission AAP are set out below. The full publication/submission AAP is set out in Appendix A to this report.
16. The AAP provides overarching policies for the action area as a whole, as well as detailed policies which describes how these should be applied to individual character areas. The area has been divided into five character areas: Peckham core action area, East Peckham, North Peckham, South Peckham, and Nunhead, Peckham Rye and Honor Oak. Most of the change will take place in Peckham core action area, which is focused around Peckham town centre. The wider area will see smaller scale development, mostly infill development and improvements to the supporting infrastructure. The AAP amends the existing Peckham core action area and town centre boundary from that adopted through the Core Strategy, to be more focused on the area of change and the town centre.
17. The AAP sets out an overarching vision for Peckham and Nunhead, and detailed visions for both Peckham and Nunhead. It sets out a number of objectives to help us achieve the vision which guides the policies and proposals across the AAP area.
18. The AAP promotes the provision of new shopping space to help maintain and enhance Peckham town centre as a major town centre in Southwark's hierarchy and broaden its appeal to a wider catchment. The AAP states that we will work with landowners to improve and expand shopping floorspace, with the capacity for around 8,000sqm of

new floorspace across the key sites of the Aylesham shopping centre, Copeland Industrial Park, Peckham Rye Station and the land between the railway arches.

19. New developments should provide a range of unit sizes, including larger units and we will use planning conditions to prevent sub-division to ensure that there is adequate space for multiple retailers.
20. The AAP promotes building on Peckham's reputation for creativity including providing space for creative industries under the railway arches and building new cultural facilities around Peckham Square, Peckham Rye Station and Copeland Road Industrial Park. It also continues to support the provision of a cinema in Peckham town centre as well as working with businesses to facilitate the provision for more cafes and restaurants, making Peckham a better place to go out in the evening. It sets out that a cinema should be retained on the existing site in Rye Lane unless an alternative facility is provided. It sets out that an alternative location could be at Eagle Wharf or Copeland Industrial Park.
21. The AAP maintains the status of key shopping parades as 'protected shopping frontages', in accordance with the saved Southwark Plan and Core Strategy policies. It also supports the provision of small scale shops within the wider AAP area, particularly along Commercial Way and on the former Wooddene estate proposals site.
22. The AAP has a policy to ensure that the proportion of units which are hot food takeaways (A5 Use Class) does not rise above 5% in Peckham town centre and Nunhead local centre. It also does not allow takeaways within 400 metres (10 minutes walking distance) of secondary schools. This will ensure that these centres continue to be viable and vital and that there is a balance of uses within these centres, as well as improving the health of residents within Peckham and Nunhead.
23. The AAP supports the provision of new markets and street trading areas to increase the variety of retail offer. It sets out that we will establish a site for markets in a new location in Peckham town centre, possibly on the land to the rear of Peckham, Rye Station and/or on the land between the railway arches.
24. The AAP identifies the capacity for around 4,000sqm of new business space in Peckham town centre, specifically on the Copeland Industrial Park, Peckham Rye Station, cinema/multi-storey car park and the land between the railway arches. The AAP also requires existing business floor space within Peckham core action area and the town and local centres to be replaced if development comes forward, unless an exception can be demonstrated in accordance with our borough-wide policies. The AAP also allocates the Print Village Industrial Estate on Chadwick Road as a proposals site, requiring the existing business floorspace to be replaced if a development comes forward on this site
25. Our strategy for community facilities is to locate local facilities together so that the services required by the community, including services for young people, health centres and community space, are provided in accessible locations. The AAP also requires new development to contribute towards the provision of new or enhanced facilities through a section 106 planning obligation or community infrastructure levy.
26. The AAP says where the council will deliver improvements to schools, addressing the need for more school places.

27. The AAP sets out that the council will work with NHS Southwark to improve the health of residents in Peckham and Nunhead, and will consider opportunities to improve local health services through new developments in the area.
28. The AAP encourages active travel, including walking, jogging, cycling, skating or scootering. It prioritises improvements to links between key destinations such as the town centre, stations and schools, as well as adjoining areas including Camberwell and Dulwich. It sets out that the council will continue to work with partners to deliver the cycle superhighway along Queens Road and lobby TfL for the extension of the Mayor's cycle hire scheme.
29. The AAP sets out that the council will continue to work with partners to improve public transport. Specifically it sets the key priorities to include the extension to the Bakerloo line and the cross river tram or an alternative high quality public transport service. The AAP sets out that the 'Flaxyard' site will be either safeguarded for a tram or alternative terminus, or developed for mixed use development.
30. Our strategy for parking for shoppers and visitors in Peckham is to create a balance between providing enough parking to support town centre uses whilst encouraging people to use public transport and active modes of travel. The AAP says which car parks will be maintained and which car parks will be developed for alternative uses over the next 15 years. Of the council owned car parks, it sets out that Copeland Road car park and the multi storey car park on Cerise Road can both be developed for mixed use, allocating both these sites as proposals sites. The AAP sets out that Choumert Grove car park will be maintained as a car park.
31. For residential car parking, the AAP encourages car free development in the core action area, with a maximum of 0.3 spaces per residential unit and, within the wider area, maximum car parking standards of 1 space per unit in the urban zone and 1.5-2 spaces per unit within the suburban zone.
32. The AAP indicates there is capacity to provide a minimum of 2,000 new homes. At least 1,500 of these will be within the core action area and the majority of these will be on proposals sites. There will be a minimum of 700 affordable homes and 700 private homes, implemented through policies requiring a minimum of 35% of new development to be private housing and a minimum to be affordable housing. This is in accordance with the core strategy and a housing trajectory shows when we expect these new homes to be delivered.
33. The AAP amends saved Southwark Plan policy 4.4 to require 50% of the affordable homes to be intermediate homes and 50% to be social rented homes. It required the affordable housing to be of an appropriate mix of dwelling type and size to meet the identified needs of the borough.
34. It also requires a minimum of 20% of homes to be family homes within the core action area and the urban zone and a minimum of 30% within the suburban zone. It sets the minimum floor areas which should be met.
35. The AAP follows the core strategy and saved Southwark Plan policies and protects important open spaces from inappropriate development. It also seeks to protect some

new open spaces, including Brayards Green, Jowett Street Park and Cossall Park, and some new sites of importance for nature conservation including Surrey Canal Walk.

36. Our strategy to meet high environmental standards is to reduce the energy use of new developments and support the provision of an efficient energy network for Peckham and Nunhead. The AAP also requires new development to meet and exceed the Core Strategy policies on water, energy and flooding.
37. It is important to maintain and improve the provision of street trees and the AAP has policies expecting development to retain and enhance trees wherever possible.
38. The AAP sets out key principles to ensure the high quality design of public squares, streets and spaces, and sets out detailed public realm guidance for each of the five character areas. It also has policies to ensure the high quality design of buildings for the whole area and each character area.
39. The AAP sets out policies to strengthen the character of Peckham and Nunhead by sustaining and enhancing its heritage.
40. Most buildings in the wider action area are between 2 and 4 storeys and within Peckham core action area up to 7 storeys. The AAP policy is to retain the current character with most new development having heights similar to existing. Within five sites in Peckham core action area, taller buildings may be appropriate. These sites are identified as: Aylesham centre (up to 20 storeys), former Wooddene Estate (up to 15 storeys), Copeland Road car park (up to 8 storeys), Copeland Industrial Park and 1-27 Bournemouth Road (up to 10 storeys) and the cinema/multi-storey car park (up to 10 storeys). The AAP sets out that a taller local landmark could help to provide definition to these sites
41. The AAP designates new and amends existing proposals sites on the adopted policies map, setting out the type and amount of development suitable on each of these sites. Most of the proposals sites are within the Peckham core action area.
42. The council cannot deliver the vision for Peckham and Nunhead alone, and the AAP contains detail on how the policies and objectives will be delivered. This includes progressing committed developments, developing the council's own sites, and working with other stakeholders such as Transport for London, NHS Southwark, community groups, developers and Network Rail. It sets out the many projects already being progressed including the significant improvements to Peckham Rye Station and Queens Road Station.
43. The section on implementation includes an infrastructure plan looking at the key infrastructure projects planned for the next 15 years. This includes completing the cycle superhighway 5 along Queens Road, creating a new access to Queens Road Station and improving Peckham Rye Station and its surroundings.
44. It also sets out information on section 106 planning obligations and Community Infrastructure Levy (CIL), linking to the council's current consultation on the CIL preliminary charging schedule. It sets out the current consultation proposed CIL charges for Peckham and Nunhead.

45. The AAP includes a monitoring table, setting out how the objectives of the plan will be measured through our AMR.
46. It also includes a section on risk, setting out the main risks to delivering the vision and objectives of the plan, and how these risks are mitigated.

Consultation

47. The Planning and Compulsory Purchase Act 2004 (amended 2008) and the council's statement of community involvement (2008) set out the consultation requirements for area action plans.
48. The consultation strategy (Appendix C) sets out how we will consult on the AAP throughout the entire AAP preparation process and the key groups we seek to involve. The consultation plan (Appendix D) sets out the consultation for the publication/submission stage. The AAP will be available for public inspection from 12 September to 4 December 2012.
49. It is important to recognise that a considerable amount of consultation has taken place over the last few years on the Peckham and Nunhead AAP. The council aims to build on this process and demonstrate that previous comments have been taken into account to try and avoid consultation fatigue. Comments received at each stage of consultation have been considered as part of the preparation of the next stage of the AAP. The consultation report (Appendix B) sets out how we have taken all these comments into consideration.
50. The most recent stage of consultation – *the preferred option* – took place from 31 January to 24 April 2012. We received comments from 56 groups and individuals. This amounted to 341 individual representations and 9 questionnaire responses.
51. The key points raised are set out below. Many of these comments are addressed in the "key issues for consideration" section above. Where there are further specific changes resulting from these comments, or where we could not make changes to the AAP, these are set out below.
52. The consultation report (Appendix B) includes a more detailed summary of all the representations received at each stage of consultation as well as appendices which includes the full representations and our officer comments on how we have taken these comments into account in preparing the publication/submission version.

Planning Committee

- The preferred option AAP was taken to Planning Committee for comment on 28 February 2012. The committee noted the AAP and supporting documents and had no comments on the content of the AAP.

Theme 1: Enterprise and activity

53. Some respondents wanted the wider impacts of encouraging residential use on the vacant upper floors of ground floor shops to also be considered in the strategy, such as the effect on later trading hours of businesses. Criteria are set out in policy 1 to ensure this is taken into account.

54. Concern was raised about a trend of the proliferation of the same kinds of retail offers such as betting shops and pay-day loan shops. The AAP sets out that at the moment we cannot control this effectively through the planning system but that we are looking at opportunities to change this in the future.
55. Policy 4 – takeaways. Several comments were received from local GPs who support the policy to restrict further A5 use on the basis of helping to improve the health of the local population
56. Some respondents wanted the policy to be more robustly worded to create a higher bar for planning applications in future. It was stated that in many parts of the area, the numbers of A5 uses has already gone beyond the proposed 5% saturation point and this needed to be acknowledged. The AAP policy has been amended to reflect that in some of the protected shopping frontages over 5% of the units are already takeaways.
57. Concern was raised about rising rents and other costs which small traders are facing in the town centre. The AAP supports a range of different retail units, including both larger units in some of the key proposals sites such as the Aylesham Centre, and new markets to help provide self-employment opportunities with low-entry costs.

Theme 2: Community and well-being

58. A number of objectors stated the need for additional facilities/meeting spaces that could be used as a base for local groups. The schedule of proposal sites sets out where there is capacity for an increased amount of community space.
59. The need for public toilets in the town centre, potentially as part of proposals at Peckham Rye Station, was also raised. This is too detailed for the AAP to provide guidance on, and is already covered under existing Southwark Plan policies.
60. A few respondents stated that the AAP should acknowledge the challenges presented by future healthcare reforms and changes to education provision, in terms of the focus on Academies and the prospect of free schools, and how they could impact on local service provision.
61. The provision and improvement of sports facilities was generally supported. Some respondents highlighted specific spaces that they saw as being important.

Theme 3: Transport and traffic

62. Promoting and enabling active travel generally supported by a range of respondents.
63. A number of comments were submitted to request that we reinstate the map of cycle routes that appeared at the previous, Towards a Preferred Option stage. There was concern that its removal signaled that cycle routes were deemed to be less important. A new map has been inserted into the AAP showing indicative cycle routes/directions of travel.
64. General support for the Cross River Tram and extension of the Bakerloo Line in principle, but a number of respondents stated that the AAP should provide more detail

about these schemes. Some concerns expressed as to whether there was a realistic chance of provision of these schemes.

- 65. There was some concern over the loss of the Southern line service between London Bridge and Victoria expressed through written reps and at consultation events. No change to the AAP, as the loss of the Southern line has already been agreed.
- 66. Limited, but mixed, response on town centre car parking. Comments ranged from supporting reduced surface level car parking in favour of new development to urging caution that spaces were not unnecessarily removed because it could harm local trade.
- 67. The retention of Choumert Grove car park was welcomed by a number of respondents
- 68. Transport for London requested specific reference to safeguarding land for public transport, including the bus garage and bus station.

Theme 4: High quality homes

- 69. The GLA generally support the housing policies although they have concerns around consistency with London Plan policy 3.14 which require the reprovion of all affordable housing with regard to the proposals site guidance for the former Wooddene estate site. The supporting text for the Wooddene site has been amended to refer to London Plan policy 3.14.
- 70. Notting Hill Housing Trust commented that: the council should include affordable rent in the housing policies and that our policies (tenure and space standards specifically) should be applied flexibly in the context of site specific circumstances and scheme viability in order to ensure deliverability. The AAP continues to follow the Core Strategy and saved Southwark Plan policy requiring social rent and intermediate housing, based on our evidence base and housing need.
- 71. A number of comments were concerned with the levels of amenity space, particularly for family sized housing.
- 72. Some comments referred to the need for more family sized homes.
- 73. There were some comments on the need to ensure that density reflects the character of the surrounding area, particularly where the highest densities are being considered.

Theme 5: Natural environment

- 74. Natural England welcomed the references to green infrastructure and to street trees, green/brown roofs, living walls.
- 75. The GLA noted that the PNAPP should make reference to the All London Green Grid SPG. The AAP now refers to this SPG.
- 76. There was some concern about the lack of protection in planning policies against overuse of open space.
- 77. It was commented that the code for sustainable homes level 4 should be expressed as a minimum target.

78. There was support for a wider commitment to planting in parks and open spaces.

Theme 6: Design and heritage

79. Comments supporting more listed buildings (and locally listed buildings) and wanting to see more. There will be a separate consultation on locally listed buildings in 2013.
80. A request for further conservation areas. The Peckham Society have asked to have a new conservation north west of Queens Road Station around Asylum Road. Other residents also supported this idea. Another resident suggested a slightly different boundary to link in with the Peckham Hill Street conservation area. The AAP does not recommend the designation of a new conservation area as the feeling at the moment is that there is not sufficient evidence to meet the criteria to be designated as a conservation area. We will continue to review this, and future conservation areas can be designated outside of the AAP process.
81. English Heritage in general support of design and heritage policies. The GLA were also supportive of the policies.

Character areas

82. Peckham core action area: overall support for a range of shops. Some comments on needing more of an emphasis on improving the A202.
83. Nunhead and Peckham Rye character area: A number of comments supporting and liking the range of shops in Nunhead. There were also a number of comments requesting a lift at Nunhead Station and a new pedestrian entrance to the station from Evelina Road.
84. Peckham South: very few comments, but supportive of the proposed of the Bellenden one-way systems, and also support for the criteria seeking to restrict backland development.
85. Peckham North. Very few comments received, with the key comment being for an improved cycle link between Rye Lane, Peckham Square and Surrey Canal Walk.
86. Peckham West. No comments received.
87. Detailed comments on some of the proposals sites which have been addressed through the AAP.
88. Overall support for the vision with a couple of comments suggesting us should be more detailed and specific.
89. Comments on needing a risk assessment as part of the AAP

Community impact statement

90. The purpose of the AAP is to facilitate regeneration and deliver the vision of the sustainable community strategy, Southwark 2016, ensuring that community impacts are taken into account. We have prepared an equalities impact assessment (EQIA)

and a sustainability appraisal to make sure that the AAP is having a positive impact on different groups and that the AAP is delivering the most sustainable option for Peckham and Nunhead.

Equalities appraisal

91. An equalities analysis (Appendix F) has been carried out alongside the preparation of the AAP to assess the impact the AAP will have on groups with protected characteristics. Equalities analysis has replaced the equalities impact assessments that were previously carried out on our planning documents, including for the issues and options, towards a preferred option and preferred option stages of consultation on the Peckham and Nunhead AAP.
92. The EA highlights a number of key issues that need to be addressed in preparing the AAP. The first of these is the need to ensure that the methods used to consult and engage people in the preparation of the AAP are open and accessible to all members of the community. To help address this issue we have prepared a consultation strategy which sets out the principles of how we will consult and the importance of reducing barriers to consultation. These emphasise that particular needs such as access, transport, childcare and translation need to be considered, as well as a strategy to broaden the appeal of consultation and make it attractive to a diverse range of people and groups. At each stage, participation has been monitored and analysed to see whether any particular groups have not been engaged and whether this can be addressed at the next stage.
93. Other issues which the EA highlights include access to housing for all groups. There are particular groups, such as Black and Minor Ethnic communities (BME), who are impacted by the size of housing and have a need for family sized units. It will also be important to ensure that homes are adaptable and meet lifetime homes needs, and that homes which can be easily adapted to wheelchair use are provided. The latter are important considerations for the elderly and people with disabilities. It will also be important that the plans help reduce barriers to work which are experienced by those with low skills, single parent families, and people with disabilities in particular. This will have implications for a number of the council's equalities target groups, including the young and older people, people with disabilities and people in BME communities whose first language is not English.
94. Other important issues include access to facilities, to shops, jobs, schools etc. It will be important to ensure that provision is located in areas which are accessible. This can be particularly important for groups who are less likely to have access to cars, including the young and elderly. While it will be important to improve access to public transport and reduce parking requirements, it should be borne in mind that some groups rely on cars, particularly families and the elderly.
95. The action area is expected to undergo significant change through the development and implementation of the Peckham and Nunhead AAP. This will see increased investment and development activity, which provides significant opportunities to improve the built environment in the area. Improvements to the public realm and the environmental quality of the area will need to be of high quality to ensure that certain groups do not feel threatened walking through the area such as members of certain faith groups, members of the BME community, young people, older people and women. Within the wider AAP area, the protection of areas for heritage and

conservation purposes may limit development which may limit the opportunities for creating new jobs and housing for those that are seeking employment or better quality housing.

Sustainability appraisal

96. A sustainability appraisal has been prepared to help identify the environmental, social and economic issues that the AAP needs to address. The preparation of a scoping report was the first stage of the sustainability appraisal to assist in the preparation of the AAP and its sustainability appraisal. The scoping report set out the sustainability objectives and indicators that will be used to measure the impacts of the policy upon sustainable development. Baseline information was gathered to draw attention to key environmental, social and economic issues facing the borough, which may be affected by development in Peckham and Nunhead.
97. An interim sustainability appraisal was carried out for the issues and options, towards a preferred option and preferred option reports. We have updated our sustainability appraisal for this stage of consultation to assess the impact of the publication/submission AAP.
98. The current stage of the process involved appraising the publication/submission for Peckham and Nunhead against the sustainability objectives. The results of the appraisal showed that the overall impact of the policies was positive. The key findings of the sustainability appraisal are that the overall impact was positive especially for policies relating to town centre growth and protection of open spaces. Whilst there were uncertain impacts identified, overall, the appraisal indicated that the policies are likely to have a positive contribution to directing development in Peckham and Nunhead, the AAP policies in particular will help to achieve sustainable development objectives:
 - SDO1 To tackle poverty and wealth creation
 - SDO3 To improve the health of the population
 - SDO4 To reduce the incidence of crime and the fear of crime
 - SDO5 To promote social inclusion, equality, diversity and community cohesion
 - SDO15 To provide everyone with the opportunity to live in a decent home
99. Some negative impacts were identified; however, these were in relation to the environmental impacts of development. Mitigation measures have been identified which will need to be put in place to minimise impacts. Many of these mitigation measures are policy requirements in either the core strategy or supplementary planning documents (SPDs) such as the sustainable transport SPD, residential design standards SPD, sustainable design and construction SPD and sustainability assessment SPD. For example: Strategic Policy 13 in the core strategy, which sets out the council's targets for development to minimise their impacts upon climate change. Possible negative impacts will need to be reviewed and appropriate mitigation measures will need to be identified if these options are carried forward to the submission version AAP.

Resource implications

100. There are no immediate resource implications arising from this report as any additional work required to complete the work will be carried out by the relevant policy team staff and budgets without a call on additional funding.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

101. The PNAAP publication/ submission version together with the accompanying documents are presented to cabinet for consideration and approval of the PNAAP for agreement for formal consultation.
102. The PNAAP is a development plan document (Regulation 7 of the Town and Country Planning (Local Development) (England) Regulations 2004 ("the Regulations")) and will be subject to independent examination by an Inspector of the Secretary of State.
103. Under Part 3B of the Constitution, the cabinet has responsibility for formulating the council's policy objectives and making recommendations to Council Assembly.
104. The Peckham and Nunhead AAP Publication Version is at the publication / submission phase. By virtue of Regulation 4, paragraph 3(c) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 ("the 2000 Regulations") (as amended by the Local Authorities (Functions and Responsibilities) (Amendment) (No 2) (England) Regulations 2005 - Regulation 2, paragraph 4), the approval of a development plan document for submission to the Secretary of State for independent examination is a shared responsibility with Council Assembly and cannot be the sole responsibility of the cabinet.
105. Accordingly, members of cabinet are requested to consider the PN AAP Publication Version and accompanying documents, and recommend to Council Assembly its publication and submission for examination in public by the SoS. The purpose of publication is to allow for any representations on the soundness of the document to be made. Any such representations received during publication of the PNAAP Publication Version are to be submitted to the Secretary of State for consideration at EiP
106. Under Part 3A, paragraph 10 the function of agreeing the policy framework including development plan documents is reserved to Council Assembly.
107. Under Part 3F paragraph 7 of the constitution (as amended) Planning Committee has the function of commenting on drafts of the local development framework during their consultation periods and making recommendations to the cabinet as appropriate.

Consultation requirements

Prior to publication

108. Regulations 24 and 25 of the Regulations require the council to consult with the community and stakeholders during the preparation of the preferred options and publish an initial sustainability report. Regulation 26 and Section 19(3) of the Planning and Compulsory Act 2004 ("the Act") specifically require local planning authorities to

comply with their adopted SCI. In so far as the SCI exceeds the consultation requirements of the Regulations, it must be complied with. This process of consultation in accordance with Regulation 25 (the statutory consultation period of 6 weeks) and the council's adopted SCI (including 6 weeks of informal and 6 weeks of statutory formal consultation) occurred between 10 May and 30 September 2011 and culminated in the Preferred Options. Extensive consultation took place on the council's preferred options on the AAP with the public, statutory bodies and other stakeholders between 31 January 2012 and 24 April 2012. Details of the consultation are set out in the Consultation Plan appended to this report.

Publication/Submission

109. The PNAAP is now at the formal stage of publication before submission to the Secretary of State. The council is required to make available for public inspection in person and on its website the proposals for the DPD, the supporting documents (contained in the appendices) and details of how to make representations as to the soundness of the document. Representations can be made within a six-week period (Regulation 27(2)). This process is distinguished from a participation or consultation process and simply allows an opportunity for representations as to the soundness of the document. Nonetheless, in line with its usual practices about public engagement under the SCI, the council will publicise the PNAAP for an additional period of 6 weeks.
110. The PNAAP will then be sent to the Secretary of State for examination in public as required by section 20(1) of the Planning and Compulsory Planning Act. This will be accompanied by all the supporting documents including the sustainability appraisal report, the SCI and statements setting out the main issues raised and how these have been addressed in the AAP and any supporting documents (Regulation 28(1)).
111. On the cabinet's recommendations, members of the council assembly are requested to simultaneously approve the PNAAP publication / submission version for publication and subsequent submission to the Secretary of State. This approach is acceptable provided that representations made do not raise doubt as to soundness or necessitate substantive changes to the PNAAP before submission. In the event that substantive changes to the submission version are necessary following publication, the document cannot be submitted to the Secretary of State without Council Assembly making a fresh determination in light of the representations.

Procedure for adoption of the Peckham and Nunhead AAP

112. Regulation 7 of the Town and Country Planning (Local Development) (England) Regulations 2004 ('The Regulations') provides that Area Action Plans must be development plan documents (DPDs). This means that the Peckham and Nunhead AAP will form part of the statutory development plan once adopted.
113. The status of the Peckham and Nunhead AAP as a DPD also means that the legislative processes for the preparation of DPDs must be followed. The preparation process is divided into four stages:
 - Pre-production – survey and evidence gathering leading to decision to include the Peckham and Nunhead AAP in the Local Development Scheme;

- Production – preparation of preferred options in consultation with the community, formal participation on these, and preparation and submission of the Peckham and Nunhead AAP in light of the representations on the preferred options;
- Examination – the independent examination into the soundness of the Peckham and Nunhead AAP; and
- Adoption – the binding report and adoption.

114. In preparing the Peckham and Nunhead AAP the council must have regard to: -

- National policies and guidance;
- The London Plan;
- Southwark 2016, the sustainable community strategy;
- Any other DPDs adopted by the council or in the process of being adopted; and
- The resources likely to be available for implementing the proposals in the Peckham and Nunhead AAP.

Soundness of the PNAAP

115. Under the Planning and Compulsory Purchase Act 2004 S 20(5)(a) an Inspector is charged with firstly checking that the plan has complied with legislation and is otherwise sound. Section 20(5)(b) of the Act requires the Inspector to determine whether the plan is 'sound'.

116. The 'soundness test' set out in the National Planning Policy Framework states that the plan should be:-

- **Positively prepared** – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development;
- **Justified** – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
- **Effective** – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
- **Consistent with national policy** – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.

Strategic Environmental Assessment/Sustainability Appraisal

117. The European Directive 2001/42/EC requires an 'environmental assessment' of plans and programmes prepared by public authorities that are likely to have a significant effect upon the environment. This process is referred to commonly as 'Strategic Environmental Assessment' (SEA) and has been given effect in UK law by the Environmental Assessment of Plans and Programmes Regulations 2004 (SEA Regs).

118. The Planning and Compulsory Purchase Act 2004 also requires sustainability appraisal (SA) of all emerging DPDs and therefore the PNAAP too. SA and SEA are similar and to some extent overlapping processes that involve a comparable series of steps. If

there is a difference between them, it lies in the fact that SEA focuses on environmental effects whereas SA is concerned with the full range of environmental, social and economic matters. It is acceptable for the same SA document to deal with both SA and SEA aspects providing that there is a clear and substantive audit trail of compliance with both.

Equality impact assessment

119. The Equality Act 2010 brought together the numerous acts and regulations that formed the basis of anti-discrimination law in the UK. It provides for the following “protected characteristics”: *age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex, and sexual orientation*. Most of the provisions of the new Equality Act 2010 came into force in October 2010 (“the 2010 Act”).
120. In April 2011 a single “general duty” was introduced namely the Public Sector Equality Duty (PSED). Merging the existing race, sex and disability public sector equality duties and extending the duty to cover the other protected characteristics namely age, gender reassignment, pregnancy and maternity, religion or belief and sexual orientation, (including marriage and civil partnership).
121. The single public sector equality duty requires all public bodies to “eliminate unlawful discrimination, harassment and victimisation”, “advance equality of opportunity between different groups” and “foster good relations between different groups”.
122. Disability equality duties were introduced by the Disability Discrimination Act 2005 which amended the Disability Act 1995. The general duties in summary require local authorities to carry out their functions with due regard to the need to:
 - (a) “Promote equal opportunities between disabled persons and other persons;
 - (b) Eliminate discrimination that is unlawful under the Act;
 - (c) Eliminate harassment of disabled persons that is related to their disabilities;
 - (d) Promote a positive attitude towards disabled persons;
 - (e) Encourage participation by disabled persons in public life; and
 - (f) Take steps to take account of disabled person’s disabilities even where that involves treating disabled persons more favourably than other persons.”
123. The carrying out of an EqlA in relation to policy documents such as the PNAAP improves the work of Southwark by making sure it does not discriminate and that, where possible, it promotes equality. The EqlA ensures and records that individuals and teams have thought carefully about the likely impact of their work on the residents of Southwark and take action to improve the policies, practices or services being delivered. The EqlA in respect of the PNAAP needs to consider the impact of the proposed strategies on groups who may be at risk of discriminatory treatment and has regard to the need to promote equality among the borough’s communities.

Human rights considerations

124. The policy making process 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 the PNAAP preferred options, a number of rights may be relevant:

- **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 selection of preferred options from a number of alternatives could impact on housing provision, re-provision or potential loss of homes as a result of re-development. Other considerations may include significant impacts on amenities or the quality of life of individuals;
- **Article 1, Protocol 1 (Protection of Property)** – this right prohibits interference with individuals' right to peaceful enjoyment of existing and future homes. It could be engaged, for instance, if the delivery of any plan necessitates Compulsory Purchase Orders;
- **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 strategies in the plan which impact on education provision, e.g. the proposal to provide a new secondary school at Rotherhithe.

125. It is important to note that few rights are absolute meaning they cannot be interfered with under any circumstances. Other 'qualified' rights, including the aforementioned 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 which means 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. Public bodies have a wide margin of appreciation in striking a fair balance between competing rights in making these decisions. This approach has been endorsed by *Lough v First Secretary of State* [2004] 1 WLR 2557 and clearly shows that human rights considerations are also material considerations in the planning arena which must be given proper consideration and weight. It is acceptable to strike a balance between the legitimate aims of making development plans for the benefit of the community as a whole against potential interference with some individual rights.

Departmental Finance Manager

126. This report recommends that cabinet recommends council assembly to adopt the Peckham and Nunhead Area Action Plan (AAP) publication/submission for consultation (Appendix A) and note the appendices relating to the consultation report, consultation strategy, consultation plan, sustainability appraisal, equalities impact assessment and other relevant appendices.

127. There are no immediate financial implications arising from the adoption of the recommendations, and staff time to effect these recommendations will be contained within existing budgeted revenue resources.

128. Any specific financial implications arising from the final Peckham and Nunhead Area Action Plan will be included in subsequent reports for consideration and approval.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
London Plan 2011	http://www.london.gov.uk/priorities/planning/londonplan	planningpolicy@southwark.gov.uk
Southwark Statement of Community Involvement 2008	http://www.southwark.gov.uk/info/856/planning_policy/1238/statement_of_community_involvement_sci	planningpolicy@southwark.gov.uk
Saved Southwark Plan 2007	http://www.southwark.gov.uk/info/856/planning_policy/1241/the_southwark_plan	planningpolicy@southwark.gov.uk
The Core Strategy 2011	http://www.southwark.gov.uk/info/200210/core_strategy	planningpolicy@southwark.gov.uk

APPENDICES

No.	Title	Held at
Appendix A	Peckham and Nunhead Area Action Plan publication/submission.	Copy circulated separately to cabinet members and available on the web site
Appendix B	The consultation report	http://www.southwark.gov.uk/futurepeckham
Appendix C	The consultation strategy	http://www.southwark.gov.uk/futurepeckham
Appendix D	The consultation plan	http://www.southwark.gov.uk/futurepeckham
Appendix E	The sustainability appraisal	http://www.southwark.gov.uk/futurepeckham
Appendix F	The equality analysis	http://www.southwark.gov.uk/futurepeckham
Appendix G	The appropriate assessment	http://www.southwark.gov.uk/futurepeckham
Appendix H	The schedule of proposed changes to the adopted policies map	http://www.southwark.gov.uk/futurepeckham

AUDIT TRAIL

Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Alison Squires, Planning Policy Team Leader	
Version	Final	
Dated	13 September 2012	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Departmental Finance Manager	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		13 September 2012

Item No. 12.	Classification: Open	Date: September 2012	Meeting Name: Cabinet
Report title:		Approval of the council's Transport for London funded work programme for 2013/14 and indicative programme to 2014/15 for submission to Transport for London	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Barrie Hargrove, Transport Environment and Recycling	

FOREWORD – COUNCILLOR BARRIE HARGROVE, CABINET MEMBER FOR TRANSPORT, ENVIRONMENT AND RECYCLING

The transport improvement programme or Local Implementation Plan (Lip) funding is a key source for traffic, travel, safety and transport schemes in the borough and forms a key component to deliver the ambitions contained within our Transport plan.

The programme contained within this report has been developed in line with the Transport plan aims and objectives and has considered previous consultation with community councils and issues raised by the community as well as transport and related data. If approved, these bids will contribute towards delivering the Transport plan by addressing the need for improved infrastructure and to promote sustainable travel in Southwark.

RECOMMENDATIONS

Recommendations for the Cabinet

That the cabinet

1. Agrees the content of the council's proposed submission to Transport for London (TfL) identifying transport projects to be delivered with TfL Lip funding in 2013/14 and an indicative programme of work for 2014/15, as contained in Appendix A.
2. Agrees that the identified programme be submitted to TfL by 5 October 2012.
3. Agrees to the implementation of the agreed programme as set out in Appendix A.

Recommendations for the Leader of the Council

That the leader

4. Delegates authority to the Cabinet Member for Transport, Environment and Recycling to amend the programme for 2013/14 should any variations to the proposed programme be required. The cabinet member shall consult community council chairs regarding scheme changes in their area.

5. Delegates authority to the Cabinet Member for Transport, Environment and Recycling to determine the most appropriate use of the £100k discretionary funding allocated by TfL for 2013/14.

BACKGROUND INFORMATION

6. Section 145 of the Greater London Authority Act 1999 (GLA 1999) requires each council in London to prepare a Local implementation plan (Lip) to detail how the authority will assist in delivering the Mayor's Transport Strategy.
7. In May 2010, the Mayor of London published his revised transport strategy and all boroughs are required to revise their Local implementation plan in response to the new strategy. The council's Transport plan (incorporating the requirements of the local implementation plan) was adopted by the council in July 2011 and sets out how the council works with partners to coordinate and improve its transport infrastructure and services in the borough.
8. TfL provides financial assistance to boroughs, sub-regional partnerships and cross-borough initiatives under section 159 of the GLA Act 1999. All councils within London are able to obtain funding on an annual basis to deliver schemes identified in the Lip. This process is part of the Lip annual progress report (APR).
9. The borough is responsible for identifying a programme of transport improvements to reflect the core funding allocation which is based on a formula. This programme is then submitted to TfL for confirmation based on compatibility with the Mayor's policy framework.
10. The formula funding is allocated as one programme - corridors, neighbourhoods and supporting measures. The overall TfL Lip budget is £147.8 million for London authorities in 2013/2014, the same as 2012/2013.
11. Southwark's allocation for 2013/14 is £3.462m, comprising £2.816m for corridors, neighbourhoods and supporting measures, £546k for principal road renewal funding and £100k of discretionary funding to be spent on a transport scheme as the council sees fit. The principal road renewal programme allows over-bids of +25% to cover the possibility of additional funding being made available in year. These allocations are the total funding that the borough should expect to receive for the integrated transport programme.
12. The above allocation does not include major schemes (large urban realm and accessibility projects). The council can still bid for major schemes separately with £28m available for allocation across London in 2013/14. It is through this funding that the Camberwell Town Centre scheme is being progressed.

KEY ISSUES FOR CONSIDERATION

13. The council's funding allocation for 2013/14 of £3.462m is broadly in line with funding received in previous years. In 2012/13 the council received equivalent funding (excluding area based schemes and principal road renewal) totalling £3.445m.

14. A three year programme was developed alongside the preparation of the borough's Transport plan. In developing this programme officers undertook an assessment of transport issues across the borough based on available data and known issues reported by the community. This bid closely reflects the third year of that three year programme published in the Transport plan.
15. Given the limited amount of funding available and the number of possible projects, it was necessary to prioritise projects to take forward. Officers carried out a further assessment using available data, including evidence of community support, Transport plan policies and deliverability factors in order to arrive at a final scheme list.
16. The three year delivery programme was consulted on as part of the borough's Transport plan. Officers have also briefed community council Chairs to advise them of the proposed submission and any proposals in their area.
17. There is a natural link between this work, the s106/CIL project list and other projects identified by the community such as cleaner, greener, safer (CGS). The schemes identified in this submission complement existing proposals, priorities and funding streams.
18. Following consideration of strategic priorities the Cabinet Member for Transport, Environment and Recycling has agreed the overall scheme list presented in this report.

Policy implications

19. The proposed programme of works is consistent with the council's Transport plan as well as the council's broader policy framework including Southwark 2016: Sustainable Community Strategy and various national and regional policies including the Mayor's Transport Strategy, as required by TfL.

Community impact statement

20. It is expected that the proposed schemes that receive funding will provide a positive benefit for those living and working in Southwark and local consultation will be undertaken as part of their implementation.
21. An equality analysis and a strategic environmental assessment were undertaken as part of the development of the Transport plan and the impact on the community was considered as part of this.
22. The Transport plan seeks to actively address the council's responsibilities to eliminate discrimination, promote equality of opportunity and promote good relations between the different groups. The equality analysis found that the Transport plan objectives were consistent with these objectives.
23. These proposals are in accordance with council policy and should have a positive impact on all Southwark residents. However the council will undertake ongoing monitoring to ensure there are no adverse implications for the community, or that any identified are proportionate to the overall objective of the programme and are minimised where possible. This will be through an annual monitoring report collating all available data on the impacts of the plan and identifying general travel trends within Southwark. This will include an

assessment of any variation of impacts across different groups.

Resource implications

24. Details of the proposed schemes together with indicative costs are set out in Appendix A
25. Indicative management and implementation costs for each scheme have been taken into account in the submission.

Consultation

26. The submission builds on the consultation carried out during the compilation of the Transport plan including the delivery programme up to and including 2013/14, which underwent twelve weeks of community consultation in late 2010 and early 2011. As part of the Transport plan consultation, the community were invited to comment via community groups, community councils, the council's website, electronic newsletters and social media networks and via an online survey. In addition, the community had the opportunity to speak to officers directly through various community and stakeholder groups, local community councils and via two 'drop in' sessions.
27. Given the extensive consultation noted above, it is not proposed to consult with the public again on the 2013/14 submission. However, a key element of the evidence base, used to identify possible schemes, is the correspondence and feedback received from the public over previous years.
28. Once the projects proposed have been confirmed by TfL, separate formal consultation with stakeholders, residents and other interested parties, in accordance with the council's policies and commitments, will be undertaken prior to their detailed design or implementation.
29. Furthermore, all infrastructure schemes will now go before community council as part of that process where local people will be given the opportunity to influence the delivery of proposals affecting their area.
30. Where schemes are altered, dropped, or where new schemes are proposed, relevant ward councillors will be consulted.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

31. As stated in the main body of the report, section 145 Greater London Authority Act (GLA) 1999 requires London borough councils to prepare local implementation plans ("LIPs") setting out their own proposals on how they intend to put the Mayor's transport strategy into effect in their respective areas. The councils are required to consult various bodies and must include a timetable for when they intend to implement the proposals in their plan.
32. Section 146 GLA 1999 provides for the Mayor to approve each local plan, ensuring that they adequately implement the transport strategy. He must not approve a plan unless he is satisfied that it is consistent with the strategy, and that the proposals in it are adequate to implement the strategy and that the timetable for implementation is adequate for those purposes.

33. Under section 151 GLA 1999, once a plan has been approved by the Mayor the council must implement it according to the timetable in the plan.
34. It is also worth noting that section 152 GLA 1999 provides that if the Mayor considers that a council has not carried out any proposal in its Lip satisfactorily and according to the timetable in the plan, he will be able to exercise the appropriate powers of the council, at their expense, in order to fulfil the strategy. Furthermore, section 153 GLA 1999 provides that the Mayor may give legally binding directions to councils on the manner in which they perform any of their duties set out in sections 145 to 151, i.e. provisions on the preparation, submission, re-submission, revision and implementation of local implementation plans.
35. Section 159 allows TfL to give financial assistance (by grant or loan or other means) to any person or body for expenditure conducive to the provision of safe, integrated, efficient and economic transport facilities. This section also allows TfL to impose conditions on financial assistance it provides.
36. 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 Impact Assessment carried out for the Transport Plan. During the delivery of the identified transport projects, equalities will need to continue to be monitored.
37. Equalities Impact Assessment carried out for the Transport Plan. During the delivery of the identified transport projects, equalities will need to continue to be monitored.
38. Under paragraph 6, Part 3D of the constitution the Individual Member has authority to agree statutory or other strategies in relation to their area of responsibility. In addition under paragraph 4, the Individual Member has authority to approve the submission of bids for additional resources from government and other agencies in relation to their area of responsibility, where member level agreement is required by the external agency. However, due to the cross-cutting nature of Transport Projects, the Individual Member has requested that this matter be considered by full cabinet.

Strategic Director of Finance and Corporate Services

39. This report recommends amongst other things, that the cabinet agrees the content of the council's proposed submission for TfL Local implementation plan (Lip) funding in 2013/14 and the indicative programme of work for the years 2014/15, and that the Leader delegates authority to the Cabinet Member for Transport, Environment and Recycling to determine the most appropriate use of the £100K discretionary funding allocated by TfL for 2013/14.
40. The total amount of funding that the council has been allocated by TfL for 2013/14 and for which the submission is prepared, is £3.462m comprising of £2.816m for corridors and neighbourhoods and supporting measures, £546k of principal road renewal or bridge strengthening funding and £100k of discretionary funding, the overall funding allocation requiring final approval from TfL. In the unlikely event that the funding submission to assist in delivering the Mayor's Transport Strategy is restricted in some way, a further report would be prepared.

Officer time to effect the recommendations will be contained within existing budgeted resources.

Strategic Director of Environment and Leisure

41. The targets and actions contained in the Transport Plan have been developed in consultation with officers of the Public Realm and Community Safety Divisions and are consistent with our operational policies and plans in relation to highway asset management and design, parking, road network management and air quality.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Transport Plan	Planning and Transport, 160 Tooley Street, London SE1 2QH	Sally Crew 020 7525 5564

APPENDICES

No.	Title
Appendix A	Annual Spending Submission

AUDIT TRAIL

Cabinet Member	Councillor Barrie Hargrove, Transport, Environment and Recycling	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Sally Crew, Group Manager Policy and Programmes	
Version	Final	
Dated	14 September 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Environment and Leisure	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		14 September 2012

Appendix A: Annual Spending Submission

Borough: Southwark

Year: 2013/14 and 2014/15

Programme areas		2013/14	2014/15
Corridors, Neighbourhoods and Supporting Measures	20mph North Peckham - Implementation of 20mph zone in North Peckham.	0	124
	20mph Blackfriars - Implementation of 20mph zone in the Blackfriars area.	0	67
	20mph West Camberwell - Implementation of 20mph zone in the west Camberwell area.	0	67
	20mph Southwark Park Road/Spa Road - Implementation of 20mph zone in the Southwark Park Road/Spa Road area.	0	67
	20mph East of Lordship Lane - Implementation of 20mph zone in the area east of Lordship Lane.	0	67
	Albany Road speed reduction - Average speed camera implementation.	0	135
	Better Pavements - Targeted resurfacing and decluttering of footways to improve pedestrian accessibility and encourage more walking trips.	189	194
	Bellenden area - Review and revision of one-way traffic restrictions to improve network permeability.	350	0
	Bus journey reliability scheme - Scheme to reduce excess wait time and improve the bus service.	0	110
	Bus stop accessibility scheme - Scheme to make Southwark bus stops accessible to all.	0	94
	Community Streets - Community led projects to enhance local streets.	60	58
	Cycle superhighway routes complementary measures - Permeability improvements for cyclists, estate cycle parking and cycle training for routes 4 and 6.	0	140
	CPZ kerbside re-use - Funding to implement complementary measures such as pedestrian improvements, landscaping and cycle parking where kerbside is identified for this through CPZ reviews.	20	20
	Crystal Palace Parade - Improving safety and crossing points at the two roundabouts.	26	160
	Denmark Hill - Speed reduction and safety measures along Denmark Hill.	0	31
	East Dulwich Grove - Speed and collision reduction.	350	0
	Elephant and Castle travel awareness - Research and measures to encourage modal shift from public transport to active travel modes.	46	0
	Estate cycle parking - Installation of secure cycle parking on housing estates.	46	46
	EVCB - Further implementation of electric vehicle charging points and running costs.	10	10
	Forest Hill Road - St Francesca Cabrini STP measures in year 1 and general speed reduction measures in year 2.	262	0
	Lant Street - Second year of traffic management scheme for post monitoring of experimental road closure.	5	0
	Legible London - Installation of Legible London around Borough station in 2013/14.	0	60
	Long Lane - Collision reduction and traffic speed review, improved crossing points and access to local schools.	239	0
	Lordship Lane junction with Barry Road - Funding to improve safety and pedestrian and cycle amenity at the junction.	0	110
	Gateway to Peckham - Funding to complement Peckham Rye station works (MRF) and near by pocket places to bring neglected spaces into use.	40	360
	Newington Causeway - safety scheme with focus on cycling provision	0	0
	Nunhead station access scheme - to improve access for pedestrians and cyclists to Nunhead station	0	0
	Nunhead village - environmental improvements in Nunhead Village	0	0
	Paxton Green - Reconfiguration of the roundabout in order to reduce speeds and improve pedestrian access through the area, particularly for school children. Complements Lambeth scheme in area.	235	0
	PNAAP walking & cycling links - Works to improve conditions for walking & cycling in the PNAAP area.	0	234
	Queens Road Peckham station access - Improving walking routes to the station and the local public realm.	0	94
	Rotherhithe New Road - Collision reduction, improved school and park access, develop cycle links.	370	0
	SPR weight restriction - Weight limit on section of SPR, to reroute HGV on to Old Kent Road.	0	20
	Travel plan implementation - Supporting the delivery of travel plans in the borough.	5	5
	Trixi mirrors - Funding to study, install and then maintain the trixi mirrors.	20	15
	Underhill Road - speed reduction and safety scheme	0	0
	Wood Vale - scheme to reduce speed on Wood Vale	0	0
	Cycle training - Provision of cycle training across Southwark & to cover staffing, management, promotion, publicity and delivery of training sessions to all groups	141	141
	Education at hotspots - Education initiatives at collision hotspot to reduce speeds and raise awareness.	30	30
	Road safety education, training and publicity - Campaigns and events to encourage safer travel behaviour.	97	97
	Surveys - Cross borough programme of surveys and monitoring at a strategic level, including walking, cycling and traffic counts.	30	30
	Sustainable modes of travel strategy implementation - Encouraging the use of sustainable modes of travel by children and young people through school travel plans and other sustainable travel initiatives.	120	120
	Sustainable travel infrastructure - Identification and delivery of on street cycle parking, dropped kerbs and other measures to support sustainable modes of travel.	70	70
	Travel awareness campaigns and events - Events and activities associated with promoting sustainable travel modes.	60	60
	Discretionary funds	100	100
	Principal Road Renewal	546	546
	Camberwell Road (from Grovesnor Terrace to Merrow Street)	298	
	Lower Road from (Hawkstone Road to Orange Place)	248	
	*Bermondsey Street (south of Crucifix Lane)	137	
	* Subject to additional funding being made available		

	2013/14	2014/15
LIP ALLOCATION TOTALS		
Corridors, Neighbourhoods and supporting measures	2,816	2,816
Principal Road Renewal	683	546
Discretionary	100	100

Item No. 14.	Classification: Open	Date: September 2012	Meeting Name: Cabinet
Report title:		To approve an application to the Secretary of State for a compulsory purchase order (CPO) to purchase the remaining leasehold properties within Maydew House, Abbeyfield Estate	
Ward:		Rotherhithe	
Cabinet Member		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

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

Following the earlier council decision for a limited sale of leasehold flats to part-subsidise the enhanced works programme and relocation of tenants identified as part of the options appraisal for the Estate, it is now considered necessary to instigate compulsory purchase proceedings to acquire those remaining interests in Maydew House and effect the works.

The enhanced refurbishment of this block is a key strategic housing priority both in terms of the new high quality housing to be delivered, and the reduced long term impact on the Housing Investment Programme. To help the council achieve its aspiration to enhance the properties in this block however, Compulsory Purchase Powers are required to achieve vacant possession of Maydew for the works to begin.

The council will seek to acquire all the leasehold interests by agreement but without a compulsory purchase order it is unlikely that all these interests can be acquired. We have consulted with the residents (including the leaseholders and tenants) about the possibility of making compulsory purchase orders and the making of it is therefore necessary to achieve certainty of acquiring all the leasehold interests to enable the council to deliver the enhanced refurbishment programme. The council recognises the disruption this programme has caused but it is necessary to effect these works to improve the living environment for the returning tenants/ leaseholders. The council will continue to work closely with the leaseholders and tenants alike to provide housing and financial support where appropriate.

I would once again like to thank all those residents who have assisted us greatly in the appraisal process and the related consultation work and in particular those residents who kindly allowed us to internally survey their homes. I look forward to progressing the refurbishment programme.

RECOMMENDATIONS

That the cabinet agrees:

1. The council makes a Compulsory Purchase Order (“Order”) under section 226 (1) of the Town & Country Planning Act 1990 and section 13 of the Local Government (Miscellaneous Provisions) Act 1976 or in the alternative under

section 17 of the Housing Act 1985 for the acquisition of the remaining leasehold interests within the area edged bold on the plan at Appendix 1 for the purpose of securing the regeneration of the Abbeyfield Estate in accordance with decisions taken by cabinet on the 20 March 2012 and 17 July 2012.

2. The Director of Regeneration be authorised to:
 - a) determine the powers and implement the Order to deliver the overall regeneration aspiration
 - b) take all necessary steps to secure the making, confirmation and implementation of the Order including the publication and service of all notices and the presentation of the council's case at Public Inquiry should one be called
 - c) acquire interests in land within the Order areas either by agreement or compulsorily
 - d) approve agreements with land owners setting out the terms for the withdrawal of objections to the Order, including where appropriate seeking exclusion of from the Order
 - e) amend the boundaries of the area shown edged in bold on the plan at Appendix 1.

BACKGROUND INFORMATION

3. On the 20 March 2012 the cabinet noted the findings of a detailed option appraisal for the Abbeyfield Estate, shown edged in bold on the plan at Appendix 2, considering Maydew House, Thaxted Court and Damorey House, Abbeyfield Estate. It approved the adoption of enhanced refurbishment of all three blocks, with the retention of the freehold of Maydew House and disposal of sufficient void properties in that block to bridge the funding gap between warm, dry, safe works and enhanced refurbishment works on the estate.
4. Furthermore, cabinet noted that the building works required at Maydew House could not be carried out with residents in situ and would require all occupiers to vacate the block. Surveys conducted in 2010 by Levitt Bernstein and BPTW concluded that substantial upgrading and replacement of key services together with the prevalence of asbestos within dwellings necessitated the block be fully vacant to complete the required works. This was further confirmed by Mace, the council's appointed building surveyors, in 2001.
5. Cabinet also noted the need to acquire all third party interests in Maydew House, which would require a separate cabinet report seeking approval to make the Order.
6. Having adopted the preferred option and the additional benefits that would be achieved it was agreed that the scheme would be dealt with as a regeneration project.
7. Maydew House is a 26 storey tower block, with 24 storeys accommodating 144 residential units. It also contains the heating installation that supplies the adjoining blocks on the Abbeyfield Estate. Of 144 flats in the block to be refurbished two are still currently owned by leaseholders. The council has been

acquiring leasehold interests by agreement but on the basis of payments under the compensation code; however in the event that acquisition by agreement does not successfully buy out all the interests then the council will need to rely upon making the Order.

8. The extent of Maydew House is shown edged bold on the plan at Appendix 1 to this report and includes the properties to be acquired, listed in Appendix 3.

KEY ISSUES FOR CONSIDERATION

9. Maydew House contains 144 dwellings; of which five were held by leaseholders who had bought their properties pursuant to the right to buy legislation. Negotiations to acquire these leasehold interests by agreement have been taking place since December 2010 and have enabled three acquisitions to be completed. The council's aspiration to deliver the regeneration of Maydew House cannot be achieved without acquiring all the leaseholds. Negotiations will continue with the two remaining leaseholders but without a compulsory purchase order it is unlikely that all these interests will be acquired. The making of a compulsory purchase order is therefore recommended to achieve certainty of acquiring the leaseholds within the envisaged timescale and to mitigate risk to the project.

Underlying information in resolving to make this Compulsory Purchase Order

10. The compulsory purchase procedure is complex and has regard to a variety of factors. Details of relevant procedural and legal matters are set out at Appendix 4 to this report.

Community impact statement

11. The effect of the negotiated acquisition or compulsory purchase order will be to dispossess persons of their rights in land. This is a necessary process to ensure that redevelopment and regeneration of Maydew House and the wider Abbeyfield Estate can proceed. This is considered acceptable where the proposals are in the public interest and where, as in this case, the advantages of regeneration substantially outweigh the disadvantages to those dispossessed.
12. The regeneration of Maydew House and the wider Abbeyfield Estate is considered to have benefits to not only the immediate community but also the borough as a whole in that it will act as a catalyst to further investment. It is therefore necessary to balance the benefits that could be provided by the proposed scheme against the possible impact to those with an interest in the affected land. In carrying out this exercise a degree of proportionality should therefore be adopted. The Human Rights of these individuals have accordingly been considered and commented upon in this report.
13. Based on the outcome of the impact assessment carried out in relation to the housing investment programme in 2011, it is envisaged that investment in the council's housing stock generally will have a positive impact on all groups residing in these properties through the delivery of warm, dry and safe homes regardless of age, disability, faith/religion, gender, race, ethnicity and sexual orientation.
14. By refurbishing the homes to an enhanced refurbishment standard residents will benefit from improved thermal insulation as a result of the over cladding of their

blocks. They will also benefit from kitchen and bathroom renewal/replacement where the worst cases of internal disrepair will be addressed. Externally all residents will benefit from improved access ways, landscaping, garage refurbishment and car parking. From a health and safety perspective residents of Maydew House will benefit from the removal of asbestos and the replacement of a heating system that has been systematically failing over a period of time. Overall all homes will be made warm, dry and safe which will benefit all residents. Adopting the enhanced approach reduces investment requirements and consequent disruption to residents in future years.

Consultation

15. There has been extensive consultation with Maydew House residents (including tenants and leaseholders) at all stages of the regeneration process and the possibility of making compulsory purchase orders has been included within this consultation.

Resource implications (inv/ii2617/030912/rjb)

16. There are sufficient financial resources already budgeted and allocated within the council's Housing Investment Programme to acquire the remaining leasehold interests within Maydew House, together with all associated costs. This includes the funding of the legal process to enable the making, confirmation and implementation of the compulsory purchase order. There are sufficient uncommitted resources available to meet the proposed expenditure.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

17. As set out in Appendix 4 to this report, it is intended that Counsel's advice should be taken to ascertain whether the preferred power under which the Compulsory Purchase Order should be made is s226(1)(a) of the Town and Country Planning Act 1990 ("the 1990 Act") or s17 of the Housing Act 1985 ("the 1985 Act").
18. Appendix 4 sets out in more detail the requirements of each of the powers.
19. If the 1990 Act is considered to be the appropriate power, cabinet will note from paragraph 32 of Appendix 4 to this report that consideration must be given to the well being objectives under Section 226 (1A) of the 1990 Act in relation to the council's aspirations for the regeneration of the Abbeyfield Estate. If it is considered that the regeneration of the area will assist the council in promoting and improving the economic, social and environmental well being of the Abbeyfield Estate there are adequate powers available to the council to acquire all the land and property interests in the sites either compulsorily or by agreement.
20. In the alternative, the 1985 Act empowers the council, as a local housing authority, to acquire land, houses or other properties for the local provision of housing accommodation. This power is available even where the land is acquired for onward sale to another as long as the purchaser intends to develop it for housing purposes. The 1985 Act also empowers local authorities to acquire land compulsorily (subject to authorisation from the Secretary of State). Government guidance in ODPM circular 06/2004 requires a qualitative or

quantitative housing gain and the Council would have to demonstrate such gain when seeking Secretary of State confirmation of any CPO.

21. Ancillary powers to create new rights are also provided under s13 of the Local Government (Miscellaneous Provisions) Act 1976. As noted at paragraph 36 of Appendix 4, the council also has power under Section 227 of the 1990 Act or Section 120(1) of the Local Government Act 1972 ("the 1972 Act") to acquire interests in the Abbeyfield Estate by agreement with the owners. Further, by virtue of Section 120(2) of the 1972 Act, any properties acquired under the 1972 Act that are not required immediately for the purposes for which they have been acquired, can be used in the interim for the purpose of any of the council's functions.
22. Part 3C of the council's constitution reserves to cabinet decisions on the acquisition of land and property where the market value exceeds £100,000 and the acquisition of land and property which involves the use of compulsory purchase powers.

Strategic Director of Finance and Corporate Services

23. This report recommends that the cabinet agrees to the council making Compulsory Purchase Orders for the purpose of securing the regeneration of the Abbeyfield Estate in accordance with decisions taken by cabinet on the 20 March 2012 and 17 July 2012 and that the Director of Regeneration be authorised to undertake various actions associated with the recommendation.
24. The SDFCS notes the resource implications contained within the report. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

Strategic Director of Housing (Head of Home Ownership)

25. In the absence of an extended re-housing assistance package, Home Ownership officers have had extensive contact with those leaseholders who have requested it. Further assistance will be provided, if requested, to find alternative property on the open market and through Low Cost Home Ownership Schemes from Registered Providers.

BACKGROUND INFORMATION

Background Papers	Held At	Contact
Cabinet Report – Abbeyfield Estate: Options Appraisal for Maydew House, Thaxted Court, and Damory House, Abbeyfield Estate, SE16	Southwark Property Chief Executive's Office, 5 th Floor, hub 1, 160 Tooley Street, SE1 2QH	Paul Davies 020 7525 5529

APPENDICES

No.	Title
Appendix 1	Location plan
Appendix 2	Estate plan
Appendix 3	Property schedule
Appendix 4	Procedural and legal matters

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management		
Lead Officer	Eleanor Kelly, Chief Executive		
Report Author	Paul Davies, Principal Surveyor		
Version	Final		
Dated	14 September 2012		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments included
Director of Legal Services		Yes	Yes
Strategic Director of Finance and Corporate Services		Yes	Yes
Strategic Director of Housing		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Support Services			14 September 2012

TITLE.

Maydew House,
Abbeyfield Estate, SE16.

DRAWING No.

LBS_2843

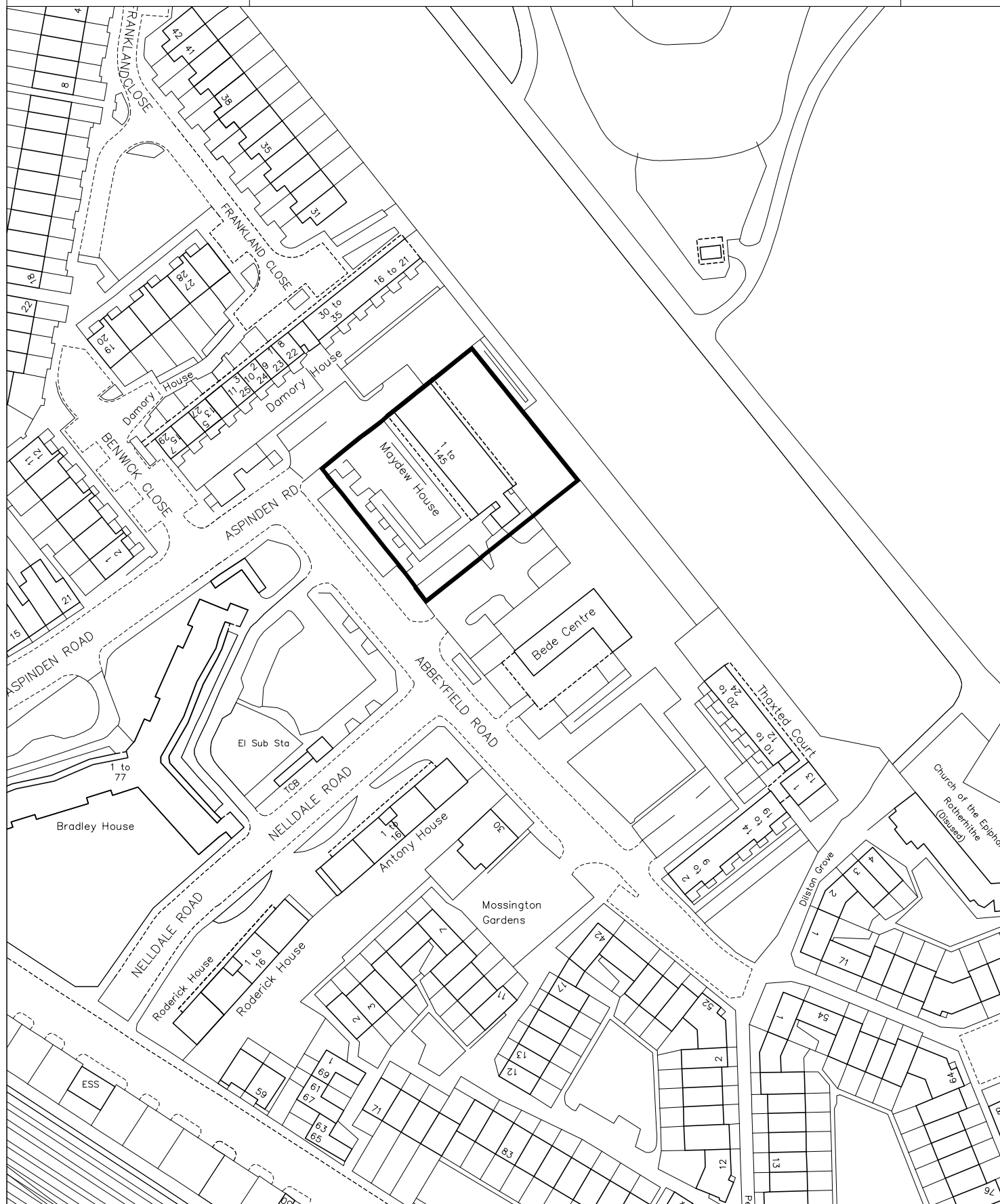
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MMANKTELOW
Property Division

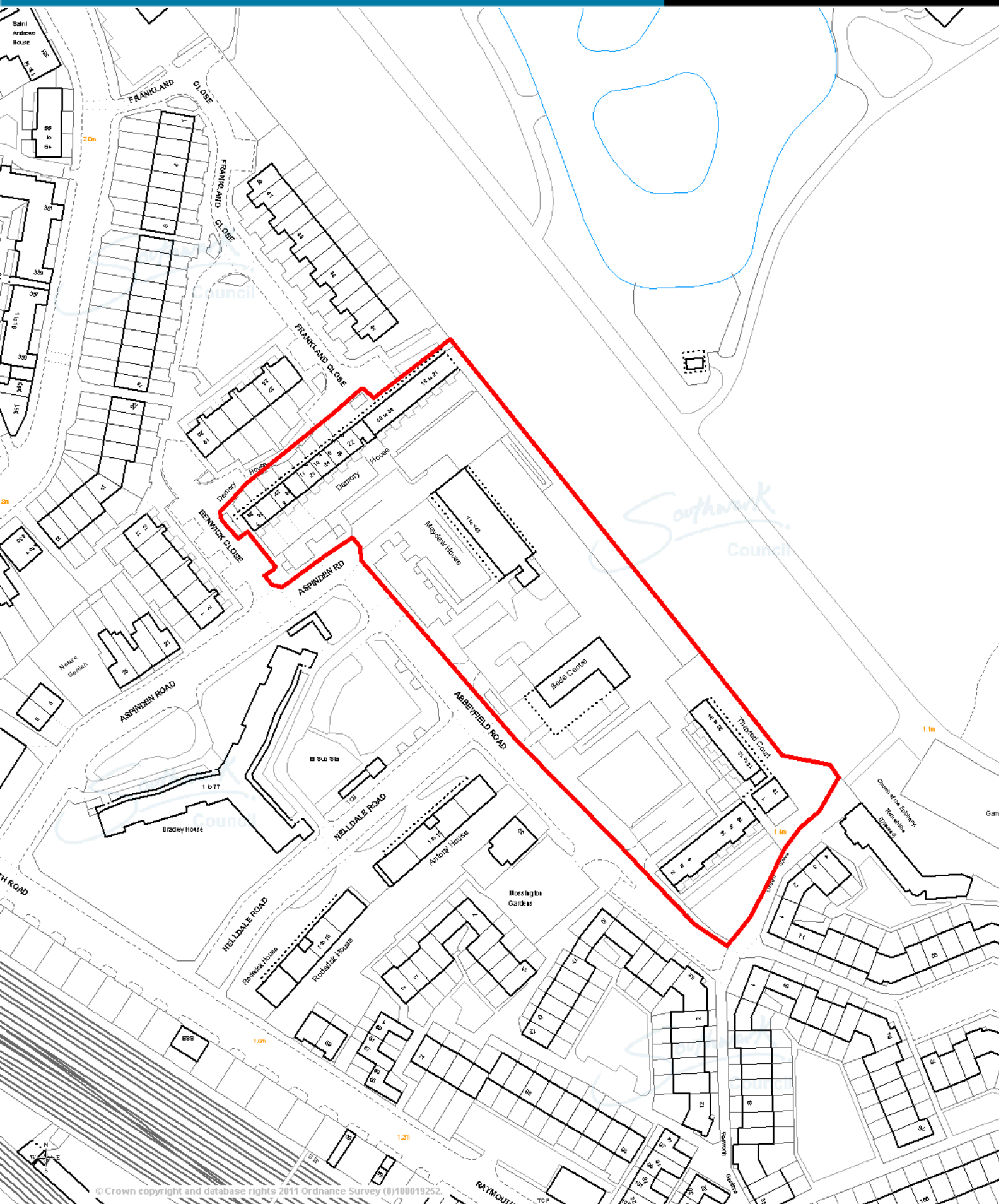
DATE.

3/9/2012

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Date 7/3/2012



Maydew House Compulsory Purchase Order Property Schedule

Properties to be included in the Order area

	Address	Dwellings
	1- 144 Maydew House,	144
	Abbeyfield Estate	

Sub - total dwellings 144

Leaseholders in Order area

	Address	Dwellings
	1- 144 Maydew House,	2
	Abbeyfield Estate	

Sub-total dwellings 2

Total dwellings 144

Appendix 4

Maydew House, Abbeyfield Estate, Compulsory Purchase Order Procedural and Legal matters

Acquisition of Leasehold Interests

1. The council holds the freehold interest of all the land within the area shown edged bold on the Plan at Appendix 2, the Abbeyfield Estate.
2. The Housing Act 1985 gives qualifying council tenants the right to buy their homes. Five tenants of Maydew House (shown edged in bold on the Plan at Appendix 1) have purchased their homes under these provisions. Two of these leaseholders still remain in occupation.
3. The council can only repurchase these leases in the following circumstances:
 - Where there is agreement with the leaseholder; *or*
 - Following a confirmed compulsory purchase order.
4. The statutory compensation code provides that a leaseholder is entitled to the following compensation following a compulsory acquisition:
 - the market value of the interest acquired;
 - a home loss payment; this is 10% of the market value where the leaseholder lives at the property or 7½% of the market value where the leaseholder lives elsewhere; and
 - a disturbance payment to cover the leaseholder's reasonable costs arising as a direct and natural result of the compulsory acquisition, this might include removal costs, legal fees, surveyors fees and adaptation expenses.
5. Where an acquisition takes place by agreement ahead of the exercise of compulsory purchase powers the leaseholder is treated in the same way and with the same entitlement as would be the case if there was a compulsory purchase order.

OUTLINE OF COMPULSORY PURCHASE PROCEDURE

Resolution

6. The Cabinet passes a resolution to make an Order. This is the purpose of this report.

Referencing

7. The council assembles information that provides details of all owners, mortgagees, tenants and occupiers. This is to both identify what interests need to be acquired and who is entitled to receive a notification of the publication of the Order. This stage will enable the precise details of the Order areas to be determined. The boundaries shown edged in bold on the plan at Appendix 1

may need subtle amendment in the light of this and it is recommended that the Director of Regeneration be given delegated authority to set the order extents.

Resolving planning and finance

8. In considering an Order the Minister needs to be confident that the proposals behind it are likely to come to fruition. In this connection s/he will need to be satisfied that there are no significant town planning or financial obstacles that will frustrate it. The regeneration proposed will be subject to obtaining planning permission for the refurbishment works. As regards finance for the regeneration, this has is budgeted within the council's Housing Investment Programme.

Making the Order

9. The council makes the Order, to a defined format. A schedule accompanies the Order identifying ownership details of all land within it. A Statement of Reasons must also be prepared to accompany the Order. This is a critical document that may be challenged by objectors and therefore needs careful drafting. The planning permission obtained by the development team and the demonstration that funding is available to carry out the redevelopment will need to be set out in the Statement of Reasons for Maydew House, Abbeyfield Estate.

Publication of the Order

10. The council serves notice of making of the Order on all owners, mortgagees, tenants and occupiers affected by it. A notice of the making of the Order has to be published for two successive weeks in a local newspaper.
11. The notices will advise that objections to it can be made to the relevant Government Minister and specify an address for this purpose. The Order is then passed to the Government Minister.

Confirmation of the Order

12. The Order does not become effective unless confirmed by the Minister. Where there are objections to the Order they must be considered before confirmation. This is usually done by way of a public inquiry but can sometimes be dealt with by written representations.
13. After considering the objections [if there has been a public inquiry there will be an Inspector's Report] the Minister may confirm, modify or reject the Order. If it is rejected that is the end of the process and the council will need to revisit its plans.
14. Following confirmation of the Order or if applicable, modification, a notice advising of this must be published in the local newspaper and all leaseholders, tenants and occupiers should also have a notice served on them. A confirmed Order should be implemented within three years to retain its validity.

Taking Possession

15. This can be achieved by either Notice to Treat/Notice of Entry or by using General Vesting Declaration procedure. The latter is considered the most appropriate for Maydew House, Abbeyfield Estate as it transfers both the right to possession and title of the land to the council.

Indicative Timescale

Grant of Planning consent, Referencing/ Finance/ Planning Judicial Review period.	Up to 13 weeks
Making the Order to Publication	6 weeks
Publication to Confirmation	40 weeks
Confirmation to taking Possession	18 weeks

16. Therefore we are looking at around a year and a half between making this resolution and obtaining possession; if there are complications it could be longer. It is assumed that there will be objections to the Order and that these will require protracted negotiations and/or a public inquiry to resolve. If a public inquiry is needed this will be called for and arranged by the Minister so the Council has little control over this process. Resource availability could cause this to be scheduled rather later than would be preferred and is a risk to be factored into project planning. If there are no objections or ones that are quickly resolved the period between publication and confirmation could be significantly reduced.

Power to make a Compulsory Purchase Order

17. There are two main powers pursuant to which the council could seek to obtain an Order, the Town and Country Planning Act 1990 and the Housing Act 1985. It is intended that the opinion of Counsel is sought as to which of these powers is most suitable in these particular circumstances. If Section 226 of the Town and Country Planning Act 1990 is recommended by Counsel as the enabling provision for the purpose of compulsorily acquiring the interests required to progress the implementation of the regeneration of the Estate then the detailed application and use of this power is set out below.
18. If however it is recommended by Counsel that acquisition powers are used from the 1985 Housing Act then the matter will follow the application and use of this power also set out below. It is not open to the Secretary of State to refuse to confirm a compulsory purchase order on the basis that a different power could have been used, however the success of an Order could depend on how well the council is able to satisfy the requirements of the Secretary of State as set out in the published guidance, and for that reason counsel's opinion will be sought.

POLICY IMPLICATIONS

Corporate

19. The regeneration of the Abbeyfield Estate including Maydew House is a long standing council policy. The making of the proposed Order will underpin this.

Housing Strategy

20. The regeneration of the Abbeyfield Estate is a key strategic housing priority both in terms of the refurbished high quality housing to be delivered, and the reduced long term impact on the Housing Investment Programme.

Re-housing requirements

21. The making of the Order is in pursuance of a scheme that will give rise to the need to re-house secure tenants and potentially assist leaseholders to find alternative accommodation. The planned timescale for the Maydew House, Abbeyfield Estate re-housing takes into account the council's capacity within the overall social housing supply.. The re-housing process will be managed by the use of Housing Supply and Demand model which will enable the balancing of competing high priority demands for housing across the period. Re-housing in regeneration schemes is regulated by the council's lettings policy. The policy provides a choice for tenants between rehousing to a new RSL property or to an existing property elsewhere in the Borough. Initially, rehousing will be managed through choice based lettings, i.e. tenants bidding (with the highest priority and in date order of their priority) under the *Homeseach* scheme, until programme requirements necessitate the use of proactive rehousing, including if necessary court proceedings.

Property

22. The council has over the last twenty months been endeavouring to acquire by agreement leaseholds to move the scheme forward. The passing of this resolution will show the seriousness of the council's intentions and may encourage the remaining two leaseholders to enter into meaningful negotiations. The Leaseholder Assistance Scheme as specified in the Leaseholder's Toolkit provides help and increased options to leaseholders with limited wealth to enable them to move.

Financial Implications

23. The estimated total cost of acquiring the leasehold interests is £350,000, at present valuation levels. There is provision in the Abbeyfield Estate project programme for this expenditure. There will be staff resource costs in taking the Order to completion, relocating tenants and acquiring leasehold interests there is also provision for this in the overall project programme.

Legal Implications

24. Section 226(1)(a) of the Town and Country Planning Act 1990 (the Act) (as amended by section 99 of the Planning and Compulsory Purchase Act 2004) is often the appropriate power to secure the compulsory acquisition of properties within Regeneration schemes. Section 226(1)(a) enable authorities to exercise their compulsory purchase powers if they think that the land in question will:

"Facilitate the carrying out of development, redevelopment, or improvement on, or in relation to, the land being acquired."

25. The council, in exercising its power under this Section must have regard to section 226(1A) which states:

"(1A) But a local authority must not exercise the power under paragraph (a) of subsection (1) unless they think that the development, re-development or improvement is likely to contribute to the achievement of any one or more of the following objects-

- (a) *The promotion or improvement of the economic well being of their area;*
- (b) *The promotion or improvement of the social well being of their area;*
- (c) *The promotion or improvement of the environmental well-being of their area."*

26. It may be that the use of this section is the most appropriate having regard to the council's aspirations for Maydew House and the wider Abbeyfield Estate regeneration. The interests to be acquired by the Order are required in order to permit the redevelopment and regeneration of the area to take place. The proposal also satisfies the "well being" element of the Act in that the regeneration of Maydew House, Abbeyfield Estate is clearly required in order to provide a better standard of accommodation for residents compared to its current state and to create a sustainable and diverse community of mixed tenure homes. Thus the proposals will assist in promoting the social economic and environmental well being of the area.
27. Appendix A of Circular 06/2004 (Compulsory Purchase and the Crichel Down Rules – "the Circular") sets out the circumstances in which this power may be relied on by a local authority for the purposes of compulsorily acquiring land. It recognises that compulsory purchase powers under the Act provide a "positive tool" to local authorities in assisting them to acquire and assemble land where it is necessary to implement the proposals set out in the community strategies. It is now no longer the case that a planning permission need have been granted in order to justify the making of a compulsory purchase order under this section. Indeed paragraph 15 of the Circular states:

"It is also recognised that it may not always be feasible or sensible to wait until the full details of the scheme have been worked up and planning permission obtained, before proceeding with the Order."

28. Instead the Circular advocates progressing and justifying a compulsory purchase order against a clear strategic framework and that the acquiring authority is able to confirm there are no planning hurdles or other impediments to the implementation of the scheme.
29. For the purposes of confirming a compulsory purchase order, the guidance identifies considerations which will be taken into account by the Secretary of State in making such a decision, namely:
- (a) *The purpose for the land being acquired fits in with the adopted planning framework for the area or where not such up to date framework exists, with the core strategy and any relevant Area Action Plan in the process of preparation in full consultation with the community;*
 - (b) *The extent to which the proposed plan will contribute to the achievement of the promotion or improvement of the economic social or environmental well being of the area;*
 - (c) *The potential financial viability of the scheme for which the land is being acquired, a general indication of funding intentions and commitments from third parties should suffice; and*
 - (d) *The purpose for which the acquiring authority is proposing to acquire the land could be achieved by other means.*

30. Having regard to the guidance, the primary aims of the council in progressing the Order (and ensuring its success when considered by the Secretary of State) should include reference to the planning framework within which a planning application for the regeneration of this block will be considered, and the likelihood of a successful planning application, together with the extent to which the proposed works will contribute to the promotion and/or improvement of the economic social or environmental well being of the area.
31. If Counsel recommends pursuing compulsory acquisition of the property interests in Maydew House through use of Housing Act powers under the Housing Act 1985 ("the 1985 Act") then the following guidance must be complied with.
32. Section 17 of the 1985 Act empowers local housing authorities to compulsorily acquire land, houses or other properties for the provision of housing accommodation. The acquisition must achieve a quantitative or qualitative housing gain. This power is commonly used to improve sub-standard or defective properties. It is considered that the proposed regeneration of the Abbeyfield Estate would satisfy the qualitative objectives set out in the Act and the guidance in the Circular. The quality of the refurbished dwellings will be a major improvement on the existing dwellings which are old, poorly insulated, suffer from poor servicing and affected by asbestos.
33. Appendix E of the Circular states that when applying for confirmation of a compulsory purchase order made under the 1985 Act, the authority should include in its statement of reasons for making the order information regarding needs for the provision of further housing accommodation in its area. This information should normally include the total number of dwellings in the district, unfit dwellings, other dwellings in need of renovation and vacant dwellings; the total number of households and the number for which, in the authority's view, provision needs to be made.
34. The authority should also provide information about its proposals for the land or property it is seeking to acquire.
35. Section 17(4) of the 1985 Act provides that the Secretary of State may not confirm a compulsory purchase order unless he is satisfied that the land is likely to be required within 10 years. The Secretary of State would not normally regard compulsory purchase as justified where development will not be completed within 3 years of acquisition.
36. As is already set out in this report, officers will continue to seek to negotiate the acquisition of interests by agreement rather than relying solely on the compulsory acquisition powers available. Section 120 of the Local Government Act 1972 contains wide powers for local authorities to acquire land by agreement for any of their statutory functions or for *'the benefit, improvement or development of their area'*. Section 227 of the Town and Country Planning Act 1990 also enables a council to acquire land by agreement for facilitating the carrying out of development, redevelopment or improvement and for the social economic and environmental well being of the area. It is considered therefore that there are adequate powers available to the council to secure outstanding interests in the land by Agreement.

37. Other rights may also be required in order to progress the aspirations of the Council. For this reason it is recommended that the council also acquire/create new rights for the purposes of craneage and/or oversailing. Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 is applicable in this regard and will enable the council to acquire/create such new rights as may be necessary to facilitate the development taking place.
38. Demolition notices will be served on relevant dwellings within Maydew House, and the Abbeyfield Estate regeneration area. This will ensure that no further tenants are able to exercise their right to buy which will minimise the council's exposure in terms of new interests being created in the site whilst the Order is being prepared and progressed.
39. The initial stage of the compulsory purchase process will be to ensure that the council correctly identifies all necessary interests in the Order land that need to be incorporated within the schedule of the Order. As the council is the freeholder much of this information should be readily available. Nonetheless it is advised that formal requisitions for information should be served on all known owners, mortgagees and occupiers of each property to be subject to the Order pursuant to Section 5A of the Acquisition of Land Act 1980. It is important that the council takes all reasonable steps to ensure that all interests are properly captured in the Order and are properly notified, the requisition for information is a means of ensuring the council fulfils this.
40. In the event that the Order is eventually confirmed, the next stage will be to vest all necessary title in the council. In these circumstances as has already been mentioned that the best means of doing so will be way of the General vesting Declaration Procedure. This is something that can be carried out by the council's legal advisors as and when this stage is achieved.

Human Rights Considerations

41. The Human Rights Act 1998 incorporated into domestic law the European Convention on Human Rights ("the Convention").
42. In proposing the Order the council has duly considered the rights of property owners under the Convention, notably under the following Articles: *Article 1 of the First Protocol*. This protects the right of everyone to the peaceful enjoyment of possessions. No one can be deprived of possessions except in the public interest and subject to the relevant national and international law.
43. The council has also considered the rights contained within Article 8 of the convention, which protects private and family life, home and correspondence. No public authority can interfere with these interests except if it is in accordance with the law and is necessary in the interest of national security, public safety or the economic well being of the country.
44. In relation to these Convention rights the council has been conscious of the need to strike a balance between the rights of the individual and the interest of the public. In light of the significant public benefit that would arise from the regeneration of Maydew House and the wider Abbeyfield Estate it will be appropriate to make the Order, if the relevant leaseholder interests cannot be acquired by agreement. Objections can be made against the Order that will then have to be considered by the Secretary of State before he decides whether or not to confirm the Order.

Item No. 14.	Classification: Open	Date: 25 September 2012	Meeting Name: Cabinet
Report title:		Quarter 1 Capital Reporting for 2012/13 and Capital Programme Refresh for 2012/13 – 2021/22	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report includes our usual quarterly monitoring of the council's capital expenditure, for the first quarter of the current financial year. It includes virements that have arisen since the programme was last considered for cabinet's approval.

In addition, this report refreshes the ten-year capital programme agreed by Council Assembly last year. Proposals in this report include:

- addressing the pressure on primary school places in the borough
- additional money for the improvement of Peckham Rye One O' Clock Club, adding to the money agreed by the local community council
- Capital to buy back residential properties sold to Anchor Care in late 1990s, to both improve them and save the council revenue costs
- Work to improve accommodation for people with learning difficulties
- A new resource centre for older people
- A new borehole at Burgess Park, to ensure a more ecological approach to providing the water for the park's upkeep
- Investment at Geraldine Mary Harmsworth Park, in our cemeteries and at South Dock Marina
- Remedial work on the Walworth Road to put right drainage problems
- Capital investment to save revenue from the council's new parking contract
- RFID technology to save on running costs at Dulwich, Newington and Camberwell libraries
- Investment to fit out the proposed new Grove Vale library
- Further refurbishment of the Thomas Carlton Centre and Peckham Pulse
- New CCTV cameras and infrastructure on our housing estates
- Additional resources to improve local shop-fronts
- Additional funding for housing's adaptations budget.

This refresh does not preclude other projects being added later in the year, and the report identifies some important areas where work is on-going to identify further capital needs.

The next refresh of the programme is likely to take place in a year's time.

RECOMMENDATIONS

That cabinet:

1. Note the general fund capital programme 2012/13–2021/22 as at Quarter 1 2012/13, as detailed in Appendix A.
2. Note the housing investment programme 2012/13–2016/17 at Quarter 1 2012/13 as detailed in Appendix B.
3. Agree the virements and funded variations for Quarter 1 2012/13 as detailed in Appendix C.
4. Agree the new capital bids shown at Appendix D.
5. Note the refreshed capital programme including the new bids as shown at Appendix E.
6. Note the presence of a government consultation on the localisation of business rates which could have an impact on the continued application of the New Homes Bonus grant for capital purposes in the future.
7. Agree that the Strategic Director of Finance and Corporate Services present an updated programme refresh in early 2014, including exploration of a thirty-year capital programme forecast.
8. Agrees that in light of the pressure in primary school places expected from 2013/14 and the additional pressure this places on council resources, officers should continue to work with the Department for Education and Skills (DfES) to maximise funding from DfES sources.

BACKGROUND INFORMATION

9. On 21 June 2011 the cabinet approved the refresh of the 10 year capital programme for the period 2011/12 to 2020/21. It approved a total programme for ten years of £351m for the general fund programme. A total programme for seven years of £451.8m was also agreed for the Housing Investment Programme to 2015/16.

KEY ISSUES FOR CONSIDERATION

General fund capital spend

10. The 2011/12 outturn report indicated that expenditure of £84.2m was incurred against the general fund capital programme and £53.5m against the Housing Investment Programme.
11. The 2011/12 outturn position delivered a number of high priority projects including the Southwark Resource Centre on the Aylesbury estate; continuation of the three primaries and Southwark Schools for the Future Programme and completion of the Canada Water library. This performance therefore still represents a significant investment in Southwark's capital assets.

12. The most recent outturn position presents the opportunity for a comprehensive refresh of the programme allowing for the progression of programme delivery over the prior year, and into the first two quarters of 2012/13. The major influences impacting on the refreshed programme include:
- Adjustments to the levels of government capital funding levels which impact on the programme, such as New Homes Bonus allocations.
 - Changes in the disposals programme including projected receipts from major project agreements such as Potters Field and Elephant and Castle.
 - New bids submitted by Strategic Directors in light of new projects or changes to existing ones.
 - New programmes and priorities as agreed by cabinet.
 - Revisions to the current programme in light of project progression.

Housing Investment Programme spend

13. Although reporting quarterly and annually at the same time as the General Fund the Housing Investment Programme is subject to separate approval from the rest of the capital programme. The current planned programme was presented to cabinet in October 2011. It showed the principle aims of delivering warm, dry and safe homes across the borough and investing in the regeneration of estates, as well as the required landlord obligations.

Capital resources

14. Seven major sources of funding support the General Fund programme:
- capital receipts from disposal of property
 - grants
 - external contributions
 - section 106 funding
 - contributions from revenue
 - contributions from reserves
 - Borrowing, which the council at the present time chooses not to use
15. The capital programme is influenced by limitations arising from resource timing and availability. Over the life of the programme all commitments must be met from anticipated resources. Regular monitoring and formal reporting regulates the programme and mitigates cash flow and funding risks.
16. In the event that in-year funding is insufficient to meet the level of expenditure alternative short term sources of funding may need to be accessed or projects deferred or re-profiled. Short term sources of funding include use of earmarked reserves and/or accelerating the disposals programme.
17. Each department forecasts its programme as accurately as possible to minimise the need for re-profiling. Where this does occur the requirement is flagged as early as possible. Given the general complexity of capital projects it is common to see some variation in the profile of the actual programme against the forecast. The impact of this is mitigated through regular formal monitoring, departmental reviews and access to a resource base wide enough to cope with change.

18. The Southwark capital programme is funded to a large extent using receipts from property disposals. Since 2009, the capital programme has attempted to forecast the receipts generated from future disposals for both the general fund and housing capital programmes over ten years. This allows for effective forward planning of the programme, as the lead-in time for large projects tends to be well in advance of the receipt of funds from the disposals required to finance their delivery.
19. The disposals programme is influenced by a range of issues including legal and planning complexities, external market position, demand for sites and property type/condition. The Head of Property Services has reviewed and updated the capital receipt projections used in the refreshed programme to support an accurate forecast.
20. The 10-year forecast for receipts is around £190m for the General Fund programme. The 5-year forecast for receipts from disposals for funding the Housing Investment Programme is around £140m.
21. Receipts generated through the disposal of council property represent one source, albeit significant, which the council may use to fund capital expenditure. The council aims to spread programme funding risk through use of a number of funding sources including external sources of funding, rather than placing reliance on any one source either in year, or over the programme.

Section 106 and Community Infrastructure Levy (CIL)

22. The council can enter into a Section 106 agreement, otherwise known as a planning obligation, with a developer where it is necessary to provide contributions to offset the deemed negative impacts caused by construction and development. Contribution requirements can take several forms and range from provision of affordable homes and new open space to funding of school places or community facilities. Depending on the agreement, developers may deliver works directly or choose to make payments to the council to undertake work.
23. Use of S106 funding has been forecast in the programme, which is provided through existing balances and new funds anticipated from future agreements. Some changes to the use of S106 planning obligations are anticipated resulting from the adoption of the Community Infrastructure Levy (CIL) regime and the council is proposing to update its S106 planning obligations statutory planning document to the same timescale as development and adoption of the CIL.
24. The CIL is a levy which local authorities may choose to charge on new developments occurring in their area, with the funds raised being used to deliver infrastructure required by the council, local community and neighbourhoods. Use of the levy as a potential funding source for capital schemes was outlined in a report considered by cabinet on 17 July 2012. A preliminary draft charging schedule was developed for this report and the council will be undertaking consultation on this as the year progresses. The capital programme will be subject to future refresh after September 2012, and pending finalisation of the charging schedule for CIL this may be used to support appropriate schemes.

New Homes Bonus

25. The New Homes Bonus (NHB) is intended to reward local authorities and communities where growth in housing stock occurs. The allocation formula matches the level of council tax paid on each new home for six years, with an additional £350 per affordable unit. The grant is not ring-fenced so no restrictions apply to its use.
26. Payments for NHB amounted to £2.5m in 2011/12, of which £1.5m was allocated to fund revenue expenditure, with the balance earmarked to fund capital expenditure. This was in accordance with a Cabinet decision of 21 June 2011 that all NHB resources not committed to the revenue budget should be allocated to corporate resources to fund future capital expenditure. The same level of revenue commitment was at that time assumed in forecasts for future years to 2016/17 and the balance allocated to capital. This resulted in totals of £9.0m, £41.7m and £3.6m being forecast to fund revenue, capital general fund and capital housing expenditure respectively.
27. The government has been consulting on the localisation of business rates which proposes major changes into the way that local government is funded from 2013/14 onwards. These proposals could potentially create pressure on the level of NHB funding available for the capital programme from 2013/14, changing the amounts available from those forecast above. The position will be monitored very closely by officers and revision may be made to the forecast allocations included in the capital programme as changing circumstances require.

Contributions from earmarked reserves

28. Reserves are funds set aside from under spends or planned budget contributions, to meet contractual commitments or future expenditure plans which may include risks or liabilities that arising at a later date. Three reserves which have relevance for funding the capital programme have been outlined described below.
29. The modernisation reserve supports one-off expenditure or multi-year projects designed to modernise and further improve the operational efficiency of Southwark's service provision. The use of the reserve is subject to a protocol listing admissible items in accordance with the Council's Medium Term Resources Strategy.
30. The regeneration and development reserve funds one-off expenditure and multi-year projects delivering regeneration and development across the borough. Relevant projects include the Aylesbury Estate Regeneration, Canada Water, and Elephant & Castle Regeneration.
31. In 2011/12 the council established a compliance and planned preventative maintenance reserve which may be used to support activities upgrading the wider council estate in line with legislative and/or preventative maintenance requirements. The reserve could for example be used to support the implementation of a maintenance programme in specific parts of the council's operational estate. Use of the reserve would need to be requested through appropriate approval channels, such as via cabinet, and it is likely that works

would be programmed over more than one year, or relate to more than one site.

Capital receipts

32. The council operates a ten-year disposals programme. Planned disposals generate capital receipts which the council can use as a funding source to finance capital expenditure.
33. Capital receipts must be categorised as Housing or General Fund depending on the nature of the asset giving rise to the receipt. Certain receipts arising from right to buy sales are also generated within the Housing disposals programme and subject to pooling arrangements with government, so that the council can repay housing debt.
34. The annual receipts forecast to 2021/22 is between £30 - £40m p/a generated by disposals from both funds. The new capital bids in the refreshed programme present an anticipated additional call of around £45m on capital receipts, to be funded over the life of the programme.

Capital grants

35. The council uses a range of capital grants to fund capital expenditure. These grants tend to be programme or project specific since each has grant requirements of some form and the largest areas of grant use often correspond to the largest and most complex projects. The Southwark Schools for the Future (SSF) programme has the highest grant use on a single scheme with around £82m of grant funding over the remainder of the capital programme.
36. Grants may be provided as a sole funding source, or as one of several funding sources depending on project requirements. In each case grant funding conditions of some form should be met to demonstrate that grants have been applied for the purposes given and audit trails are maintained.

Resourcing to Quarter 1 2012/13

37. A number of balances were brought forward from the outturn of 2011/12 and can be applied in 2012/13 in addition to resources received in year.
38. In terms of property receipts, balances of £25.2m and £1.9m were brought forward on the Housing Revenue Account and General Fund respectively. Of the HRA balance £9.3m related to receipts arising from right to buy sales.
39. As at the end of Quarter 1 2012/13 £10.5m had been received from HRA receipts, with £0 received from General Fund receipts. However General Fund receipts of around £15m are anticipated by the end of the financial year.
40. A grants balance of £63.8m was brought forward from 2011/12. This included balances of £4.7m relating to Housing Grants, £15.2m relating to education use grants and £36.4m relating to receipts generated through the planning gain (S106) mechanism. At the end of Quarter 1 2012/13 £17m grant had been received including £12.9m of education use grants and £4.4m of planning gain.

41. The above resources will be monitored and applied as appropriate to schemes in 2012/13.

Programme position at Quarter 1 2012/13

42. Attached at Appendix A is a summary of the general fund programme position as at Quarter 1 of 2012/13. This shows a total expenditure budget of £327m budgeted over the programme. The budgeted general fund programme is shown in greater detail at Appendix F.
43. Attached at Appendix B is a summary of the housing investment programme position as at Quarter 1 of 2012/13. This shows a total expenditure budget of £397m over the programme.
44. Appendix C shows the budget virements and variations which have been undertaken in the first quarter of 2012/13.
45. This programme position will be monitored and reviewed over the remainder of the financial year, with regular updates to cabinet. The bids refreshing the current programme have been set out in Appendix D with detail the following paragraphs. The updated programme position shown at Appendix E.

Departmental updates and bids

Children's services

46. Children's Services draws together education and specialist children's services. The departmental budget approved in the report to cabinet on 17th July 2012 was £63.4m.
47. The bulk of children's services capital spend reflects programmed investment in schools; a small programme of youth services programmes at around £584k provide enhanced youth facilities across the borough with £1.5m for Children's Centres capital life cycle works. The schools' investment programme consists of expansion projects to increase the capacity of schools to accommodate rising pupil numbers and maintenance work obligations. The main programmes are the primary capital programme totalling £24.3m over the remainder of the programme, the 3 primaries programme (Eveline Lowe, Michael Faraday and Southwark Park schools) totalling £9.6m and the balance reflecting expenditure on smaller projects such as school maintenance and carbon reduction works.
48. Grant from central government provides the mainstay of the funding support for the schools' investment programmes, supplemented by other funding sources such as corporate resources, contributions from schools delegated capital, Dedicated Schools Grant and application of S106 funds. The 3 primaries programme is being funded almost entirely by corporate resources.
49. Progress during 2012/13 has included a further round of £83k capital challenge match funding agreed and over the summer minor works and improvements are being made at seven schools. Further works and demountable classrooms will also be carried out and installed over the summer to provide an additional primary 300 places as part of the temporary expansion programme. Works are

underway at St Anthony's to provide a half form of entry by summer 2013. The completion of the expansion of Haymerle is due for completion by the end of the autumn term. Outline designs and costings for Gloucester and Cherry Garden are due to be submitted for council review in December 2012. Detailed designs are progressing for Southwark Park Primary School and final submissions are expected in autumn 2012.

50. The bids for this refresh generated by new and emerging issues developing over the last year have been set out in the following paragraphs and present a total of £16.4m additional expenditure in the programme to 2021/22.
51. It is estimated that by 2015/16 an additional 10 to 14 permanent school form entry expansions will be required due to growth in pupil numbers. This requirement is likely to generate a pressure of around £15m in the programme. A survey of all maintained schools is currently being undertaken to review their capacity to expand and to assess necessary maintenance needs. This bid is subject to the ongoing continuation of government capital grants and the outcome of the surveys. It is a statutory obligation to provide school places and continue to prioritise school building maintenance to ensure pupils are warm, dry and safe. Funding is anticipated from S106 sources in addition to corporate resources.
52. The redevelopment of the Peckham Rye One O ' clock playroom is a council commitment to replace the current building and to enlarge and redesign the enclosed outdoor play space. A budget of £770k total will be required for the current scope of the project. A £270k capital budget will be transferred from Environment and Leisure with the £500k remainder the subject of this bid sought from corporate resources.
53. Carbon reduction funding of £500k is sought from corporate resources to address the mandatory carbon reduction requirement set by Government. This programme reduces carbon emissions in schools through identifying cost effective small value works and is match funded by participating schools.
54. 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. A bid of £400k total is required to make necessary adaptations to schools and children's centres so that the service can work locally, alongside families who would most benefit. Grant funding is anticipated to be available in support of revenue expenditure related to these works.
55. Following detailed design proposals and stakeholder discussions the budget allocation for Gloucester and Cherry Garden Schools is to be increased by £1.1m from the outline £12.5m earmarked in the 2011/12 capital refresh to £13.6m, using budget which is currently unallocated and a budget movement will be included in the Q2 report to cabinet.
56. Following year end adjustment in 2011/12 the departmental budget before inclusion of the new bids stands at £54.1m as shown in Appendix A. The refreshed departmental budget stands at £70.5m with the £16.4m of new bids included.

Southwark Schools for the Future

57. In May 2007 the then 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. Southwark then entered into a Strategic Partnering Agreement with 4 Futures and a Local Education Partnership was established to deliver the building schools for the future (BSF) programme. This partnership has since been rebranded as 4Futures.
58. Phase 1 includes Tuke Special School and St Michael's Catholic College. Phase 2 includes St Thomas the Apostle College, Sacred Heart and New School Aylesbury and Spa.
59. The majority of the programme is funded by grant funding from central government with an additional £11.4m of corporate resources remaining committed to the programme over the remainder of the programme the use of which is agreed through further reports to Cabinet. The programme also includes three schools being developed under a 'design, build and operate' scheme which will be funded by future PFI credits and school contributions.
60. Progress during 2012/13 has seen New School Aylesbury completing in the summer ready for Sacred Heart to move in for 2 years whilst Sacred Heart PFI school is completely rebuilt. Phase 1 of St Thomas the Apostle College completed in April 2012 and phase 2 is due to complete in October 2012. Detailed designs are progressing for the combined SILS 3 & 4 and final submissions are expected in autumn 2012.
61. No new bids have been submitted in this refresh. The programme is subject to ongoing scrutiny as appropriate for a scheme of such size and complexity. The re-profiled capital budget stands at £81.6m to 2021/22.

Health and community services

62. The main focus of the Health and community services capital programme is investment in the infrastructure necessary to support the delivery of services to improve the health and well being of local people. The departmental budget approved in the report to cabinet on 17th July 2012 was £5.6m. A summary of the activity in 2012/13 thus far is given in the following paragraphs.
63. Southwark Resource Centre has an agreed remaining budget of £358k for 2012/13 which is available to cover 5% contract retention fee, some post completion works and equipment costs. The project is currently forecast to under spend overall by around £900k, which can be returned for use on other projects.
64. The agreed budget for Department of Health Capital Grant (adult personal social services capital allocation) is £1.6m. This includes a carried forward balance of £780k from the prior year 2011/12. The grant is earmarked for various day services projects including major refurbishment works. The scheme is currently forecast to spend on budget.

65. There is £19k of single capital pot mental health grant rolled forward from 2011/12 to 2012/13. It is anticipated this will be fully utilized in 2012/13.
66. All other projects in the current programme have successfully been completed.
67. The bids for this refresh generated by new and emerging issues developing over the last year have been set out in the following paragraphs.
68. The council is currently mid-way through a 25 year block contract with Anchor Care providing residential care for older people. The contract delivers 224 beds in four care homes. Renegotiating the terms of the contract would reduce the cost of care in revenue terms. A one-off payment currently estimated around £7m would remove the capital element of the weekly fee and save around £900k revenue expenditure per year. Officers are currently working to verify the respective costs and benefits of a renegotiation. In the event that the renegotiation produces an additional funding requirement to remove the capital element of the service price, a further updated bid will need to be submitted, however at the present time the sum of £7m is the best indication which officers have from the supplier.
69. The council is seeking to improve the range and quality of accommodation for people with learning disabilities. Funding is required to finance the refurbishment of seven learning disability care homes owned by the council, with costs estimated at around £1.2m. The homes were outsourced to an external contractor in 2004, with the council retaining residual repair and maintenance responsibilities; however they have not been part of the council's cyclical maintenance programme for some years and are now in need of refurbishment. Work would include replacement of kitchens, bathrooms, flooring and redecoration. This capital investment would be likely to lead to a reduction in reactive repairs and maintenance costs.
70. The council is currently undertaking community and service user consultation on the development of a new resource centre for older people which would in particular offer dementia care and provide enhanced facilities in light of increasing demand levels. The centre is anticipated to cost around £2m and a potential site has been identified toward the north of the borough which will be the subject of further analysis to verify suitability as the project moves forward.
71. Allowing for budget adjustment and the above virement following the 2011/12 year end outturn position, the re-profiled budget stands at £1.9m to 2021/22 as shown in Appendix A and before inclusion of new bids. Addition of the £10.2m new bids outlined in the paragraphs above brings the new refreshed total departmental budget up to £12.1m over the programme to 2021/22.

Environment and leisure

72. The Environment capital programme manages investment in the service areas of culture, libraries, learning and leisure, public realm, community safety and waste management. The programme includes investment in non-principal roads of around £40m and £5m in street lighting. Other areas of public realm receiving investment include parks and libraries and investment of £11.4m in the borough's leisure centres including major refurbishment works at Dulwich,

Camberwell and Surrey Docks.

73. The programme also includes an annual investment for community council's to allocate funds to projects with the aim of making the borough cleaner, greener and safer. The new waste facility at the Old Kent Road is now complete and fully operational. In respect of the Southwark Heat Network from South East London Combined Heat and Power facility (SELCHP), a viable route and a technical solution for the pipe work for the heat network has been identified. This initiative will use low carbon energy supplied from the SELCHP plant in Lewisham, with secure supply and stabilised energy prices for a significant number of our council tenants and leaseholders. The Heads of Terms were agreed in June 2012 and the contract is due to start in September 2012.
74. The majority of the programme is funded from corporate resources with a small amount of section 106 funds being used.
75. The departmental budget shown in Appendix A is £90.6m, which includes around £5m of bids agreed in an earlier report to cabinet. A virement of £270k to Children's Services for the Peckham One o'clock club anticipated for quarter 2 will bring this total to £90.3m. Two minor funded variations totalling £8k have been set out in Appendix C, requested for approval.
76. The Departmental Capital Review Board meets quarterly to scrutinise expenditure on projects. The department's latest approved capital budget from 2012/13 against the projected spends of £91.3m gives an overall variance of £1m (1.1%). This variance arises from cost pressures on the Burgess Park and Walworth Road projects. This pressure is partially offset by unused resource on the Integrated Waste Solutions Project.
77. The cost pressure of £1.1m emerging on the Burgess Park project, results from accelerated use of budget dealing with ground contamination in the park from discovery of buried diesel tanks within the park and addressing utility service diversions. It is proposed that the pressure is reduced by viring £400k available resources from the Integrated Waste Solutions project, with the balance sought from available resources elsewhere in the programme.
78. Additional costs were incurred on urgent works that had to be completed on the Burgess Park project so that areas of the park that fell outside of the original project scope were addressed prior to the official opening in summer 2012. To fund these costs a virement of £200k is included from available resource on the Integrated Waste Solutions project.
79. The bids for this refresh generated by new and emerging issues developing over the last year have been set out in the following paragraphs.

Environment and leisure: Public realm

80. The first phase of the Burgess Park revitalisation project is complete with £8million invested. Further investment will be needed to complete the regeneration in full, including the provision of sustainable water supply for the lake provided via a borehole, the provision of which has been budgeted at £200k funded from revenue contribution, subject to Environment Agency approval to

undertake the work. Additional improvements include park entrances, restoration of the heritage bridge features such as the canal bridge and partial restoration of a canal feature; installation of further games and garden areas; improvements to the Wells Way public realm and further tree planting. Initial estimates put the costs of these works at £12m.

81. Additional funding of £120k in 2012/13 for refurbishment of the park accommodation at Geraldine Mary Harmsworth Park (GMH) is requested to meet the cost of bringing the staff building back into use. The building is Grade II listed and a condition survey has been undertaken which has highlighted health and safety concerns arising from the ageing condition of the fabric. The building is essential in delivering a council commitment to the friends group and councillors, whereby a staff presence is maintained on site. The bid is made for funding from corporate resources.
82. Investment is required to upgrade the condition of South Dock Marina including replacement of pontoons, decking, electrics and possibly the lock gates and sluices. The total cost is estimated at around £2.7m and a bid has been prepared for this funding starting in 2013/14 and anticipated to extend to 2014/15. Funding options may include third party investments. Whilst costs on asset condition survey may be incurred up-front, any further activity would be the subject of detailed scoping, evaluation and risk analysis prior to commencement. The most recent asset condition survey on this scheme is due in September 2012, so this bid has been noted in this report but a revised one will be required, for a future capital refresh as the implications of the survey in cost terms become fully understood.
83. New shower and lavatory facilities at South Dock Marina are also required to replace existing equipment in the berth holder facility which is no longer fit for purpose. A bid of £100k funded from capital receipts have been made for this purpose with spend anticipated in 2012/13.
84. Additional funding of £300k in 2012/13 is required to address a number of carriageway drainage issues on Walworth Road which have arisen due to the consistent high daily volume of vehicular traffic. Because of the urgent nature of the works and the need for completion prior to the Olympics embargo, works had already commenced part-funded by project contingencies. This funding is required to complete the works without impacting on other road resurfacing budgets.
85. A bid of £1.1m for the new parking contract has been prepared funded from corporate resources, with costs anticipated to fall in 2013/14. This is to fund both large items of infrastructure and vehicles and smaller equipment including hand held computers and digital cctv cameras. The bid is an optional aspect of the council's parking enforcement contract which is currently out to tender. The final amount will only be available once bidders have submitted proposals and the evaluations to identify the preferred supplier have been completed. It may well be necessary to include an updated bid in the next programme refresh, or in the event that the capital costs prove to be less in the preferred proposal to reduce the assumption in the programme.
86. In line with the cemeteries strategy approved by the cabinet, the Cemetery

Service is implementing an action plan in the borough's cemeteries and crematoria which will aim to improve customer service whilst improving the condition of cemetery assets. In keeping with this it is proposed that £380k is invested refurbishing the vacant cemetery lodges at the entrance to Camberwell New Cemetery which could allow the cemetery office to be located in the larger of the two lodges, attracting an operator for a cafe/florist in the smaller lodge.

87. More detailed viability plans for this proposal will be developed in due course. It is anticipated that the initial investment of £380k could be recouped in around 8 years through the installation of a rent-generating columbarium in the vacated chapel office space and through a small amount of rental income generated by the cafe/florist at the lodge.
88. Officers are developing a scope of works for additional tree planting programmes around the borough, which have indicatively been estimated at around £2.3m to the end of the current programme. This work may form a new bid in the next programme refresh as fuller details and a specification of requirements become available for consideration.

Environment and leisure: Transport, environment and recycling

89. A bid of £4.5m has been included in 2021/22 to allow for an extra year of investment in the non-principal roads network and lamp column replacement projects. Addition of this bid means that an equivalent level of provision has been made for these projects in every year of the programme to 2021/22.
90. Additional investment requirements for highways and lighting are currently being assessed, and are estimated at around £18m and £5m respectively in total to the end of the current programme. Bids for this additional resourcing may be submitted in a future refresh once more fully scoped.

Environment and leisure: Culture, libraries, learning and leisure

91. Implementation of RFID equipment (Radio Frequency Identification) is proposed at Dulwich, Newington and the new Camberwell library in between 2012/13 and 2014/15 at a total cost of £373k. The bids for Newington and Camberwell, at £124k and £101k respectively are sought from corporate resources, and the Dulwich bid at £148k from reserves set aside from the 2011/12 departmental under-spend. Investment in self service technology is a key component of the libraries modernisation programme and installation of such equipment is key in supporting the savings agreed in the libraries review. The equipment has already been successfully installed at other locations in the borough, for example at the John Harvard library.
92. The required contribution to the fit-out and relocation programme for the new Grove Vale Library has been assessed at £360k in 2014/15, which includes provision of RFID equipment. The bid is made for funding from capital receipts.
93. A new installation of public art at Canada Water is proposed from 2012/13 which will be fully funded from approved S106 funds to the value of £72k.
94. There are health & safety issues associated with the building fabric at the

Thomas Carlton Centre and work will need to commence in 2012/13 to resolve high priority issues with the roof and windows. A bid has been prepared for £560k priority 1 and 2 works funded from corporate resources based on an itemised building survey undertaken recently.

95. It has been recognised that the sports complex in Southwark Park needs refurbishment. £370k was set aside for this in the Olympic Legacy Fund and funds are being sought from various sources, including a £250k grant from the Mayor's Fund and £150k each from the London Marathon Trust and Sport England Facilities Fund respectively. It is anticipated that additional capital will be required, and a bid will be submitted in the next refresh.
96. At the Peckham Pulse site a number of structural fabric issues have arisen due to the age of the asset. Two options are being put forward for consideration. To deliver a minimum level of work a sum of £1.1m is required with preliminary work starting late in 2012/13 for a refresh including the lighting, spa, pool hall and for refurbishment works on the pool dosing system and fan coil units. The second option is for a more extensive refurbishment aimed at meeting the growing demand for the spa area as well as greater utilisation of unused areas of the centre to increase income generating potential. This will require a further investment of £1.2m following on from the first option. Thus the total bid amount for this option is £2.3m.
97. A new bid totalling £415k starting in 2013/14 has been submitted to assist in meeting the cost of lifecycle capital works at leisure centre sites. These works will maintain the quality of the provision at the leisure centres at levels attained after refurbishment.

Environment and leisure: Community safety

98. The total cost of the housing CCTV project has been assessed at around £1.4m, with around £1.2m funding sourced from departmental under spends and reserves and around £200k from corporate resources. The work in this area will replace obsolete fixed units on existing estates with CCTV, implement CCTV systems on the Four Squares estates; and a re-deployable system on the Aylesbury Estate and other areas of high recorded crime. It also includes the procurement of 30 re-deployable cameras for remaining estates. Lastly, the project includes the cost of providing a borough wide transmission network. A bid for this project has been prepared.
99. Addition of the £12.2m new bids outlined in the paragraphs above to the current programme budget brings the refreshed departmental budget to £102.8m over the programme to 2021/22.

Finance and corporate services

100. The capital programme of this department focuses on two key areas: information technology infrastructure projects and premises improvements to Council buildings
101. The overall departmental programme budget before inclusion of new bids is £7.9m as shown in Appendix A.

102. 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. A bid of £5m has been included in the refresh, with spend anticipated to start in 2013/14 and funded by corporate resources.
103. The procurement of a new Facilities Management (FM) services supplier is anticipated to conclude in the Autumn of 2012, which will see a four-year contract being awarded.
104. To address future FM capital requirements a bid of £10.25m has been included in the refreshed programme. This reflects the anticipated cost of undertaking a comprehensive PPM and compliance programme on council property fabric from 2013/14. The work follows an earlier phase where the council undertook DDA work to its front-line premises. It is anticipated that this work will be funded through a combination of corporate resources and reserves.
105. The addition of the new bids increases the refreshed departmental programme budget to £23.1m over the period to 2021/22.

Chief executive's department

106. Following the appointment of the chief executive earlier this year, and overall reorganisation of the council's management structure, the services undertaken by the former deputy chief executive's department, along with regeneration, property and planning have been merged to form a single department. Delivery of key strategic regeneration projects fall within the department's remit.
107. The departmental programme budget before inclusion of new bids is £63.5m, divided between the three major programme areas for the department with £6m allocated to Economic Development and Strategic Partnerships; £12.1m to Property Services; £8.6m to Planning and Transport and £36.8m to Other schemes (such as the leisure centre at Elephant and Castle).
108. Performance thus far 2012/13 has been steady with work continuing on delivery of the office accommodation strategy and its development of a significant council presence at Queens Road Peckham; the revitalisation of the town centre at Camberwell anticipating a range of funding sources; and the delivery of key community items at the Elephant and Castle Leisure Centre and Peckham Rye Station. New bids requested for the current refresh have been shown below.
109. A bid for £5.4m extra funding for the office accommodation strategy from 2012/13 has been submitted with a cost breakdown in the following areas.
110. A further £231k is required for Queen's Road block F to allow for enhanced future customer requirements including additional works to a customer lift and improved meeting room facilities. The original capital allocation from November 2010 included a sum of £4.9m for commissioning costs at this block.
111. At Queen's Road block J a sum of £1.3m has been included as a purchase cost for this block. The original office accommodation programme business case

proposed a lease of this block; however a revised commercial assessment agreed by cabinet in March 2012 concluded that an outright purchase would present better value for money over the longer term. In addition to this cost a further sum of £480k has also been included in the bid to meet additional commissioning costs including capitalised fees and accessibility works. A contingency has also been allowed informed by experiences at block F.

112. A decision was made at the July 2012 cabinet to approve the lease of the property at Lugard Road, Block C, to provide accommodation for the council's call handling facility after the end of the customer service contract agreed by cabinet in May 2012. The inclusion of £2.1m for this item in the programme, together with other blocks in the development completes the campus at Queen's Road and provides a major council presence in Peckham.
113. An additional allowance of £863k has been included to meet the cost of increased Information Systems commissioning costs arising from the expanded accommodation programme. This addition arises from anticipated contractual changes to the council's IS provision which will in the context of the expanded office accommodation strategy result in additional capital expenditure on IT assets.
114. Earlier in 2012 the requirement for fit out of a replacement service point for the current Bermondsey One Stop Shop was confirmed. Therefore an allowance of £370k has been made for the fit out costs of this service at 11 Market Place.
115. A bid of £350k has been submitted to support work on the improvements to local retail environments scheme. Additional expenditure has been required to meet the cost of electrical and structural work on some council owned properties, undertaking a greater number of asbestos surveys than originally envisaged and additional preliminary costs incurred as a result of the Olympics works embargo.
116. A bid of £1.7m is being prepared to support work upgrading the quality of the shopping experience in the Peckham High Street and Rye Lane areas of the borough. It is intended that the bid will be funded in full by Heritage Lottery grant, which will be sought in summer of 2013 when the funding round is open. The bid is noted here and an update on the outcome of the grant application will need to be included in the next capital refresh.
117. In July 2011, the Council assembly requested that Cabinet consider the allocation of the necessary capital resources to redevelop the area immediately in front of Peckham Rye Station, with the aim of reinstating the heritage of the station and to create new retail and other opportunities in the environments. An initial sum of £10m was added to the capital programme for this project, starting in 2015/16. In December 2011, a funding bid was submitted to Greater London Authority (GLA), and the authority is in the process of finalising the funding agreement for a grant of £5.25m. The award of this grant will not only free up £5.25m of capital receipt which can be used to meet other priorities but also enables the Council to deliver this project three years ahead of schedule.
118. As set out in Appendix C a number of funded variations have arisen in the first quarter of 2012/13 and are requested for approval. These are £360k on the Nunhead Outer London Funding Programme, an £89k S106 variation for the

Camberwell Town Centre scheme, £50k for the Cathedral Square Improvements project and £69k on a range of smaller projects.

119. Addition of the £5.7m arising from the new bids detailed in the paragraphs above increases the refreshed programme budget to £69.2m.

Housing general fund

120. The housing general fund capital programme represents investment in housing in the borough which is not directly focused on council properties and includes travellers' sites and affordable housing fund contributions. This includes housing renewal which allows assistance to a wider section of the community, subject to financial status, than existing council aid provision solely for the over 65s and individuals with medical needs.
121. Other main elements of the programme include: the East Peckham and Nunhead renewal area programme; the group repair scheme which replaces energy inefficient components, provides insulation and is working to retrofit for the future "green" energy products, contributing to CO2 emission targets; the affordable housing fund funded through S106 contributions which supports new build social housing by registered providers; and work to a number of travellers' sites within the borough.
122. The housing renewal programme is mainly funded from corporate resources but also attracts government grant for disabled facilities and external funding from the GLA. Southwark was successful in getting one of 10 low carbon zones within the London area which has levered in additional funding from the GLA.
123. The programme budget agreed for the Outturn of 2011/12 was £14.8m, which when adjusted to allow for the roll forward of remaining resources at the end of 2011/12 stood at £11.3m at the start of 2012/13. The approval of a growth bid of £17.3m in this same report, providing additional funding of £16.3m for renewal grants including disabled facilities grants, raised this overall programme budget to £27.6m (£1m of the bid being already forecast in the programme at the end of 2011/12). The bid was funded in part by £4.655 external funding from the Department for Communities and Local Government and the balances sourced from corporate resources.
124. Expenditure in the first quarter was £0.5m, increasing to £0.7m at M4, against a revised outturn forecast of £5.2m. The majority of this expenditure is in respect of DFG grants, for which demand remains consistently high, and which formed a substantial part of the bid which is the main basis for the ongoing 10 year housing renewal programme.
125. The Burnhill Close travellers site scheme will be the subject of a gateway 3 variation to approve increased costs when these are finalised, and will require a further budget virement within the overall travellers sites programme provision. A further project is in the pipeline for the Affordable Housing Fund programme, for a housing association development on the Wadding Street / Stead Street site. A report is to be submitted to Planning Committee to approve the release of £2.6m S106 funds for the scheme, which will then be added to the housing general fund programme.

Housing Investment Programme

126. The Housing Investment Programme report to cabinet on 18 October 2011 confirmed detail of the housing investment programme (HIP), the resources available and how these would be used to provide warm, dry and safe homes across the borough. It also reported the approach to be taken for additional works on high investment needs estates, which has since been reported to cabinet in more detail. The format of the HIP summary has been revised to better reflect the programme in its agreed form.
127. The programme budget contained in the Outturn report for 2011/12 was £432.9m over the life of the 5-year programme. The addition of £15.2m reflecting the budgeted cost of demolishing the Heygate Estate produced a revised total budget of £448.1m over the remaining 4 years. When adjusted to allow for the roll forward of budgets at the end of 2011/12 and Quarter 1 variations, the revised budget stood at £397m for the remaining 4 years of the approved programme.
128. To this amount £250k should be added to reflect additional resources identified and used in 2011 for the adaptations programme. This external funding was received and used in 2011/12 and is shown in the outturn figures, the corresponding adjustment to the adaptations budget was still to be made at this point and this has been shown as a variation increasing the overall budget.
129. While there is in general no confirmed detail within the HIP beyond the current 5-year Warm Dry Safe (WDS) programme, it is anticipated that the programme will be extended on an indicative basis to 10 years in line with the corporate capital programme. This will incorporate additional expenditure as resources anticipated for the HIP including government backlog funding and commuted sums as they become confirmed. Pending consideration of this extension of the programme by the Housing Investment Board, only the previously approved budget is currently shown, re-profiled where appropriate.
130. Expenditure in the first quarter was £9.9m, increasing to £14.5m at M4 against a revised outturn forecast of £92.3m. The most significant proportion of this expenditure at £7.9m was within the WDS programme, which in respect of decent homes performance has delivered an increase in decency level of 257 properties for the quarter. Following difficulties with one of the partnering contracts, revised notices of proposals have now been issued, and together with agreed maximum prices now being obtained for further works packages this will accelerate the delivery of the WDS programme.
131. Forecast expenditure for the 4 year period totals £403.4m, with three areas of the programme exceeding the reported budget. The fire safety works programme will need to continue beyond the priority works in progress and currently shows an additional requirement of £4.5m. Works on the Aylesbury Estate anticipated at £1.3m as shown in Appendix C have been brought forward and show a higher level of spend in the reported period, although remaining within the longer term provision in the programme. An additional £1.5m is shown for fire damage reinstatement following receipt of this amount from insurers relating to the major fire at the Lakanal estate.

Overall summary of refreshed capital programme

132. With the addition of new bids the refreshed 10-year scheme is fully programmed and has been set out in Appendix E. Such a position depends upon generation of capital receipts in line with predictions and availability of the other funding sources.
133. Given the general scale and complexity of capital schemes there is likely to be some variation in the profile of spending year on year. The risks of always presenting a balanced programme are that it is not reflective of actual activity, and only permits existing activity to be completed prior to introduction of new projects. Should that activity then be delayed by unforeseen circumstances, resources which could otherwise be made available for use in that year may not be easily redirected.
134. Planning for a certain level of natural re-profiling in complex projects is a pragmatic way of managing risk around expenditure and resource allocation, two aspects which form the cornerstones of programme structure but which are both influenced by numerous variables.
135. The programme is monitored throughout the financial year by departmental finance staff with the support of the Capital Monitoring team, to ensure that it remains consistent with cabinet approvals. Quarterly position reports are submitted to cabinet for review and approval.
136. The authority does have the option of considering prudential borrowing to fund capital schemes, however this is not currently deemed to be a preferred form of funding while other sources are available with no external financing cost, and would in any case require approval from Council Assembly in advance.
137. The council constitution requires an update of the capital programme at least once every 4 years. It is proposed that this programme is updated again in early 2014 to permit a review of current projects, the bids approved in this refresh and to consider any new issues emerging at that time.

Extension of the capital programme to thirty years

138. Whilst preparing this refresh officers were asked to examine how the programme could be extended from a ten year reporting horizon to a thirty year one, and what the respective benefits and disadvantages of such an extension could be.
139. Making a twenty year extension is likely to generate certain risks and difficulties, particularly with regard to:
 - Achieving meaningful cost and value forecasts over such a long period.
 - Being able to assess reasonably programme and project behaviour over a timeframe which will witness several economic cycles and developments in service provision.
 - Accurately forecasting what service demand and asset consumption rates are likely to be.
140. This said, the benefits likely to accrue from an extended forecasting timescale

include:

- The ability to view more projects over their whole lives rather than imposing an arbitrary cut off at ten years, when many assets have much longer useful economic lives.
- Capacity to lay the foundation for long term strategic change across the borough.
- Allowing replacement or refresh of schemes to be built into the programme now.

141. Officers intend to form an initial view on how a thirty-year programme could be structured and will present a response in the next refresh.

Community impact statement

142. This report describes the current and forecast position of the capital programme for the next ten years. The projected expenditure reflects plans designed to have a beneficial impact on local people and communities, which will be considered at the time the services and programmes are agreed. It is important that resources are used efficiently and effectively to support the council's policies and objectives.

143. Each project within the capital programme will be considered with regard to its impact on age, disability, faith/religion, gender, race and ethnicity and sexual orientation.

144. The council's capital programme is designed to deliver projects of value to local people.

Resource implications

145. This report forms part of the council's budget framework. It outlines the current position on the capital programme and identifies potential new projects to be included in it.

146. The resources supporting programme delivery are identified on a project by project basis. Staffing resources are generally contained within the council's current establishments and where additional or specialist resources are needed these will be the subject of separate reports.

Legal implications

147. The legal implications of this report are identified in the comments of the director of legal services.

Financial implications

148. This report fully explores the financial implications of the capital programme refresh. The report presents a capital programme over 10 years where predicted resources are sufficient to meet anticipated spend.

Consultation

149. Consultation on the overall programme has not taken place. However, each of the individual projects are subject to such consultation as may be required or desirable when developed. Some projects may require more extensive consultation than others, for example projects with an impact on the public realm. Projects funded by grant or s106 may require consultation as a condition of funding.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

150. 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.
151. The capital programme satisfies the council's duty under the Local Government Act 1999 which requires it to make arrangement to secure the continuous improvement in the way its functions are exercised, by having regards to the combination of economy, efficiency and effectiveness.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	General fund summary monitoring position
Appendix B	Housing revenue account capital programme summary
Appendix C	Budget virements and variations for approval
Appendix D	General fund new capital bids
Appendix E	General fund refreshed capital programme
Appendix F	General fund capital programme details

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety		
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services		
Report Author	Alex Vaughan, Project Accountant, Finance and Resources Department		
Version	Final		
Dated	13 September, 2012		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments included
Director of Legal Services		Yes	Yes
Strategic Director for Finance and Corporate Services.		N/a	N/a
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			13 September 2012

General Fund Capital Programme Summary - 2012/13 at Quarter 1

Appendix A

Department	2012/13				2013/14			2014/15+			Total Programme 2012/13-21/22		
	Budget	Spend to date	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Total Budget @ 01/04/2012	Total Forecast	Total Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	20,350	1,466	20,350	0	13,796	13,796	0	19,979	19,979	0	54,125	54,125	0
Southwark Schools for the Future	47,166	10,490	47,166	0	8,508	8,508	0	25,981	25,981	0	81,655	81,655	0
Finance and Corporate Services	2,296	378	2,296	0	2,713	2,713	0	2,910	2,910	0	7,919	7,919	0
Environment	21,446	4,511	21,392	(54)	10,802	11,888	1,086	58,370	58,370	0	90,618	91,650	1,032
Health & Community Services	1,995	12	1,951	(44)	0	0	0	0	0	0	1,995	1,951	(44)
Housing General Fund	5,211	715	5,211	0	5,628	5,628	0	16,729	16,729	0	27,568	27,568	0
Chief Executive	24,563	6,765	24,563	0	28,113	28,113	0	10,849	10,849	0	63,525	63,525	0
TOTAL	123,027	24,337	122,929	(98)	69,560	70,646	1,086	134,818	134,818	0	327,405	328,393	988
FINANCED BY:													
Corporate Resource Pool	16,900	8,828	16,900	0	30,507	30,507	0	135,808	135,808	0	183,215	183,215	0
Major Repairs Allowance	0	0	0	0	0	0	0	0	0	0	0	0	0
Supported Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserves & Revenue	3,046	12	3,046	0	2,155	2,155	0	0	0	0	5,201	5,201	0
Capital Grants	80,995	15,050	80,995	0	24,020	24,020	0	58,780	58,780	0	163,795	163,795	0
Section 106 Funds	11,173	313	11,173	0	2,097	2,097	0	6,087	6,087	0	19,357	19,357	0
External Contributions	1,622	134	1,622	0	500	500	0	0	0	0	2,122	2,122	0
TOTAL RESOURCES	113,736	24,337	113,736	0	59,279	59,279	0	200,675	200,675	0	373,690	373,690	0
Forecast variation (under)/over	9,291	0	9,193	(98)	10,281	11,367	1,086	(65,857)	(65,857)	0	(46,285)	(45,297)	988

HRA Capital Programme Summary – 2012/13 at Quarter 1

Appendix B

Programme	Project description	2012/13				2013/14		
		Budget	Spend to date	Forecast	Variance	Budget	Forecast	Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Warm dry and safe	WDS carry-over schemes	2,210	601	2,210	0	115	115	0
	WDS 2-year programme	15,310	2,276	15,310	0	19,354	19,354	0
	WDS 2012 major works	9,628	13	9,628	0	8,943	8,943	0
	WDS 2013 major works	4	0	4	0	33,261	33,261	0
	WDS 2014 major works	0	0	0	0	0	0	0
	WDS 2015 major works	0	0	0	0	0	0	0
	WDS future major works	0	0	0	0	0	0	0
	FRA works	16,571	2,847	19,487	2,916	0	1,582	1,582
	M&E electrical	1,305	216	1,305	0	1,104	1,104	0
	M&E heating	6,058	999	6,058	0	10,962	10,962	0
	M&E lifts	1,975	833	1,975	0	1,373	1,373	0
	WDS voids works	4,159	0	4,159	0	4,000	4,000	0
	WDS Leathermarket JMB	1,441	106	1,441	0	1,100	1,100	0
HINE schemes	HINE WDS works	664	21	664	0	11,341	11,341	0
	HINE additional works	0	0	0	0	2,420	2,420	0
Regeneration	Aylesbury Estate PPM works	5,855	1,254	5,855	0	3,390	3,390	0
	Aylesbury Estate regeneration	7,697	459	7,697	0	14,650	14,650	0
	Bermondsey Spa refurbishment	252	101	252	0	0	0	0
	East Dulwich Estate	744	196	744	0	1,387	1,387	0
	Elmington Estate	1,280	160	1,280	0	1,508	1,508	0
	Heygate Estate	5,866	277	5,866	0	10,665	10,665	0
	Hidden Homes	399	0	399	0	294	294	0
	Hostels new build	200	31	200	0	2,800	2,800	0
	Local authority new build	2,279	615	2,279	0	64	64	0
	Misc regen, acquisitions and home loss	842	113	842	0	600	600	0
Other programmes	Adaptations	1,843	566	1,843	0	2,000	2,000	0
	Affordable housing through commuted sums	0	0	0	0	0	0	0
	Cash incentive scheme	207	49	207	0	207	207	0
	Digital switchover	1,234	883	1,234	0	0	0	0
	Disposals costs	574	67	574	0	500	500	0
	Energy	400	0	400	0	200	200	0
	Environmental / play areas	0	0	0	0	0	0	0
	Fire damage reinstatement	2,898	1,216	2,898	0	604	555	(49)
	Group repairs	354	354	354	0	0	0	0
	Hostels accommodation	1,054	80	1,054	0	1,114	1,114	0
	Leasehold / freehold acquisitions	375	305	375	0	525	525	0
	Major voids	988	18	988	0	1,000	1,000	0
	Office accommodation	305	0	305	0	250	250	0
	Scheme management costs	1,000	0	1,000	0	1,000	1,000	0
	Security	302	15	302	0	3	3	0
	Sheltered accommodation	3	3	3	0	0	0	0
	T&RA halls	487	7	487	0	500	500	0
Adjustment	Expenditure in revenue	(7,397)	(135)	(7,397)	0	(7,395)	(7,395)	0
TOTAL		89,366	14,546	92,282	2,916	129,839	131,372	1,533
FINANCED BY:								
Corporate Resource Pool		0	0	0	0	5,857	5,857	0
Housing receipts		45,641	570	45,641	0	22,384	22,383	(1)
Major Repairs Allowance		44,873	12,496	44,873	0	45,488	45,488	0
Supported Borrowing		0	0	0	0	0	0	0
Reserves & Revenue		(15,994)	0	(13,078)	2,916	40,636	42,170	1,534
Capital Grants		12,196	534	12,196	0	15,471	15,471	0
Section 106 Funds		50	50	50	0	0	0	0
External Contributions		2,600	896	2,600	0	3	3	0
TOTAL RESOURCES		89,366	14,546	92,282	2,916	129,839	131,372	1,533
Forecast variation (under)/over		0	0	0	0	0	0	0

HRA Capital Programme Summary – 2012/13 at Quarter 1

Appendix B

Programme	Project description	2014/15+			Total Programme 2012/13-21/22		
		Budget	Forecast	Variance	Total Budget @ 01/04/2012	Total Forecast	Total Variance
		£'000	£'000	£'000	£'000	£'000	£'000
Warm dry and safe	WDS carry-over schemes	0	0	0	2,325	2,325	0
	WDS 2-year programme	2,921	2,921	0	37,585	37,585	0
	WDS 2012 major works	113	113	0	18,684	18,684	0
	WDS 2013 major works	281	281	0	33,546	33,546	0
	WDS 2014 major works	41,643	41,643	0	41,643	41,643	0
	WDS 2015 major works	49,408	49,408	0	49,408	49,408	0
	WDS future major works	0	0	0	0	0	0
	FRA works	0	45	45	16,571	21,114	4,543
	M&E electrical	5,400	5,400	0	7,809	7,809	0
	M&E heating	14,425	14,425	0	31,445	31,445	0
	M&E lifts	4,000	4,000	0	7,348	7,348	0
	WDS voids works	8,000	8,000	0	16,159	16,159	0
	WDS Leathermarket JMB	2,200	2,200	0	4,741	4,741	0
						0	
HINE schemes	HINE WDS works	13,642	13,642	0	25,647	25,647	0
	HINE additional works	16,005	16,005	0	18,425	18,425	0
Regeneration	Aylesbury Estate PPM works	1,770	2,910	1,140	11,015	12,155	1,140
	Aylesbury Estate regeneration	8,301	8,301	0	30,648	30,648	0
	Bermondsey Spa refurbishment	0	0	0	252	252	0
	East Dulwich Estate	50	50	0	2,181	2,181	0
	Elmington Estate	3,520	3,520	0	6,308	6,308	0
	Heygate Estate	3,317	3,541	224	19,848	20,072	224
	Hidden Homes	592	592	0	1,285	1,285	0
	Hostels new build	1,500	1,500	0	4,500	4,500	0
	Local authority new build	0	0	0	2,343	2,343	0
	Misc regen, acquisitions and home loss	400	400	0	1,842	1,842	0
						0	
Other programmes	Adaptations	4,000	4,000	0	7,843	7,843	0
	Affordable housing through commuted sums	0	0	0	0	0	0
	Cash incentive scheme	312	312	0	726	726	0
	Digital switchover	0	0	0	1,234	1,234	0
	Disposals costs	1,000	1,000	0	2,074	2,074	0
	Energy	400	400	0	1,000	1,000	0
	Environmental / play areas	0	0	0	0	0	0
	Fire damage reinstatement	1,200	1,200	0	4,702	4,653	(49)
	Group repairs	272	272	0	626	626	0
	Hostels accommodation	1,800	1,800	0	3,968	3,968	0
	Leasehold / freehold acquisitions	600	600	0	1,500	1,500	0
	Major voids	2,000	2,000	0	3,988	3,988	0
	Office accommodation	500	500	0	1,055	1,055	0
	Scheme management costs	2,000	2,000	0	4,000	4,000	0
	Security	300	300	0	605	605	0
	Sheltered accommodation	306	306	0	309	309	0
	T&RA halls	1,000	1,000	0	1,987	1,987	0
						0	
Adjustment	Expenditure in revenue	(14,828)	(14,828)	0	(29,620)	(29,620)	0
TOTAL		178,350	179,759	1,409	397,555	403,413	5,858
FINANCED BY:							
Corporate Resource Pool		5,000	5,000	0	10,857	10,857	0
Housing receipts		60,583	60,583	0	128,608	128,607	(1)
Major Repairs Allowance		92,356	92,356	0	182,717	182,717	0
Supported Borrowing		0	0	0	0	0	0
Reserves & Revenue		(31,924)	(30,515)	1,409	(7,282)	(1,423)	5,859
Capital Grants		52,335	52,335	0	80,002	80,002	0
Section 106 Funds		0	0	0	50	50	0
External Contributions		0	0	0	2,603	2,603	0
TOTAL RESOURCES		178,350	179,759	1,409	397,555	403,413	5,858
Forecast variation (under)/over		0	0	0	0	0	0

Funded virements and variations for approval

Appendix C

Variation	Children's Services	Southwark Schools for the Future	Finance and Corporate Services	Environment	Health and Community Services	Housing General Fund	Chief Executive	General Fund Programme Total	Housing Investment Programme	Total Programmed Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BUDGET AS AT 2011/12 OUTTURN REPORT	54,125	81,655	7,919	90,610	1,995	27,568	62,958	326,830	396,193	723,023
CHANGES IN DEPARTMENTAL RESPONSIBILITY										0
										0
										0
RESTRUCTURED BUDGETS	54,125	81,655	7,919	90,610	1,995	27,568	62,958	326,830	396,193	723,023
Q1 - Virements to be approved										
Integrated Waste Solutions Programme		(200)				(200)		(200)		(200)
Burgess Park Revitalisation Project		200				200		200		200
Total virements approved at Qtr 1	0	0	0	0	0	0	0	0	0	0
TOTAL VIREMENTS	0	0	0	0	0	0	0	0	0	0
PROGRAMME FUNDED VARIATIONS										
Q1 - Variations to be approved										
Southbank Accessibility Improvements				1				1		1
Cleaner Greener Safer				7				7		7
Peabody Square Estate Improvements							5	5		5
Great Suffolk Street BUP Project							20	20		20
Nunhead Outer London Funding Programme							360	360		360
Cathedral Square Improvements							50	50		50
Camberwell Town Centre-S106							89	89		89
Corridors, Neighbourhoods & Supporting Measures							44	44		44
Aylesbury Estate PPM works									1,360	1,360
Total to be approved at Qtr 1	0	0	0	8	0	0	568	576	1,360	1,936
Total Budget Variations	0	0	0	8	0	0	568	576	1,360	1,936
REVISED BUDGETS	54,125	81,655	7,919	90,618	1,995	27,568	63,526	327,406	397,553	724,959
VARIATIONS REQUESTED TO BE APPROVED										
FINANCED BY:										
Capital Grant				7			404	411		411
Section 106 Funds				(5)			164	159		159
External Contribution				6				6		6
Capital Receipt								0		0
Reserves & Revenue								0	1,360	1,360
TOTAL RESOURCES	0	0	0	8	0	0	568	576	1,360	1,936

General Fund New Capital Bids

Appendix D

Department	New capital bids by department. Programme/Project	Financial years			Total
		2012/13	2013/14	2014/15+	
		£'000	£'000	£'000	£'000
Children's Services					
	Additional Funding for the primary school estate strategy	0	5,000	10,000	15,000
	Peckham One O'Clock Club	0	500	0	500
	Carbon Reduction additional works	250	250	0	500
	Troubled Families Initiative	0	400	0	400
	Total New Bids Children's Services	250	6,150	10,000	16,400
Health and Community Services					
	Transformation of Adult Care Accommodation	7,000	0	0	7,000
	Transformation of Learning Disability Care	500	700	0	1,200
	Centre for Excellence	500	1,500	0	2,000
	Total New Bids Health and Community Services	8,000	2,200	0	10,200
Environment & Leisure					
	Environment and Leisure Parks				
	GMH Park accommodation refurbishment	120	0	0	120
	South Dock Marina new showers and lavatories	100	0	0	100
	Walworth Road additional flooding and drainage works	300	0	0	300
	Parking up-front contract costs	0	1,100	0	1,100
	Crematoria Lodges refurbishment	0	380	0	380
	Burgess Park borehole	200	0	0	200
	Culture Libraries, Learning and Leisure				
	RFID at Dulwich, Newington, Camberwell Libraries	148	101	124	373
	Grove Vale Library fit out and relocation including RFID. (contribution from S106)	0	0	360	360
	Canada Water Public Art (funding from S106)	10	62	0	72
	Thomas Carlton Centre refurbishment	80	480	0	560
	Peckham Pulse Refurbishment options 1 and 2	50	916	1,400	2,366
	Leisure Centre lifecycle maintenance	0	120	295	415
	Community Safety				
	CCTV including housing	0	679	731	1,410
	Environment and Leisure Trans Env & Recycling				
	Works to non-principal roads network at end of programme	0	0	4,000	4,000
	Lamp Column replacement programme at end of programme	0	0	500	500
	Total New Bids Environment and Leisure	1,008	3,838	7,410	12,256
Finance and Corporate Services					
	Upgrade of IT infrastructure and core enabling projects	0	750	4,250	5,000
	Compliance and PPM work	0	250	10,000	10,250
	Total New Bids Finance and Resources	0	1,000	14,250	15,250
Chief Executive					
	Extra Funding in revised office accommodation strategy	905	4,300	195	5,400
	Improvements to local retail environments	350	0	0	350
	Total New Bids Chief Executive Department	1,255	4,300	195	5,750
	Total New Bids	10,513	17,488	31,855	59,856

Department	Budget	New bids			Total bids	Refreshed total
	£000	2012/13 £000	2013/14 £000	2014/15+ £000	£000	£000
Children's Services	54,125	250	6,150	10,000	16,400	70,525
Southwark Schools for the Future	81,655	0	0	0	0	81,655
Finance & Corporate Services	7,919	0	1,000	14,250	15,250	23,169
Environment & Leisure	90,618	1,008	3,838	7,410	12,256	102,874
Health & Community Services	1,995	8,000	2,200	0	10,200	12,195
Housing General Fund	27,568	0	0	0	0	27,568
Chief Executive	63,525	1,255	4,300	195	5,750	69,275
TOTAL SPEND	327,405	10,513	17,488	31,855	59,856	387,261
FINANCED BY:						
Corporate Resource Pool	183,215	0	0	0	0	183,215
Major Repairs Allowance	0	0	0	0	0	0
Supported Borrowing	0	0	0	0	0	0
Reserves & Revenue	5,201	6,587	3,031	3,250	12,868	18,069
Capital Grants	163,795	400	0	0	400	164,195
Section 106 Funds	19,357	10	2,062	0	2,072	21,429
External Contributions	2,122	0	0	0	0	2,122
TOTAL RESOURCES	373,690	6,997	5,093	3,250	15,340	389,030
Forecast variation (surplus)/deficit	(46,285)	3,516	12,395	28,605	44,516	(1,769)

General Fund Capital Programme Details

Appendix F

Capital Programme 2012/13 - 2021/22	Environment			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Kingswood House Refurbishment	0	0	250	250
Thomas Carlton Centre	73	0	0	73
Camberwell Leisure Centre	93	0	0	93
Camberwell Leisure Centre Phase 2	980	27	0	1,007
Dulwich Leisure Centre	92	0	0	92
Pynners Sports Ground reinstatement works	198	0	0	198
Leisure Centre health and safety essential works	79	0	0	79
Implementation of RFID at Peckham Library	152	0	0	152
Seven Islands Leisure Centre Refurbishment	0	0	8,000	8,000
Southwark Park Sports Complex OLF allocation	20	350	0	370
Other OLF Projects	1,141	0	0	1,141
Community Safety	344	0	0	344
Parking -CPZ Reviews	73	81	0	154
Street care - Non Principal Roads Programme	5,633	5,000	29,050	39,683
Street metal works - Lamp column replacement	629	500	3,500	4,629
Cemetery Short Term burial space	570	0	4,410	4,980
Burgess Park Revitalisation Project	820	0	0	820
Other parks projects	1,660	75	0	1,735
Southbank accessibility improvements	2,303	0	0	2,303
Connect 2	600	0	0	600
Rye Lane improvements	189	0	0	189
Other public realm projects funded by S106	405	100	0	505
Cleaner Greener Safer programme	4,281	1,880	13,160	19,321
Integrated Waste Solutions Programme	800	2,789	0	3,589
Southwark Heat Network	311	0	0	311
Environment Total	21,446	10,802	58,370	90,618
Capital Programme 2012/13 - 2021/22	Finance and Corporate Services			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Information Services	996	136	1,548	2,680
Property Works Programme	372	0	450	822
Works to Council Buildings - DDA	283	422	912	1,617
Essential upgrade of Carefirst system	645	2,155	0	2,800
Finance and Resources Total	2,296	2,713	2,910	7,919

General Fund Capital Programme Details

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Capital Programme 2012/13 - 2021/22	Chief Executive			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Borough & Bankside Streetscape Improvement	433	0	0	433
Bermondsey Streetscape Improvements	744	24	0	768
Economic Development and Strategic Partnerships	2,440	699	12	3,151
Improvements to Local Retail Environments	1,704	0	0	1,704
Planning and Transport	3,834	4,770	0	8,604
Canada Water Library	37	0	0	37
Canada Water Development	1,168	0	0	1,168
Bermondsey Spa Public Realm Improvements	1,054	0	0	1,054
Voluntary Sector Strategy	0	0	1,035	1,035
New Nunhead Community Centre	516	60	0	576
Other Regeneration Schemes	5,818	18,683	2,300	26,801
Peckham Rye Station	702	1,846	7,452	10,000
Office Accommodation Strategy	6,113	2,031	50	8,194
Regeneration and Neighbourhoods Total	24,563	28,113	10,849	63,525
Capital Programme 2012/13 - 2021/22	Children's Services			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Children's Centres - All Phases	568	0	0	568
Planned maintenance schemes	1	0	0	1
Quick win schemes	480	0	0	480
Eveline Lowe Primary School	255	0	0	255
Southwark Park Primary	3,000	5,000	382	8,382
Michael Faraday	971	0	0	971
St Anthony's expansion and refurbishment	4,075	0	0	4,075
Haymerle	816	0	0	816
Cherry Garden Special School	0	5,327	7,100	12,427
Lynhurst expansion and refurbishment	731	3,469	1,300	5,500
Crompton additional places	813	0	0	813
Other primary projects	602	0	97	699
Youth Services Projects	585	0	0	585
Playbuilder schemes	14	0	0	14
Cator Street	148	0	0	148
Capital Works for Free Healthy School Meals	421	0	0	421
Camelot PF&M	200	0	0	200
Other grants projects	542	0	0	542
Goose Green primary school	450	0	0	450
Carbon Reduction Fund	325	0	0	325
Primary school expansions	407	0	0	407
Access fund	150	0	0	150
Plant fabric and modernisation	137	0	0	137
Snowsfield early years accommodation	76	0	0	76
Other allocations	4,583	0	11,100	15,683
Children's Services Total	20,350	13,796	19,979	54,125

General Fund Capital Programme Details

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Capital Programme 2012/13 - 2021/22	Health and Community Services			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Southwark Resource Centre	358	0	0	358
Smaller projects	20	0	0	20
Adult PSS Capital Allocations	1,617	0	0	1,617
Health and Community Services Total	1,995	0	0	1,995
Capital Programme 2012/13 - 2021/22	Southwark Schools for the Future			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Walworth Academy	843	0	0	843
Tuke Special School	240	0	0	240
St Michael's PFI	6	0	0	6
St Michaels and All Angels (SMAA)	18,763	1,279	5,600	25,642
Highshore (SMAA special school)	0	0	0	0
Spa school	0	0	0	0
St Thomas the Apostle college	80	0	0	80
New School Aylesbury	4,301	0	0	4,301
Rotherhithe (CW new school)	0	2,943	16,679	19,622
Notre Dame (VA)	2,653	884	0	3,537
Sacred Heart PFI	0	0	0	0
KS4 SILS	8,102	1,065	0	9,167
St Saviours and St Olaves	3,454	423	0	3,877
Bredinghurst / KS3 SILS	2,250	0	0	2,250
ICT	4,376	0	0	4,376
Contingency yet to be formally allocated	2,098	1,914	3,702	7,714
Southwark Schools for the Future Total	47,166	8,508	25,981	81,655

General Fund Capital Programme Details

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Capital Programme 2012/13 - 2021/22	Housing General Fund			
Description of Programme / Project	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
East Peckham and Nunhead Housing Renewal	967	1,552	1,077	3,596
Empty Homes Grant	521	411	1,516	2,448
Homes Improvement Grant	278	0	0	278
Homes Improvement Agency	1,359	1,302	10,244	12,905
Small works grants	78	71	527	676
Home repair loan	360	371	1,831	2,562
Home repair grant	223	178	1,047	1,448
Landlord grants	135	95	266	496
Southwark moving on grant	56	0	0	56
Renewal area solar heating	210	210	0	420
Bellenden	84	50	0	134
LCZ group repairs - private	610	200	40	850
Ilderton travellers site wall	0	300	181	481
Springtide travellers site	330	433	0	763
Burnhill Close travellers site refurbishment	0	0	0	0
Affordable Housing Fund 122-148 Ivydale	0	455	0	455
Housing General Fund Total	5,211	5,628	16,729	27,568
Capital Programme 2012/13 - 2021/22	Total General Fund Programme			
	2012/13	2013/14	2014/15+	Total
	£'000	£'000	£'000	£'000
Total Expenditure	123,027	69,560	134,818	327,405
Total Resources	113,736	59,279	200,675	373,690
Forecast variation (under)/over	9,291	10,281	(65,857)	(46,285)
Cumulative position	9,291	19,572	(46,285)	

Item No. 15.	Classification: Open	Date: 25 September 2012	Meeting Name: Cabinet
Report title:		Revenue Monitoring Report for Quarter 1, 2012/13, including Treasury Management	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report sets out the council's performance against its revenue budgets for the first quarter of the current financial year, projected to the year end. It also asks cabinet to consider the variations to the general fund set out in the report and agree those in Appendix A.

For the general fund it should be noted that in previous years a larger aggregate adverse variance was projected by departments in quarter 1. This report shows that on the whole departments are successfully implementing the savings agreed in the budget for this year and are taking steps earlier in the year to control spending. However, the report also identifies the on-going adverse variance on the customer services centre budget and the adverse impact from this contract on housing services' general fund expenditure. The contingency budget gives the council the flexibility to meet this shortfall if this adverse variance continues.

The Housing Revenue Account is projecting a favourable variance for the year at this stage.

The report also covers the council's reserves and balances, and the collection fund for council tax and business rates.

Finally, this report describes the council's treasury management activity. This year we have been able to refinance debt through new loans with lower interest rates. Members will recall that I commented on HSBC's decision to cease activity as our custodian for our investments at the last council assembly: we have since appointed the London branch of the Bank of New York Mellon to carry out this function.

RECOMMENDATIONS

1. That the cabinet notes:
 - the general fund outturn forecast for 2012/13 and the resultant forecast net movement in reserves by department;
 - the housing revenue account's (HRA) forecast outturn for 2012/13 and resulting forecast movement in reserves;
 - the treasury management activity for the first quarter of 2012/13.

2. That the cabinet notes the forecast performance for the Council Tax and Business Rates collection fund.
3. The cabinet approves the general fund budget movements that exceed £250k, as shown in Appendix A.

BACKGROUND INFORMATION

General fund

4. The purpose of this report is to provide a forecast for the end of the financial year 2012/13, using predictions based on the experience to date and knowledge as at the end of quarter 1 (June 2012). Work continues throughout the council to ensure that a balanced position is achieved by the end of the year.
5. The council agreed a balanced general fund budget of £308.2m on 7 February 2012 based on a nil council tax increase. This budget was set in the context of further significant overall cuts in government funding and the identification of some 25% savings proposals over the three years from 2011/12 to 2013/14, to mitigate against the reduction in resources and to continue to fund the council's commitments in terms of services provided.
6. In setting the budget the council continues to strive for a Fairer Future for All in Southwark despite the difficult financial climate. Key elements of the 2012/13 budget included:
 - A further year's freeze in Council Tax
 - The introduction of clear plans to ensure that the London Living Wage benefits not only directly employed staff but also those who work for the council through employment agencies or through contractors
 - The establishment of a new Cleaner Greener Safer Revenue Fund for Community Councils to determine, devolving more decisions to a more local level
 - The establishment of a Community Restoration Fund to respond to the challenge of the August 2012 disorder events
 - The use of £4.4m from the council's reserves to help with the pressures on the budget
 - Further rollout of the Free Healthy School Meals programme for primary schools to include years 2, 3 and 4 from September 2012, in addition to the coverage of Reception and Year 1 classes.
 - Further reduction in Meals on Wheels prices
 - Continuing the Voluntary Sector Transition Fund scheme established in 2011.
7. The council also approved budget decisions including agreed budget reductions of some £28m within general fund for 2012/13. Performance on achieving these savings is closely monitored and details are provided in paragraphs 57 to 60 below.
8. The Council Plan placed local needs and accountability as the drivers of performance improvement, and in an environment of significantly reduced funding, the council has to change in fundamental ways. There are a number of transformation projects underway, and work continues to identify further ways of

transforming the delivery of services. These transformation or invest to save projects may be funded from on-going positive variances or previously created earmarked reserves which were established to pump prime initiatives.

Housing revenue account

9. Cabinet set tenants' rents and service charges on 24 January 2012 in line with the government's prescribed formula. The budget included a £6.4m savings target for 2012/13. The starting point of this process was to listen to residents' concerns about the services they wish to protect, and identify the potential for better value for money and more efficient ways of working.

KEY ISSUES FOR CONSIDERATION

Current forecast position: General fund budget month 3 monitor

10. Table 1 below shows the current forecast outturn position for quarter 1 (as at 30 June 2012) by department. These estimates are based on three months' experience and do not at this stage reflect the impact of stringent management action being implemented by all strategic directors to ensure that they deliver their services within budget as agreed through the policy and resources strategy in February 2012 by council assembly. Progress for each department is shown in paragraphs 14 to 41 below.

Table 1: General fund forecast outturn position for 2012/13 as at Q1

General fund	2012/13 Original budget £'000	Budget movements £'000	2012/13 revised budget £'000	2012/13 forecast outturn £'000	Variance - over / (under) £'000
Children's services	85,766	(250)	85,516	85,516	0
Health and community services	107,718	250	107,968	107,517	(451)
Environment and leisure	70,412	2,913	73,325	73,325	0
Housing services	44,065	(0)	44,065	44,699	634
Chief executive's department	19,007	1,228	20,235	20,367	132
Finance and corporate resources	41,483	(2,215)	39,268	39,272	4
Customer services centre	(3,000)	0	(3,000)	0	3,000
Support cost recharges	(59,308)	469	(58,839)	(58,839)	0
Total general fund services	306,143	2,395	308,538	311,857	3,319
Contingency	5,500	0	5,500	0	(5,500)
Appropriations to/(from) reserves related to services	1,000	(1,617)	(617)	(617)	0
Appropriations to/(from) reserves for technical accounting purposes	0	(778)	(778)	(778)	0
Appropriations from reserves – planned use of reserves to underwrite base budget	(4,446)	0	(4,446)	(4,446)	0
General fund total	308,197	(0)	308,197	306,016	(2,181)

Note: Explanations of budget movements exceeding £250k are provided in Appendix A.

11. The general fund forecast includes estimates of one off re-organisation and redundancy costs that the council expects to incur as it continues to put into action plans necessary to deliver the ongoing savings identified within the budget. As reported in the 2011/12 revenue outturn report, the council was able

to contribute the £5.4m contingency to reserves. This will be used as the first call for supporting the 2012/13 revenue budget which includes a planned £4.4m contribution from reserves. 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.

12. As shown in Table 1, within services there is a forecast adverse variance of £3.3m based on the limited information available by the end of June. However with the planned contribution from reserves and availability of the contingency budget of £5.5m, there is an overall favourable variance of £2.2m projected for the general fund by the end of 2012/13.
13. The budget movements reported in Table 1 are detailed further in Appendix A.

Children's services

14. Children's services are forecasting a zero variance to budget at present. This is in the context of the ongoing transformation and restructuring. While there are underlying cost pressures within some services, it is currently forecast that these will be covered by favourable variances elsewhere. Key variances are as follows:
 - £350k cost pressure within the home to school transport service, although the current forecast spend represents a reduction on previous years;
 - £350k emerging pressures within specialist services mainly as a result of increases in the children looked after headline rate;
15. There are also additional cost pressures due to delays in implementing savings within early years' services.
16. Favourable variances are mainly as a result of vacant posts within education services and management actions taken to accelerate the 2013/14 savings programme.

Schools budget

17. Southwark's allocation of the dedicated schools grant (DSG) for 2012/13 is £195m (subject to further academy conversions) of which £167m has been directly allocated to schools. Of the remaining DSG retained centrally, a favourable variance of £1m is expected, due mainly to a reduction in claims for pupils accessing free entitlement to education for three year olds.

Health and community services

18. Health and community services are forecasting positive variance of £451k as at the first quarter. As it is very early in the year, this 0.4% variance in the context of a £108m budget should be viewed cautiously, as significant cost and service demands may arise in response to service needs.
19. The department is currently managing pressures in mental health and physical disability services from demand in high cost and high needs care arrangements.
20. The department also has a savings target of £10.2m to achieve, consisting of a number of extremely challenging savings and efficiencies.

Environment and leisure

21. The department has already implemented most of the savings proposed for this financial year and will continue to focus on a core provision of quality services, smarter procurement and tougher contract management; reducing optional services and using data and intelligence to target services to places or people where they will be more effective. Divisions will continue to seek improvements in business/operational processes in order to achieve cost reductions. These changes will be monitored to ensure service delivery meets expectations at the least.
22. The department is projecting a nil variance for the year. Although there are a number of pressures in the department, these are being closely monitored and the department is expecting to contain them within the existing budgets.
23. It is assumed that any redundancy and reorganisation costs (currently estimated at £215k) incurred this year as a result of restructuring to achieve savings will be funded from the modernisation reserve.

Housing and community services

24. Following corporate restructuring and the breakup of the communities, law & governance department (CLG), community engagement has transferred to housing services and the existing resident involvement function has been merged with it to form a new division within the newly named housing & community services department. In addition, registrars and coroners services have also transferred to the department under the customer experience division.
25. The department is currently forecasting a negative outturn position of £634k overall, following the first quarter activity. The variance occurs almost entirely within customer experience.
26. Agreement to mutually terminate the contract with Vangent and bring the service back in-house from June 2013 represents a very challenging target given the scale of the operation. However, it provides the opportunity to reconfigure and improve customer access and service delivery and drive out substantial savings over the medium term, commencing 2013/14.
27. In the short-term however, costs are likely to exceed any savings arising from improved contract management and operational efficiencies derived by moving towards more cost effective transaction routes and limiting change requests. The forecast includes all scheduled contract payments to Vangent agreed as part of the termination agreement, subject to them hitting a series of performance milestones leading up to June 2013.
28. Transition costs relating to the development and implementation of the new customer relationship management (CRM) system and infrastructure upgrades are currently being assessed. These costs will be held separately from the routine contract operating account and met from corporate resources.
29. The division also comprises blue badges and concessionary fares which are currently forecast above budget. Registrars and coroners are recent additions and reported here for the first time. They are provisionally forecast on budget, subject to detailed review over the next quarter and any variances reported at Q2.

Chief executive's department

30. Following the appointment of the chief executive this year and overall reorganisation of the council's management structure, the services undertaken by the former deputy chief executive's department and regeneration, property and planning have been merged to form one department. The overall budget for the new division, including reserve requirements is £20.24m with a forecast outturn of £20.37m. The department is therefore forecasting an unfavourable variance against budget of £132k which takes into account an agreed departmental savings target of £1.28m, expected to be fully achievable.
31. There are now four divisions within the department:
 - Human resources
 - Corporate strategy
 - Regeneration and property
 - Planning.
32. There is an adverse variance of £237k forecast within the planning division due to a projected underachievement of building control fee income, shortfall in internally recharged legal budgets and unfunded superannuation costs.
33. This adverse variance is offset by a favourable variance of £105k forecast across the other divisions.
34. The human resources division is forecasting a favourable variance of £31k due to a reduction in the cost of room hire by organisational development.
35. Within regeneration and property, there is a favourable variance of £47k projected. There are a number of vacant posts within the division that are contributing to this overall favourable position.
36. Divisional budgets will continue to be closely monitored during the year and where possible further potential savings identified to address any emerging budget pressures.

Finance and corporate resources

37. Finance and corporate services is currently forecasting a small adverse variance of £4k. There is an adverse variance within finance transaction shared services offset mostly by favourable variances in corporate facilities management and corporate and democratic core, due to premises running costs and corporate subscriptions respectively.
38. Fundamental restructuring continues within the department, including further reviews of the provision of IT services, further re-organisations of staffing structures across the finance and legal services divisions, and a review of major corporate facilities management contracts.
39. Savings of £3m have been allocated and are expected to be met. Where this is not possible, substitution options will be found to ensure the overall target will be achieved.

Customer services centre savings

40. As stated in paragraph 26, the contract with the external provider of customer services will cease in June 2013. This means that the profile for the achievement of savings will not be delivered as planned. However as was the case in 2011/12, this year's savings target will be managed corporately.

Contingency

41. The 2012/13 budget includes £5.5m for contingency. This budget is held to meet unforeseen costs that may arise during the year within departments that strategic directors are unable to contain. At present the overall projection assumes that the contingency budget of £5.5m will be used if necessary to address other cost pressures identified.

Housing revenue account (HRA)

42. There are a number of potential and known base budget variances and planned reserve movements and specific risks and opportunities arising during 2012/13. The need to spend on landlord responsibilities for the maintenance and improvement of the housing stock is relentless and there is constant spending pressure in the system, but robust financial control and contract management of high volume, high value budgets, such as repairs, engineering and heating continues to deliver better value overall contributing to the positive outturn forecast shown at Q1.

Table 2: HRA forecast outturn position for 2012/13 as at Q1

Divisions	Net Expenditure		
	Full Year Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
Area management	(168,156)	(168,156)	0
Maintenance & compliance	40,307	40,307	0
Major works	4,349	4,349	0
Home ownership	(31,023)	(31,180)	(157)
Strategic services	120,692	120,243	(449)
Community housing services	1,416	1,296	(120)
Community engagement	1,864	1,864	0
Regeneration initiatives (CE)	1,551	1,351	(200)
Heating account	12,198	12,198	0
Direct revenue funding of capital	12,727	12,727	0
Total HRA services	(4,075)	(5,001)	(926)
Appropriations to /(from) reserves	4,075	5,001	926
Total HRA	0	0	0

Area management

43. Rent collection performance continues to show gradual improvement month on month, despite the generally weak economic conditions, but remains below the management target (100%). Collection at week 13 is 97.58% for mainstream tenanted stock, including former tenant arrears. Conversely, the rental stream (gross rent debit minus voids) has shown better than expected performance as stock/ void losses are lower than estimated, which mitigates the position to some extent. The HRA holds specific revenue provisions to meet any shortfall arising

from non-collection and stock loss and these can be contained within these sums. The potential impact on rent collection arising from impending welfare reforms are difficult to predict at this stage, but will be considered as part of budget planning for 2013/14.

Maintenance & compliance

44. Improved contract management within repairs & maintenance and engineering & heating has contributed significantly to stabilising expenditure in these critical areas, but the demand-led nature of these contracts means volumes and costs are subject to volatility. A key priority for the council during 2012/13 will be managing the transition to an interim provider in October 2012.
45. The cost of making compensation payments and legal fees in relation to the disrepair caseload remains a persistent problem and is extremely resource intensive. This is a key management priority and action is being taken to address this, but the aim remains to eliminate claims arising in the first instance through improvements in the repairs service.

Home ownership unit

46. The home ownership unit has a positive variance of £157k forecast at this point, comprising legal services, insurance and general running costs across the activity.
47. Capital service charge billing is linked to the housing investment programme (HIP) and delivery of the works programme each year. Any departure from the anticipated spend profile will impact on the revenue income assumptions built into the base budget, but expectations at this point are that this will meet or exceed target (£6.5m) for the year.
48. Estimated billing for revenue service charges is £15.5m to date against the £15.8m budget (excluding freeholders and 2011/12 account actualisations, which are scheduled for Q3). Key work streams of the leasehold action plan are close to being finalised which will provide greater transparency and contribute to full cost recovery over time.
49. Combined collection performance for capital and revenue service charges at Q1 is currently slightly above target at £6.2m (including major works loans), against the full-year cash target of £24m.
50. Responsibility for the garage portfolio transferred to the home ownership unit last year. Investment in the garage stock has already brought 122 units back into use, with a minimum of another 165 planned by March 2013. This is an 'invest to save' opportunity as there remains significant scope to maximise the income potential even further through greater investment.

Strategic services

51. This activity comprises all departmental overheads and non-operational functions within the HRA, specifically debt financing, revenue contributions to the HIP and corporate and shared service functions provided to the HRA. Grant Thornton undertook an independent review of recharging arrangements between the HRA and the general fund during 2011/12 and an action plan to address their

recommendations was agreed. Some of these recommendations were implemented last year with the remainder on course to be implemented by March 2013.

52. There are a number of known and expected movements across major budget heads which net out to £500k at Q1, comprising debt refinancing/ major project costs and general non-earmarked provisions and reserves. This also now includes carry forward resources to fund specific projects and revenue cost pressures of a one-off or time limited nature. £3.7m is the estimated spend on projects during 2012/13, of which £2.3m is for a programme of electrical safety works, emergency lighting and ventilation & ductwork.

Community housing services

53. Community housing services comprises temporary accommodation, housing options, tenancy sustainment, housing adaptations, business improvement and the South East London Housing Partnership. With the break-up of the former communities, law and governance department from July 2012, community engagement has transferred to housing. The resident involvement service has been subsumed within the new divisional structure.
54. The forecast positive variance of £120k arises from the early realisation of restructuring efficiencies, which provides potential to meet costs on the sheltered housing works programme. Income collection performance shows 97.57% at week 13 against a budget of 97% including former tenant arrears and represents improvement over the same point last year.
55. The statutory requirement to provide temporary accommodation falls as a cost to the general fund, but HRA temporary accommodation (estate voids and hostels), is designed to be cost neutral which mitigates some of the cost pressure on the homelessness budget in the general fund. The availability of estate void properties (primarily on the Aylesbury) is key to achieving this in line with the planned rehousing programme.

Housing regeneration initiatives

56. Housing regeneration initiatives comprises housing strategy and policy, asset management and investment programming and other residual functions that form part of the HRA but are delivered within the regeneration and property division of the chief executive's department. The budget is predominantly employee related and is broadly neutral. Variance arises against an historic inter-departmental recharge which is no longer applicable following corporate management changes.

Implementation of the 2012/13 budget decisions including agreed budget reductions, savings and efficiencies

57. The council had identified £35m agreed budget reductions, including savings and efficiencies for the general fund and housing revenue accounts as part of the 2012/13 budgets. At quarter 1, there is a projected savings shortfall of £500k, as shown in Table 3.

Table 3: Forecast projection of savings agreed for 2012/13 as at Quarter 1

	Budgeted 2012/13 savings	Forecast full year 2012/13 savings at Q1	Compensating savings forecast full year 2012/13 at Q1	Variance
	£'000	£'000	£'000	£'000
Children's Services	(6,174)	(6,174)	0	0
Health and Community Services	(10,295)	(9,795)	(500)	0
Environment and Leisure	(4,990)	(4,990)	0	0
Housing Services	(594)	(594)	0	0
Finance and corporate services	(3,077)	(3,077)	0	0
Chief executive	(1,277)	(1,277)	0	0
Corporate	(2,000)	(500)	0	1,500
Total General Fund	(28,407)	(26,407)	(500)	1,500
HRA	(6,397)	(6,397)	0	0
Total Savings	(34,804)	(32,804)	(500)	1,500

Note: details of the Council's savings plans can be found in the policy and resources report to Cabinet using the following link to the [agenda papers](#) for the 7 February 2012 meeting.

58. As shown in the table above, the majority of the savings agreed by the council in setting the 2012/13 budget are forecast to be achieved.
59. There is a £500k variance in health and community services, which relates to the risk that savings expected from the service redesign of arrangements with South London & Maudsley Trust (SLaM), reviewing the adult social care role within mental health services in partnership with other Boroughs and considering options as to how this should be managed, will not be delivered.
60. The £1.5m corporate savings related to the customer services savings built into the Vangent contract, that will not now be achieved as planned following the mutual agreement to terminate the contract in June 2013.

Reserves

General fund

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

63. As the year progresses, departments will naturally be in a better position to more accurately forecast their outturn position. This will allow for any unfavourable variances to be offset by favourable ones at departmental level, before the need to call on reserves.
64. The budget approved by council for 2012/13 included a planned release of reserve of £4.4m. This call on reserve provided some flexibility in terms of budget setting and the profile of savings that the council identified in the Policy and Resources Strategy 2011/14. It is assumed in this quarter 1 report that this call on reserves will have to be made in full. However in the event that the contingency budget is not fully utilised, any unused contingency will be used first to bridge any remaining funding gap.
65. The 2012/13 budget also includes a planned contribution to reserves of £1m to support the ongoing regeneration and development agenda within the borough.
66. The tables in Appendix B summarise the projected movements in reserves. This shows that Q1, there will be a net call on reserves of £3.66m. This figure represents the net appropriations from reserves identified in Table 1 of £5.84m, less the overall favourable outturn forecast of £2.18m, expected to be earmarked for funding projects in future years.
67. The technical movement in reserves relate 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 £337k.
68. There is also a significant contribution from reserves of £2.8m in respect of the smoothing of the waste PFI unitary charge. This contribution from reserves relates to the longer term (25 year) life cycle cost of the project.

Housing revenue account (HRA)

69. The ring-fenced nature of the HRA requires that deficits/surpluses are carried forward between years, thereby giving rise to fluctuations in the level of reserves. Previous reports have indicated that the level of 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. As part of the HRA medium term resource strategy, there is a commitment to make planned contributions from revenue, in addition to any one-off operating surplus generated in year. At 31 March 2012 reserves increased by £6.9m to £27.5m (from £20.6m), of which around 75% are committed. This represents good progress towards restoring balances to a more prudent and sustainable level.

Collection fund / Council Tax and Business Rates Collection

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 the council tax, and demonstrate the way in which these have been distributed to preceptors and the general fund.
71. At quarter 1, there is no evidence to suggest that the collection fund will not achieve the target break-even position at year-end. However, a number of potential risks have been identified, which are being monitored. In the main, these relate to the level of discounts and exemptions awarded, both of which affect income due from council tax payers and, therefore, the outturn position. A report on the Council Tax and Business Rate collection service will be brought to cabinet in the future to demonstrate performance since the service was brought in-house

Treasury management

72. The council's treasury management activity relates to both cash and debt balances. Two 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 were needed. Exposure to UK Gilts, European Investment Bank (EIB), and the International Bank for Reconstruction & Development (the World Bank) helps strengthen security further.
73. The balance on deposit with major banks and building societies and in bonds is set out in table below.

Table 4: Exposure to counterparties as at 30 June 2012

EXPOSURE - June 2012 COUNTERPARTY AND RATINGS										
Exposure £m	FUND				Fitch Ratings					
COUNTERPARTY	Aberdeen	Alliance Bernstein	In-House	£m	Long	Short	Sup- port	Sovereign	Sovereign Rating	
FORTIS BK	4.5	-	-	4.5	A	F1	1	BELGIUM	AA	
NORDEA BK FINLAND	3.5	-	5.0	8.5	AA-	F1+	1	FINLAND	AAA	
CREDIT INDUST ET COMRCL	1.4	-	-	1.4	A+	F1+	1	FRANCE	AAA	
DEUTSCHE BK	-	-	15.0	15.0	A+	F1+	1	GERMANY	AAA	
GLOBAL TREAS FUNDS-MMF	-	-	22.4	22.4	AAA			GLOBAL		
ING BK	5.0	-	10.0	15.0	A+	F1+	1	NETHERLANDS	AAA	
RABOBANK	-	0.5	15.0	15.5	AA	F1+	1	NETHERLANDS	AAA	
EUROPEAN INV BK	6.2	6.0	-	12.2	AAA	F1+		SUPRANATIONAL	AAA	
INT BK RECONST DEVT	3.5	5.8	-	9.3	AAA	F1+		SUPRANATIONAL	AAA	
SVENSKA	2.7	-	25.0	27.7	AA-	F1+	1	SWEDEN	AAA	
UBS	3.1	-	15.0	18.1	A	F1	1	SWITZERLAND	AAA	
BARCLAYS BK	-	1.0	15.0	16.0	A	F1	1	UK	AAA	
HSBC	0.1	0.1	-	0.2	AA	F1+	1	UK	AAA	
LLOYDS TSB/BK SCOTLAND	-	0.3	25.0	25.3	A	F1	1	UK	AAA	
NATIONWIDE BSOC	4.0	0.5	25.0	29.5	A+	F1	1	UK	AAA	
RBS/NATWEST	-	-	40.0	40.0	A	F1	1	UK	AAA	
UK TREASURY	2.1	4.8	-	6.9	AAA	F1+		UK	AAA	
BK OF MONTREAL	-	-	14.9	14.9	AA-	F1+	1	CANADA	AAA	
COMMONW BK AUSTRALIA	-	-	20.0	20.0	AA-	F1+	1	AUSTRALIA	AAA	
NATIONAL AUSTRALIA	-	-	15.0	15.0	AA-	F1+	1	AUSTRALIA	AAA	
ANZ BK CORP	-	-	15.0	15.0	AA-	F1+	1	AUSTRALIA	AAA	
Total £m	36.1	19.0	277.3	332.4						

74. In March 2012, the council's £762m Public Works Loans Board (PWLB) debt was reduced by £199.3m as part of the government's HRA self-financing reforms. In addition the council, in March, repaid £100m in high coupon PWLB 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 GF cash and £82m was drawn down from the 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 GF (17%) according to their respective share of debt and is to be written out over 20 years. This secured low coupon loans and reduces refinancing risk in 2014/15.
75. The self-financing payment will see HRA debt interest fall from April 2012 and no more HRA subsidy will be due from then. Instead, all future HRA interest and running costs will have to be met from HRA's own resources. 2011/12 was the final year that the HRA and the General Fund debt needed to be managed in a single pool. From April 2012 it has been disaggregated and each fund can manage its debt in a way that best suits its financing requirement.
76. In July 2012 the council appointed the Bank of New York Mellon, London Branch, (BNYM) as its custodian for the investments managed by the fund managers. BNYM replaces HSBC who provided the service previously. BNYM is a major US incorporated global financial institution and one of largest custodians in the world.
77. Until May 2012, the council had three investment managers. Following a review of the appointments, which were for an initial period of five years, the contracts with Aberdeen Asset Managers and AllianceBernstein were extended for a further three years.

Community impact statement

78. This report monitors expenditure on council services, compared to the planned budget agreed in February 2012. Although this report has been judged to have no or a very small impact on local people and communities, the projected expenditure it is reporting reflects plans designed to have an impact on local people and communities, which will have been considered at the time the services and programmes were agreed. It is important that resources are efficiently and effectively utilised to support the council's policies and objectives.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
2012/13 revenue monitoring	160 Tooley Street, London SE1 2QH	Vernon Smith 020 7525 7355

APPENDICES

No.	Title
Appendix A	Budget movements to be approved, £250k and above and movements to be noted.
Appendix B	Summary of projected movements in reserves in 2012/13

AUDIT TRAIL

Cabinet member	Councillor Richard Livingstone, Finance, Resources and Community Safety		
Lead officer	Duncan Whitfield, Strategic Director of Finance and Corporate Services		
Report author	Jennifer Seeley, Deputy Finance Director		
Version	Final		
Dated	14 September 2012		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments included
Director of Legal Services		No	No
Strategic Director of Finance and Corporate Services		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			14 September 2012

APPENDIX A

Budget movements to be approved

Department from	Amount £000	Department to	Amount £000	Reason
Appropriations – technical	(2,780)	Environment and leisure	2,780	Technical adjustment for increase in PFI costs following completion of New Waste Facility
Finance and corporate resources	(2,339)	Appropriations – technical	2,339	Technical adjustment in relation to the Tooley Street rental smoothing
Environment and leisure	(469)	Support cost recharge income	469	Correction of imbalance contained in the support cost recharge income budget.
Appropriations – technical	(337)	Finance and corporate resources	337	Technical adjustment in relation to the Queens Road rental smoothing
Appropriations	(331)	Chief Executive	331	Shortfall in campaigns budget
Appropriations	(270)	Chief Executive	270	Legal services budget
Children's	(250)	Health & community services	250	Allocation of HIV / Aids budget

Budget movements to be noted

Department from	Amount £000	Department to	Amount £000	Reason
Appropriations	(236)	Chief Executive	236	Corporate programming unit
Appropriations	(215)	Environment and leisure	215	Reorganisation costs
Appropriations	(152)	Environment and leisure	152	Peckham library RFID
Appropriations	(148)	Environment and leisure	148	Dulwich library RFID
Finance and corporate resources	(146)	Chief Executive	146	Occupational health transfer
Appropriations	(135)	Chief Executive	135	Release of funding for hard to reach communities
Appropriations	(110)	Chief Executive	110	Canada Water and Bermondsey Spa
Finance and corporate resources	(67)	Environment and leisure	67	Transfer of discretionary rate relief programme from Revenues and Benefits to CLLL
Appropriations	(20)	Environment and leisure	20	Libraries Peoples Network

Summary of projected movements in reserves in 2012/13

General Fund reserve movements

	2012/13 opening balance	Change in reserves	2012/13 closing balance
Reserve	£'000	£'000	£'000
General fund earmarked - revenue	(50,922)	3,660	(47,262)
General fund earmarked - capital	(26,167)	0	(26,167)
Total	(77,089)	3,660	(73,429)

	2012/13 opening balance	Change in reserves	2012/13 closing balance
Reserve	£'000	£'000	£'000
DSG reserve	(7,363)	(1,000)	(8,363)
Schools balances	(13,734)		(13,734)
Total	(21,097)	(1,000)	(22,097)

	2012/13 opening balance	Projected change in reserves	2012/13 closing balance
Reserve	£'000	£'000	£'000
HRA earmarked	(27,487)	(926)	(28,413)
Total	(27,487)	(926)	(28,413)

Total excluding schools balances and HRA	(84,452)	2,660	(81,792)
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Item No. 16.	Classification: Open	Date: 25 September 2012	Meeting Name: Cabinet
Report title:		Gateway 1 Procurement Strategy Approval Professional Technical Services Contract	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

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

The council is committed to delivering the Warm, Dry and Safe Programme by 2016 and then continuing to provide an effective asset management strategy. In order to be able to do this, it will need to employ professional technical services firms who can deliver in terms of time, quality and price. Having long term agreements in place will help ensure that this happens. The firms will act as a support to Southwark's own staff and through the agreements a consistent high level of service will be achieved. The contracts will ensure value for money due to their size and length and the tender evaluation process and they will also ensure the council can improve its own efficiency as it will avoid the need for an individual tender process as each new professional service is required.

These contracts will ensure that a main firm will be in place to do the majority of work, but also that there is a committed back up firm in place, so the council can ensure a continued high level of service to all of its residents. This will help ensure a consistent resident focused service for the period of the contract. The firms will be in Southwark for some time potentially and therefore an increased sense of ownership of their service will be developed so improving quality and service delivery even further.

We will build on work already carried out with residents through the 'Putting Residents First' consultation process on major works and the leaseholder major works service improvement group. Residents representatives will be involved in the selection process through representatives from both tenants council and home owners council and they will help in establishing the trust and confidence of residents in the services we provide and the way major contracts are handled in the future and give greater transparency for all residents in the whole process of managing, monitoring and delivering major works. I therefore fully support and endorse all the recommendations

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

RECOMMENDATIONS

Recommendations for the Cabinet

That cabinet approves

1. The procurement strategy outlined in this report for Professional Technical Services which is to let 2 contracts including arrangements for back up provision.
2. A period of four years for both contracts from 22 July 2013 with provision for 2 extensions of up to three years at the council's discretion.

Recommendation for the Leader

3. That the leader of the council delegates authority to the deputy leader and cabinet member for housing management to award the contracts for the reasons set out in paragraph 11.

BACKGROUND INFORMATION

4. The council does not currently have in place any long term agreements for the provision of construction related professional services. Professional services typically comprise the following: Building Surveying, Quantity Surveying, M&E Engineering, Structural Engineering, Project Management (including Employers Agent), CDM Co-Coordinator and Clerk of Works services. Construction consultants would typically be appointed to support the council to deliver a range of projects and services to housing properties. This means that if there are any leasehold service charges involved, then a very long process has to be adopted involving two stages of leaseholder consultation, each taking approximately two months to complete, and an individual tender process taking approximately 1-2 months. Virtually all of the housing capital contracts let includes communal work for which leaseholders are charged so all contracts have a potential lead in period of six months.
5. Currently work is carried out using in-house staff where resources are available and this is expected to continue. Where outside firms are used, this had been done using previous framework contracts which have now expired or contracts are individually tendered for individual schemes. There are no specific staff assigned by outside firms to Southwark housing schemes but they are assigned on a task by task basis.
6. As such, rather than have a series of individual tenders, it is felt that longer term agreements with two professional service organisations should be established. It is proposed that an initial term of four years is awarded to successful operators, with the possibility of two extension periods of up to three years each, up to a maximum of ten years, i.e. 4+3+3=10. This ties in with the potential ten year partnering contracts in place with the framework contractors and meets the needs of a long term asset management programme. The extension options will be dependant upon the performance of individual operators and the council's future strategy.
7. The proposal is to establish two separate contracts. The provider of the first/larger contract will carry out approximately 90% of work in each year with the second provider carrying out an estimated 10% of work. The 90/10 split is recommended as it allows a long term arrangement to be built up with one firm doing the majority of work, becoming acquainted with the council's policies and procedures and contracts and ensuring value for money and consistency. The second firm provides a useful and committed back up firm should there be any problems with the first firm. The evaluation of the tenders would be the same for both firms so either of them would be able to take on all the work if required.

A robust method of allocating the work will be discussed and agreed by the project board prior to the tender being issued. It is envisaged that the appointed organisations will work alongside the council's in-house technical services team and in particular, where there are insufficient in house resources.

8. For the 2013/14 Warm, Dry and Safe main building work programme, in total over £26m, it is anticipated at this stage that approximately £14m of the total will require the use of professional service firms as a support to existing in house provision. In addition there may be some use of professional services firms for mechanical and electrical projects as well as ad hoc inspections, feasibility studies etc. In future years it can be anticipated there will be a need for the use of professional firms for approximately between £20-30m. The actual contract values will vary from year to year and area to area dependent on programme and funding and thus could increase if additional funding became available. The contracts will be awarded on the basis the firms will receive a percentage of works costs although there will also be hourly rates in the contracts. The initial contract prices for these hourly rates which would be fixed for four years. After that any hourly rates in the contract would be index linked using the Consumer Price Index.
9. The tenders to be sought for professional services will cover the full range of expected services as outlined above. This may include a full Lead Consultant role on a project or the selection of individual elements as required. In addition, time charge rates for the provision of professional services relating to disrepair cases, party wall matters, feasibility reports and the like, will also be established.
10. It is proposed that the procurement exercise is advertised as two contracts with the larger contract comprising an estimated 90% of a years work and the second contract for a firm being given an estimated 10% of work. This would ensure that there will be a committed back up firm in place should there be issues with the main firm. Experience has shown with the contractor partnering contracts that back up firms are required and it also has the benefit of ensuring there is no complacency by any firm. The proposed length of the contracts allows for the option to continue them if standards are maintained so ensuring value for money.
11. It is recommended that the deputy leader and cabinet member for housing management be delegated the decision to award the contracts as this will enable the housing major works programme for 2013/14 and 2014/15 to be progressed urgently. Once appointed the firms will be managed by the project manager in major works who will appoint them for each specific project through the issue of new instruction in consultation with the strategic director of housing and community services.

Summary of the business case/justification for the procurement

12. It is very inefficient to tender for each set of professional services used and very time consuming. Having long term agreements with professional firms for between four and ten years will save time and minimise bureaucracy.
13. It will enable a consistency of high level service to be provided and also enable best value to be obtained as the firms in the long term agreement will receive a

substantial volume of instructions from the council across the duration of the contract if they maintain a high standard of service quality.

14. The procurement of these contracts will provide the council with more control and flexibility in its use of professional services.
15. The appointment of each firm on long term agreements will encourage collaboration through working with the council. This will result in improved efficiencies, standardisation of processes and procedures, consistency of approach and ultimately better quality and value for money for residents and the council.

Market considerations

16. The market for construction related consultancy services is very good. Competition is strong and it is anticipated that very competitive prices will be obtained through this process. There are a number of firms who could provide these services, some of whom already work for the council or who have previously worked for the council. The OJEU advertising process prescribed by the EU procurement Regulations places the project in the public domain and will be sufficient to attract a good response and there are a number of firms with the capacity to carry out 90% of the work.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

17. There are other options for professional services procurement. The first of these would be using existing frameworks such as the Government Procurement Service (GPS) or the London Construction Programme framework developed by London Borough of Haringey. However other frameworks cannot be used extensively as leaseholders were not consulted from the outset and this would mean they could not be recharged for any costs incurred. Given the size and nature of the housing programme a tailored set of technical consultancy services divided into contracts is considered the best option.
18. Another option would be to tender each works contract as and when required, which is in effect the 'do nothing' option. This would be very time consuming and bureaucratic, would not achieve the best value for money and would not allow quality long term relationships to be developed with partners.
19. The recommended option is to carry out a competitive tender process for the professional technical services contracts which would improve the efficiency of progressing programmes and ensure best value in both quality and price. It is possible that other council departments could use the contracts too if there was sufficient capacity by the firms and within the contract sums after the housing schemes had been allocated.

Proposed procurement route

20. A full EU restricted procedure will be followed comprising an initial pre-qualification stage in response to a pre-qualification questionnaire (PQQ) where bidders will be shortlisted to tender. The second stage will comprise shortlisted tenderers being invited to respond to an Invitation to Tender (ITT).

Identified risks for the procurement

21. There may be objections from leaseholders to the principle of a long term agreement, but these can be overcome by making those leaseholders aware that comprehensive fixed price for percentage fees and time charge fees which will be used for the duration of the contract will be obtained and will operate for the duration of the contract. This risk has been reduced as a meeting has been held with the leaseholders Major Works Service Improvement Group to explain the process and the financial and time benefits of the proposal and then Home Owners Council will be invited to nominate a representative to sit on the tender evaluation panel. Prices will be sought on a percentage basis against the works contract sums, but each firm will need to give an estimate of the hourly rates they have assumed in preparing this percentage, so that leaseholders can be advised of an equivalent unit rate, thus obviating the need to apply to the Leasehold Valuation Tribunal for dispensation from part of the regulations governing section 20 leaseholder consultation. The percentage rate will be the price used for the contract. The proposal to award only a small percentage of the work to a second firm should reduce the risks of challenge by leaseholders considerably and the financial implications are very minor.
22. Any risks associated with the procurement process such as a challenge by leaseholders are already being reduced. The council expects that there will be a healthy response to its call for expressions of interest given the current market. There are sufficient resources to carry out and manage the procurement and the appointment of a professional advisor who has extensive experience of the process, will assist the preparation of accurate and appropriate documentation and methodology. The only other key risk to this process is that one of the appointed service providers not perform to the required standard or may become insolvent. This risk is negated by having a second firm in place and strict quality criteria set at all stages of the tender process. Firms bidding for the contracts will need to have the capacity to be able to undertake all of the work available and this will be made clear in advertising the contract.
23. Successful tenderers will be required to provide a Parent Company Guarantee (PCG) in the form set out in the Invitation to Tender (ITT). Prospective tenderers will be required to confirm at pre-qualification stage that they are able and willing to enter into a PCG. A PCG is required to provide assurances that in the event that the appointed company commits a breach of contract or fails to perform the required services, then the parent or holding company will meet the obligations under the contract and therefore provide continuation of service. For those companies who do not have a parent or holding company, then a performance bond will be required but it is not anticipated a bond will be required as matter of course.

Key /Non Key decisions

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

Policy implications

25. There are no specific policy implications to this report.

Procurement Project Plan (Key Decisions)

Activity	Complete by:
Forward Plan (if Strategic Procurement)	16 July 2012
DCRB Review Gateway 1 CCRB CMT	2 Aug 2012 16 Aug 2012 29 Aug 2012(TBC)
Notification of forthcoming decision –despatch of Cabinet agenda papers	13 Sept 2012
Approval of Gateway 1: Procurement strategy report	25 Sept 2012
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	9 Oct 2012
Issue Notice of Intention – complete by	12 Nov 2012
Completion of tender documentation	10 Oct 2012
Advertise the contract	16 Nov 2012
Closing date for expressions of interest	17 Dec 2012
Completion of short-listing of applicants	11 Jan 2013
Invitation to tender	18 Jan 2013
Closing date for return of tenders	28 Feb 2013
Completion of any interviews	29 Feb 2013
Completion of evaluation of tenders	8 March 2013
Issue Notice of Proposal – complete by	1 May 2013
Forward Plan (if Strategic Procurement)	6 May 2013
DCRB Review Gateway 2 CCRB CMT	6 May 2013 23 May 2013 NA
Notification of forthcoming decision – despatch of Cabinet agenda papers	NA
Approval of Gateway 2: Contract Award Report	18 June 2013
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	2 July 2013

Activity	Complete by:
Alcatel Standstill Period (if applicable)	16 July 2013
Contract award	18 July 2013
TUPE Consultation period	N/A
Place award notice in Official Journal of European (OJEU)	19 July 2013
Contract start	22 July 2013
Contract completion date	21 July 2017
Contract completion date – (if extension(s) exercised)	21 July 2023

TUPE/Pensions implications

26. TUPE should not apply to the appointment of two new contractors to carry out single specific tasks of short term duration, e.g. on spot contracts in cases where the council, which will generally continue to carry out the services in-house does not have the necessary resources. However, if the intention is that the newly appointed contractors will carry out an ongoing service or will be awarded a succession of short-term contracts to the extent that they are essentially providing such a service, then there is a risk that TUPE may apply. In respect of the council's employees, the risk should be low given that the council will continue to provide the services in-house. In relation to the existing contractors, again, on the understanding that they do not have organised groupings of employees whose principal purpose is the carrying out of contracts for the council, no employees should transfer.

Development of the tender documentation

27. The tender documentation will be developed by Cameron Consulting (UK) Ltd who has been appointed as a professional advisor to assist with procedures and implementation and have extensive experience in this field. They have extensive experience in this field and will prepare tender documents in conjunction with staff in the Major Works Team. Southwark's Legal Services will be fully involved in drawing up contract documents.
28. A Project Board will be put in place to inspect draft documentation and to sign off key documents. This will be lead by the Head of Major Works in conjunction with the professional advisor and will include other sections such as mechanical and engineering staff who will be using the contract.

Advertising the contract

29. The contracts will be advertised in the Official Journal of the European Union (OJEU) and this will be sufficient to attract interest from a number of firms. It is therefore not anticipated that any further advertising will be necessary.

Evaluation

30. There will be two stages: PQQ Stage and ITT evaluation Stage. Evaluation of submissions will be undertaken in accordance with strict criteria set out in "Evaluation Methodologies" prepared by the professional advisor at each stage. It is proposed that the professional advisor facilitate the evaluations, having the requisite skills and competencies to undertake evaluation. Stakeholder input into the evaluations will consist of moderation of scoring and attendance at interview during the ITT Stage.

31. The first stage short listing of the PQQ will be facilitated by the professional advisor appointed to manage the process. The detailed ITT evaluation document will be produced with the tender documentation.
32. The intention is to set short listing criteria such that only professional services firms who have extensive experience and proven ability and sufficient resources will be invited to tender. The detailed criteria will be prepared by the professional advisor in association with Major Work's staff and resident representatives.
33. The ITT evaluation will be undertaken by a tender evaluation panel facilitated by the professional advisor with a team of Major Work's staff and resident representatives (one leaseholder and one tenant). The selection criteria will be based on MEAT (Most Economically Advantageous Tender) criteria with a split of 70:30 price; quality. Prices are expected to be very keen and it is vital to ensure that the firm selected can carry out the design and supervision works to the highest standard given the potential size of the housing capital programme in future and this will be done by setting quality thresholds.

Community impact statement

34. Having a consistent set of professional service firms working in the borough will improve the quality of service and help the consultants to ensure that the Partnering Contractors in particular work comprehensively with the community.

Economic considerations

35. There are no specific economic considerations to this report

Social considerations

36. The London Living Wage will apply to all relevant staff working directly on the contracts and to any relevant staff employed by any sub-consultant. For this contract, the quality improvements are expected to be a higher calibre of professionals employed and it is therefore considered that best value will be achieved by including this requirement. On award, the associated quality improvements and cost implications will be monitored as part of the annual review of the contract. Given the technical nature of these contracts, it would be anticipated that this should be easily accomplished by each firm.

Environmental considerations

37. There are no specific environmental considerations at this stage. The procurement process will be managed if possible through e-tendering systems with the professional advisor (in line with Government guidance) to minimise the impact on the environment and in particular, in relation to printing and paper usage.

Plans for the monitoring and management of the contract

38. The performance of the Professional Service firm will be monitored by the Major Works Team. They will ensure for each time the firm is instructed that they follow the brief for the scheme, are involved in the consultation process with residents, follow the timetable for the scheme, and ensure that the works

are carried out to the set quality on site by the contractors. Each Project Manager in the Major Works team or other section using the contracts will provide a quarterly monitor on the performance of the Professional Service firm and there will be specific KPI's in the contract in the areas of time, cost and quality.

Staffing/procurement implications

39. There are no specific staffing implications to this report

Financial implications (SB-FIN0725)

40. The report sets out the procurement strategy for the provision of professional technical services to support the delivery of the Council's Warm, Dry, Safe programme together with other mechanical and electrical engineering works programmes.
41. The estimated annual value of this contract is based on a capital works programme of £20-30m per annum. Whilst the value of the WDS programme is largely determined up to 2015/16, beyond that the value of investment programme will vary in line with available resources and the value of this contract will fluctuate accordingly.
42. Whilst tender submissions are invited for the provision of 100% of the potential work, the contract will be split on a 90:10 ratio, but with the proviso that the backup contractor has the capacity to provide 100% of the required work in the event of failure of the primary contractor.
43. In terms of price, the report makes reference to current market conditions for construction related consultancy services and the expectation is that fee rates will be very competitive. Professional fees of this nature are chargeable to the capital programme and can be contained within the programme resources available. The cost of the procurement process (c. £50k) is deemed to be a revenue item and will be met from the professional services budget within the Major Works division.
44. There is sufficient approved capital budget within the Housing Investment Programme to handle this proposal in the medium term, future years being dependant on standard Council budget setting processes.

Legal implications

45. Please see concurrent from the Director of Legal Services.

Consultation

46. There will be extensive consultation with leaseholders as part of the statutory process. In addition a tenants and a resident's representative will be asked to join the final tender evaluation panel as part of the consultation process with Tenants Council and Home Owners Council

Other implications or issues

47. These are all covered in the report

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

48. This report seeks approval from the cabinet for the procurement strategy of two Professional Technical Services contracts for an initial period of 4 years with the option at the discretion of the council for two extensions of up to three years.
49. The recommended option for procurement is for the council to carry out a competitive tender process. The process described in the report is in line with the council's contract standing orders (CSO's) and EU regulations.
50. The project timetable included within the report is achievable for the proposed procurement strategy, provided that appropriate resources are allocated to the process.
51. The report confirms that the evaluation shall be carried out on the basis of the most economically advantageous tender and in determining this shall use a price/quality ratio of 70:30 which is in line with the council's preferred ratio.
52. As the strategy is to procure two contracts splitting the work between the two on a 90:10 basis it is important that the evaluation criteria is developed to cover both the split and the allocation of work prior to issuing the tender documentation to interested parties.
53. Paragraph 28 of the report advises that a project board will be put in place. It is important that good governance arrangements are in place to ensure the successful delivery of this procurement

Director of Legal Services

54. This report seeks the cabinet's approval to the procurement strategy for professional technical services as detailed in paragraph 1. At this value, this is a strategic procurement and therefore approval of the procurement strategy is reserved to the cabinet.
55. The nature and value of the services to be procured (being in excess of £173,934) are such that they are subject to the full application of the EU procurement regulations. As noted in paragraph 29, the contracts will be advertised in OJEU and will be procured fully in accordance with the regulations.

Strategic Director of Finance and Corporate Services (NR/FCS/31/8/12)

56. This gateway one report recommends that the cabinet approves the procurement strategy for two professional technical services contracts, each for a period of four years from 22 July 2013 with provision for 2 extensions of up to three years at the council's discretion and that the leader of the council delegates authority to the deputy leader and cabinet member for housing management to award the contracts. 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 Home Ownership

57. The services carried out under these agreements will be service chargeable to leaseholders, and therefore statutory consultation under section 20 of the Landlord and Tenant act 1985 (as amended) is required.
58. The consultation will be carried out under schedule 2 of the statutory regulations. This will require the issue of a notice of intention prior to carrying out the tender process and a notice of proposal served post-tender and pre-acceptance. Any observations received must be fully answered before the contracts proceed any further.
59. As the consultation will be carried out under schedule 2 leaseholders are not given the option to nominate contractors to tender. However, the notices of intention must be served prior to the OJEU notice being placed so that leaseholders can alert their preferred contractors.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
None		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management		
Lead Officer	David Markham - Head of Major Works, Housing & Community Services		
Report Author	Ferenc Morath - Investment Manager, Major Works, Housing & Community Services		
Version	Final		
Dated	13 September 2012		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments included
Head of Procurement		Yes	Yes
Director of Legal Services		Yes	Yes
Strategic Director of Finance & Corporate Services		Yes	Yes
Head of Home Ownership		Yes	Yes
Contract Review Boards			
Departmental Contract Review Board		Yes	Yes
Corporate Contract Review Board		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			13 September 2012

Item No. 17.	Classification: Open	Date: 25 September 2012	Meeting Name: Cabinet
Report title:		Gateway 2 – Contract Award Approval IT Managed Services	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report recommends the awarding of the council's IT managed services contract from 1 February 2013, once the current contract with Serco comes to an end. The contract is for the on-going management and the delivery of technological innovations. This will provide a sound platform upon which business and service improvements can take place in the future.

The recommendation is that the contract is awarded to Capita, who scored highest for both price and quality of service. The Capita proposal offered the strongest support on technical solutions and the best service delivery standards.

RECOMMENDATIONS

That cabinet

1. Approve the award of the IT Managed Services contract to Capita Secure Information Solutions Limited (Capita) for a period of four years commencing from 1 February 2013, with flexible provision to extend for up to a further maximum period of three years.
2. Delegate authority to the strategic director of finance and corporate services to agree the final terms and conditions of the IT Managed Services contract to enable the contract and ancillary documents to be executed following completion of contract finalisation points.

BACKGROUND INFORMATION

3. The existing contract for IT Managed Services (ITMS) is with Serco and was awarded in 2007. The duration of the current contract was for five years with a provision for the council to extend for a further two years to July 2014.
4. The Gateway 1 report for this procurement was approved by cabinet in July 2011. It identified the contributory factors which led to the recommendation to re-procure the ITMS service and outlined the procurement route to be taken (via the Government Procurement Service (GPS) framework RM717 – (formerly known as Buying Solutions) and the provisional timetable. Within that report the

timetable indicated a proposed contract commencement date of 31 July 2012. The tender process is outlined in paragraphs 36 - 44.

5. Subsequent to the cabinet decision it became evident that a six month extension, in accordance with the provisions of the Serco contract, would be desirable and a Gateway 3 contract extension report was approved by the then finance director on 19 April 2012. This extended the existing contract to 31 January 2013. The need for the extension was due to the specific activities required to finalise the functional specification, not least the definition of improvements required to the council's IT infrastructure that will enable an improved level of service to be established and sustained moving forward.
6. In addition, a number of changes taking place within the council necessitated a review of the base requirements. These included the impact of the acquisition of new buildings on Queen's Road, the new Wide Area Network strategy under a new contract with Virgin Mobile, the activities related to the council's customer experience strategy and the implementation of the accommodation strategy including the need to review data centre locations across the borough. Furthermore during the project it became apparent that the original implementation dates would potentially clash with other activities such as the London Olympics when there were embargos on new network connections and the high risk of physically moving the data centre infrastructure at this time.
7. Subject to the approval of recommendations made in this report the contract will be finalised in October 2012 and new services, following transition, will commence on 1 February 2013. In line with best practice for ITMS contracts of this nature this contract will be for a four year duration with the ability to extend by any period up to three years.
8. The future timetable to conclude the procurement is outlined below :

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	17/08/2012
Approval of Gateway 1: Procurement Strategy Report	19/07/2011
Invitation to Further Competition (ITFC)	24/05/2012
Closing date for return of tenders	09/07/2012
Completion of evaluation of tenders	13/08/2012
DCRB Review Gateway 2: Contract award report	20/08/2012
CCRB Review Gateway 2: Contract award report	23/08/2012
CMT Review Gateway 2: Contract award report	31/08/2012
Notification of forthcoming decision – despatch of Cabinet agenda papers	13/09/2012
Cabinet approval of Gateway 2: Contract Award Report	25/09/2012
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	04/10/2012
Contract award	31/10/2012

Activity	Completed by/Complete by:
TUPE Consultation period start	01/11/2012
Add to Contract Register	05/11/2012
TUPE Consultation period end	31/01/2013
Contract start	01/02/2013
Initial contract completion date	31/01/2017
Contract completion date – if extension exercised in full	31/01/2020

9. This contract has been developed to have the flexibility to incorporate further services where best value and cost effectiveness can be demonstrated (within the scope of the contracted services), utilising economies of scale and the minimisation of contract and client management resource. The contract is subject to an annual price review which is linked to the CPI index.

Services to be provided under contract

10. Information Technology is a fundamental business support function in the council that is pivotal to service delivery and that must enable flexible working within the workforce and provide a solid foundation to generate future service improvements and efficiencies.
11. Under the ITMS contract the service provider will be required and will be contracted to deliver the following IT services:

Service management and transition

12. The delivery of effective management together with sound and open governance. These are considered by the council to be critical to the successful delivery of the ITMS.
13. The efficient and seamless transfer of services, from the current ITMS provider to the new supplier. This is of critical importance to the council and the successful transition will be evidenced by no reduction in the quality of services from day one of the contract, together with the provision of a sound basis for on-going service delivery.
14. The delivery of ITMS to at least the minimum service standards set by the council, and that the services will be undertaken fully in accordance with the standards and processes of ITIL (Information Technology Infrastructure Library – a nationally recognised industry standard). The council is looking not only for responsive service management but also a proactive service which constantly looks to improve all aspects of the ITMS.
15. A service that will incentivise performance above minimum service standards and reward excellent service delivery.

Delivery of core enabling projects

16. A range of projects to achieve increased business enablement and cost efficiency. The council has identified nine projects (see paragraph 25 below) that will deliver immediate and practical business benefits to the end-user community and also reduce ITMS operational support costs.

Hardware and asset management

17. The support and management of all IT assets used by the council. In summary, the supplier will procure, host, support, maintain and manage all hardware and devices, including telephony and network services. The council currently owns and will retain ownership of all IT assets relating to the services. The range of hardware includes: servers, desktop, laptop and tablet PCs, thin client / CITRIX devices, PC peripherals (scanners, remote printers, etc.), telephone handsets, all mobile devices (phones, data sticks, BlackBerry devices etc.) and printers.

Bulk printing

18. An efficient and responsive bulk printing and mailing service. This is primarily used for volume printing and mailing such as that required for rent statements and service charges.

Application management

19. An application management service for the council's business and productivity systems. The level and nature of the support required will vary between the various systems. This service includes: managing the availability of services, capacity planning and management, fixing problems, providing support to users, optimising utilisation, scheduling operations and implementing changes.

Security services

20. A complete security management service covering security patching and access violation monitoring which supports the council's IT audit and compliance processes.
21. Data security and protection have a high priority within the council. It is for this reason that effective risk management, business continuity and disaster recovery are seen as essential components in the ITMS.

Project management

22. An effective and responsive project management service relating to all aspects of ITMS. The council requires the supplier to deliver high quality projects which meet the needs of the business and are delivered on time and within budget and receive maximum customer satisfaction ratings.

KEY ISSUES FOR CONSIDERATION

Required service outcomes

23. The nature of the services provided through this ITMS contract should not, when working effectively, be visible to those using them. ITMS as it impacts on those accessing systems, securing and sharing data, using desktop facilities and passing data across networks should at all times achieve the minimum standards set by the council in the service specification and wherever possible exceed these high standards.
24. The evaluation process that has been followed to assure the council of the level of service being offered and the way in which these services will be delivered is outlined in paragraphs 45 - 56.
25. In completing this evaluation, the bidders have also been asked to demonstrate their commitment to the delivery of a number of key outcomes against which the successful bidder will be continually assessed:
 - **A well managed and governed service transition** - the supplier is to ensure that there is no disruption to, or degradation of, existing services during the transition period and from the commencement date
 - **A reliable ITMS** – the supplier is to ensure that all of the services are reliable, secure, effective, responsive, accessible and available in meeting the council's specified requirements
 - **The delivery of core enabling projects** – to successfully implement, in the first year of the contract, a number of specific projects which will provide the council with a modernised and current technical platform and which will enable improved end-user experience and better value-for-money. The successful completion of these projects is critical to the establishment of a stable and flexible IT infrastructure upon which to develop better services for council activities in the future (see paragraph 28 below) These projects relate to:
 - Active Directory upgrade, design and implementation
 - Exchange 2010 design and implementation
 - Citrix hardware/software redesign and implementation
 - Microsoft Office 2010 design and implementation
 - SAN technology refresh
 - Design and implementation of desktop/laptop refresh to Windows 7
 - Integrated mobile telephony service
 - Design and implementation of replacement of multi functional print devices throughout the council
 - Bring Your Own Device (BYOD) service.

- **A mature and forward looking working relationship** – the supplier is to maintain a progressive relationship with the council that recognises and supports changes in council business and organisational structures; and exploits, where appropriate, new developments in technology and helps develop wider strategic partnerships so that the council may optimise any future investment that it may make
 - **A quality service at an affordable cost** – the supplier is to ensure that, throughout the contract term, the prices of the services are clear, transparent and provide end-users with a true sense of the value being added by the contract. The council has made it clear that it is prepared to support specified projects, and other future projects, through investment where business cases demonstrate full return on investment within three years
26. In addition to providing all the IT services provided by the current supplier, the new ITMS contract will include additional elements such as mobile telephony. IT assets will remain in the ownership of the council which provides for additional flexibility and control.
27. There will be an overall reduction in the revenue cost for the delivery of standard core services which will enable the agreed saving targets to be met. Additionally throughout the contract term, the prices of the services will be clear, transparent and provide end-users with a true sense of the value being added by the contract. Outside of the fixed cost elements the council will be in a position to commission future projects where business cases demonstrate full return on investment within a prescribed period. It is anticipated that this will generate further savings to the council.

Vision beyond the contract date

28. In future years, the council's wider vision for ITMS will be subject to a number of important influences and changes of which all bidders were made aware. These elements will be supported continually throughout the contract and include;
- the need to improve both external and internal customer service and experience
 - the aspiration to be digital by default and to ensure that line-of-business applications are current and fully support changing structures and demands
 - the exploitation of technology to support and drive business change and improvement
 - the enhanced requirements for data integrity, management and security in the context of legislative and regulatory change
 - better use of data to create information that informs key business decisions
 - improving the management and sharing of services, information and data with the public and other stakeholders
 - the creation of a fully mobile workforce using a range of technology and devices that supports multi-discipline working.
29. The new ITMS contract will provide the IT support and a technical framework upon which innovations and improvements can be made. The ITMS contract will

not however, in itself, provide business transformation, or improved ways of working.

30. It is recognised that it will be for the service and business areas to determine the requirements, and how the vision beyond the contract date should be implemented. To this end it is proposed to establish a governance structure, implement a communication strategy and have greater engagement within the council by the mobilisation of the new supplier and IDSD personnel such as departmental client managers.
31. As part of the contract requirements and in support of the council's changing needs and continual pursuit of improvement across all services, the supplier will be required to agree with the council an annual service improvement plan. This document will facilitate the capture not only of known council requirements but also give the supplier the chance to promote emerging technological opportunities and best practice for consideration by the council.
32. These plans will help ensure that council needs are addressed and will provide the basis to assess investment needs that are equitable and proportionate.

Policy implications

33. The key element of the corporate plan that this strategy supports is "transforming public services". The provision of sound and reliable IT, and how it is utilised, are at the heart of the ICT strategy.
34. The medium term resources strategy aligns financial priorities with the management of assets and the associated resources with which the council delivers its services. A modern ITMS service platform and an informed ITMS client function will significantly support the council's medium and long term objectives, providing flexibility and opportunities for efficiency savings.
35. Other key corporate objectives are indirectly supported through an improving working environment, improving customer facilities and enabling more effective service delivery.

Tender process

36. Due to the value of the contract being over the EU Services threshold of £173,934 the contract is subject to EU Procurement Regulation and an EU compliant process was followed.
37. The procurement route followed was to issue an Invitation to Further Competition (ITFC) on the Government Procurement Service (GPS) ITMS Framework Agreement (Reference No. RM717); a pre-tendered framework which has followed a fully EU compliant procurement process. Approval to utilise the GPS framework agreement was given via a Gateway 1 report approved by the cabinet on 19 July 2011.
38. The procurement protocol followed the GPS requirement which applies to the ITMS framework. This prescribes that the assessment of the tender is to be based on the following criteria within the following range; Commercial/Price (25% - 30%), Technical (25% – 45%) and Service Delivery (25% - 45%). Confirmation of the weighting the council elected to apply is given in paragraph 48 below.

39. In advance of placing an order with GPS a prospective bidders' briefing session was held at 160 Tooley Street to explain the process and provide contextual information. This was attended by all suppliers on the GPS framework.
40. On 18 November 2011 a further bidders' session was held to provide an update on progress and to explain the reasons for the delay in issuing the ITFC (paragraph 5 above refers). Following the bidders' briefing session seven companies (Bull, Centerprise, Logica, Civica, Getronics, ICM, and Computacenter) gave notice that they did not wish to proceed further with the procurement. Where reasons were provided there were no common factors.
41. On 24 May 2012, ITFC documents were issued to the five remaining companies namely:
 - 2e2 UK Limited
 - Capita Secure Information Solutions Ltd
 - Northgate Information Solutions (UK) Ltd
 - Specialist Computer Centre (SCC)
 - Steria Ltd
42. On 31 May 2012, a bidders' conference was held in 160 Tooley Street to ensure that potential bidders had a clear understanding of the council's requirements, the procurement process and to give an opportunity for the bidders to ask questions. All the suppliers were represented at the session.
43. Of the five suppliers which were forwarded ITFC documents, (SCC and Steria Ltd) withdrew from the procurement process prior to the closing date for the return. Both companies indicated they were impressed with the quality of the documents and the openness of the engagement. A review was undertaken to confirm that there remained sufficient competition. It was concluded, by the council's procurement steering group, that as there were still three companies interested the procurement should continue.
44. There were a number of requests for clarifications from the suppliers which were all answered and notified to all bidders. Three tenders were received on the closing date of 9 July 2012 and were opened in 160 Tooley Street on 11 July 2012.

Tender evaluation

45. The evaluation panel included subject matter experts, technical personnel and representation from the service departments. Specifically the group included head of technology, head of applications and operations, head of data security, IS client managers, head of customer experience, emergency planning officer, contract monitoring manager, head of anti-fraud and internal audit, strategic projects accountant and human resources.
46. To facilitate the evaluation of quality, service delivery plans method statements were submitted by each bidder and scored using pre-determined criteria. The scoring range was 0 – 5 (with a mark of 2 reflecting a satisfactory response). Marks were weighted to reflect the importance of the aspect to the service. The evaluation methodology was agreed with legal and corporate procurement sections ahead of the tender period.

47. The council identified three main objectives of the call-off contract, i.e. transition, business as usual and core-enabling projects. Whilst acknowledging that it was bound by the rules and criteria which apply to the GPS framework (paragraph 38 above refers), the council interpreted those rules and criteria in such a way as to focus on the key objectives for the council.
48. The evaluation methodology was designed to ensure that these key objectives were reflected in the evaluation. The council has borne these three objectives in mind when attributing weightings to the evaluation criteria and sub-criteria (as set out below), and when constructing method statement questions.

Overall Weighting		Council defined sub weighting		
Level 1	Weighting	Level 2	Level 3	Sub-Weighting
Technical Solution	45%	Innovation	Core Enabling Projects	25%
		Benefits Realisation	Continual Imp.	1%
			Core projects	3%
		Quality of solution (Operational Delivery)	Operations - BAU (business as usual)	16%
Service Delivery	25%	Service Levels	Service Management - BAU	10%
			Demand Management - BAU	3%
			Project Management - BAU	3%
		KPIs (Key Performance Indicators)	KPI processes	2%
		Transition	Transition	7%
Total Quality	70%			70%
Total Commercial	30%	Core (Years 1-4)		25%
		Year 5		2%
		Year 6		2%
		Year 7		1%
				30%
Overall Total	100%			100%

49. In order to assist in the verification of the submissions, and answer some further points of clarification the bidders, on 1 August 2012, presented an outline of their proposals. The presentations were not scored and were attended by end user and departmental representatives.

50. Bidders were advised that the evaluation panel would conduct a “consensus scoring process” where moderation of the scores awarded during the exercise would take place. The moderation exercise was supervised by the head of information and data services and gave regard to any variance in score between the individual evaluators, together with subsequent assessment arising from clarification presentations. The consensus score was agreed by the evaluators for each of the evaluation criteria.
51. There were no pass or fail thresholds with the exception of the responses to the Transition question elements. Bidders had to score 2 (satisfactory) or more, because of the fundamental importance of the effective delivery of the transition phase of the contract in terms of continuity of service and also the long-term impact on the contract, in particular in terms of end-user management. All three bidders met the threshold.
52. Price (Commercial) evaluation of ITMS bids was given a 30% weighting overall. Price scores in this weighting were further subdivided into the sub-weightings corresponding to the core contract and additional contract years respectively as shown in paragraph 48 above.
53. Bidders were required to provide prices corresponding to each year of the contract and including a price for core enabling projects using pricing proformae supplied by the council, in order to facilitate comparison. The prices provided in the bid proformae were ranked relative to each other using a net present value (NPV) calculation at a 5% discount per annum. This was applied for each sub-weighting given, assessing years 1-4 as the core contract and years 5, 6, and 7 individually. Once the NPV calculation had been made the lowest price in each sub-weighting was allocated the maximum percentage and downward accordingly, based on how far each higher bid exceeded the lowest.
54. It can be confirmed that overall Capita has the best score and the most economically advantageous tender in accordance with the stated evaluation criteria and is therefore recommended for award. The final outcome and detail of the evaluation process is detailed within the closed version of this report. With specific reference to the commercial elements the overall highest score was obtained by Capita
55. Capita’s submission was particularly strong, when compared against the other bidders, in the areas of the mobilisation of services and transition, project management and coordination, the interface with end users and the review and redesign of the Citrix platform. The planning documentation and detail for the core enabling projects, was of a high standard and gave the evaluation panel confidence of a successful implementation within the first year.
56. In support of their tender Capita gave the following assurances regarding innovations and service improvements:

“Capita offers a mature and forward looking working relationship that recognises and supports changes in council requirements and to exploit, where appropriate, new developments in technology and to help develop wider strategic partnerships.

Beyond the contract date Capita will support improved service, including the council’s strategy to improve digital access, data integrity, review its line of

business applications, its use of information to improve decision making, its responsiveness to regulatory and legislative changes and its exploitation of new technology, such as mobile applications, to drive business change and reduce cost of ownership.”

Plans for the transition from the old to the new contract and the next steps

57. It has been stated above that the transition from the old contract to the new contract has been given a very high priority. Bidders were required to produce detailed plans and provide relevant examples of where they had successfully implemented an ITMS. A part of this was the production of a risk assessment together with how these risks would be mitigated.
58. The existing supplier is contractually obliged as a part of the exit plan to assist in the handover and provide all relevant documentation and data necessary for a smooth transition. This will also include the TUPE elements of personnel moving over from the incumbent supplier to the new supplier. There is no primary transfer of staff involved in this contract.
59. The council will appoint a transition manager to ensure these activities are co-ordinated and successfully implemented.
60. Subject to the approval of recommendations contained within this report, the council will proceed to conclude the contract discussions with Capita. Given the structure of the procurement, not least the use of the GPS framework's standard terms, it is expected that the contract will be agreed by the end of October 2012.
61. Within the tender submission there is a three month transition period, prior to the contract commencement date of 1 February 2013, to deal with the detailed planning, and associated activities such as TUPE consultation and implementation. At the point of contract agreement Capita, with support from the council, will commence a communications programme with staff and all service users to advise them of future activities.
62. The draft detailed plans for the transition period have already been assessed and these will need further refinement in consultation with other third parties, in particular with Serco who are the incumbent contractor. Key transition activities include the movement of the data centre from Birmingham to a new secure location, familiarisation with the council's structure and organisation, procedures and protocols and final due diligence of council assets, premises, etc. The delivery of the transition plan will be Capita's responsibility and will be monitored closely for the council by the head of IDSD and his senior team.
63. During this transition period, Capita plan to commence work on the delivery of nine core enabling projects set out by the council within the service specification and identified in paragraph 25 above. The successful completion of these projects is critical to the establishment of a stable and flexible IT infrastructure upon which to develop better services for council activities (see paragraph 28 - vision beyond contract date).
64. Capita will be contracted to complete these integrated projects within twelve months of commencement of the services, which will be revisited as part of the transition programme and implementation dates confirmed with the council.

65. Some of the core enabling projects relate to a technical refresh and will be completed in background with the intention of minimising and eliminating where possible any disruption for service users. Where there will be impacts on service users (e.g. the implementation of Office 2010), communication and training programmes will need to be agreed with the council well in advance of implementation.
66. In advance of the commencement date there are a number of essential activities which need to be undertaken by the council so that maximum benefits of the projects deliverables can be realised in the shortest period of time. A number of these tasks relate to general housekeeping such as a review of stored electronic records, confirmation of registered users and their profiles etc.

Plans for monitoring and management of the contract

67. This contract will be managed and monitored by the Information and Data Services Division (IDSD) which was restructured in February 2011. A key aspect of the reorganisation was to establish a framework to ensure effective contract management. The team will utilise best practice arrangements for monitoring the contract to ensure compliance with the specification and contract.
68. The Information Technology Infrastructure Library (ITIL), is a set of internationally recognised and agreed practices for IT service and contract management that focuses on aligning IT services with the needs of business (based upon ISO/IEC 20000). All bidders had to demonstrate their compliance with these requirements and a number of the IDSD management team are qualified in this aspect.
69. The council will enforce the adoption of Prince 2 methodology (projects in a controlled environment) for the delivery of all IT projects. This will assist in ensuring the delivery of high quality projects which meet the needs of the business and are delivered on time, within budget and receive maximum customer satisfaction ratings.
70. A range of new mechanisms and remedies have been included in the new contract to encourage good performance and compliance. The contractor's performance will be measured against the agreed key performance indicators (KPIs) and service level agreements (SLAs). These KPIs and SLAs will be reviewed annually (or as required) to ensure that they are appropriate and effective tools for monitoring performance. The key measures include system and service availability (from an end user's perspective), end user satisfaction and the time taken to undertake specific requests (e.g. creation of new user accounts).
71. A further component of this contract is the Annual Service Improvement Plan which will capture, on an annual basis, performance over the preceding year, agreed targets for innovation and service improvement for the next year. In addition the contract specifically determines the governance arrangements which include the executive/partnership Board, bi-weekly operations group, monthly contract and performance monitoring group etc.
72. The contract is based on the Model Call-Off Contract which has been constructed by GPS based on the OGC Model Contract for ICT Services, and which forms part of the framework agreement between GPS and the supplier. The contract is based upon fixed costs which will be monitored and paid on a

monthly basis. There is a contractual change control procedure which ensures that all material variations to the contract are documented and authorised by approved personnel.

Identified risks for the new contract

73. No performance bond has been requested as the framework agreement being used in this procurement does not provide for a bond. However, a parent company guarantee is being provided instead. There are also various other provisions and remedies within the contract to protect the council.

74. Risks relating to this contract and how they will be managed are shown below:

S/N	Risk	Mitigating Action
R1 High	Transition to the new ITMS contract causes disruption to service	Ensure early engagement with council and existing supplier to clarify governance and transition plan. Technical review and acceptance of the bidder's proposed mobilisation plan with support of external expertise. Effective exit management between council and existing supplier. Limit any unnecessary change through imposing a change freeze in the transition period. Consider early transfer of some key services to allow for additional testing and support from existing supplier prior to commencement. Appoint council transition manager resource to co-ordinate all activities between existing supplier, council third party suppliers and new ITMS supplier.
R2 Med	New ITMS supplier has insufficient knowledge about council business requirements and services	Ensure existing supplier has robust plan to refresh all existing documentation and knowledge bases with latest information and that this is able to be easily transferred to the new ITMS supplier. Ensure scripts and process documentation is reviewed and up to date.
R3 Low	Staff are not aware of the new ITMS supplier, what this means for the council, what is offered and how to request services	Identify key stakeholders and their interface to the ITMS contract. Agree and implement the supplier's proposed communication plan during transition period. Establish change management plan.
R4 Med	Pent up demand (following a change freeze since November 2011) cannot be met in first few weeks and months following service commencement due to commitments on the core enabling projects as well as completing service transition	Consider additional period of change freeze in first two months of new ITMS contract to allow for service to bed in and for resources to be readied to deliver full service. Early engagement with new ITMS supplier to ensure appropriate levels of resources are available at commencement to enable delivery of required change projects.
R5 Low	Existing Serco staff subject to TUPE may fail to perform during	Early involvement of HR. Robust communication strategy and plan in

S/N	Risk	Mitigating Action
	transition or be uncertain about their role in the new ITMS supplier, causing a dip in service performance and increase in staff turnover during the critical transition period	place. Early consultation and involvement. Early and ongoing involvement of legal specialists.
R6 Med	Significant demand for internal IDSD resources and the impact on other projects during the first year of the contract required to enable the supplier to deliver the core enabling projects	Detailed joint resource planning with the supplier early on during transition to be aware of resource contentions. Establishment of clear internal governance arrangements and the provision of appropriate personnel. Prioritisation of activities. Mapping of day-to-day operational resources required onto overall programme plan.
R7 Med	Impact on council staff and business during implementation of core enabling projects	Effective stakeholder engagement and communications plan to gain understanding of changes planned and their likely impact. Involvement and participation in pre-contract activities by key stakeholders. Communications ramped up during cut over to new systems with online guides, posters and short guides left with each user. Review of training offered to staff on key productivity packages to ensure that newer versions are addressed.

Community impact statement

75. This contract has a direct impact on all council staff and the council's elected administration. The ITMS will provide IT facilities for all internal service providers and contractors where appropriate and will also provide the technical infrastructure to enable the community to digitally interact with the council. External service providers are not directly affected by the introduction of the ITMS.

Economic considerations

76. There will be a reduction in energy usage through shift of all data centres to the supplier which utilises highly efficient shared resources. The recommended supplier's own supply chain vendors are sourced to ensure that use of packaging is reduced to a minimum and that where appropriate it meets ISO 14001 Eco-management and Audit Scheme (EMAS).

Social considerations

77. By adopting the Government Procurement Service framework the procurement was restricted to the twelve suppliers listed by GPS. GPS would however have applied a fair and transparent procurement which ensured that the process followed was accessible to a variety of suppliers.
78. In addition to meeting the rigorous EU tender process, all bidders had to demonstrate compliance with the council's requirements relating to equalities

(additional local requirement). This evidence based requirement addresses areas such as policy, procedures, recruitment, training and monitoring.

79. All of the bidders have their own supply chains in place and the computer data centres and service desks are based outside of the borough. For this reason this decision has been judged to have a small impact on local people and communities.
80. There is no specific clause in the contract to require that the London Living Wage (or above) must be paid to all staff as there is no such provision in the model contract provided under the framework agreement. However, given the nature of the services being provided and our knowledge of typical salaries in this sector, it is envisaged that all staff working on this contract will be receiving a rate over LLW.

Environmental considerations

81. The contract will support the council's sustainability policy and materials purchased where possible will be from sustainable sources.
82. Although the computer centres are outside of the boundaries of Southwark the recommended bidder's main data centre site has a carbon footprint measured using Power Usage Effectiveness (PUE) of less than 1.3 which is around half the industry norm (between 2.2 and 2.8 PUE).
83. The data centre cooling system of the proposed service supplier uses ambient external air as the primary cooling mechanism, thus avoiding using refrigeration for 99.8% of the year and maximising energy efficiency.
84. There is a contractual requirement that all obsolete or damaged hardware is disposed of in an environmentally friendly manner which will be subject to certification to the council. Where practicable any functioning equipment, which is no longer required, will be recycled. IT equipment will be managed in accordance with the Waste Electrical and Electronic Equipment Directive (WEEE Directive) and in compliance with the council's waste management policy. Bulk printing is 2010 Carbon Smart certified.
85. The contractor is required to have targets in place to minimise consumption of energy and emissions of pollutants and to be able to demonstrate the effectiveness of these procedures.

Market considerations

86. The successful supplier has over 500 employees.
87. The successful supplier organisation is national and their activity is spread across the UK.

Staffing implications

88. TUPE will apply on a secondary basis (affecting the staff of existing contractors including a few original transferring council employees). The contract award does not have any TUPE implications for current council staff. The bidder's approach to secondary TUPE transfers was assessed as satisfactory in the quality evaluation.

89. The introduction of the new ITMS contract will impact on how staff use technology and interact with the supplier. A key deliverable will be an effective communication strategy for staff in the council.

Financial implications

90. The fixed price element of the contract is to be funded from the existing IDSD budget CT701.
91. The contract is subject to an annual price review which is linked to the CPI index. Therefore the contract base cost and day rates will increase in each contract year anniversary in line with the agreed indexation mechanism.
92. In addition to the fixed price for the core services, the contract enables the supplier to provide additional hardware, software, projects and IT services on behalf of the council. It is not possible to quantify exact requirements at this time. The source of funding will be dependent upon the nature of the expenditure. In the event that there is evidence that the actual costs of the non fixed elements will exceed the estimated provision a separate Gateway 3 report will be submitted for approval.
93. The proposed cost of the base contract (which are incorporated within the closed version of this report) can be contained within the budget for the base contract, after taking into account the budget savings for 2012/13 and the proposed budget savings for 2013/14 (which are contained within the closed report). There is the potential to offer increased savings, within the contract term, as a part of the Annual Service Improvement Review.
94. There are provisions within the contract which enable the contract to be extended for up to a further three years.

Legal implications

95. Please see comments from the Director of Legal Services in paragraphs 104 – 107.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

96. This report is seeking approval to award the IT Managed Services contract via the government procurement service framework RM717, subject to minor points of contract finalisation. Paragraph 4 confirms that as required under CSOs approval was given via a gateway one report to use this framework in July 2011.
97. Paragraphs 36 – 44 detail the tender process that was followed and confirm that five organisations were issued with invitation to further competition documentation. It is noted at paragraph 43 that whilst two organisations subsequently withdrew from the process, following an internal review the council's procurement steering group were satisfied that the three remaining organisations represented sufficient competition to allow the procurement process to continue.

98. The Head of Procurement's concurrent in the gateway one report highlighted the need to ensure adherence with the framework operating rules, whilst at the same time ensuring that the allowed for flexibility within the fixed ranges for price and quality evaluation, as set by GPS, were fully utilised to ensure that the evaluation methodology focused on the council's specific service requirements. Paragraphs 46 - 47 confirm compliance with both these requirements.
99. Paragraphs 5 - 6 advise that there was a delay in the delivery of this procurement, and the reasons for this. The former also confirms that mitigating action by way of an extension of the current contract was approved to ensure continuity of service in the interim.
100. Paragraph 45 – 53 detail the evaluation process culminating in the conclusion that the response from Capita Secure Information Solutions Ltd is deemed to be the most economically advantageous tender and therefore recommended for award. Additional information pertaining to the particular strengths of this bid compared to the other two is detailed at paragraph 56.
101. The procurement outcomes summarised at paragraphs 54 – 56 confirm that the service expectations listed in the gateway one report are deemed to have been met, whilst at the same time ensuring savings targets are met.
102. Whilst the transition arrangements from current to the new contract is always important, it is especially so on IT contracts, as highlighted in the risk table on in paragraph 74. Paragraphs 57 – 66 detail the specific arrangements that will be put in place for this contract, including the appointment of a transition manager.
103. Paragraphs 57 – 66 also confirm the contract monitoring and management arrangements that will be put in place.

Director of Legal Services

104. This report seeks the cabinet's approval to the award of the ITMS contract to Capita as detailed in paragraph 1. As the contract value exceeds £4 million, then the approval of this award is reserved to the cabinet as a strategic procurement. For a contract of this nature, it is usual that minor points of contract finalisation are required before the contract is executed, and therefore approval is sought to delegate authority to the strategic director of finance and corporate services to agree the final terms and conditions of the contract.
105. The procurement of these services is subject to the full tendering requirements of the EU Procurement Regulations, but as noted in paragraph 4, the procurement route used by invitation to further competition through the GPS ITMS framework agreement is an EU compliant process.
106. The council's criteria for award of this contract were on the basis of the most economically advantageous tender, with details given in paragraphs 38 and 48 of this report. The tender evaluation has identified that the bid submitted by Capita is the most economically advantageous tender and is therefore recommended for award.
107. Contract Standing Order 2.3 requires that no steps should be taken to award a contract unless the expenditure involved has been approved. Paragraph 93 confirms the financial implications relating to this award.

Strategic Director of Finance and Corporate Services (NR/FCS/28/8/12)

108. This report recommends that the cabinet approve the award of the ITMS contract to Capita Secure Information Solutions Ltd for a period of four years commencing from 1 February 2013, with flexible provision to extend for up to a further maximum of three years and that the cabinet delegate authority to the strategic director of finance and corporate services to agree the final terms and conditions of the ITMS contract to enable the contract and ancillary documents to be executed following completion of contract finalisation points.
109. The strategic director notes the financial implications contained within the report and notes that additional savings may arise over and above the previously declared budget savings. The strategic director also notes that the variable element of the contract is up to a maximum level of expenditure hence dependent on operational requirements, that amount does not need to be spent in full.
110. Should the option to continue for a further three years be taken, this would be with the benefit of investment already made in core enabling projects and transition payments. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 – Procurement strategy approval for IT Managed Services – 19/7/2011 - Open	Finance and Corporate services Department / IDSD 160 Tooley Street London SE1 2QH	Bill Cottrell 020 7525 5900
Gateway 3 – Extension Approval for the IT Managed Services Contract – 19/4/2012 - Open	Finance and Corporate services Department / IDSD	Bill Cottrell 020 7525 5900

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety		
Lead Officer	Bill Cottrell, Head of Information and Data Services		
Report Author	Bill Cottrell, Head of Information and Data Services		
Version	Final		
Dated	12 September 2012		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments included
Strategic Director of Finance and Corporate Services		Yes	Yes
Director of Legal Services		Yes	Yes
Head of Procurement		Yes	Yes
Head of Home Ownership		No	N/A
Contract Review Boards			
Departmental Contract Review Board		Yes	Yes
Corporate Contract Review Board		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			12 September 2012

Item No. 18.	Classification: Open	Date: 25 September 2012	Meeting Name: Cabinet
Report title:		Motions Referred from Council Assembly	
Ward(s) or groups affected:		All	
From:		Council Assembly	

RECOMMENDATION

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

BACKGROUND INFORMATION

2. Council assembly at its meeting on Wednesday 4 July 2012 agreed a number of motions and these stand referred to the cabinet for consideration.
3. The cabinet is requested to consider the motions referred to it. Any proposals in a motion are treated as a recommendation only. The final decisions of the cabinet will be reported back to the next meeting of council assembly. When considering a motion, cabinet can decide to:
 - Note the motion; *or*
 - Agree the motion in its entirety, *or*
 - Amend the motion; *or*
 - Reject the motion.

KEY ISSUES FOR CONSIDERATION

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

BACKGROUND DOCUMENTS

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

APPENDICES

Number	Title
Appendix 1	Motion on the theme - Health and wellbeing priorities
Appendix 2	Southwark nurseries

AUDIT TRAIL

Lead Officer	Ian Millichap, Constitutional Manager		
Report Author	Lesley John, Constitutional Officer		
Version	Final		
Dated	13 September 2012		
Key decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Strategic Director of Health and Community Services	Yes	Yes	
Strategic Director of Children's Services	Yes	Yes	
Cabinet Member	No	No	
Date final report sent to Constitutional Team		13 September 2012	

APPENDIX 1**Motion on themed debate – Health and Wellbeing Priorities**

At council assembly on Wednesday 4 July 2012 a motion on the theme - Health in Southwark - was moved by Councillor David Noakes and seconded by Councillor Denise Capstick. The motion was subsequently amended and the amended motions stands referred to the cabinet as a recommendation

Recommendation

- (1) That council assembly recognises and thanks the dedicated health professionals in our borough who work so hard to improve the lives of Southwark residents in our hospitals, GP surgeries and our homes.
- (2) That council assembly welcomes the increase in life expectancy in the borough, but notes the significant health inequalities which still exist among Southwark residents.
- (3) That council assembly welcomes the return of responsibility for public health to local government and the formation of Southwark's shadow health and wellbeing board, to finally provide some democratic accountability for health provision in Southwark.
- (4) That council assembly noted and supports the four work areas that have been identified as priorities for the shadow health and wellbeing board in their first year: prevention or reduction of alcohol-related misuse; coping skills, resilience and mental wellbeing; early intervention and families; healthy weight and exercise.
- (5) That council assembly also noted that sexual health and drug addiction are major areas of public concern in the borough, which have a disproportionate impact on the health and wellbeing of a significant minority of our residents, and calls on the new shadow board to consider these issues.
- (6) That council assembly believes that a wider and more diverse board membership leads to more effective, accountable and representative decisions and outcomes. council assembly therefore calls for the health and wellbeing board to consider ways to involve other parties and representatives from the voluntary sector.

Comments of the Strategic Director of Health and Community Services

1. At its first meeting on 10 July 2012 the Shadow Health and Wellbeing Board identified four priority areas of focus: prevention or reduction of alcohol-related misuse; coping skills, resilience and mental wellbeing; early intervention and families; and healthy weight and exercise. It is recognised that the shadow board cannot do everything, nor should it override existing partnership work that is already delivering health improvements in Southwark. Rather the shadow Board will provide a specific focus to a number of areas where it can add particular value and lead change across organisations.

2. The board is also tasked with overseeing the development of a new health and wellbeing strategy for Southwark, based on a robust needs assessment. The board has therefore noted that while the four priority areas would be a focus for its work over the coming year, other issues identified via the needs assessment will inform the development and priorities of the new strategy.
3. As part of its public health responsibilities the Council will be taking on responsibility for leading the commissioning of sexual health and substance misuse treatment services from April 2013. The Council continues to work with local clinical commissioners and with local health trusts to provide services in an integrated way including through the developing integrated care programme for older people. The Council has also set out through its innovation funds a range of projects designed to improve health and wellbeing for disadvantaged people and the outcomes of these will need to be evaluated.
4. It is acknowledged that successful engagement with a wide range of organisations and stakeholders, including service users and the voluntary sector, is essential to addressing the health and wellbeing challenges faced by the borough. The board's current membership does indeed reflect a wide and diverse cross-section of the health and wellbeing sector, covering the local authority, the CCG, Kings College Hospital and King's Health Partners, LINKs, and the Metropolitan Police.
5. This decision was influenced by learning from other Southwark partnerships, and research undertaken by the Shadow Health and Wellbeing Planning Group into the approaches taken by other shadow boards into what works best in terms of accountability and effective decision-making. However board meetings are open to members of the public, and the board welcomes the contributions of interested parties in helping to develop its future agendas. As openness and transparency are intended to be at the heart of the work of the board, it therefore welcomes feedback on how well it is delivering against these and other objectives.
6. It will also be the role of board members to act as champions for the priority areas across all areas of their work including engagement with the voluntary sector.
7. Engagement with the voluntary sector on public health issues will also be addressed through other established partnerships and working groups (such as the Safer Southwark Partnership and Children and Families' Trust).

APPENDIX 2

Southwark nurseries

At council assembly on Wednesday 4 July 2012 a motion entitled Save Southwark nurseries was moved by Councillor Graham Neale and seconded by Councillor Catherine Bowman. The motion was subsequently amended and the amended motions stands referred to the cabinet as a recommendation.

Recommendation

- (1) That council assembly noted that Tenda Road and Bishop's House children's centres will remain open and this has always been the case and regrets the mendacious campaign by local Liberal Democrat councillors that gave the impression that these centres would close.
- (2) That council assembly noted that the consultation will continue until 31 July 2012 and urges parents and relevant stakeholders to submit their views.
- (3) That council assembly also noted that Southwark has had a real terms cut of 25% of its budget in the last 2 years – far greater than other local authorities including more affluent boroughs like Richmond.
- (4) That it noted the hypocrisy of the local Liberal Democrat MP for Bermondsey and Old Southwark, Simon Hughes, to campaign against nursery closures while voting to cut their funding.
- (5) That council assembly calls on the leaders' of each political group on the council and the local MP to write a joint letter to the Liberal Democrat Children's Minister, Sarah Teather MP, urging her to rethink her cuts to nursery funding.

Comments of the Strategic Director of Children's Services

1. The public consultation on the proposal to phase out childcare provision at South Bermondsey Children and Families' Centre and Bishop's House Children's Centre concluded on 31 July 2012.
2. On 23 August 2012, the Cabinet Member for Children's Services considered the outcomes of the consultation and took the decisions detailed in the report: 'South Bermondsey Children and Parents' Centre and Bishop's House Children's Centre - report back on initial consultation', full details are available on the council's website at: <http://moderngov.southwark.gov.uk/ieDecisionDetails.aspx?ID=3230>

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