

Cabinet

Tuesday 20 November 2012

4.00 pm

Ground Floor Meeting Room GO2A, 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

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

Councillor Fiona Colley

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Contact

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Or email: everton.roberts@southwark.gov.uk; paula.thornton@southwark.gov.uk

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

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 12 November 2012



Cabinet

Tuesday 20 November 2012

4.00 pm

Ground Floor Meeting Room GO2A, 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. NOTICE OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING, AND ANY REPRESENTATIONS RECEIVED

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To note the items specified which will be considered in a closed meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

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

5. 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.

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6.	MINUTES	2 - 9
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7.	DEPUTATION REQUESTS	
	To consider any deputation requests.	
8.	FUTURE OF LIVESEY MUSEUM	10 - 19
	To confirm Treasure House as the preferred organisation for future use of the former Livesey Museum.	
9.	REGENERATION RISK REGISTERS AND ARCHIVE RECORDS OF HOUSING ESTATES (REPORT OF OVERVIEW AND SCRUTINY COMMITTEE)	20 - 22
	To consider the recommendations of overview and scrutiny committee in respect of risk registers and archive records of housing estates.	
10.	ECONOMIC WELLBEING STRATEGY FOR SOUTHWARK 2012 - 20 AND RESPONSE TO THE FINAL SCRUTINY REPORT ON EMPLOYMENT AND UNEMPLOYMENT IN SOUTHWARK	23 - 54
	To approve the proposed economic wellbeing strategy and to respond to the recommendations of the final scrutiny report on employment and unemployment in Southwark.	
11.	VIOLENT CRIME STRATEGY PROGRESS REPORT	55 - 72
	To note the progress made in delivering the recommendations set out in the violent crime strategy 2010/15.	
12.	CUSTOMER ACCESS STRATEGY	73 - 91
	To agree the customer access strategy.	
13.	MOVING TOWARDS A PRIMARY INVESTMENT STRATEGY	92 - 100
	To note the forecast demand for primary places and associated need for the creation of additional capacity within Southwark's primary estate.	
14.	HOME CARE ANNUAL CONTRACT PERFORMANCE REPORT	101 - 112
	To note the delivery of the contracts over the first twelve months.	

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15.	GATEWAY 1 - PROCUREMENT STRATEGY APPROVAL-SUPPORTED TRAVEL SERVICE FOR CHILDREN'S AND ADULTS SERVICES	113 - 129
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To approve the procurement strategy for children's and adults Services transport to undertake a competitive tender process to set up a framework arrangement to provide taxi transport services.

16.	COUNCIL TAX TECHNICAL REFORMS	130 - 144
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To note the intended detail technical reform changes to council tax legislation and agree recommendations to council assembly.

17.	POLICY AND RESOURCE STRATEGY 2013/14 TO 2015/16: SCENE SETTING REPORT	145 - 163
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To note the council's deliberations for the 2013/14 general fund revenue budget and agree the next steps in the budgeting process.

18.	REVENUE MONITORING REPORT FOR QUARTER 2, 2012/13, INCLUDING TREASURY MANAGEMENT	164 - 181
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To note the council's financial position against its budgets for 2012/13 as at the end of September 2012, and agree the budget movements as set out in Appendix A to the report.

19.	DISPOSAL OF 155-161 GORDON ROAD SE15	182 - 187
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To agree the disposal of the council's freehold interest in 155-161 Gordon Road, Nunhead, London SE15.

20.	MOTIONS REFERRED FROM COUNCIL ASSEMBLY	188 - 190
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To consider a motion referred from council assembly on 17 October 2012:

- Urgent help on St. George's Road

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.

Item No.

Title

Page No.

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

21. MINUTES

To approve as a correct record the minutes of the closed section of the meeting held on 23 October 2012.

22. FUTURE OF LIVESEY MUSEUM

23. DISPOSAL OF 155-161 GORDON ROAD SE15

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

Date: 12 November 2012



Notice of Intention to conduct business in a closed meeting, and any representations received

Cabinet 20 November 2012

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require that the council give a 28 notice period for items to be considered in private/closed session. This has been implemented through the publication of the council's forward plan.

The council is also required under these arrangements to give a further five days notice of its intention to hold the meeting or part of the meeting in private/closed session and give details of any representations received in respect of the private meeting.

This notice issued in accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 is to confirm that the cabinet meeting to be held on 20 November 2012 at 4.00pm, Council offices, 160 Tooley Street, London SE1 2QH will be held partly in closed session for consideration of the following items listed on the agenda:

Item 22: Future of Livesey Museum

Item 23: Disposal of 155-161 Gordon Road, London SE15

The proper officer has decided that the agenda papers should not be made available to the press and public on the grounds that they involve the likely disclosure of confidential or exempt information as specified in categories 1 - 7, of the Access to Information Procedure Rules of the Constitution. The reason for both reports is that they contain information falling within category 3: information relating to the financial affairs of any particular person (including the authority holding that information).

In most cases an open version of a closed report is produced and included on the agenda.

No representations have been received in respect of the items listed for consideration in closed session. Any representations received after the issuing of this notice will be reported at the meeting.

Ian Millichap
Proper Constitutional Officer
Dated: 12 November 2012



Cabinet

MINUTES of the OPEN section of the Cabinet held on Tuesday 23 October 2012 at 4.00 pm at the 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 Veronica Ward

1. APOLOGIES

Apologies for absence were received from Councillor Catherine McDonald.

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 12: Local Council Tax Reduction Scheme Addendum Report
- Item 17: Directly Funded Housing Delivery

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no disclosures of interests or dispensations.

4. PUBLIC QUESTION TIME (15 MINUTES)

There were no public questions.

5. MINUTES

RESOLVED:

That the open minutes of the meeting held on 25 September 2012 be approved as a correct record and signed by the chair.

6. DEPUTATION REQUESTS

There were no deputation requests.

7. REVIEW OF SERVICES RELATING TO DOMESTIC VIOLENCE AND ABUSE IN SOUTHWARK (REPORT OF THE HOUSING, ENVIRONMENT, TRANSPORT AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE)

RESOLVED:

1. That the recommendations of the review of services relating to domestic violence and abuse in Southwark be noted and Councillor Richard Livingstone, cabinet member for finance, resources and community safety brings back a report to cabinet in order to respond to the overview and scrutiny committee by December 2012.
2. That this response also take account of the impact of alcohol in respect of domestic violence and abuse.

8. RESPONSE TO THE OVERVIEW AND SCRUTINY COMMITTEE REVIEW OF RESIDENT INVOLVEMENT AND RESIDENT ASSOCIATION RECOGNITION AND GRANTS

RESOLVED:

1. That the measures that the council has in place to respond to the overview & scrutiny committee recommendations be noted and agreed.
2. That it be noted that the housing, environment, transport and community safety scrutiny sub-committee are undertaking a full scrutiny review in relation to tenants and residents association halls.

9. UPDATE ON ACTIONS ARISING FROM THE HOUSING AND COMMUNITY SAFETY SCRUTINY SUB-COMMITTEE ON THE FIRE SAFETY WORKS AT CANADA ESTATE

RESOLVED:

That the update and actions arising from the housing and community safety scrutiny sub-committee's investigation into the fire safety works at Canada Estate be noted.

10. SHELTERED HOUSING REMODELLING

RESOLVED:

Decisions of the Cabinet

1. That the outcome of the consultation with residents and the residents favoured options as set out below be noted:
 - a scheme based warden service is re-introduced in all of the schemes, from 8am to 4pm each week day
 - a dedicated handyman service is introduced to carry out minor repair jobs for residents in the council's sheltered housing schemes
 - a night time security visiting service is introduced to improve security at the sheltered housing schemes
2. That it be noted that officers propose to implement these service changes and that they are funded through the introduction of a service charge, based on an enhanced housing management model, which will be eligible for housing benefit. No existing tenants will be affected by the introduction of the service charge and the majority of prospective tenants are entitled to housing benefit that will cover the charge in the future.
3. That it is proposed that current residents who are not in receipt of housing benefit have their service charge paid through a transitional protection scheme, funded through savings on supporting people budgets. Transitional protection will apply to all qualifying tenants for the lifetime of their tenancy.
4. That it be noted that it is proposed that these changes are introduced from January 2013.
5. That it be noted that these proposals are subject to further consultation with the housing area forums and tenants council on 26 November 2012.

Decision of the Leader of the Council

6. That authority be delegated to the deputy leader and cabinet member for housing management, in consultation with the cabinet member for health and adult social care, to consider the outcome of consultation referred to in paragraph 5 of the report and take a decision on the proposals in the report.

11. LOCAL TAXATION REFORM - SECOND HOME DISCOUNT

RESOLVED:

1. That the intended technical reform changes to council tax legislation with regard to the new discretion to amend certain council tax discounts and exemptions be

noted.

2. That it be recommended to council assembly that they agree to remove the existing ten per cent discount awarded for second home properties with effect from the 1 April 2013, subject to consideration of the outcomes of the equality impact assessment.
3. That officers submit a further report in November with recommendations on the approach to any changes in respect of council tax discounts and exemptions.

NOTE: In accordance with overview and scrutiny procedure rule 22.1(a) (budget and policy framework) these decisions are not subject to call-in.

12. LOCAL COUNCIL TAX REDUCTION SCHEME

An addendum report was circulated setting out details of the transitional funding arrangements. This information was released by the government on the 18 October 2012 following the despatch of the cabinet report on 15 October 2012. The chair accepted the addendum report as urgent as in order to be eligible for transitional funding, authorities' CTRS schemes must meet the eligibility criteria set out by government. Authorities are required to approve their CTRS schemes by 31 January 2013 or have a 'default' scheme imposed on them which does not deliver the 10% reduction in expenditure. Any decision around the design and implementation of the CTRS scheme was therefore urgent as sufficient time must be allowed for consultation to take place and for officers to engage with software suppliers to attempt to implement the necessary solution.

RESOLVED:

1. That it be noted that following the abolition of Council Tax Benefit (CTB) by government from 1 April 2013, the council is required to adopt a Local Council Tax Reduction Scheme (CTRS) in its place by 31 January 2013 with a 10 per cent reduction in funding.
2. That the extent and outcome of the consultation together with the equality analysis undertaken following approval of the approach on the 17 July 2012 and proposals to further support communities be noted.
3. That the strategic director for finance and corporate services closely monitors the impact of CTRS on the council tax collection fund.
4. That an economic wellbeing strategy is implemented to mitigate the impact on claimants facing a reduction in benefit that includes a programme of benefit maximisation undertaken via the council's Rightfully Yours service.
5. That financial inclusion and responsibility are promoted through the provision of budgeting, employment and arrears advice in partnership with relevant external organisations and support networks including London Mutual credit union, Jobcentre Plus and local advisory services.
6. That officers consider how to establish a welfare hardship fund to mitigate some of

the impact of the benefits changes to protect the most vulnerable, as part of the 2013/14 budget process.

7. That the proposals from government in relation to the option for transitional funding (paragraphs 3 – 7 of the addendum report) be noted and that officers engage with government to clarify the qualifying conditions for securing the funding within the framework of Southwark's preferred council tax reduction scheme (CTRS).

That it be recommended to council assembly:

8. That the Section 13A Local Government Finance Act 1992 Policy (to be amended by the Local Government Finance Bill 2012) which forms the basis of the regulatory framework for the scheme be adopted.
9. To adopt the preferred CTRS (Council Tax Reduction Scheme) option which will result in capping council tax support to 85 per cent of current entitlement levels and abolish Second Adult Rebate for non-pensioners in 2013/14.

NOTE: In accordance with overview and scrutiny procedure rule 22.1(a) (budget and policy framework) these decisions are not subject to call-in.

13. 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

RESOLVED:

1. That the council makes four or fewer Compulsory Purchase Orders ("Order[s]") 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 land and new rights within the areas edged on the plans at Appendix One of the report for the purpose of securing the regeneration of the Elmington Estate in accordance with decisions taken by cabinet on the 22 March 2011.
2. That the Director of Regeneration be authorised to:
 - (a) determine the powers and implement the optimum number of Order[s] to deliver the overall regeneration aspiration;
 - (b) take all necessary steps to secure the making, confirmation and implementation of the Order[s] 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 all interests in land within the Order[s] areas either by agreement or compulsorily;
 - (d) approve agreements with land owners setting out the terms for the withdrawal of objections to the Order[s], including where appropriate seeking exclusion of from the Order[s];
 - (e) amend the boundaries of the areas edged on the plans at Appendix One; or

- (f) amend the number of leasehold acquisitions in Appendix Two, should it be required.

14. GATEWAY 2: CONTRACT AWARD APPROVAL CONSOLIDATED FACILITIES MANAGEMENT CONTRACT FOR 160 TOOLEY STREET, LONDON SE1 2QH

RESOLVED:

1. That the award of the consolidated facilities management contract for 160 Tooley Street to Interserve Plc for a period of 5 years commencing 1 February 2013 with the provision to extend at the council's discretion for up to a further 2 years be approved.
2. That it be noted that the award is for the standard bid retaining the in-house elements of the council's Tooley Street facilities management service for the reasons set out in paragraphs 46 to 48 of the report.

15. SOUTHWARK 2012: EVALUATING THE PROJECT AND SECURING A LEGACY FROM LONDON 2012

RESOLVED:

1. That the Southwark 2012 evaluation report (Appendix A of the report) agreed by the Olympic Delivery Board on the 27 September 2012 be noted.
2. That the Olympic Delivery Board, all officers and partners are thanked for their efforts in delivering the Cabinet's London 2012 vision.
3. That a new 'Legacy Board' be created to ensure that a lasting legacy from London 2012 is realised and felt by Southwark's residents.

16. REPORT FROM THE LONDON BOROUGH OF SOUTHWARK INDEPENDENT COMMISSION ON THE FUTURE OF COUNCIL HOUSING

Jan Luba, Queen's Counsel (QC), supported by Paul Hackett, Director of the Smith Institute presented the report to cabinet.

RESOLVED:

1. That the report of the independent commission on the future of council housing in Southwark (report received and made publicly available on Monday 15 October 2012) be formally received by the cabinet.
2. That officers be instructed to undertake a detailed review of the report and draw up a plan for engaging residents in an extensive and wide-ranging debate on its analysis, findings and conclusions; the community engagement plan to be agreed by cabinet in December 2012.

17. DIRECTLY FUNDED HOUSING DELIVERY

This item had not been circulated five clear days in advance of the meeting. The chair agreed to accept this item as urgent as due to London-wide shortage of affordable housing, the council's housing waiting list was growing on a monthly basis. This general shortage, as well as placing extra financial pressures on the council through a duty to house individuals in need in temporary accommodation, has left many individuals in Southwark in need of decent stable housing. The council has set an indicative development programme for delivery of phase 1 of directly funded housing as referenced at paragraph 43 of the report to take steps to address this housing need with the first stage of delivery by November 2013. Delivery by 2013 will require work to begin on gateway reports for Willow Walk, Nunhead Green and the East Dulwich Estate before the end of October 2012. Failure to begin to deliver phase 1 by November 2013 will by implication lead to a continued higher financial burden on the council and continued higher level of local housing need.

RESOLVED:

Decisions by the Cabinet

1. That a range of priorities and the outline delivery mechanisms, as outlined in paragraphs 23-25 of the report, for the development of new homes using the affordable housing fund be agreed.
2. That the schemes listed at paragraph 41 of the report be worked up in accordance with the individually identified recommendations as phase 1 of an overall programme for direct delivery of new council housing on council owned sites.
3. That proposals for an extra care facility at Cator Street as part of phase 1 be worked up, to assist with meeting the objectives of the Housing Strategy (2009-2016), Older People's Delivery Plan and the Council's Future Vision for Social Care to deliver a further 150 units of extra care housing and increase housing choices for adults living with a disability.
4. That it be agreed that formula rents are charged for new social rent homes.
5. That the conclusions drawn from the Grant Thornton report on financing new homes delivery and the analysis of costs by Davis Langdon that inform the conclusions be noted.
6. That officers be instructed to establish a financial and governance framework to generate and manage resources to deliver the programme.

Decision by the Leader of the Council

7. That approval for the procurement approaches for the Sumner Road scheme in Phase 1B be delegated to the deputy leader and cabinet member for housing management.

EXCLUSION OF PRESS AND PUBLIC

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

18. MINUTES

The closed minutes of the meeting held on 25 September 2012 were approved as a correct record and signed by the chair.

19. GATEWAY 2: CONTRACT AWARD APPROVAL CONSOLIDATED FACILITIES MANAGEMENT CONTRACT FOR 160 TOOLEY STREET, LONDON SE1 2QH

The cabinet considered the closed information relating to this report. See item 14 for decision.

The meeting ended at 5.55pm.

CHAIR:

DATED:

DEADLINE FOR NOTIFICATION OF CALL-IN UNDER SECTION 21 OF THE OVERVIEW AND SCRUTINY PROCEDURE RULES IS MIDNIGHT, 31 OCTOBER 2012.

WITH THE EXCEPTION OF ITEMS 11 AND 12 WHICH FORM PART OF THE BUDGET AND POLICY FRAMEWORK AND ARE THEREFORE NOT SUBJECT TO CALL-IN, 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. 8.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Future of Livesey Museum	
Ward(s) or groups affected:		Livesey	
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 building has been much loved over a long time by the community and the closure of the Children’s Museum in 2008 left a gap in this part of Peckham. Sadly a previous exercise in finding a good use for the building did not end in a new use and new developments. The Livesey building is tied to the terms and conditions of its charitable foundation and any user and use must be agreed by the Charity Commission. I am confident that having initiated another bidding round we now have an organisation which will meet the terms of the trust, using the building for broad educational purposes and developing community facilities. We look forward to working with Treasure House on the next stages of bringing this building back to life.

RECOMMENDATIONS

1. That Cabinet confirms Treasure House as the preferred organisation for future use of the former Livesey Museum subject to a cy-pres scheme being agreed by the Charity Commission.
2. That officers be instructed to progress negotiations to grant a lease for the former Livesey Museum to the Treasure House organisation for the purposes set out in paragraphs 24-33 below.

BACKGROUND INFORMATION

3. The London Borough of Southwark is the trustee of the building on the Old Kent Road now known as the Livesey Museum for Children. The museum was bequeathed by George Livesey, a local benefactor, to the Commissioners for Public Libraries and Museums for the Parish of Camberwell in 1890 as a free public library for the beneficiaries of the trust. The conveyance states that *“the said commissioners shall hold the said hereditaments and premises upon trust to permit the same to be used for the purposes of a Public Free Library for the benefit of and by the ratepayers, inhabitants and residents of the Parish of Camberwell”*.
4. Southwark became the legal owner and trustee of the building by means of statutory devolution. The trust did not provide any revenue support for the running of the library. The beneficiaries are people living within the original boundary of the Parish of Camberwell which includes the area known both now and at the time as Peckham, and is considerably larger than the area now known as Camberwell.

5. The Council relocated its library provision to a nearby site in 1966 and the Livesey building closed to the public. The use of the building then changed from a public library to a museum for children when it reopened in 1974. At this stage, the Council became in breach of the trust conditions.
6. During budget setting in February 2008, the Council took the decision to close the Livesey Museum for children alongside a series of other service reductions.
7. The Council, as trustee of the building is obliged to find an appropriate use for the assets of the trust, which are the land and the buildings of the "Livesey" site at 682 Old Kent Road.
8. Following the closure of the Livesey, the Council undertook a consultation process, with a view to approaching the Charity Commission with a "cy-pres" scheme as the Charity Commission expected the Council to produce a scheme which would be as near as possible to the original objectives of the trust. These are set out in full in paragraph 3 above.
9. Since then, the Council has been seeking to identify an alternative user based on the following two key criteria:
 - Proposals must meet the original objectives of the trust
 - Proposals must be financially viable with secure and robust revenue arrangements as well as funding for any associated capital works that schemes may require.

KEY ISSUES FOR CONSIDERATION

10. Following an earlier unsuccessful attempt to secure a user, a more recent call for expressions of interest was sent out in September 2011 and three responses were received and considered by an officer panel. Information on each of the expressions of interest is set out below, whilst additional information is provided in the closed report.

Expressions of interest

IG UK

11. IG is a private limited company (PLC), currently based in Hackney. The organisation has operated for over ten years, offering vocal and music tutoring, song writing, training for teacher INSET, audio production and event management. It has an established track record of working in partnership with local authorities and in April 2011 was awarded "Outstanding" by OFSTED for work leading singing in schools and across a wide range of community groups in London.
12. IG has good links in Southwark having worked initially with Peckham Action Zone and then Excellence in Southwark. It has also delivered the "Sing inspiration" vocal programme working with the Southwark based Richard Mallett Arts Management organisation, involving approximately 6,500 Southwark schoolchildren and students since 2007.

13. The organisation also works to establish and develop choirs for adults. This includes delivering adult workshops and training days for teachers as well as leading adult choirs.
14. IG co-ordinates programmes culminating in performances at high status venues including the Royal Albert Hall, the Festival Hall, Goldsmiths College and others.

Proposal for the Livesey

15. IG detailed proposals for the Livesey. Their service offer includes provision of a range of teacher training courses, delivery of a wide range of vocal programmes, musicianship training, music technology workshops and use of the building as a live music venue.
16. The proposal also includes provision of a community café at the rear of the building and hire of space as means of generating income.
17. The business plan identifies Southwark Schools as target customers. IG already works with a number of 25 Southwark schools and would look to increase this. The organisation would also continue to work with a range of partner organisations including Southwark Music Service, Hackney Music Service, Sing up London Community partnership and others.
18. The financial assessment is covered in the closed report.

People Empowering People

19. People Empowering People (PEP) is a Company Limited by guarantee. At time of application the company was considering applying for charitable status.
20. PEP's proposal for the Livesey is to establish a "multi-use" centre providing a mother and toddler group, bingo club, kick boxing lessons, table tennis, netball meetings, youth dance, luncheon clubs, ICT classes, literacy and numeracy courses and a range of other activities as well as offering space for hire.
21. The application sets out a wide and ambitious range of services that PEP wishes to offer, but lacks detail or information about capacity to deliver the programme or experience in managing similar services elsewhere.
22. The application lists a number of projects that PEP has delivered with the support of Council funding. These include a range of community events focused primarily on the Unwin and Friary estates. More recently PEP was funded to deliver an event for Black History Month.
23. The financial assessment is covered in the closed report.

Treasure House

24. Treasure House is a Community Interest Company (CIC) limited by guarantee and has been working since March 2009 with students aged 13-19 who have not been able to access mainstream school for a variety of reasons, including health or disability, but not including behavioural problems.
25. Young people aged 14-19 attend Treasure House study for GCSE and A -levels in core subjects, in small pupil: teacher ratios, including one to one tuition.

Capacity in the current location is for 8 young people. This would rise to 15 at the Livesey where a move from the current system of referrals to full time placements could be made.

26. The organisation has plans to establish a friends group as a charitable wing, enabling additional fund raising activity to take place.
27. Treasure House already has good links within Southwark, including with Children's Services, Education Welfare, Connexions and a range of individual schools.
28. Treasure House is currently and temporarily based in the old Lilian Baylis School in Lambeth but wishes to relocate in order to secure longer term and better premises and to expand and develop their service. Several of their current students are resident in Southwark.
29. The financial assessment is covered in the closed report.

Proposal for the Livesey

30. In addition to expanding the core service offer, as set out in paragraphs 24-28 above, Treasure House would implement and develop a broader offer of community activity in order to fulfil the requirement of the Trust to benefit the residents of the former Parish of Camberwell in the wider sense.
31. An indicative programme of community activity has been submitted, including:-
 - Establishing a creative resource bank including textbooks, worksheets, course outlines and programmes, musical instruments, images, sound files, videos, reusable art materials and onsite facilities including pottery equipment and a photography darkroom
 - A specific project to collect memories of the Old Kent Road, through collecting oral, visual and printed materials
 - Offering a range of community learning opportunities in partnership with other providers, including adult literacy and numeracy, ESOL, etc.
 - Art classes for adults and children
 - Photography courses
32. The proposal to establish a creative resource available for use by local people relates closely to the original object of the Livesey Trust – that of provision of a free public library for residents of the former Parish of Camberwell.
33. Treasure House has indicated a wish to deliver the core business of tutoring children from the upper levels of the Livesey building, leaving the ground floor and rear grounds available for community use during the day time, with appropriate safeguarding systems in place. This includes making the entire building could be made available to the community for the 13 non-term weeks of each year and in addition to this, spaces not used to deliver the core business would be made available for hire in order to generate income.

Assessment of proposals

34. A call for expressions of interest during 2011 resulted in three submissions being received. These were from IG UK, Treasure House and People Empowering People.
35. The first stage of the process was to carry out an assessment of the submissions for how the organisation proposed to operate and maintain the buildings, how they would develop over a ten year period, why they wanted to be based there and how their activities would benefit local people.
36. In addition to this, the organisations were required to demonstrate their track record of delivering projects to budget, how they would resource their plans for the Livesey and also the financial experience within their teams.
37. The scoring for each bid was based on an allocation of 50% weighting for the financial offer and 50% for the quality of the proposal. The initial assessment identified the Treasure House bid as being the strongest overall in terms of both quality and finance and as responding more strongly to the issues set out in the call for expressions of interest. The IG UK bid came in at second place.
38. Following this assessment, IG UK and Treasure House were invited to attend a meeting with an officer group to explore their proposals in more detail. A closer examination of the financial status of both organisations was also undertaken as well as being discussed in the meetings.
39. Both the IG UK and Treasure House applications offer clear community benefits.

Advice from the Charity Commission

40. The Charity Commission has been advised of the recommended proposal for the Livesey Museum and will issue a cy-pres scheme dependant on its satisfaction with Treasure House, any proposed new scheme for the building and on the outcome of the consultation described in paragraph 41 below.
41. The Charity Commission has advised that it will consider preparation of a cy-pres scheme following further local consultation on the Treasure House proposals should they be approved by Cabinet. Should Cabinet agree the recommendations of this report, an open day will be held at the Livesey building in January 2013, giving local people an opportunity to see and discuss the proposals of Treasure House and to put ideas forward. Officers will capture feedback from participants to inform our response to the Charity Commission.

Community impact statement

42. The former Livesey building has stood empty since April 2008. This is despite several attempts to secure an appropriate user.
43. Recommendation one, of this report to confirm Treasure House as the preferred organisation for future use of the former Livesey Museum will not only bring the building back into use but will have positive impacts on the surrounding community.

44. The provision of formal educational opportunities leading to examinations, for children otherwise unable to access mainstream education will offer some of the most vulnerable Southwark children the chance to complete their studies and to go on to either further education or the world of work. Treasure House's links with the Council's Children's Services, Education Welfare, Connexions and a number of individual schools will ensure that appropriate referrals are made and that children most likely to benefit from their service will be identified.
45. Proposals to establish a friends group for Treasure House will enable local people to participate in the planning, promotion and development of the Livesey and to ensure that local communities are consulted and involved in service planning and delivery.
46. Treasure House also proposes to establish a resource bank for local people including educational materials and facilities for arts activity which will be available to local people as part of the planned wider service offer. These facilities will enhance the learning, leisure and well-being opportunities of the local community.
47. No negative impacts on any community are envisaged should the recommendation to proceed with Treasure House be adopted.

Risk analysis

48. The most significant risk to this proposal is the possibility of a major building failure following the granting of a full repairing lease. If such a failure occurred and was of a magnitude that Treasure House was unable to fulfil the repairing lease requirements, then the building would need to revert back to the Council.
49. Treasure House has commissioned an independent condition survey which will report shortly. The results of the survey will indicate the extent of any outstanding works required to the building, providing a full context for management of the premises.
50. There is a further risk that any organisation being granted a lease for the building may have revenue challenges that potentially lead to the surrender of the lease. Financial assessments of all three organisations are set out in the closed report.
51. The Charity Commission will issue a cy-pres scheme for the building subject to consideration of feedback from consultation. It is not envisaged that the services to be offered by treasure House would be problematic to the issuing a new scheme as they are not significantly different to those that were approved in the earlier Theatre Peckham Scheme. However, a low level residual risk remains.

Financial implications

52. The Livesey Museum for Children closed in March 2008, following a decision to cut the entire budget of this service as part of a wider programme of savings. The budget for the Museum totalled £140,000 per annum.
53. There is no budget allocation against this building although costs have been incurred each year since the service closed. These are unavoidable costs relating to security, rates and essential building maintenance. In the last full financial year (2011/12) a total of £12,987 was expended on the building, which

had to be contained within the Arts and Heritage service budget. These costs would cease if a lease were to be granted to another organisation.

54. All organisations submitting proposals to take on the building were asked to submit financial details. There are some considerations regarding the financial sustainability of one of the organisations and these are examined in more detail in the closed report.
55. There are no capital or revenue implications foreseen, as a result of implementing the proposal, as it is envisaged that the occupier would be required to enter into a full repairing lease.
56. On conclusion of the negotiations with the preferred user, a full financial risk assessment will be carried out before making the final decision to grant the lease.

Property implications

57. Negotiations to agree the terms of a lease have yet to commence, however the proposed rent will be at a peppercorn with the new tenant responsible for insuring and maintaining the building.
58. The term of the lease will need to balance the requirements of the new tenants and that of the trustees of the building. A suitable break clause may also be inserted.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services (IM/15/10/12)

59. As Trustee, the council is under a duty to carry out the objects of the Trust in accordance with the Trust Deed and to act with the utmost good faith in all its dealings in the affairs of the Trust. This means the council is required to avoid undertaking activities that would place the assets and funds of the Trust at undue risk.
60. The council holds the building on a charitable Trust for use as a free public library but has been in breach of trust since the 1960s when the building ceased to be used as a Library. At that time the council became subject to an obligation to apply for a cy-pres scheme to alter the objects of the Trust and this can only be done by means of an application to the High Court or to the Charity Commission.
61. An application to the Charity Commission for the purpose of remedying the breach of Trust was drafted and initial negotiations took place with the Charity Commission as to the terms of the cy-pres scheme during 2009 and early 2010. The negotiations with the Charity Commission were not progressed forward whilst the viability of the proposal from Theatre Peckham was investigated. As the proposal from Theatre Peckham did not ultimately proceed the cy-pres scheme to alter the objects of the Trust has not as yet been registered. The Charity Commission has indicated that they do not propose to take any action until the council come back to them with its proposals for a scheme. Negotiations with the Charity Commission as to the terms of the cy-pres scheme have been re-started.

62. With regard to the possible transfer of the building for use within the objects of the Trust, Cabinet is informed that land held by a charity or in Trust for a charity cannot be conveyed, transferred, leased or otherwise disposed of without the order of the Court or the Charity Commission unless the disposition is exempted under the Charities Act 2006. In this case because of the need for a cy-pres scheme, the consent of the Charity Commission will be required before the transfer can take place.
63. With respect to the proposal that the building be re-opened, Cabinet is informed that the council would remain the Trustee of the Trust. However, as the use of the building for objectives of an educational or cultural nature is contrary to the objects of the Trust, a cy-pres scheme to allow the use of the building for these objectives would have to be approved by the Charity Commission.
64. The Charity Commission's published guidance suggests that local authorities acting as sole trustees should be asked to consider stepping aside to allow a representative and non-conflicted board of trustees to take their place. However, in a case involving Dartford Borough Council, the Charity Commission found that it was appropriate for the council to remain as trustee of the continuing property of a trust, since it was effectively marooned within other council property.
65. However, the court found that inadequate governance mechanisms were in place to deal with the Council's potential for conflicts of interest. It ordered that the committee responsible for managing the property should include a quorum of non-conflicted members who are not otherwise connected to the Council. Should we re-open the building or continue the Trust it is likely that we will have to address this issue and form a management committee.
66. Which ever scheme Cabinet decides upon, the Charity Commission would need to be satisfied that it is in the best interest of the charity and is as close to the original objects as possible. The Charity Commission would also wish to be satisfied that the new use of the building is suitable and effective in the light of the current social and economic circumstances.
67. Treasure House is a community interest company ('CIC'). CIC's are governed by the Companies (Audit, Investigations and Community Enterprise) Act 2004 and set up under the formalities of the Companies Act 2006. It is a form of limited company (either limited by shares or by guarantee, either private or public).
68. A CIC must have the specific aim of providing a benefit to a community, and it must use its assets and profits to benefit that community i.e. for the public good. Throughout its lifetime it must meet this community interest test.
69. The Charity Commission needs to confirm that it is satisfied that the proposal for the Livesey Museum meet the objects of the Trust which will include confirming that Treasure House's objectives are wholly charitable in nature. Officers are currently in discussion with the Charity Commission in relation to both points.

Strategic Director of Finance and Corporate Services (CR/F&CS/24/10/12)

70. The report seeks Cabinet's confirmation that Treasure House be appointed as the preferred organisation for future use of the former Livesey Museum subject to a cy-pres scheme being agreed by the Charity Commission. It also seeks approval for the officers to be instructed to progress and conclude negotiations to grant a lease to the Treasure House organisation.

71. The Strategic Director notes the resource implications, including further financial and risk assessment work to be carried out before granting a lease. In the event that Treasure House do not take up a lease the council will need to revisit the long term viability of the building.
72. Officer time to effect the recommendations are contained within existing budgeted revenue resources.

Head of Property Services

73. The Livesey Building is currently occupied by 'live in' guardians who provide security through occupation. Whilst the cost of this service is minimal the cost of maintaining services and utilities to the building is significant.
74. Since the closure of the Livesey museum in 2008, this grade II listed building has incurred minimal expenditure with regard to ongoing repairs and maintenance. The building will however require continued investment to maintain this asset or it will deteriorate with significant cost implications in the future.
75. It is likely that upon any proposed reopening, major capital expenditure will need to be committed to make the building secure and compliant. Notwithstanding any adaptations that may also be necessary at that time. Treasure House are aware of this and have commissioned a specialist surveyor to advise on the current condition of the building and the cost implications of their proposed occupation and activities.
76. If Cabinet approves Treasure House as the preferred tenant for the Livesey building the Property team will agree appropriate terms for the lease. In particular the repair and maintenance obligations of the building will become the new tenant's responsibility.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Livesey Museum Consultation Plan IDM September 2008 http://moderngov.southwark.gov.uk/mglssueHistoryHome.aspx?IId=50000151&Opt=0	160 Tooley Street, London SE1	Adrian Whittle 020 7525 2388
Approval of cy-pres Scheme for the Livesey Museum Executive Report September 2009 http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=118&MId=3065&Ver=4	160 Tooley Street, London SE1	Adrian Whittle 020 7525 2388
Livesey Museum Update and Options Cabinet Report June 2011 http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=3813&Ver=4	160 Tooley Street, London SE1	Adrian Whittle 020 7525 2388

Background Papers	Held At	Contact
Livesey Museum Update and Options Cabinet Report February 2012 Livesey Museum Update and Options Revised Recommendations http://moderngov.southwark.gov.uk/ie/ListDocuments.aspx?CId=302&MId=3820&Ver=4	160 Tooley Street, London SE1	Adrian Whittle 020 7 525 2388

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Veronica Ward, Culture, Sport, the Olympics and Regeneration (South)		
Lead Officer	Deborah Collins, Strategic Director of Environment & Leisure		
Report Author	Adrian Whittle, Head of Culture, Libraries, Learning & Leisure		
Version	Final		
Dated	12 November 2012		
Key Decision?	Yes	If yes, date appeared on forward plan	January 2012
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	
Head of Property Services	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team	12 November 2012		

Item No. 9.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Regeneration Risk Registers and Archive Records of Housing Estates (Report of Overview & Scrutiny Committee)	
Ward(s) or groups affected:		All	
From:		Overview & Scrutiny Committee	

RECOMMENDATION

1. That Cabinet considers the recommendations of Overview & Scrutiny Committee in respect of risk registers and archive records of housing estates and responds to the committee by February 2013.

BACKGROUND INFORMATION

2. At its meeting on 15 October 2012, Overview & Scrutiny Committee considered reports on the management of risk in major regeneration projects and major works on the Four Squares Estate.

Management of Risk in Major Regeneration Projects

3. The committee received a deputation from the Elephant Amenity Network, focussing on the Elephant & Castle and a briefing from officers on management of risk. A general concern amongst members of the committee was that members of the public should be able to view and understand the council's risk registers in respect of major regeneration projects. This would demonstrate how seriously the council was taking possible risks and the steps it was taking to mitigate them.
4. The Elephant Amenity Network raised concerns that the local plan would not be compliant with the new National Planning Policy Framework (NPPF) which emphasised, "the need for careful attention to viability to ensure that development plans are deliverable (paragraph 173) and...that the Council show that necessary infrastructure can be brought forward in timely fashion to serve the proposed allocations" (NPPF website). The Elephant Amenity Network queried compliance as a result of the £101m funding gap in respect of the transport infrastructure. The Elephant Amenity Network was also concerned that bringing the regeneration plans into line with paragraph 173 of the NPPF would mean that the public benefits of the regeneration, such as sustainability, would be dropped and the commercial side of the scheme favoured. Ensuring viability might incur a disproportionate amount of the borough's Community Infrastructure Levy (CIL) being spent on the Elephant regeneration.
5. The committee also considered whether the systems at Planning Committee were sufficiently flexible and responsive to the needs of large and complicated regeneration schemes and was interested to find out about the use of affordable housing review mechanisms.

Major Works on the Four Squares Estate

6. The committee also received a briefing from the strategic director of housing and community services in respect of major works on the Four Squares Estate. Members asked whether the council had clear and accessible records as to which other estates in Southwark had been built by Wates in the 1970s. The strategic director explained that many records had been archived. Members felt that the quality of archives generally might be in question.
7. Members of the committee also noted that a full-scale structural survey of the estate had not been carried out prior to the letting of the major works contract and that subsequently the civil engineering firm Arup had been asked to undertake a survey to look at the possible causes of ground movements. The committee was keen to receive a report back on the result of the Arup survey and at the same time raised questions about whether Arup being the original structural engineer for the estate introduced a conflict of interest.

DECISIONS OF OVERVIEW & SCRUTINY COMMITTEE

Management of Risk in Major Regeneration Projects

Recommendations to Cabinet:

- that Cabinet explore ways in which regeneration risk registers can be placed online in a form digestible to the public
- that Cabinet be invited to review relevant risk logs in the light of paragraph 173 of the National Planning Framework

Recommendations to Cabinet Member:

- that the Leader be asked to look into creating more responsive and flexible systems at Planning Committee in order to process applications which relate to large and complicated regeneration schemes such as the Heygate, perhaps using Camden Council's approach to King's Cross as a model

Recommendations to Officers:

- that planning officers be asked to provide a briefing note on the use of affordable housing review mechanisms, including within phased developments, and whether the council's current approach has been successful in clawing back additional affordable units from developers

Major Works on the Four Squares Estate

Recommendation to Cabinet:

- that Cabinet be asked to assess the quality of archives in respect of construction of housing estates and consider whether additional investment is merited

Recommendations to Cabinet Member:

- that the cabinet member for housing be asked to consider the undertaking of more full structural surveys before any major works contract is let

Recommendations to Officers:

- that officers report back to the November meeting of Overview & Scrutiny Committee on the results of the Arup survey
- as part of the report back, that officers confirm the Strategic Director of Finance and Corporate Services' understanding in respect of Arup being the original structural engineer for the estate

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Agenda, Overview & Scrutiny Committee 15 October 2012	Scrutiny Team 160 Tooley Street London SE1 2QH	Peter Roberts 020 7525 4350

AUDIT TRAIL

Lead Officer	Shelley Burke, Head of Overview & Scrutiny	
Report Author	Peter Roberts, Scrutiny Project Manager	
Version	Final	
Dated	7 November 2012	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	N/a	N/a
Strategic Director of Finance and Corporate Services	N/a	N/a
Chief Officers	N/a	N/a
Cabinet Member	N/a	N/a
Date final report sent to Constitutional Team		7 November 2012

Item No. 10.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Economic Wellbeing Strategy for Southwark 2012 – 20 and Response to the Final Scrutiny Report on Employment and Unemployment in Southwark	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Claire Hickson, Communities and Economic Development	

FOREWORD – COUNCILLOR CLAIRE HICKSON, CABINET MEMBER FOR COMMUNITIES AND ECONOMIC DEVELOPMENT

This new economic wellbeing strategy has been developed to help us deliver a fairer future for the people of Southwark.

Since we last updated our economic development strategy in 2010, the economy has experienced the longest double-dip recession since the Second World War; changes have been made to the welfare system that will have a significant impact on Southwark residents; and cuts to our own budget and other sources of funding mean we have fewer resources to invest in the local economy or to help those in need.

This requires a new strategy which focuses on how we can have most impact with fewer resources and on how we can help families cope with the challenges they face.

Our position in London brings opportunities. The opening of the Shard and major regeneration schemes provide jobs and demonstrate that we are open for business. We also are in easy reach of millions of jobs London-wide. This new strategy aims to maximise the opportunities but also to ensure that we connect our communities with them, breaking persistent cycles of worklessness.

The council will seek to lift and keep families out of poverty and improve the life chances and social mobility of the most disadvantaged young people, building on the work we have already done through the Community Restoration and Youth funds.

We aim to promote economic wellbeing by making Southwark a place:

- where people, especially our young people, are equipped with the skills and ambition to make the most of our central London location;
- where businesses grow and prosper;
- where town centres thrive; and
- where our residents are financially independent.

This is all highly ambitious and the council cannot tackle these challenges alone. Making the strategy work will depend on building new and better partnerships with all the groups – government departments, businesses and voluntary organisations – that have a stake in Southwark’s economic future. In particular, we need to forge a new and better relationship with business in Southwark. Realising our ambitions will take more than individual initiatives – no matter how effective they are. All parts of the council will have to work together to deliver this strategy and enable our residents to access the skills and support they need to achieve economic wellbeing and ensure the borough is open and responsive to the needs of business.

RECOMMENDATIONS

That cabinet approves:

1. The proposed economic wellbeing strategy (Appendix 1);
2. Note implementation plans will be developed collaboratively across all council services and with our private, public and third sector partners;
3. Note the additional information provided as a specific response to the recommendations of the final scrutiny report on employment and unemployment in Southwark.

BACKGROUND INFORMATION

4. The current Southwark Economic Development Strategy was adopted by cabinet in 2010. However, very significant shifts in national government policy since 2010 have transformed the operational context for interventions to address labour market failures and support for business start-ups, growth and survival. The end of Working Neighbourhoods funding, the abolition of regional development agencies and the subsequent reduced funding opportunities and changed priorities of local enterprise partnerships mean that external, discretionary funding is no longer available to the council for volume interventions in the labour market or for substantial investment in business start-up and growth programmes.
5. Government expectations are based on private sector growth to provide additional job opportunities and growth out of the recession, while simultaneously, the Work Programme is expected to reduce dependency on work-related benefits and thus support the national welfare reform programme. This changing landscape makes it ever more important for the council to work with partners, and we can still change much by doing so.
6. The new strategy proposed in this report at appendix 1 states what the council will do to achieve economic wellbeing for individuals and businesses, creating working communities and recognising how our regeneration plans will support this.
7. The new strategy also addresses the recommendations made in the final Scrutiny Committee report “Employment and Unemployment in Southwark”, and appendix 2 of this report links each recommendation to the relevant economic wellbeing strategy ambitions.

KEY ISSUES FOR CONSIDERATION

8. The strategy addresses needs that have been identified and assessed from a variety of sources and evidence bases. Our employment rate is lower than the rate for London as a whole despite being in the same market for opportunities. The government's welfare reform programme will increasingly make getting into work the only option for many who currently depend on benefits, and at the point of introduction of these reforms, Southwark has one of the highest rates of health-related benefit claims, increasing numbers of long term unemployed adults as well as seeing a disproportionately sharp rise in youth unemployment. And Southwark is affected by the increasing rates of business failure and vacant high street properties that characterise the recession nationally.
9. Our strategy proposals are supported by national and local labour market data; experience from our current labour market interventions; engagement with employer representatives and skills providers; consultation, research on barriers to work and business market failures carried out for the 2010 Southwark Economic Development Strategy, our draft joint strategic needs assessment on child poverty, and conversations with business representative organisations about business engagement across the council.
10. The council is already engaged in a wide range of actions to improve residents' skills and employability and to promote business growth. These include supporting people furthest from the labour market, including people with learning difficulties, into work; the various Youth Fund employment projects; investment of S106 funds from development and regeneration in construction training; leveraging in external funds to support projects to get more residents into work; working with Jobcentreplus and other partners to make sure our efforts to improve employability and skills match employers' needs; helping businesses make a local impact and become better networked through the Community Restoration Fund; supporting new business start-ups and business survival. However, our new strategy seeks to go far beyond these actions in scope and to set out ambitions for the longer term.
11. Accordingly, four main ambitions have been identified in the new economic wellbeing strategy:
 - Employment – narrowing the gap with the London employment rate
 - Southwark – the place of choice to start and grow a business
 - Thriving town centres and high streets
 - Promoting financial wellbeing and independence

Making it happen

12. The new strategy sets out big ambitions, to be achieved in the long term in many cases. It is designed to be a framework for supporting our local economy, and therefore has to be flexible enough to respond to challenges, resources and partnership opportunities that become available. We are doing much to deliver them already with ambitious regeneration programmes in place at Elephant & Castle and in Peckham for example, but there will be much to do to make things happen, and our next steps will involve setting out more detailed plans to identify assets, extend

our engagement with partners and identify opportunities for further action.

13. Following approval of the strategy, the first step will be working collaboratively across all council services and with our private, public and third sector partners to develop implementation plans and targets. This level of ambition and change will be challenging, requiring partners to collaboratively tackle complex and multi faceted issues; to take immediate actions where we can; and create the basis for longer term changes where required. Within the council actions and targets will be incorporated into the council's performance management framework, council Plan, and into the relevant cabinet performance schedules. This will be done inline with annual review of Council Plan in summer 2013.
14. Meanwhile, the council has already set in motion further new actions to deliver these ambitions in the short term. These include:
 - Identification of "one-off" funding for pilot projects to extend the Youth Fund and support youth employment
 - Developing programmes to support families with multiple problems alongside the local delivery of the government's troubled families programme
 - Renewing the Children and Young People's Plan, gathering a 1,000 stories about living, working and growing up in Southwark that will influence the priorities of the council and partners in schools and health to help shape the future of services for children and families
 - The report of the Housing Commission, including consideration of the relation between housing provision, incomes and wellbeing
 - Development of the new Health & Wellbeing Strategy with recognition of the importance of work as a positive determinant of health
 - Establishment of a welfare reform working group to co-ordinate a consistent and clear approach by the council and partners to communicating how the reforms will impact, and giving information, advice and support for residents affected
 - Resolution by cabinet (October 2012) to support a programme of benefit maximisation undertaken via the council's Rightfully Yours service, and to promote financial inclusion and responsibility through the provision of budgeting, employment and arrears advice in partnership with relevant external organisations and support networks
 - Reviewing what support the council should commission for employment and enterprise in 2013-14 and beyond, including a review of the Youth Fund employment strand
 - Recruiting a new intake of 40 young people as apprentices (13 with our major works contractors)
 - Guidance on how to implement payment of the London Living Wage for Council contractors and sub-contractors
 - Amending the council's procurement process and guidance to help identify how procurement can support the aims of the strategy and comply with the Public Services (Social Value) Act
 - Reviewing how the council could make land and accommodation available to support business start-ups and growth

- Finding use for vacant land ahead of the Elephant & Castle regeneration (developing proposals for the old Shell Garage site on Walworth Road) to provide new business opportunities
- Reviewing how businesses access council services and developing options for a more effective portal

Employment and unemployment in Southwark – Final scrutiny report

15. Having considered the above report, cabinet resolved on 17 July 2012 to note its recommendations; to ask the cabinet member for communities and economic development to consider these recommendations in the context of the economic wellbeing strategy currently being developed, and to bring back a report to cabinet.
16. The new economic wellbeing strategy states our ambitions for Southwark's local economy. The scrutiny recommendations have been considered as part of the development of this strategy, and the links between the strategic ambitions and the recommendations from scrutiny are shown in appendix 2.

Policy implications

17. The proposed strategy is in line with the Council Plan and identifies cross-council actions to maximise value of council activity and partnership working in support of jobs, business and the financial wellbeing of residents.

Community impact statement

18. Set out below is an overview of the assessment of impacts on the community, this includes the equality analysis carried out. Specific measures and actions to address inequalities and assessment of the impact on protected characteristics in line with the Equality Duty will be developed as part of the implementation plans as relevant. The analysis will therefore be ongoing.
19. The economic wellbeing strategy will impact on the whole community in all wards including the borough's business community. One core aim of the strategy is to identify what actions the council and partners can take to remove the barriers and market failures that prevent certain sections of the community from being able to achieve their potential, participate in the economy and achieve financial independence and wellbeing.
20. For example ethnic minority employment is at 64.5% compared to a 73.1% employment rate for the overall White group. Similarly the female employment rate is 61% whilst the male employment rate is 72.9%; young people aged 18 – 24 are disproportionately affected by the recession in terms of rising numbers claiming Jobseekers Allowance by comparison with older groups.
21. Therefore the strategy and subsequent implementation plans will aim to reduce or remove barriers to work for specific groups and target those groups most likely to be over-represented in measures of employment deprivation (ex-offenders and young offenders, BME residents, women, young people, people with alcohol or drug dependency, homeless people, refugees, people with disabilities, the over

50s, those with mental health needs and families with young children, particularly lone parents).

22. Concentrations of worklessness match concentrations of social housing and the pattern of deprivation in the borough: wards where claimant rates are above average include Livesey, East Walworth, Nunhead, Peckham, Riverside, South Bermondsey, Camberwell Green, Grange, Newington, Rotherhithe, The Lane, Cathedrals, College, Faraday, Peckham Rye, Surrey Docks.
23. The council is currently reviewing its commissioning arrangements for employment and enterprise support, with a view to implementation of a new approach in 2013-14. As part of the review, project monitoring arrangements will be reassessed in line with changes to the council's equalities monitoring guidance to ensure capture of detailed information about impact on intended target groups and protected characteristics as relevant to individual projects.
24. Areas of the borough with concentrations of worklessness and claimant rates also show low job and business density in local town centres such as Peckham, Camberwell, Bermondsey and the Elephant and Castle. The new economic wellbeing strategy re-emphasises the need to support enterprise activity in town centres and high streets to encourage business start ups and growth and provision of local employment opportunities close to where workless residents are concentrated. Caring responsibilities, and the cost and accessibility of transport are barriers for many priority groups such as parents, lone parents and people with poor health and disabilities who often need flexible or part time work close to home.
25. Making Southwark the place to start and grow a business, and stimulating town centres and high streets supports the creation of an environment in which business activity from all sections of the community can flourish, including young people, women, BME groups and people with disabilities who are under-represented in business ownership. Self employment and business start up are likely to be increasingly important options for groups already suffering unemployment disproportionately in the fiercely competitive London job market.
26. Our ambitions that Southwark should be a better place to do business and to see our high streets and town centres thrive require that we deal fairly and appropriately with the sometimes conflicting requirements of different individual businesses and between businesses and communities; our implementation plans will address these potential conflicts, which will also be considered in subsequent reviews of council services to business.

Resource implications

Financial and budget Issues

27. No specific resource levels for future years beyond 2012-13 have been assumed in this report or in the strategy, and agreement is sought for a set of strategic priorities. No further commitment of resources is sought in this report, and no assumptions are made about commissioning budgets deployed to support implementation of the strategy. Implementation will also be embedded in the

council's medium term resource strategy as it is refreshed in line with the budget-setting process and in line with future council funding.

Staffing issues

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

Consultation

29. A series of early consultation meetings were arranged in early 2012 between businesses organisations – including Southwark's three business improvement districts and various established and emerging local business networks – and the then cabinet member for regeneration and corporate strategy in order to set in motion the council's review of how we engage with business, and the right priorities for the Community Restoration Fund. Views expressed in those meetings have been taken into account in the development of the strategy's ambitions. These consultations included the following organisations: Better Bankside Business Improvement District (BID), the Black Business Initiative, Southwark Chamber of Commerce & Industry, Team London Bridge BID, Lewisham College incorporating Southwark College, DWP work programme contractors in Southwark; Business Extra, GLE One London, Waterloo Quarter BID, Bermondsey Business Association, South Southwark Business Association, Southwark Association of Street Traders and Camberwell Business Network. Further meetings were held with groups of business from particular locations, including Peckham, Walworth and Rotherhithe (Albion Street).
30. Further consultation meetings were held during September and October 2012 to consider the strategy proposals, including Jobcentre Plus, the three business improvement districts and Southwark Chamber of Commerce and Industry.
31. Further consultation and engagement will take place to develop the implementation plans (see para 13)

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

32. Officers from the corporate team of legal services have reviewed this report and confirm that as this report affects more than one portfolio under the provisions of Part 3D of the council's constitution cabinet should approve the recommendation in paragraph 1 set out in this Report.
33. In addition the overview & scrutiny procedure rules provide that cabinet shall consider and provide a written response to a scrutiny committee report.
34. The Equality Act 2010 introduced a single public sector equality duty. This duty requires us to have due regard in our decision making processes to the need to:
 - (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;

- (b) Advance of equality of opportunity between persons who share a relevant protected characteristic and those who do not share it
 - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
35. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also applies to marriage and civil partnership, but only in relation to (a) above.
36. The council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making decisions in the current context.

Strategic Director of Finance & Corporate Services (SDFCS/NR/FCS/11/9/12)

37. This report recommends that the cabinet approve the proposed economic wellbeing strategy, note that specific actions (and success measures) designed to achieve the proposed outcomes will be developed and set out in the Council Plan and note the additional information provided as a specific response to the recommendations of the final scrutiny report on employment and unemployment in Southwark.
38. 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 Papers	Held At	Contact
Southwark Economic Development Strategy 2010-16 http://www.southwark.gov.uk/downloads/download/2587/economic_development_strategy_2010-2016	Local Economy Team Corporate Strategy 160, Tooley Street SE1 2QH	Graham Sutton 020 7525 5456
The Southwark Council Plan http://www.southwark.gov.uk/info/2/00342/council_plan	Strategy & Partnerships Team Corporate Strategy 160, Tooley Street SE1 2QH	Alex Irvine 020 7525 3672
Economic Wellbeing Strategy – equality analysis (attached as Appendix 3 to report)	Local Economy Team Corporate Strategy 160, Tooley Street SE1 2QH	Graham Sutton 020 7525 5456

APPENDICES

No.	Title
Appendix 1	The Southwark Economic Wellbeing Strategy 2012-20
Appendix 2	Scrutiny Recommendations and the new Economic Wellbeing Strategy
Appendix 3	Equality analysis

AUDIT TRAIL

Cabinet Member	Councillor Claire Hickson, Communities and Economic Development	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Graham Sutton, Principal Strategy Officer, Local Economy Team Claire Webb, Head of Policy	
Version	Final	
Dated	8 November 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance & Corporate Services	Yes	Yes
Corporate Management Team	Yes	Yes
Cabinet Member	Yes	No
Date final report sent to Constitutional Team		8 November 2012

APPENDIX 1

THE SOUTHWARK ECONOMIC WELLBEING STRATEGY 2012-20: WHAT THE COUNCIL WILL DO

Through this strategy we will work with partners to achieve the following ambitions:

- 1. Employment – narrowing the gap with the London employment rate**
- 2. Southwark – the place of choice to start and grow a business**
- 3. Thriving town centres and high streets**
- 4. Promoting financial wellbeing and independence**

1. Employment - narrowing the gap with the London employment rate

Despite the recession, London's labour market continues to generate a wealth of opportunities both at entry level and for more highly skilled applicants. But meanwhile, the employment rate in Southwark (66.4%) lags behind the rate for London as a whole (68.0%). We therefore aim to make better use of London's opportunities, and close this gap by supporting Southwark residents into work and off benefits, enabling people to stay in jobs and progress beyond entry level low-paid work. We remain committed to making support into employment inclusive.

This means in practice making our influence felt over the local provision of mainstream national employment services, working to secure the best possible support from national and local agencies supporting employment and welfare reform. This includes working with Jobcentre Plus, DWP and the Work Programme to ensure coherent support for people who are furthest from getting a job and getting the best from whatever resources are available to the Council.

We must also make the most of opportunities brought by development. The imminent opening of the Shard, the continued developments in Blackfriars and our own schemes at the Elephant & Castle for example bring a wealth of opportunities. We will maximise jobs and training opportunities from this growth, during construction and in the completed developments.

Young people are suffering disproportionately the effects of the recession; 18-24 year olds are more likely to struggle to find work than older, more experienced workers. It is critical that every young person is job-ready when they leave education or training and enter the labour market. Research demonstrates that widening horizons of young people through experience of work and engagement with employers has a powerful impact on their confidence, motivation and understanding of work and thus their employability. Employers report that many young people have little understanding of the reality of work and lack not only vocational or technical skills but also the necessary life skills sought in the jobs market. We will broker better conversations and foster relationships between employers and academies, schools and colleges about how to get young people ready for work.

We will also work to ensure better co-ordination of the many different efforts to help young people into work, increasing engagement with employers and skills providers and promoting a better understanding of how study and training leads to jobs. We will also respond to the changing nature of the economy and young people's increasing interest in self-employment and starting up their own business.

Our ambition is that:

- every young person will leave school or training ready for work and more aware of how to start and develop a business
- regeneration and development provide lasting jobs for residents in both construction and related industries and end-use job in developments, through training and skills programmes funded by section 106 contributions and CIL
- residents are supported into work through other council and externally funded programmes (e.g. Connexions, Southwark Works, DWP - Troubled Families)
- mainstream employment services (Jobcentreplus and the Work Programme) work effectively for Southwark residents
- we increase and improve employer engagement, making sure residents receive training relevant to the jobs market and to employer needs
- local skills provision and training is of the highest quality and backed by a local college of choice with strong employer and community links

To achieve this, we will work with partners to:

- help residents find the right advice, support and skills to overcome barriers to work – ensuring the right access points and progressive pathways, which continue through age 19 and beyond
- get more employers engaged, helping more young people with work experience, tasters and getting the softer skills essential for the workplace, and mentoring towards careers and business ambitions
- promote and support opportunities for work-based learning, specifically working with schools, academies and colleges
- make the best use of apprenticeships and promote high standards of training for apprentices
- develop progression routes to skilled jobs, working with end-users in developments and regeneration schemes
- establish leadership, influence and support to drive improvement in standards of vocational learning & relevance to the jobs market, making skills provision more likely to have a job at the end of it
- get the best service for our residents from national/regional provision, working specifically with Jobcentreplus and the work programme
- work with our regional partners to improve dialogue with employers and access to jobs London-wide
- where we provide or commission services directly, we will ensure they are of the highest quality and relevant to the employment market and the needs of future entrepreneurs

2. Southwark – the place of choice to start and grow a business

Southwark is part of central London location, covering both the Central Activity Zone and a large slice of its hinterland. Our proximity to the huge markets of the West End and the City combine with our own strong cultural sector, unique attractions and iconic developments to make this a highly visible and desirable location for business. In addition, our own developments and regeneration stimulate growth and help businesses to spread and bring opportunity and regeneration away from the CAZ. And yet other businesses already have strong local roots here, providing services to these well established markets and local markets. For all, the Council has a significant influence over conditions for business - in start-ups, growth, day-to-day running and resilience. Land use policy, community engagement, “cleaner, greener, safer” services, enforcement and licensing can all remove barriers to business growth and help nurture the supply of local jobs. To understand how this works best, we need to engage with businesses effectively, be more pro-active in identifying business needs and more business-like in our dealings with them.

Land for business is a scarce resource, and often hard-pressed with proposals for alternative or additional uses (such as residential development). We need to protect land for business and maintain the right balance of business uses in our town centres, maintaining a vision for the mix of homes and employment, commercial and leisure opportunities. At the same time, much of our existing employment land is under-used and not sufficiently well-managed or attractive to start-ups or growing businesses. There are already successful schemes in Southwark, such as the opening up of railway arches at Spa Terminus and Maltby Street to encourage the spread of food producers. We need to tap this potential further, and make sure we have the right policies to optimise land use and use our influence to open up well-designed, well located and affordable business space, and to make sure our own regeneration schemes deliver the right mix of business and employment uses to provide jobs for local people.

The council itself can play an active role in business success. Our services and powers can be used to remove barriers to starting up and growing. The introduction of business rates retention will give businesses another reason to reflect on how the council responds to demands for better business services. And the way in which we invest and procure services means we have the potential to open up contract opportunities to local suppliers and corresponding local job opportunities.

Our ambition is that:

- business needs are better understood across the council and our services are more accessible
- council decision-making takes full account of business needs, interests and opportunities
- better quality, more flexible, better managed and affordable business space is available, for start-ups and businesses that are ready to grow
- more jobs and business growth opportunities are brought by regeneration, development and better use of employment land.

To achieve this, we will work with partners to:

- put in place a programme of work across council departments in contact with businesses to foster mutual understanding and ensure that we deal fairly and appropriately with the sometimes conflicting requirements of different individual businesses and between businesses and communities
- consider the impact on and opportunities for business in council decision-making, investment and procurement, balancing the needs of differing businesses, their customers, local communities and residents more widely
- ensure regulation and enforcement keeps consumers, employees and the public safe, and enables businesses to enhance their competitive edge through best practice and reputation
- take a balanced view on the many different land use needs, including establishing expectations and principles for the amount, design, size, location and affordability of commercial space in new developments and regeneration schemes
- develop policy for better use, management and improvement of employment land, industrial locations and our own commercial property

3. Thriving town centres and high streets

Successful town centres depend on a huge range of components, and the Council and partners can do much to help, from markets and street scene management, parking, lettings policies, community safety, measures to reduce blight caused by closed shops all the way through to its own regeneration schemes such as Peckham Rye station. Our regeneration programmes do much to bring people into town centres and keep them there, including providing new commercial premises and attractive places to live and stimulating demand for more and better goods and services. We can also do much to promote a mix of activities and encourage particular types of town centre uses.

We also understand that town centres not only function as a commercial arena, but add hugely to the wider dimensions of community life and participation. Businesses have much to contribute, both in the routine operation of their business but also in the wider role they often play, giving of their time, knowledge and even cash to transform their community. To this end, we want to harness the energy of businesses and other imaginative and enterprising people in order to breathe new life and ideas into town centres, supported by strong relationships with businesses as both community stakeholders and employers.

Our ambition is that:

- self sustaining local business networks flourish, engaging with their local communities for mutual benefit and providing a voice for local businesses
- better engagement between the Council and businesses leads to improved service delivery to underpin high street and town centre success
- businesses are enabled to play a greater role in community life – investing in public realm, involved with schools, supporting and partnering with the voluntary and community sector
- high streets benefit from fewer empty shops and a greater mix of uses, with more visitors for shopping and leisure

To achieve this, we will work with partners to:

- help businesses to develop their own networks and establish a voice in localities (through delivering Community Restoration Fund in Camberwell, Peckham, Walworth, Bermondsey, Rotherhithe)
- get the right mix of uses in our own development sites
- ensure full consideration of the differing needs for and expectations of Council services experienced by businesses, their customers, local communities and residents
- increase engagement between cabinet members and businesses at a local level in order to increase business participation in community engagement and representation
- use our own property to influence opportunities for business through regeneration (and helping to match available space with need)

4. Promoting financial wellbeing and independence

Many individuals and families in Southwark face particular challenges; welfare reforms and the ongoing recession are causing extreme difficulties for some. The challenges are often multifaceted, and can include health issues and gaps in employment history or limited exposure to the world of work, homelessness, and managing incomes and keeping out of debt.

Supporting individuals to understand and manage the impacts of welfare reform, to be more self-aware about the complex issues in their lives and the potential ways out, and to be free of debt are crucial first steps into sustainable employment. Signposting to advice and services on work readiness, new skills and accessing support programmes will be required, and for many, employment will be the main practical way of achieving financial wellbeing and independence. All of this, alongside additional financial advice and support will need to be aligned with other programmes for troubled families and the current commissioning of services to help with effective budgeting, household income management and debt reduction. We will also need to consider how we work with the main providers of advice in other agencies and the voluntary sector to greatest effect.

In response to the government's welfare reforms and the benefits cap, we will promote resilience and independence for families and vulnerable individuals who need help the most.

Our ambition is that:

- support for people with the most complex needs is improved, getting people to the point of readiness to access other services (including employment support)
- families in challenging circumstances and vulnerable residents are independently able to manage their money better
- credit unions and their services are more widely used, at the same time seeing a reduction in dependence on payday loans
- financial inclusion and debt advice services are more accessible and more widely used (including products to help low income households to manage their finances).

To achieve this, we will work with partners to:

- monitor the impact of welfare reforms in order to make sure we target the right people with the right support
- mitigate the impact on claimants facing a reduction in benefit with a programme of benefit maximisation undertaken via the Council's Rightfully Yours service
- ensure that staff employed by Council contractors and sub-contractors are paid no less than the London Living Wage and promote the LLW amongst other employers in the borough where possible
- promote financial inclusion and responsibility through provision of advice on budgeting, arrears and employment
- provide early advice and guidance to enable individuals and families to move forwards into training and employment support, and make sure options are clearly communicated and well signposted
- transform advice services for individuals and families with complex needs
- help the voluntary & community sector develop effective models for delivering support

APPENDIX 2

SCRUTINY RECOMMENDATIONS AND THE NEW ECONOMIC WELLBEING STRATEGY

The references in brackets show which outcome of the proposed strategy will address each recommendation.

Scrutiny recommendation	Response
1. That the council works with the Business Improvement Districts (BIDs) regarding their Employ SE1 project to evaluate the success of the project and whether with a small amount of council funding this project could be extended to work with businesses across the borough to help Southwark residents to secure local jobs	(Employment – narrowing the gap with the London employment rate) Commissioning plans will be reviewed in light of the new strategy being agreed. All options will be considered as part of a procurement process in line with corporate standards.
2. That the council evaluates the incubator pod project that is being put in place on the old garage site on the Walworth Road with the aim of extending the model to other locations in the centre and south of the borough to support small start up businesses.	(Southwark – the place of choice to start and grow a business) The council has selected a partner to develop the site to provide workshop and retail space for creative micro-businesses. Evaluation of this model and related business network development supported by the Community Restoration Fund will offer recommendations for further roll-out.
3. That the council reviews its retail, business estates and light industrial estates portfolio to ensure the estate is not only maximising income but is also providing a diverse and appropriate portfolio to support small local businesses in the borough.	(Southwark – the place of choice to start and grow a business) (Thriving town centres and high streets) The Council's asset management plan currently determines policy. Wherever possible, advantage is taken of investment opportunities to improve properties to enhance their suitability for business, such as the through Investing in Local Retail Environments programme of shop front improvements.
4. That the council acts as an enabler regarding the creation of a generic borough-wide careers advice service across school, academies and further education providers in Southwark and encourages the greater involvement of local employers in these	(Employment – narrowing the gap with the London employment rate) The proposed strategy commits the Council to helping residents find the right advice, support and skills to overcome barriers to

Scrutiny recommendation	Response
educational providers in order to help young people secure jobs and careers when they leave school, including how to set up and run a business.	work – ensuring the right access points and progressive pathways, which continue through age 19 and beyond; and get more employers engaged, helping more young people with work experience, tasters and getting the soft skills essential for the workplace, and mentoring towards careers and business ambitions. We will work with partners to indentify the most effective way that this can be achieved.
5. That the council conducts a comprehensive review of council policies that could impact on the success or failure of businesses to flourish and grow in Southwark such as parking policies and the way the public realm is managed and maintained.	(Southwark – the place of choice to start and grow a business) (Thriving town centres and high streets) The proposed strategy commits the council to consider the impact on and opportunities for business in council decision-making, investment and procurement, balancing the needs of differing businesses, their customers, local communities and residents more widely
6. That the council investigates examples of best practice around securing local jobs for local people using section 106 monies such as Colchester Council who worked with a new Sainsbury's store on training and recruitment, which resulted in 95% of all the new permanent jobs being filled by local unemployed people.	Employment – narrowing the gap with the London employment rate Provisions of S106 are determined by existing planning policy. Future allocations will also be determined by the introduction of Community Infrastructure Levy, and determination of tariffs is an ongoing piece of work. Southwark is a leading council in best practice in the use of s106, however we continue to look at best practice elsewhere when developing local plans.
7. That the council considers the use of schemes such as purple flag to boost local high streets and town centres by getting key partners around the table to increase the diversity of the night-time offer and address issues of concern that are restricting the potential of our high streets and town centre night time economies.	Thriving town centres and high streets Schemes such as Purple Flag offer options for boosting high streets and town centres, but the delivery of such schemes requires clear business leadership to succeed. Following investment through Community Restoration Fund to help businesses develop their own business networks and leadership in localities, the Council anticipates working with partners in these localities to find a tailor-made local solution to these problems in each case.

Scrutiny recommendation	Response
<p>8. That the council seeks to engage the Mayor and TfL to ensure a borough-wide comprehensive review of bus service provision in Southwark takes place, rather than piecemeal route by route reviews, to ensure that existing bus routes, frequency and capacity is meeting the changing demands of workers and residents in Southwark.</p>	<p>Not covered by the economic wellbeing strategy.</p> <p>Through the central London sub-regional transport group, the borough has commissioned a study to review borough bus issues on a sub-regional basis to identify areas for improvement and engagement with TfL. The group agreed to move ahead with the study as it considered that the review and operation of bus services focused too heavily on bus operational matters and omitted some 'external' factors which required greater consideration. Recommendations from this study are due to be published later in 2012 for further discussion with Transport for London.</p>
<p>9. That the council should support and facilitate the setting up of local business associations to represent clusters of businesses in the borough, that are not represented by existing BIDs, and consider how best to do this.</p>	<p>(Thriving town centres and high streets)</p> <p>The Council is already helping businesses to develop their own networks and establish a voice in localities through the Community Restoration Fund in Camberwell, Peckham, Walworth, Bermondsey, Rotherhithe. The CRF model was designed to allow a combination of projects developed by businesses proposing what works best in each locality, and bringing expertise in running BIDs into areas where networks were not well developed. Additional opportunities have been pursued as they arise to support the development of business networks and associations, such as support for a Nunhead Traders Association through the area renewal and Outer London Fund programmes.</p>
<p>10. That the council representatives on the shadow Health and Wellbeing Board have regard to the fact that 47% of those claiming Incapacity Benefit in Southwark give the reason as being mental ill health and seek to identify strategies, interventions and support that will help those residents who can or wish to get back into work.</p>	<p>(Promoting financial wellbeing and independence) (Employment – narrowing the gap with the London employment rate)</p> <p>The shadow health and wellbeing board will provide focus for responding to key health and wellbeing challenges for local people. The shadow Board is currently developing the Health and Wellbeing Strategy.</p>

Scrutiny recommendation	Response
<p>11. That the council considers how best to build on our existing employment strengths and characteristics in the borough such as the “Cultural Quarter” in the north-west corner of the borough and develop new employment opportunities and themes in areas such as the Elephant and Castle, Camberwell, Peckham, the Old Kent Road and Lordship Lane. Ideas could include promoting the history, diverse communities and existing business strengths in different parts of the borough.</p>	<p>(Employment – narrowing the gap with the London employment rate) (Southwark – the place of choice to start and grow a business) (Thriving town centres and high streets)</p> <p>The new strategy proposes concentration on employment sectors and specialisms and matching the skills of residents with employer needs.</p> <p>Regeneration at Elephant & Castle, London Bridge Quarter and other developments are supported through S106 funding, which helps with construction employment as well as preparing residents for jobs with employers in the completed development.</p> <p>Strong employment sectors in Southwark are closely related to those of Central London, and we will work with regional partners and employers to access to these jobs in London as a whole.</p> <p>Peckham Rye station’s redevelopment and the Town Centre Heritage Initiative are examples of playing to our local strengths in combining making the best of townscapes with an approach to generating and safeguarding employment.</p> <p>Community Restoration Fund projects also add to the strength of localities by supporting business networks that will strengthen the identity of their own patch and promote it.</p>
<p>12. That the council consider working with partners to support the creation of job clubs in the borough to support unemployed people back into work in Southwark.</p>	<p>Employment – narrowing the gap with the London employment rate</p> <p>Commissioning plans will be reviewed in light of the new strategy being agreed. All options will be considered as part of a procurement process.</p>

**Southwark Council
Economic Wellbeing Strategy
Equality Analysis**

October 2012

Guidance notes

Things to remember:

Under the Public Sector Equality Duty (PSED) public authorities are required to have due regard to the aims of the general equality duty when making decisions and when setting policies. Understanding the affect of your policies and practices on people with different protected characteristics is an important part of complying with the general equality duty.

Under the PSED the Council must ensure that:

- Decision-makers are aware of the general equality duty's requirements.
- The general equality duty is complied with before and at the time a particular policy is under consideration and when a decision is taken.
- They consciously consider the need to do the things set out in the aims of the general equality duty as an integral part of the decision-making process.
- They have sufficient information to understand the effects of the policy, or the way a function is carried out, on the aims set out in the general equality duty.
- They review policies or decisions, for example, if the make-up of service users changes, as the general equality duty is a continuing duty.
- They take responsibility for complying with the general equality duty in relation to all their relevant functions. Responsibility cannot be delegated to external organisations that are carrying out public functions on their behalf.
- They consciously consider the need to do the things set out in the aims of the general equality duty not only when a policy is developed and decided upon, but when it is being implemented.

Best practice guidance from the EHRC recommends that public bodies:

- Consider all the [protected characteristics](#) and all aims of the general equality duty (apart from in relation to marriage and civil partnership, where only the discrimination aim applies).
- Use equality analysis to inform policy as it develops to avoid unnecessary additional activity.
- Focus on the understanding the effects of a policy on equality and any actions needed as a result, not the production of a document.
- Consider how the time and effort involved should relate to the importance of the policy to equality.
- Think about steps to advance equality and good relations as well as eliminate discrimination.
- Use good evidence. Where it isn't available, take steps to gather it (where practical and proportionate).
- Use insights from engagement with employees, service users and others can help provide evidence for equality analysis.

Equality analysis should be referenced in equality impact statements in Council reports. Community impact statements are a corporate requirement in all reports to the following meetings: the cabinet, individual decision makers, scrutiny, regulatory committees and community councils. Community impact statements enable decision makers to identify more easily how a decision might affect different communities in Southwark and to consider any implications for equality and diversity It be referenced in community impact statements in Council reports.

The public will be able to view and scrutinise any equality analysis undertaken. Equality analysis should be written in a clear and transparent way using plain English. It may be

published under the Council's publishing of equality information, or if part of a business plan, requested by the public under the Council's Publications Scheme.

Equality analysis should be reviewed after a sensible period of time to see if the affects you expected have occurred. If not then you will need to consider amending your policy accordingly. This does not mean repeating the equality analysis, but using the experience gained through implementation to check the findings and to make any necessary adjustments.

Equality Analysis will not need to go to an Equality and Diversity Panel for feedback, as under the old Equalities and Human Rights Scheme. Community engagement is recommended as part of the development of equality analysis and the Council's Community Engagement Division and FEHRS can assist with this (see section below on community engagement). www.southwarkadvice.org.uk

Section 1: Equality analysis details

Proposed policy/decision/business plan to which this equality analysis relates		Economic Wellbeing Strategy 2012-2020			
Equality analysis author		Graham Sutton			
Strategic Director:		Chief Executive/ Director of Corporate Strategy			
Department		CE	Division		Corporate Strategy
Period analysis undertaken		(see strategy period)			
Date of review (if applicable)		Through any reviews of the strategy and taken forward through the analysis undertaken for the development of delivery plans etc			
Sign-off		Position		Date	

Section 2: Brief description of policy/decision/business plan

1.1 Brief description of policy/decision/business plan

The strategy proposes what the Council will do to achieve economic wellbeing for individuals and businesses, creating working communities and recognising how our regeneration plans will support this. Four ambitions set out what we aim to achieve

- Employment – narrowing the gap with the London employment rate
- Southwark – the place of choice to start and grow a business
- Thriving town centres and high streets
- Promoting financial wellbeing and independence

The strategy sets high level and long term ambitions for the Council (up to 2020), proposing what we aim to do through influence and community leadership as well as directly through our own actions.

No specific implementation plans are set out at this stage. Implementation will be measured through a set of targets and measures to be agreed and reported each year in the Council Plan. As such section 5 of this report will be completed as implementation plans are developed – also enabling a review/updated of the initial analysis contained within this report.

See the strategy for the high level actions that will be taken – these have not been repeated under each protected characteristic section.

Section 3: Overview of service users and key stakeholders consulted

2. Service users and stakeholders	
Key users of the department or service	<p>Targeted groups of residents, including school students, and working age underemployed/unemployed/workless/economically inactive residents</p> <p>Businesses and potential business start-ups</p> <p>Employers</p> <p>Developers</p>
Key stakeholders were/are involved in this policy/decision/business plan	<p>Business representative organisations and networks, mainstream employment support agencies (including government agencies and contractors – JCP and the Work Programme); schools, providers of further education, training and employment support</p> <p>Voluntary sector organisations providing employment and enterprise support</p> <p>Employers and developers</p> <p>Sub-regional partners (eg other central London local authorities)</p>

Section 4: Pre-implementation equality analysis

This section considers the potential impact (positive and negative) of proposals on the key 'protected characteristics' in the Equality Act 2010 and Human Rights, the equality information on which above analysis is based and mitigating actions to be taken.

<p>Age - Where this is referred to, it refers to a person belonging to a particular age (e.g. 32 year olds) or range of ages (e.g. 18 - 30 year olds).</p>
<p>Potential impacts (positive and negative) of proposed policy/decision/business plan</p>
<p>18-24 year olds and over 50s are disproportionately represented in unemployment data; through implementation of the strategy the aim is to mitigate these inequalities.</p>
<p>Equality information on which above analysis is based</p>
<p>NOMIS Claimant Count & DWP benefits data Annual Population Survey JCP labour market bulletins Census</p>
<p>Mitigating actions to be taken</p>
<p>For projects where applicable: Target-setting and monitoring to demonstrate impact of interventions on target age groups Interventions to provide training and employment or enterprise support targeted at particular age groups to be determined through the development of implementation plans, within budget constraints and the actions of partners</p>

<p>Disability - A person has a disability if s/he has a physical or mental impairment which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities.</p>
<p>Possible impacts (positive and negative) of proposed policy/decision/business plan</p>
<p>Disabled people are disproportionately represented in unemployment data, or in inactive benefit claimants. Our support to unemployed Southwark residents will actively include support for people with disabilities. Through implementation of the strategy the aim is to mitigate these inequalities.</p>
<p>Equality information on which above analysis is based</p>

NOMIS DWP benefits data Annual Population Survey JCP labour market bulletins Census
Mitigating actions to be taken
Targeting of appropriate employment support for unemployed disabled people designed in consultation with employers and users. To be determined through the development of implementation plans, within budget constraints and the actions of partners

Gender reassignment - The process of transitioning from one gender to another.
Possible impacts (positive and negative) of proposed policy/decision/business plan
Not known – no data available in respect of this protected characteristic in existing labour market and business formation data. Through implementation of the strategy the aim is to mitigate any inequalities.
Equality information on which above analysis is based.
None currently available
Mitigating actions to be taken
Use of standard Council monitoring categories applied to subsequent actions to support employment and enterprise in order to capture data through self-declaration by beneficiaries. Engage with FEHRS – aiming to improve our understanding of any issues within Southwark and possible actions

Marriage and civil partnership - Marriage is defined as a 'union between a man and a woman'. Same-sex couples can have their relationships legally recognised as 'civil partnerships'. Civil partners must be treated the same as married couples on a wide range of legal matters. (Only to be considered in respect to the need to eliminate discrimination.)
Possible impacts (positive and negative) of proposed policy/decision/business plan
Not known. No historical data on this protected characteristic exists in current labour market or business formation data. Through implementation of the strategy the aim is to promote the elimination of any discrimination.

Equality information on which above analysis is based
None available
Mitigating actions to be taken
Use of standard Council equalities monitoring categories applied to subsequent actions in order to capture data through self-declaration by beneficiaries. Will be considered as part of the development of implementation plans Also part of wider Council role with regard to the need to eliminate discrimination

Pregnancy and maternity - Pregnancy is the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.
Possible impacts (positive and negative) of proposed policy/decision/business plan
No specific impact is intended. Implementation of the strategy will recognise and seek to mitigate availability and affordability of childcare as a barrier to employment for many.
Equality information on which above analysis is based
None available in relation to this characteristic in respect of schemes to support access to employment and training or business formation.
Mitigating actions to be taken
Use of standard Council monitoring categories applied to subsequent actions in order to capture data through self-declaration by beneficiaries. Through the development of implementation plans, within budget constraints and the actions of partners

Race - Refers to the protected characteristic of Race. It refers to a group of people defined by their race, colour, and nationality (including citizenship) ethnic or national origins.

Possible impacts (positive and negative) of proposed policy/decision/business plan
<p>Labour market data shows ethnic minority and black groups to be over-represented in unemployment data compared to their proportion of the population in Southwark and in London.</p> <p>There is a significant ethnic imbalance in certain employment sectors (eg construction) due to historical discrimination and employment practices as well as lack of access to training and qualifications required to enter.</p> <p>Black and BME groups constitute a higher proportion of the younger age cohorts in Southwark's population, and are therefore likely to suffer disproportionately from unemployment compared with the overall population.</p> <p>Through implementation of the strategy the aim is to mitigate these inequalities.</p>
Equality information on which above analysis is based
<p>NOMIS local labour market data Annual Population Survey JCP labour market bulletins Census</p>
Mitigating actions to be taken
<p>Through the development of implementation plans, within budget constraints and the actions of partners</p>

Religion and belief - Religion has the meaning usually given to it but belief includes religious and philosophical beliefs including lack of belief (e.g. Atheism). Generally, a belief should affect your life choices or the way you live for it to be included in the definition. <input type="checkbox"/>
Possible impacts (positive and negative) of proposed policy/decision/business plan
<p>Not known – no historical data on this protected characteristic in existing labour market data</p>
Equality information on which above analysis is based
<p>This is a universal strategy supporting economic wellbeing. It is not differentiated in delivery in respect of this characteristic, due to a lack of labour market and business formation data.</p>
Mitigating actions to be taken

Use of standard Council monitoring categories applied to subsequent actions in order to capture data through self-declaration by beneficiaries.

Sex - A man or a woman.
Possible impacts (positive and negative) of proposed policy/decision/business plan
<p>Women have a lower employment rate than men and are more likely to be economically inactive and therefore outside the scope of interventions targeted at job seekers linked to benefit claims.</p> <p>There is a significant gender imbalance in certain employment sectors (eg construction) due to historical discrimination and employment practices</p> <p>On the other hand, in the 18-24 age band, males are over-represented in unemployment figures</p>
Equality information on which above analysis is based
<p>NOMIS local labour market data (Claimant Count/ DWP benefits)</p> <p>Annual Population Survey</p> <p>JCP labour market bulletins</p> <p>Census</p>
Mitigating actions to be taken
<p>Through the development of implementation plans, within budget constraints and the actions of partners – for example project design that corrects historical discrimination such as the Southwark construction employment programme’s workplace co-ordinator model, where construction sites & offices are made more female-friendly.</p> <p>Target-setting and monitoring of subsequent actions implemented</p>

Sexual orientation - Whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes
Possible impacts (positive and negative) of proposed policy/decision/business plan

Not known – no historical data on this protected characteristic in existing labour market data
Equality information on which above analysis is based.
This is a universal strategy supporting economic wellbeing. It is not differentiated in delivery in respect of this characteristic, due to a lack of labour market and business formation data.
Mitigating actions to be taken
Use of standard Council monitoring categories will applied to subsequent implementation in order to capture data about this characteristic through self-declaration by beneficiaries.

Human Rights There are 16 rights in the Human Rights Act. Each one is called an Article. They are all taken from the European Convention on Human Rights. The Articles are The right to life, Freedom from torture, inhuman and degrading treatment, Freedom from forced labour , Right to Liberty, Fair trial, Retrospective penalties, Privacy, Freedom of conscience, Freedom of expression, Freedom of assembly, Marriage and family, Freedom from discrimination and the First Protocol
Possible impacts (positive and negative) of proposed policy/decision/business plan
There are no negative human rights impacts arising from the adoption of this strategy.
Information on which above analysis is based
The Human Rights Act; Southwark's Equalities & Human Rights Scheme
Mitigating actions to be taken
To be considered when developing implementation plans

Section 5: Further actions and objectives

This section will be completed through the development of implementation plans

5. Further actions			
Based on the initial analysis above, please detail the key areas identified as requiring more detailed analysis or key mitigating actions.			
Number	Description of Issue	Action	Timeframe
1			
2			
3			
4			
5			
6			
7			

5. Equality objectives (for business plans)					
Based on the initial analysis above, please detail any equality objectives that you will set for your department/service.					
Objective	Lead officer	Current performance (baseline)	Targets		
			2012/13	2013/14	2014/15

Item No. 11.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Violent Crime Strategy Progress Report	
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

The Council adopted the Southwark Violent Crime Strategy 2010-15 and this report forms the annual update on the progress since adoption 2 years ago.

We have made the development of a Violent Crime Strategy a key priority for this council, not just because of our on going commitment to tackle the violence that so affects our communities, but because we need to make a shared commitment with our partners to ensure a long term commitment to deliver change in the areas and with the communities that are most impacted by violent behaviour.

Violent crime in Southwark is estimated to cost public sector services over £70m. The impact on individuals, families and communities is immeasurable and as this strategy highlights, can have an impact across generations. Timely, partnership interventions are at the core of the recommendations of our strategy but we also recognise that enforcement and our criminal justice processes play a significant role in our community attitudes to how we address violent behaviour.

The budget pressures that face services over the next few years will have an impact on how we deliver interventions. Our strategy has taken this into careful consideration, looking at how we use our limited key services wisely, efficiently and with the maximum impact.

The strategy we agreed in December 2010 paints a very real picture of the challenges we face, across all of our public, voluntary services and as a society as gives us a framework for making a real difference for everyone who lives works and travels through out the borough.

The government published its cross government report on “Ending gang and youth violence” in November 2011. We endorsed the framework for addressing gang and youth violence which recognises the good work of the council, police and partner agencies in tackling serious violence. We are currently in consultation with the London Crime Reduction Board and the Mayors Office for Policing and Crime on the draft London Anti Gangs Strategy which was recently circulated.

This is the second annual report on our violent crime strategy and it sets out our progress so far.

RECOMMENDATIONS

1. That the Cabinet notes the progress made in delivering the recommendations set out in the violent crime strategy 2010-15.
2. That the cabinet notes the significant reductions in most serious violence offences. In 2011/12, most serious violence reduced by 38% (270 fewer recorded crimes). This has continued throughout the first six months of 2012/13 with a further 6% reduction compared to the same period in 2011.
3. That the cabinet notes that the cost of violent offences (with and without injury) in Southwark has reduced by £1.5m in the first six months of 2012/13 according to the Home Office economic cost of crime figures calculator.
4. That the cabinet requests that the cabinet member for finance, resources and community safety, approaches with senior officials in the Mayors Office for Policing and Crime, to ensure that Southwark receives the policing numbers and level of resources required to continue its progress in addressing violent crime in the borough.

BACKGROUND INFORMATION

5. Tackling violent crime has been a priority of the Safer Southwark Partnership (SSP) for the past decade.
6. The cabinet adopted a 5 year Southwark Violent Crime Strategy in December 2010. It was agreed that an annual report on the progress of the strategy would be presented to the cabinet.
7. The strategy sets out 5 priorities and key recommendations which are as follows:
 - **Low level violence: Key recommendation**
 - Establish a multi agency programme, to increase the visible uniformed presence, focused over the summer period, in the north of the borough on Fridays and Saturdays and involving communities and businesses.
 - **Robbery: Key recommendations**
 - Realign partnership resources to concentrate on the two peak periods for personal robbery.
 - Create “safe routes” for pupils between schools, the Elephant and Castle and neighbouring estates, involving local services and residents.
 - **Serious violence - including group and weapon violence: Key recommendations**
 - Develop a multi agency approach in a clearly defined area, focusing on the estates and the connected illegal economy.
 - Ensure early intervention is targeted at those most at risk of committing serious violent crime. Ensure exit programmes enable people to make decisions to move away from violent lifestyles.
 - Develop a single multi agency scaled approach to enforcement and support that utilises the range of resources within the borough.
 - Base the scaled approach on a shared agreement around risk, intervention and intelligence sharing, to be targeted at those individuals who are posing a significant risk.
 - **Violence against women and girls - including relationship violence: Key recommendations**

- Provision for domestic violence and sexual offences is reconfigured in line with recommendations of the SSP and Children's and Families Trust review.
 - **Addressing violent offenders: Key recommendations**
 - To review and improve current arrangements for identifying and supporting young people and adults (risk management panel, multi agency public protection arrangements and priority and prolific offenders) to ensure offenders are managed by the most appropriate scheme locally.
 - To agree a shared risk assessment framework to ensure we target our partnership resources at key individuals effectively and to maximise the resources at our disposal.
8. This report sets out the progress against these priorities and key recommendations.

KEY ISSUES FOR CONSIDERATION

9. Violent crime covers a wide range of offences from verbal harassment to murder. As such the strategy reflects the categories of violence that most impact on the community within Southwark.
10. Violent crime makes up over a quarter of all recorded crime within the borough. This has remained consistent over the last four years.
11. Southwark has seen a 25% reduction in recorded offences of violence against the person over the last six years. This amounts to approximately 2,200 fewer crimes.
12. Overall violence reduced by 13% in 2011/12 compared to 2010/11.
13. Most serious violence (MSV) reduced by 38% throughout 2011/12 compared to 2009/10, which equated to 270 fewer offences.
14. When compared to our most similar group (MSG)¹ of community safety partnerships (CSPs), Southwark has maintained (as at 31st August 2012) the improvement in our ranking for most serious violence at 4th. This remains an improvement of 4 places compared to 2009/10, when we had the highest rate per thousand for most serious violent offences in our MSG.
15. Gun crime reduced by 31% or 66 recorded offences in 2011/12 compared to 2010/11.
16. Knife crime reduced by 5% or 43 recorded offences in 2011/12 compared to 2010/11.

¹ MSGs are a group of CSPs with similar socio-demographic characteristics. Making comparisons with the MSG average, rather than with all other areas, puts performance in context and allows like-with-like comparison.

Southwark's MSG comprises: Brent, Camden, Greenwich, Hackney, Hammersmith & Fulham, Haringey, Islington, Kensington & Chelsea, Lambeth, Southwark, Tower Hamlets, Birmingham, Brighton & Hove, Liverpool and Wolverhampton

Sourced from iQuanta (Home Office website)

17. The current gangs' cohort list indicates that there are in the region of 90 known nominals. This compares to around 200 in 2008.
18. Domestic violence reduced by 9% or 220 recorded offences in 2011/12 compared to 2010/11.
19. Southwark has also seen significant reductions in woundings and assault with injury (24%), assault without injury (31%) and domestic abuse (27%) over the last six years.
20. The proportion of community members who feel that gangs are a problem in their area has reduced by over a quarter, from 48% in 2008/09 to 20% in 2011/12.
21. Performance in the first six months of 2012/13, compared to the same period in 2011/12 has remained positive. Highlights include:
- 6% reduction in most serious violence (grievous bodily harm and woundings)
 - 9% reduction in violence with injury
 - 22% reduction in knife crime with injury
 - 19% reduction in youth violence
 - 10% domestic violence
22. Southwark has achieved a significant reduction in victims of serious violence incidents amongst 10-19 year olds between April–September 2012 compared with the same period in 2011:
- 42% reduction most serious violence (25 fewer offences)
 - 53% reduction in knife enabled most serious violence
 - 33% reduction in gun enabled most serious violence
23. The following table highlights the progress in 2012/13 (as at August 2012) compared to boroughs in our MSG.

MSG¹ comparison*				Progress
Ranking from 1st to 15th (1st is worst in group)				
Based on rates per 1000 resident population				
	01/04/10 to 31/03/11	01/04/11 to 31/03/12	1/6/2012 to 31/08/2012	
Most serious violence	4th	4th	4th	=
Violence with injury	2nd	5th	6th	↑
Violence without injury	4th	6th	8th	↑
Personal robbery	2nd	3rd	2nd	=

¹ MSGs are a group of CSPs with similar socio-demographic characteristics. Making comparisons with the MSG average, rather than with all other areas, puts performance in context and allows like-with-like comparison.

Southwark's MSG comprises: Brent, Camden, Greenwich, Hackney, Hammersmith & Fulham, Haringey, Islington, Kensington & Chelsea, Lambeth, Southwark, Tower Hamlets, Birmingham, Brighton & Hove, Liverpool and Wolverhampton

Sourced from iQuanta (Home Office website)

24. Despite these achievements Southwark still records high levels of violent crime with particular challenges in domestic violence, robbery, serious youth violence and knife crime.

Progress in 2011 - 2012

25. A number of key policy changes within central government have impacted on our partnership approach to address violence.
26. In November 2011, the Home Office published The Ending Gang and Youth Violence (EGYV) Report. The report sets out an intervention based approach to addressing the harm caused by gang and youth violence. This marked a significant change in direction from the previous enforcement led approach.
27. In addition, the Home Office established a national EGYV team with a programme carrying out peer reviews of 29 areas across the country. 18 of the areas are in London. The peer reviews aim to provide expertise and advice on how local partnerships can improve and sustain their approach in addressing gang and youth violence. The reviews focus on 7 principles set out in the 2011 Home Office publication and provide a written report on the partnerships strengths and areas of improvement.
- The EGYV peer review for Southwark was carried out in June 2012. The report highlighted a wide range of strengths and included recommendations that the SSP are taking forward through the Reducing Harm Board. The full report is published on the council website. This can be viewed by visiting the following web address:
www.southwark.gov.uk/info/200030/community_safety_and_enforcement/2400/serious_violence
28. As part of the Home Office commitment to addressing gang and youth violence a one year grant of £275,736 was allocated to Southwark to develop its approach to this agenda. The funding has ensured that a number of key interventions have been sustained, such as voluntary sector mentoring, rehousing and support programmes.
29. In addition the funding has enabled the SSP to establish the Southwark Anti Violence Unit (SAVU) which is a multi agency team working together to support individuals and families affected by gang and serious youth violence.
30. SAVU works on a case by case basis, receiving referrals from a range of agencies and community based organisations. A fortnightly case management meeting uses current data and intelligence on gang activity, as well as assessing the progress on each client. A quality assurance framework has been established by checking the case progress and direct contact with the clients in terms of the level of support and welfare needs and quarterly service review meetings.
31. SAVU was established in May 2012 and has had 97 cases referred to the unit.1
32. All of the SAVU clients had been previously arrested or convicted for offences in the 12 months prior to the start of SAVU (May 2011 - May 2012). Since the commencement of SAVU (May 2012-October 2012) 57% (55 clients) had not been arrested or convicted for any offences. Comparable evidence from other

reducing offending programmes such as the Southwark Integrated offender Management scheme highlights that 20% reduction of recorded offences would be considered as a positive success. We have seen a 23% reduction in knife admissions to Kings College Hospital Emergency Department, from 1 May 2012 - 31 August 2012 compared to the same period in 2011:-

- Of 97 clients have been taken on to the SAVU programme:
 - 70 clients are engaging well with their advocate/case workers, of particular note;
 - 4 have been supported into full time employment
 - 19 have undertaken or are completing supported work placements
 - 2 are undertaking an apprenticeship
 - 11 in education
 - 11 are being supported with emergency re-housing out of the borough due to risk through our SERVE programme
- Of the 29 remaining clients:
 - 13 currently serving custodial sentences
 - 1 has just been released from custody and an offer of support is to be made.
 - 1 just released from prison and in deportation centre
 - 11 are not engaging well or have declined offer of SAVU support
 - 1 recently recalled by Probation

33. The Government announced the Troubled Families programme in late 2011. As a result, the Council has been working with key partners to define and shape the approach to this agenda. SAVU is working closely with other council services to ensure that the work being undertaken is both consistent and integrated into the overall Troubled Families approach. This will include the establishment of a quality assurance framework which will be applied to clients being supported through the Troubled Families programme.
34. The London Crime Reduction Board (LCRB) and Mayors Office for Policing and Crime (MOPAC) recently announced its three priorities for 2011-5 as violent crime, anti social behaviour and reducing offending. As part of their approach the LCRB and MOPAC published the draft London Anti Gangs Strategy for wider consultation, with a view to producing the final strategy in early 2013. The council has submitted a response as part of the consultation.
35. The SSP uses a combination of data analysis, intelligence and case studies to identify who, when and where it targets its resources. This intelligence led approach is reviewed operationally on a fortnightly basis through a series of multi agency meetings and half yearly through the SSP Strategic Assessment and Rolling Plan.

36. The following table sets out the achievements against the key recommendations, set out in the Southwark Violent Crime Strategy 2010-15 :

RECOMMENDATION	TARGET	PERFORMANCE
Low level violence		
Establish a multi agency programme, including increasing the visible uniformed presence, focused over the summer period, in the north of the borough on Fridays and Saturdays and involving communities and businesses.	Reduction in alcohol related violence by 2% in 2012/13 compared to 2011/12	Night time economy team established and operating Friday and Saturday nights 20:00- 06:00 25% reduction in alcohol related violence and 4% decrease in theft other in Cathedrals wards for April- Aug 2012, compared with same period in 2011.
Robbery		
Realign partnership resources to concentrate on after school hours and late evenings, the two peak periods for personal robbery.	MPS Southwark safer neighbourhood teams, British Transport Police and wardens resources realigned to after school and evenings	10% increase in robbery in Southwark in the time period 14.00pm – 19:00pm, April-Aug 2012 compared with the same period in 2011 Current focus working with Sacred Heart following their temporary relocation to Trafalgar St Walworth.
Create “safe routes” for pupils between schools and the Elephant and Castle/ neighbouring estates, involving local services and residents.	Wardens and police patrols providing safe routes from Walworth Academy and Globe Academy in place. Safe routes as part of Heygate redevelopment have been established	Personal robbery increased by 4% in Southwark in 2011/12 compared with 2010/11. In the first six months of 2012/13, it increased 14% compared to same period 2011/12. Decrease in personal robbery in East Walworth by 6% and an increase of 27% in Faraday ward in April-Aug 2012 compared with the same period in 2011. Increase is due to spate of activity on the Aylesbury Estate which equates to an additional 14 crimes.

RECOMMENDATION	TARGET	PERFORMANCE
Serious violence- including group and weapon violence		
<p>Develop multi agency approach on a clearly defined area focusing on the estates and connected illegal economy.</p>	<p>4% reduction in most serious violence (MSV) in 2012/13 compared to 2011/12</p>	<p>38% reduction in MSV in 2011/12 compared to 2009/10 against a target reduction of 8%</p> <p>6% reduction in MSV in first six months of 2012/13 compared to same period 2011/12</p> <p>In 2012, maintained our improvement to 4th place in our MSG, compared to 1st (worst) in 2008/09</p> <p>37% reduction in MSV in age range 14-24 in 2011/12 compared to 2009/10</p> <p>Reductions in most serious crime categories as set out in paragraphs 18 to 19 above.</p>
<p>Ensure early intervention is targeted at those most at risk of committing serious violent crime and that exit programmes enable people to make decisions to move away from serious violence lifestyles.</p>	<p>4% reduction in most serious violence (MSV) in 2012/13 compared to 2011/12</p>	<p>112 multi agency home visits carried out between 2010 and 2012.</p> <p>In 2011/12 there were 13 SERVE cases, involving 24 individuals. In total we have moved 31 individuals or families through SERVE since the scheme started in March 2009.</p> <p>SAVU has worked with 100 young people since its inception in May 2012</p> <p>The YOS restructure in 2011 was aimed at improving the statutory casework but also maintained the triage work to provide early intervention at police stations. 171 young people were provided with a triage service at police stations in 2011/12. Data analysis indicates that 91% of those receiving early interventions continued to be diverted from offending after a year.</p>

RECOMMENDATION	TARGET	PERFORMANCE
<p>A single multi agency scaled approach to enforcement and support that utilises the range of resources within the borough.</p>	<p>4% reduction in most serious violence (MSV) in 2012/13 compared to 2011/12</p>	<p>Multi agency test purchase operations resulting in approximately 90 arrests.</p> <p>YOS has been restructured to strengthen supervision of violent offenders in the community.</p> <p>MPS gangs risk matrix established and used to identify high harm gang members. (currently 97 identified)</p> <p>Establishment of SAV-U case management panel which plans and co-ordinates interventions with gangs associates and their families</p> <p>Established Troubled Families (TF) approach through a 4 tiered process to provide key multi agency interventions with families who meet the TF criteria.</p> <p>Establish a multi-agency safeguarding hub to enable effective and timely information sharing between agencies to identify those most at risk of committing violent crime and providing early help.</p>
<p>Base the scaled approach model on a shared agreement around risk, intervention and intelligence. Resources to be shared and targeted at those individuals who are agreed as posing a significant risk.</p>	<p>4% reduction in most serious violence (MSV) in 2012/13 compared to 2011/12</p>	<p>As above</p> <p>The Specialist Family Focus Team (SFFT) has been developed in the last year to bring together previously dispersed parenting and family intervention services into a single delivery unit for specialist and targeted support. This includes the Family Intervention Project (FIP), The Parenting Team, the Alternatives to Care (ACT), and the Parenting Service. The 4 teams have worked with 268 children, young people and/their families from April, 2011 to March, 2012. Consultation proposals from 1st October make suggestions for a 'family recover-style' outreach and</p>

RECOMMENDATION	TARGET	PERFORMANCE
		<p>a targeted parenting services, working as 'one system' alongside community safety, housing, health and specialist children's services' colleagues to support families to achieve and sustain positive outcomes for themselves . This will be managed through the Troubled Families Programme Board</p> <p>Establishment of the Troubled Families programme led by Children's Services, which will be developed in a coordinated and integrated way as part of the children's and families service.</p>
Violence against women and girls, including relationship violence		
<p>Provision for domestic violence and sexual offences is reconfigured in line with recommendations of the SSP and Children's and Families Trust review</p>	<p>Year on year reduction in recorded domestic violence offences</p>	<p>14% reduction in recorded domestic violence offences in 2011/12 compared with 2009/10</p> <p>10% reduction in recorded domestic violence offences in April- September 2012 compared with same period 2011.</p> <p>Recommissioned domestic violence services to deliver a new improved system response for victims of domestic abuse</p> <p>The multi agency risk assessment conference (MARAC) – the service response for high risk domestic abuse victims. 211 cases were referred to MARAC in 2011/12; 72 have been referred in the first six months of 2012/13.</p> <p>Establish an outcome based performance measure by tracking client and setting up a "start to exit" assessment process for victims.</p>

RECOMMENDATION	TARGET	PERFORMANCE
Addressing violent offenders		
<p>To review and improve current arrangements for identifying and supporting young people and adults (Risk Management Panel, multi agency public protection arrangements and priority and prolific offenders) to ensure offenders are managed by the most appropriate scheme locally. To include transitional arrangements for those moving from young person to adult services.</p>	<p>2% reduction in violence in 2012/13 compared to 2011/12</p>	<p>13% reduction in overall violence in 2011/12 compared to 2010/11 against a 2% reduction target Overall violence has reduced by 1% in the first six months of 2012/13 compared with the same period 2011/12</p> <p>Transitional arrangements are in place, including a seconded probation officer based in the YOS. In addition probation and YOS officers form part of SAV-U</p> <p>RADAR (reducing and deterring adult reoffending) was implemented in June 2011 to target offenders sentenced to less than 12 months custody and priority prolific offenders (PPOs). Since June 2011, the service has seen more than 100 clients.</p>
<p>To agree a shared risk assessment framework to ensure we target our partnership resources at key individuals effectively and to maximise the resources at our disposal.</p>	<p>2% reduction in violence in 2012/13 compared to 2011/12</p> <p>-5% reduction in property crime in 2012/13 compared to 2011/12</p>	<p>13% reduction in violence in 2011/12 compared to 2010/11 against a 2% reduction target</p> <p>Violence has reduced by 1% from April- September 2012 compared with same period 2011</p> <p>4% increase in property crime in 2011/12 against a 1% reduction target</p> <p>5% reduction in recorded property crime from Apr-Sept 2012 compared to same period 2011</p> <p>Common matrix form (which includes risk assessment) in place for RADAR/ PPO/ YPPO offenders.</p>

37. The SSP carried out extensive consultation to help define the priorities for the Violent Crime Strategy. This included:

- Web based survey - an online survey where residents can indicate how violent crime is affecting them and the priorities to address violent crime.

- Questionnaires - made available through the eight community councils for local people to express their views.
- Focus groups - we have run a wide range of focus groups on specific priority themes and specifically with those who have been affected by violence, including young people.
- Meetings with key services, voluntary and community representatives who have been actively involved in delivering programmes to address violent behaviour.

38. The feedback from the consultation was incorporated into the strategy and helped shape the intervention programmes.

Governance

39. The delivery of the recommendations contained in the Southwark Violent Crime Strategy is overseen by the Safer Southwark Partnership (SSP) Board.

40. The SSP Board adopted a new governance structure in March 2011 to reflect the 4 priorities for 2011/12. The priorities are:-

- Reducing harm (including the harm caused by serious anti social behaviour)
- Reducing offending
- Supporting families and those with multiple disadvantages
- Building sustainable community capacity and public confidence.

41. The SSP has established a Reducing harm board which will take responsibility for the management, delivery and performance of the Southwark Violent Crime Strategy.

42. The Reducing harm board reports to the SSP Board on a quarterly basis

43. The overall governance arrangements for the SSP are currently under review in light of the overall assessment of the SSP Rolling Plan. The SSP Rolling Plan will be published in 2013 as part of the requirements of local community safety partnerships under the Police Reform and Social Responsibility Act 2011.

Performance framework

44. The Southwark Council Plan 2011-12 was adopted in July 2011. The plan sets out 10 promises for the borough including:-

“Work with residents and the police to make the borough safer for all by cracking down on antisocial behaviour and implementing our new violent crime strategy.”

45. The Council Plan sets out a number of targets related to violent crime. These include:

- Reduce violent crime particularly serious violence by 2% in 2012/13 compared to 2011/12. Overall violence has reduced by 1% in the first six months of 2012/13 compared to the same period in 2011/12.
- Value for money through effective partnership working in reducing violence, to achieve a 2% reduction in the cost of violent crime in 2012/13 compared

with 2011/12 using the financial information provided by the Home Office economic cost of crime survey. Using these Home Office figures, the cost of violent offences (with and without injury) has reduced from £25m to £23.5 from April - September 2012 compared to the same period in 2011; a reduction of £1.5m (-6%).

- Maintain the percentage of people who feel safe walking alone after dark in 2012/13 at the 2011/12 baseline of 76%, using the Police Public Attitude Survey. As at the 31 June 2012, feelings of safety at night time have fallen to 72%.
46. It is our intention to use the MPS Public Attitude Survey (PPAS) to measure the perception of violent crime across our communities as well as local surveys where we are undertaking specific partnership interventions. The PPAS measures a number of satisfaction indicators that are relevant to the violent crime strategy. Examples include:
- Tackling gun crime and levels of concern about carrying guns and knives (concern about gun crime down 14% in 1/12 compared 10/11)
 - To what extent gangs are a problem in local areas (up 4% in 11/12 compared to 10/11)
 - Perceptions of safety during the day and night and whilst travelling in and around the borough (night time safety up 2% in 11/12 compared to 10/11)
47. By using the PPAS we will also be in a position to benchmark ourselves against our neighbouring boroughs and also the rest of London.

Risks to delivery

48. The following table sets out the key risks to delivering the Southwark Violent Crime Strategy.

Risk	Issue	Action
Financial and physical resources	A number of the existing violent crime programmes are grant funded and are due to end in March 2012. In addition key partnership agencies both in the public and voluntary sector are subject to financial reductions which will result in loss of staffing.	The recommendations of the strategy are made with a view to reductions in resourcing. The recommendations highlight actions which will focus reduced resources on interventions, in locations and with the cohort of individuals or families which will have maximum impact. The recommendations also aim to be preventative, which will result in savings.
Changing crime patterns	Violent crime patterns could change over the period of the strategy and place increased demands on resources for a wider range of people or locations.	The SSP will continue to monitor crime patterns, locally and regionally through the tactical tasking and co-ordination group and the Reducing Harm sub group. Keeping pace with emerging issues is a focus of the Reducing Harm sub group.

Risk	Issue	Action
Economic downturn	A further recession which impacts on our most deprived neighbourhoods may result in a rise in violent crime in the home and on the streets, as well as an increase in the illegal economy.	The regular operational meetings and review of trends through the Reducing Harm sub group will enable us to assess these changing patterns should they emerge.

Conclusion

49. There has been good progress across all of the 5 priorities and key recommendations set out in the Southwark Violent Crime Strategy
50. There has been excellent progress in tackling serious violence and Southwark has significantly improved against other London boroughs.
51. The SSP will be focusing on serious youth violence and knife enabled robbery which has increased. The Youth Offending Service are piloting the use of multi-agency review case meetings to ensure that effective plans are in place to monitor young people and address the factors which lead to offending behaviour.
52. The council will assess the overall impact of the multi agency Southwark Anti Violence Unit with a view to continuing those elements which are having the greatest impact in 2012-3.

Policy implications

53. Although violent crime has reduced between 2005/6- 2010/11, Southwark still records high levels of violence compared to other boroughs in the capital. Tackling violent crime therefore remains a priority for the council and its partners.
54. There is no statutory requirement to provide a specific violent crime strategy. However there is legislation which imposes a duty on named partner agencies to work together to review crime and anti social behaviour in their area and to work together to address Community Safety priorities, such as violent crime. This is set out in Section 6 of the Crime and Disorder Act 1988, as amended by the Police and Justice Act 2006.

Community impact statement

55. All areas of the borough are affected by crime and fear of crime. However analysis of crime types indicates that violent crime is not spread evenly across the borough; the town centres and neighbouring estates are the main hotspots areas. This indicates that a targeted approach is required.
56. Our crime analysis indicates that some types of violent crime disproportionately impacts on young people, both as victims and perpetrators. The focus on young people as one of the key priorities, supported by the youth justice plan, is aimed at addressing this.
57. Analysis of violent crime victims and offenders has been undertaken by the partnership analytical team. This information has been used to identify a number of the interventions and preventative measures set out in the strategy.

58. The approach adopted to tackle and reduce violent crime has been through a combination of enforcement, prevention, and wider community action to engage communities in crime prevention and community safety.
59. An equalities impact assessment has been carried out on the Violent Crime Strategy, with an action plan which has been integrated into the rolling plan. The findings of the equalities impact assessment will be published alongside the strategy.

Resource implications

60. The Southwark Violent Crime Strategy 2010/15 is resourced fully for 2012/13. Therefore, there are no financial implications as a result of accepting the recommendations set out in this report.
61. The total funding for the tackling violent crime programme for Southwark in 2011/12 was £1,889,873. The funding for 2012/13 is £978,960.
62. The current funding streams enabling the SSP to deliver services are as follows:

Income	Funding stream	Amount	Comments
Council	Core	£267,668	Redirected council core funding
Council – night time economy team	Core	£115,000	Redirected council core funding, matched against MOPAC funding for Police officers
Community safety fund	GLA	£92,556	SSP commissioning framework
DAPHNE	EU	£50,000 per annum for 2 years end 31 st March 2013	Ring fenced to domestic abuse services - the healthy relationships project Confirmed for 2011/12 – 2012/13
MARAC coordination	Home Office	£15,000	Ring fenced to domestic abuse services Confirmed for 2011/12, with possibility of further 2 years funding
Communities Against Gun Gangs and Knives Programme (joint Southwark/Lambeth bid)	MOPAC (previously the GLA)	£75,000	Ring fenced to reducing youth and weapon crime services. Ending in March 2013

Income	Funding stream	Amount	Comments
Ending Gang and Youth Violence	Home Office	£275,736	One year grant allocation
IDVA services	Children's services	£88,000.00	Ring fenced to domestic abuse services
TOTAL			£951,080

63. Much of our partnership activity in relation to violence has been mainstreamed. The Violent Crime Strategy recommendations and actions have directed the decisions of the commissioning process and commissioning plan which has been adopted by the SSP board. We are working with service providers to explore options moving forward, including:

- Ensuring that the services we deliver provide value for money, value for council tax payers and contribute towards delivering the vision of creating a fairer future for all in Southwark.
- The SSP will explore alternative ways of providing a service prior to proposing any cut or reduction. This will include talking to partner organisations, the voluntary sector, the business community and other local authorities.
- The SSP will conduct an equalities impact assessment as part of the commissioning plan.

Consultation

64. As part of our approach in setting our priorities for the Southwark Violent Crime Strategy, the SSP carried out extensive consultation with our communities, those directly affected by violent crime and key voluntary and service agencies who are involved in delivering intervention to address violent behaviour.

65. The consultation included:

- Questionnaire available on the Southwark Council website.
- Questionnaires made available at all 8 community council meetings in the autumn.
- Focus groups with young people, victims, offenders and other interested parties.
- Specific workshops with services and service providers.

66. The key issues were incorporated into the recommendations under each priority.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services (DG/10/12)

67. The Crime and Disorder Act 1998, as amended, established Crime and Disorder Reduction Partnerships, now known as Community Safety Partnerships (“CSPs”), in order to facilitate a multi-agency approach to the reduction of crime, substance abuse, anti-social behaviour and re-offending.
68. The 1998 Act imposes statutory duties on local authorities, police authorities, fire and rescue authorities, Primary Care Trusts, and the Probation Service, known as “responsible authorities”, to form CSPs and work together to review crime and disorder in their area and implement a strategy to tackle priority problems. In Southwark the CSP is called the Safer Southwark Partnership (“SSP”).
69. The Police and Justice Act 2006 amended the partnership provisions of the 1998 Act to make CSPs a more effective resource, and imposed obligations on CSPs to implement strategies to tackle, amongst other things, anti-social behaviour. The Crime and Disorder (Formulation and Implementation of Strategy) Regulations 2007 make provision as to the formulation and implementation of such strategies.
70. Under the requirements of the 1998 and the 2007 Regulations the SSP has prepared a strategy to address violent crime, which the Council has adopted.
71. As a member of the SSP the Council has a duty to work with other responsible authorities to implement the violent crime strategy.
72. Under Part 3 of the Council’s Constitution, the violent crime strategy is the responsibility of the Cabinet, as the strategy may impact on a number of portfolios.

Strategic Director of Finance and Corporate Services (CR/F&CS/08/10/12)

73. This report asks Cabinet to note the progress made in delivering the recommendations set out in the violent crime strategy 2010-15. In particular it notes a reduction in the most serious violent offences in 2010/11.
74. The current funding streams that support the strategy are set out within the resource implications. These show that 49% of this funding comes from the Council’s own budget which is subject to considerable pressure to deliver savings over the next few years.
75. However the report also notes that as the strategy is taken forward, should the funding environment change, the SSP would explore the possibility of securing alternative sources of funding prior to putting forward any proposals to cut or reduce activities undertaken to tackle the problems identified.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
SSP Violent Crime Strategy 2010-15 http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&MId=4248&Ver=4 (see item 11)	Community Safety Environment and Leisure Tooley Street, SE1 2QH	Jonathon Toy 020 7525 1479
Violent Crime Strategy Cabinet Report December 2010 http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&MId=3335&Ver=4 (see item 7)	Community Safety Environment and Leisure Tooley Street, SE1 2QH (available on web)	Jonathon Toy 020 7525 1479
Violent Crime Strategy EqIA report Available on the council's website http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&MId=4248&Ver=4 (see item 11)	Community Safety Environment and Leisure Tooley Street, SE1 2QH	Jonathon Toy 020 7525 1479

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Deborah Collins, Strategic Director of Environment and Leisure	
Report Author	Jonathon Toy, Head of Community Safety and Enforcement	
Version	Final	
Dated	November 2012	
Key Decision?	No	
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
YOS Service Manager	Yes	Yes
Assistant Director Strategy and Support Children's Services	Yes	Yes
Deputy Director, Specialist Children's Services	Yes	Yes
Supt Partnerships-MPS Southwark	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		8 November 2012

Item No. 12.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Customer Access Strategy	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Peter John, Leader of the Council	

FOREWORD – COUNCILLOR PETER JOHN, LEADER OF THE COUNCIL

Across the council, every day, there are examples of council employees going the extra mile to be helpful, tolerant and kind. In large part, the people who work for Southwark do it because they are motivated by a commitment to public service and to working to improve and enhance our community. To create a council that treats everyone in the community as if they were a member of our family, however, we must improve the consistency of our customer services and customer experience.

In order to achieve this, earlier in the year we ended our contractual relationship with the private company that managed our customer services, including our call-centre and one stop shops, and brought the service back in-house. We did this because we believed that it was only by having full control over our customer services operation that we would be able to react to changing technologies and deliver lasting improvements.

This new Customer Access Strategy sets out our vision for what those lasting improvements will look like. It will deliver services that put the customer first. We will not only measure success in terms of the number of enquiries that we receive in a year or how quickly we respond to them, but in terms of the quality of those responses. In doing so we aim to create customer services that get things right first time, treat all with courtesy and respect and embrace new technologies by treating digital as default. We will empower people to use self-service options where appropriate to increase efficiency, reduce costs and focus our limited resources at our frontline services, where they are most valued.

I am confident that by making these changes we will move closer to delivering our vision of a council that treats people like a member of our own family and I'm delighted to bring forward this report that marks the next step on the journey.

RECOMMENDATION

1. That the Cabinet agrees the Customer Access Strategy set out at Appendix 1.

BACKGROUND INFORMATION

2. On 15 May 2012, the Cabinet agreed the Principles for Agreement for the transition of customer services to council control on 1 June 2013 and delegated authority to the Strategic Director of Housing Services to agree the Deed of Variation, necessary to implement the transition of the services.

3. On 31 May 2012, a deed of variation was signed between the council and Vangent Ltd. The deed included a detailed Exit Plan to establish both parties' responsibilities to delivering a smooth transition of services to the council's management, building on the existing contractual provisions that provide for the transition of services upon expiry of the contract and to ensure that service levels are maintained throughout.
4. Since May 2012, work has been underway between the council and Vangent to manage the transition of customer services back to council control. The transition programme is led by a Customer Services Transition Programme Board, which is chaired by the Strategic Director of Housing and Community Services. The council also meets regularly with Vangent to monitor progress against the exit provisions in the contract and ensure that appropriate due diligence is carried out before services transition to the council. The council is also working closely with Vangent and trade unions to ensure that all staff affected by the transition of services are fully involved and consulted on the changes that will be taking place during the transition period.
5. The Cabinet report agreed on 15 May 2012 asked the Cabinet to note that the council's future operating model for customer services would bring the service under council management and give the council greater control over the operation of customer services. The report also committed officers to returning to Cabinet with further details about this operating model and the council's approach to delivering customer services in the future.
6. Following this decision, officers have been working to develop the new operating model, starting with the key strategic principles that will guide the new service. The Customer Access Strategy included at Appendix 1 of this report sets out the council's long-term vision for customer services and the high-level operating model for delivering this. The Customer Service Standards included as an appendix to the strategy are the council's commitment to its customers about what they can expect when contacting the council.

KEY ISSUES FOR CONSIDERATION

Policy implications

7. One of the six Fairer Future principles set out within the Council Plan is 'Treating every resident as though they were a member of our own family'. The Customer Access Strategy sets out in detail the council's approach to fulfilling this principle and ensuring that residents receive excellent customer service whenever they contact the council. The Customer Services Standards included as an appendix to the strategy detail the service that residents can expect to receive.
8. Another of the six Fairer Future principles is 'Transforming Public Services'. This strategy is a key component of the council's wider ambitions to transform the way council services are delivered.

Community impact statement

9. The provision of customer services by the council has a significant impact on the community. Residents expect the council to be able to deal with their enquiries in an effective manner by ensuring that issues are followed up promptly and successfully and that information provided is accurate and clear. Public satisfaction

with the council will be determined to a large extent by the effectiveness with which residents are able to interact with council services.

10. In developing the Customer Access Strategy thought has been given to making sure the council's most vulnerable customers are well served and, where changes do need to be made, these are communicated well. The strategy recognises that many contacts with the council result from complex, personal situations that require the council to act with care and sensitivity. The improvements to customer service that will be driven by this strategy will recognise this and make sure that we will continue to offer services through all access channels where necessary for the customer or the transaction. Our digital inclusion approach has three key advantages for our communities which together form a strong basis to support a wide range of other initiatives especially in promoting economic growth, tackling social disadvantage, and in achieving a low carbon society.

Resource implications

11. The additional costs arising from delivering the Customer Access Strategy and transitioning customer services back to the council will be met from within the existing Customer Services budget.

Finance implications

12. There are a range of costs associated with the movement of the call centre to in house provision. However, there are substantial cost savings that will accrue from the 2013/14 financial year that will more than offset these costs within the first two years of the new arrangements and provide a continuing, cost effective reduction in the cost of service provision.
13. The range of costs that are associated with this include costs associated with refurbishment of accommodation, the implementation of updated systems and costs related to the maintenance of service provision within the final year of the contract. These costs will be covered from the accommodation reserve, the modernisation fund and existing budget provision.

Consultation

14. The strategy sets out the changes in customer preferences for accessing council services and explains how this has informed the council's thinking about the future delivery model for customer services. The take-up rate for online council services and the My Southwark portal demonstrates that there is significant demand for greater delivery of council services online. Detailed consultation on the strategic principles has not been carried out with the public, but any significant changes to the delivery of services as a result of this strategy would be communicated clearly. A full equalities analysis will be undertaken on new services to ensure we are meeting our equalities duty through implementation.
15. Significant consultation has taken place within the council to ensure that the Customer Access Strategy will be owned and delivered across the organisation. The Corporate Management Team have played a lead role in developing the strategic principles and ensuring that the strategy is relevant to the wide range of council services to which it will apply.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

16. This report seeks the Cabinet's approval to the Customer Access Strategy as set out in Appendix 1. As noted in paragraph 5, the Cabinet asked officers to return with details of the future operating model for customer services, which this report now details. There are no specific legal implications relating to agreement of this strategy. Officers from the Legal Services division are advising and will continue to advise on the transition of services back to council control.

Strategic Director of Finance and Corporate Services (CR/F&CS/08/11/12)

17. The Strategic Director of Finance and Corporate Services notes the financial implications in paragraphs 12 to 13 and understands that further work is being undertaken to reconfigure and improve service delivery and drive out substantial savings over the medium term.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Customer Services Centre (CSC) Contract with Vangent Ltd – 15 May 2012 Cabinet report See link to document on council website: http://moderngov.southwark.gov.uk/documents/s28863/Report%20Customer%20Services%20Contract%20with%20Vangent%20Ltd.pdf	Report on the council's website	Everton Roberts 020 7525 7221

APPENDICES

No.	Title
Appendix 1	Customer Access Strategy

AUDIT TRAIL

Cabinet Member	Councillor Peter John, Leader of the Council	
Lead Officer	Gerri Scott, Strategic Director of Housing and Community Services Graeme Gordon, Director of Corporate Strategy	
Report Author	Shazia Ullah, Customer Transition Programme Manager	
Version	Final	
Dated	8 November 2012	
Key Decision	No	
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
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	8 November 2012	

APPENDIX 1

Customer Access Strategy

Southwark Council

November 2012

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1 – Executive Summary

Introduction

This strategy sets out Southwark Council's new approach to the way we will deliver services to local residents in the future. By improving the way customers access council services, we have the opportunity to both improve the quality of the customer experience in Southwark and make significant savings. This will mean changing the nature of our relationship with the citizen, investing in new technology and clearly communicating the change with both council staff and local residents. This document explains our vision for customer services and sets out a clear road map for delivering it.

Context

This strategy has been developed in the context of a major change in the way we deliver our customer services. In May 2012, we announced that we would be bringing our customer service contract with Vangent under in-house control, starting from 1 June 2013. At the time, Councillor Peter John, Leader of the Council, stated that:

“Our vision for customer services is to treat every resident as a valued member of the family and we believe that having the responsibility for service delivery will help us to achieve this more quickly. We believe this is the right course of action to take if we are to deliver a new approach to customer service that also delivers value for money in the current tough economic climate.”

In transitioning this service back to the council, it is important that we have a clear strategy for the way we want the service to be delivered in the future. Since the front-facing services covered by the contract were last delivered by the council in 2005 the world has changed significantly with new technologies and changing customer expectations meaning that a fresh approach is required. The changed financial climate in local government also means that we have to look again at everything we do and find cheaper, more efficient ways of delivering services.

The strategy

This strategy sets out the following strategic principles that we will focus on as we deliver improvements to our customer services:

Taking responsibility for customer service because an efficient, effective local authority relies on customer focus being embedded at all levels of the organisation

Getting it right first time because customers rightly expect that basic enquiries can be resolved correctly at the first point of contact

Digital by default because the spread of the internet and mobile technology has presented new opportunities for delivering services more effectively and at lower cost

Treating everyone with respect because we have committed to treating our residents as we would want members of our own family to be treated.

2 – Background and context

The development of a Customer Access Strategy is timely given the number of both local and national factors impacting on the council and the way it delivers services.

National context

Across the private and public sector, the spread of new technology has challenged old models of service delivery. Customers and service users are now able to access information at the touch of a button, often whilst on the move, meaning that more traditional methods of delivering simple transactional services have become outdated. Carefully designed online services are quick and easy to use, available whenever and wherever customers wish to access them and can have significantly lower administrative costs compared to other access channels. This strategy sets out our approach to the growing number of channels through which residents can access services and explains how we will ensure that these channels are as cost effective as possible.

The financial climate within which the council now operates is also a significant driver of our approach. Government funding to Southwark Council was reduced by £33.7m in 2011/12 and a further £16.7m in 2012/13 meaning that significant savings have had to be found from across all council services. As well as enhancing the customer experience, the strategy must also reduce the waste and duplication that results from poor customer service in order to support the delivery of these savings.

Local context

There are also a number of local factors within Southwark which are driving the development of this new strategy. The council is taking back direct control of its customer services when the contract with Vangent ends on 1 June 2013, which will significantly change the way in which we interact with local residents. Over the past seven years, Vangent has handled customer contact on behalf of the council and made significant strides in modernising and streamlining service delivery, as well as providing skills and knowledge transfer to council staff. Bringing the management of these services back under direct council management will bring the front and back office closer together and enable further progress to be made in streamlining end to end processes.

Unlike many local authorities, Southwark retains direct management of its housing stock which means that residents often need to contact the council. Southwark Council is the largest local authority social landlord in London, with 39,000 social rent homes and 15,000 homeowners living in council property, meaning that we receive a high number of contacts from residents wishing to report housing repairs or pay rent. This means that levels of contact with the council will remain high, whichever channels people use to access services.

It is also important to recognise that Southwark is hugely diverse urban borough, which presents its own challenges and opportunities when delivering customer services. According to figures released by the ONS from the 2011 Census, Southwark had a population of approximately 288,300 in March 2011. It is an area of great diversity, with areas of affluence alongside more deprived ones. The borough's residents will have specific needs and preferences as to how they would wish to contact the council, which need to be considered as part of this strategy. However, Southwark's location in inner London means it is blessed with high levels of

broadband internet, wireless internet and mobile phone coverage which will support the drive to deliver more services online.

Our customers

Southwark residents will contact the council for a host of reasons, whether as a council tax or business rate payer or as a user of a specific service such as libraries, parking, waste and recycling, and schools.

In most instances these interactions are simple and routine and the resident wants to transact with the council quickly and in a manner convenient to them. Many customers consider themselves very “light” users of council services, and can be unaware of the range of services they benefit from each day.

In other instances these interactions are by their nature, more complex and may be targeted at certain groups of residents such as those in supported accommodation, unemployed residents or young offenders.

In a small number of instances, intensive support may be required to get the individual “back on their feet”. These services are more likely to be intensive, complex and targeted to the specific needs of the individual or family.

Customer access channels

Customers currently access council services through a range of different channels including:

- Face to face
- Email
- Internet
- Telephone
- Mobile technology (including SMS text messaging, apps and mobile web)
- Automated telephone technology
- Post

These channels have varying levels of effectiveness depending on the nature of the service being delivered and differ in terms of their cost effectiveness. The choice of access channels available to the public is growing as new technologies are developed. In recent years we have seen the emergence of new channels such as digital social media (such as Facebook and Twitter), mobile internet, and more recently mobile phone applications. However, in some cases a level of reassurance that can only be given in person or over the phone is required, meaning that online service delivery would not be appropriate.

Customers will contact the council for a wide range of reasons, but these contacts can be broadly grouped in to the following three categories:

- **Transactions** (e.g. reporting street litter, requesting a repair or paying a bill)
- **Interactions** (e.g. obtaining advice, public consultations, getting involved)
- **Information Provision** (e.g. cycle maps, leaflets, web pages)

An effective customer access strategy will need to consider the most appropriate channels for each of these types of contact, bearing in mind customer expectations,

the emergence of new, more cost effective channels and the need to make savings across our services.

Current provision

At present, customer contact with the council is made through a number of means. Although the primary point of contact is the Customer Service Centre (for telephone calls) and the three One Stop Shops (for face to face contact), research has shown that the council also receives a large number of direct contacts to individual officers or teams.

The table below shows the number of contacts received through the Customer Service Centre and the One Stop Shops between 2009 and 2011 and the cost of receiving these contacts. It is important to note that these figures reflect customer access through the customer services delivered through the Vangent contract which only represents a proportion of all customer contacts with the council.

The table shows that there is a decline in the numbers of customers accessing the traditional telephone and One Stop Shop services and an increase in the numbers accessing services online. Weblabs forms went live in June 2011, but have already shown significant take up in a very short time. This reflects both the appetite of customers for accessing services via the web and also the work that services have undertaken to improve their service offering on the council's website.

	Telephony (CSC only)	Weblabs forms ***	Emails/webform (CSC only)	F2F (OSS only)	Total Contacts	Decrease YOY
2009	1,680,804	0	Not available	193,469	1,874,273	NA
2010	1,630,596	0	Not available	197,852	1,828,448	45,825
2011	1,472,794	20,613	71,068 *	181,718	1,746,193	82,255
	Cost per Contact Telephony (CSC only) ****	Cost per contact Web**	Cost per contact Emails (CC only)	Cost per contact (CAP only)		
2009	£2.93	£0.08	£2.93	£11.73		
2010	£2.77	£0.08	£2.77	£11.81		
2011	£2.57	£0.08	£2.57	£11.82		
Total Costs (paid to Vangent)	£36,790,395	NK	inc in tot	Inc in tot		

* Feb 2011 – Feb 2012

** Not available – estimate

*** Stats only run from May 2011 to March 2013 – they relate to different services but are primarily concerned with Revenues and Benefits.

**** Simple enquiry rate

Channel Shift

In December 2011, CMT established a Service Migration Board chaired by the Head of Customer Experience. The Board has had a number of successes to date, including the creation of many on-line transactional forms, improvements to the search facility on the website and recognition of improvements made by SOCITM; the industry standard accrediting body which awarded Southwark 3 stars (up from 2 stars) for its website functionality

While some services have made good progress in seeking to transfer demand to the web, other have yet to do so.

Channel shift is vital if we are to be responsive to the increasing numbers of people with access to the internet via their home PC, at work, at libraries or via a smart phone. The table below demonstrates large increases in visits to the council's website in recent years. Between 2009 and 2011, the number of visits to the website increased by 61%. Many of these customers will have been accessing service information, viewing the jobs pages etc. The challenge for the council is to get these same customers to transact with the council via the website instead of picking up the phone or visiting a one stop shop.

Description	2009	2010	2011
Visits	2,161,740	2,570,648	3,483,326
Pageviews	6,887,788	10,627,455	13,021,759
Pages/Visit	3.19	4.13	3.74
New Visits	51.24%	49.18%	51.75%

3 – Vision

In July 2011, the Council agreed a new Council Plan, which is our promise of what we will deliver as a Council. This document outlined a new relationship between the council and our residents, built on trust, openness and transparency in all we do. The plan set out the following six key principles that underpin everything we do:

1. Creating a fairer borough
2. Being more transparent
3. Spending money as we would our own
4. Treating every resident as though they were a member of our own family
5. Realising potential
6. Transforming public services

From this plan, we have developed the following vision for customer services, which has led the development of this strategy:

“Treating residents as we would want members of our own families to be treated”

This means we will tell you the truth. We think this is treating you as we would want member of our own families to be treated: We will tell you the truth and will expect you to do the same to us; like any family, sometimes we will disagree but throughout we will maintain a mutually respectful relationship; sometimes we will need to do things together, and sometimes you will want to be left to get on with things yourself.

In Southwark, good customer service means more than how quickly a call is answered, or how soon we acknowledge an email. These things are important, but what makes us really passionate is the quality of services. We are working to design services that put customers in control and foster independence. We aim to simplify and reduce the cost of the most straight forward transactions in order to focus resources on the most complex cases.

From street cleaning to blue badge requests there are certain core standards you can expect from us: we will seek to resolve the issue the first time we’re involved; where-ever possible we will offer services on digital channels; we will help you to use self-service facilities to keep down costs and keep services focussed on delivery; we will treat you with courtesy and respect. Alongside this, by sorting out the most common problems we will put in place measures that minimise your need to get in contact at all.

We will work collaboratively with individuals, families and communities to improve outcomes.

Overall, we will make sure that our people have the right support, resources and leadership to deliver this vision.

4 – Strategic Principles

This strategy sets out the following strategic principles that will drive the delivery of improvements to our customer services:

- 1. Taking responsibility for customer service** because an efficient, effective local authority relies on customer focus being embedded at all levels of the organisation
- 2. Getting it right first time** because customers rightly expect that basic enquiries can be resolved correctly at the first point of contact
- 3. Digital by default** because the spread of the internet and mobile technology has presented new opportunities for delivering services more effectively and at lower cost
- 4. Treating everyone with respect** because we have committed to treating our residents as we would want members of our own family to be treated.

4.1 Taking responsibility for customer service

Taking responsibility for customer service because an efficient, effective local authority relies on customer focus being embedded at all levels of the organisation

The transition to council control of the customer services currently provided by Vangent in June 2013 confirms the council's commitment to delivering excellent customer services. This will be the responsibility of all council staff, not just those who work in the call centre or the one stop shops.

Staff at all levels will be empowered to use their initiative and take ownership of customer enquiries. The focus will be on getting the right outcome for the customer, rather than issues being passed between front and back office without resolution.

We will welcome customer feedback and use this to improve the delivery of services and there will be a greater focus on training and development to improve skills and standards across both the front and back office.

The leadership of the council will take responsibility for communicating our new vision for customer services and ensuring that staff at all levels are fully engaged in the cultural and behavioural change necessary to implement this decision. This strategy has been approved by the council's Corporate Management Team ensuring full senior level support for the approach set out in this document.

4.2 Getting it right first time

Getting it right first time because customers rightly expect that basic enquiries can be resolved correctly at the first point of contact

In order to meet the financial reductions facing the council, a focus on getting things right first time will be vital. By eliminating wasteful processes and duplication in the way we deliver services, significant savings can be secured, some of which can be reinvested in delivering the more complex services to vulnerable residents which are likely to continue to require multiple contacts. This will mean ensuring the right capacity exists across the organisation to deliver this and that hand offs from the front to the back office are properly managed, particularly in relation to more vulnerable service users.

In order to achieve this, all information will be clear, correct and as detailed as necessary across all channels, helping to reduce avoidable contact. This will include redesigning many of our services so that we don't force our customers into unnecessary contact with us, by automating systems, removing unnecessary steps in our processes and better anticipating customer need.

We will ensure that customers never have to repeat themselves or raise an issue more than once. Where issues can not be resolved at the first point of contact, we will tell customers what will be done and by when and keep them updated on progress as the issue is dealt with.

For some services, there remains a need to build long-term relationships with service users and provide ongoing support to them and their families. In this context, getting it right first time means being clear from the outset about the role the council can play in providing this support and recognising that not all issues can be resolved immediately.

4.3 Digital by default

Digital by default because the spread of the internet and mobile technology has presented new opportunities for delivering services more effectively and at lower cost

The Government has committed to a 'digital by default' strategy across all public services following the UK Digital Champion Martha Lane-Fox's report which argued for the simplification and strengthening of digital government to improve the quality, and consequently use, of online channels.¹ Southwark Council is committed to delivering services in ways which keep pace with modern technology and recognises the need to move to a 'digital by default' position across all our services.

Delivering services online will therefore be the default option for the delivery of council services, with the My Southwark portal becoming the primary means for contacting the council. Online access points will be signposted and promoted above all others, with a strong online presence for all services, including those where there is no transactional element. This will drive the channel shift from face to face and telephone contact to online delivery which is necessary to deliver services that meet the expectations of our customers and deliver the savings that will be achieved by promoting cheaper, more efficient channels. This includes ensuring that all online services can be accessed through a smart phone or other handheld device as well as through a PC.

¹<http://www.cabinetoffice.gov.uk/sites/default/files/resources/Martha%20Lane%20Fox's%20letter%20to%20Francis%20Maude%2014th%20Oct%202010.pdf>

Digital by default means being creative in redesigning our services so that every service that can be transacted online will be to the fullest extent possible. This will include redesigning any process which currently requires our customers to contact us by post so that this is no longer necessary.

In order to support the delivery of services online, we will ensure that wherever possible, staff will use the same online process when dealing with customers on the phone or face to face. This will also present opportunities for introducing live chat or remote access technology in the future.

We recognise that not all residents will be ready for the switch to greater online service delivery and so we will continue to offer other channels where necessary for the customer or the transaction. For a number of our services, face to face interaction is a fundamental part of the service and this will continue to be at the heart of many of our services. However, we will be creative in identifying all the opportunities available for making services accessible online. To support our residents to access services online we will continue to promote digital inclusion by providing free public access to the internet at the borough's libraries with staff on hand to support residents in getting online where this is required. Our digital inclusion approach has three key advantages for our communities which together form a strong basis to support a wide range of other initiatives especially in promoting economic growth, tackling social disadvantage, and in achieving a low carbon society.

4.4 Treating everyone with courtesy and respect

Treating everyone with courtesy and respect because we have committed to treating our residents as we would want members of our own family to be treated

Southwark Council has a diverse set of relationships with local residents that go well beyond the simple transactional customer services that predominate in the private sector. We recognise that some of our customers contact us in difficult and highly emotional circumstances, that sometimes it is the council's job to arbitrate between competing community interests and that often we are required to undertake enforcement activity against individuals, families or businesses for the common good. However, across these different types of contact and relationship with the citizen, we have a duty to treat everyone with courtesy and respect.

The Council Plan is clear that as a council we will treat every resident as we would want members of our own family to be treated. This means taking the time to understand every query or issue from the customer's perspective and speaking to customers in terms that can be readily understood.

The customer service standards at Appendix 1 of this strategy set out our commitment to our customers and how we will meet their expectations when they contact the council. Integral to this approach will be our willingness to be honest when we get things wrong and to work to put things right as soon as possible. We will also thank residents who help us and tell them what action we have taken, for example when an abandoned car is reported.

5 – Delivering the new approach

In order to deliver our new vision for customer access in Southwark, we will need to ensure that our delivery models are fit for purpose. In practice this will mean:

- A single in-house contact centre and switchboard at Queens Road
- Fully rationalised customer access points
- An up to date, modern website through which most services can be transacted
- Self-service promoted and encouraged

The transition to this model will be carefully managed and will be programmed so that not all services will be delivered in this way from 1 June 2013. Before services are transitioned, full assessments will be carried out in partnership with service leads to ensure that necessary capacity and quality levels are in place.

More details about each of these elements of our delivery model are set out below:

Single in-house switchboard and contact centre

From 1 June 2013, our customer services will be delivered through a single in-house switchboard and contact centre located at the Queens Road campus in Peckham. This contact centre will become the primary point of telephone access for customers for all services (including those not currently within the Vangent contract).

The key elements of this approach will be:

- For routine enquiries, there will be automated routing and signposting technology.
- Contact centre staff will be trained to work with prompts, not scripts, and will fully engage with the residents who contact us by phone, providing a friendly, professional service
- The Customer Experience division will be responsible for setting and monitoring customer service standards working closely with service leads
- Wherever practical, services will be configured and staff up-skilled to allow resolution at the first point of contact
- Some specialist staff may also be located within the contact centre on a temporary or permanent basis to maximise opportunities for resolution at first point of contact
- Where hand-offs to specialist staff in the back office are necessary, the relevant team will collaborate with the Customer Experience team to ensure high quality end to end service
- Back office staff will have access to the same view of the customer as contact centre staff

Customer access points fully rationalised

We are committed to retaining our own branded customer access points for the foreseeable future, but will work to rationalise the delivery of face to face contact. In many cases this will see face to face provision phased out where the type of transaction and the existence of provision across other channels renders it unnecessary

The key elements of this approach will be:

- Face to face transactions will be delivered through booked appointments in preference to a “drop in and queue” service, as this allows us to offer a better service to customers
- Written communications will be clear and signpost to the website for any follow up actions, so we are not generating face to face visits from confused or anxious residents
- Appointments with specialist staff may also be arranged at the Queens Road campus and other specified locations where customers can be served effectively (e.g. Canada Water Library)
- Cash payments will continue to be accepted from residents but there will be no cash handling by the council – a timetable for closing the cash offices and procuring alternative provision (e.g. through the Post Office) will be agreed.

An up to date, modern website through which most services can be transacted

Ensuring that the council's website is fit for purpose will be vital if we are to deliver the vision set out in this strategy. Significant work has already been undertaken to migrate services online and ensure the website is able to conduct transactional services smoothly and efficiently from both the customer and back office perspective.

The key elements of this approach will be:

- The My Southwark portal will be promoted as the primary means of accessing council services
- The Customer Experience division will ‘own’ the website, with Information Systems responsible for technical support and Communications responsible for branding, design and social media
- Keeping website content complete and up to date will be a priority for all council departments and will be resourced accordingly

Self-service promoted, supported and incentivised

The new service will have a strong focus on self-service wherever this is appropriate. This will increase customers' ability to access services at the time of their choosing and will enable significant savings to be made in the delivery of our customer services. To support this change, incentives will be provided to encourage self-service by customers.

The key elements of this approach will be:

- Self-service terminals will be provided at all customer access points and customers will be encouraged and assisted to make use of them
- Customers will be incentivised to self-serve (financially or otherwise)
- Support and assistance will always be available for those that need it
- E-forms will be prominent on the website and integrated with back office systems, enabling end to end self-service wherever possible
- Generic e-mail accounts will be deleted and e-mail addresses will not be published, only the website address

Appendix A – Customer Service Standards

Southwark: Customer Service Standards

- ***Treating everyone as we would wish a member of our family to be treated***

When it comes to customer service, we know you want us to deliver the services you need, meeting the promises we make for quality and time. You also expect us to keep you well informed and to treat you with respect.

To ensure our customer service is as good as that you will find anywhere, these are our commitments to you:

We will be easy to contact and do business with

- The staff you deal with will be knowledgeable, polite and respectful
- Staff will give you their name and take responsibility for helping you or will find someone who can
- Our aim is to say “yes”, but we will be clear and straightforward where we can’t help, and where possible, we will point you in the direction of somewhere that can

We will deal with you as efficiently and quickly as we can

- We will do our best to resolve your enquiry and get it right, first time
- We will continually improve, ensuring that our services represent good value for money for residents, keeping resources focussed on service delivery
- We will keep up with the development of new technology so that you can access our services in the modern ways you want

We will treat you fairly, with courtesy and respect

- We will communicate with you in a clear and honest way and give you the right information for you to make choices
- Where you have a problem, we will listen to you and properly understand the issue.
- We will value your feedback and will use your comments and complaints to improve our services for the future

Item No. 13.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Moving Towards A Primary Investment Strategy	
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

The council is committed to ensuring that every child and young person can thrive and achieve their full potential. Through continued investment in the borough's schools, pupils are achieving new heights, with attainment at or above the national average across all key stages, and continuing to improve.

The council has also guaranteed that every child has access to a quality local primary place, with parents able to choose from a community of outstanding schools. This ambition is achieved through supporting schools to be outstanding and wherever possible by expanding popular and successful schools.

Southwark is facing unprecedented demand for primary school places. Over the past two academic years, the borough has experienced shortfalls in reception year places – and this is predicted to increase over the coming years. As a result, a substantial investment programme is required to ensure that there are sufficient quality places available in both the short and medium term.

This report sets out the steps undertaken and planned to develop this investment programme. It has been developed in collaboration with schools and sets out a robust plan for ensuring that Southwark's schools can continue to thrive and provide an excellent education for all the borough's children. I commend this report to cabinet.

RECOMMENDATIONS

1. That Cabinet note the forecast demand for primary places and associated need for the creation of additional capacity within Southwark's primary estate.
2. That Cabinet note the financial implications of the necessary expansion.
3. That Cabinet note that the Cabinet Member for Children's Services shall confirm those schools to be subject to further development of permanent expansion proposals and a co-ordinated fabric investment programme following the conclusion of further feasibility assessments.
4. That Cabinet note that the Strategic Director of Children's and Adults Services will approve a programme of temporary expansion for 2013 by December 2012.

BACKGROUND INFORMATION

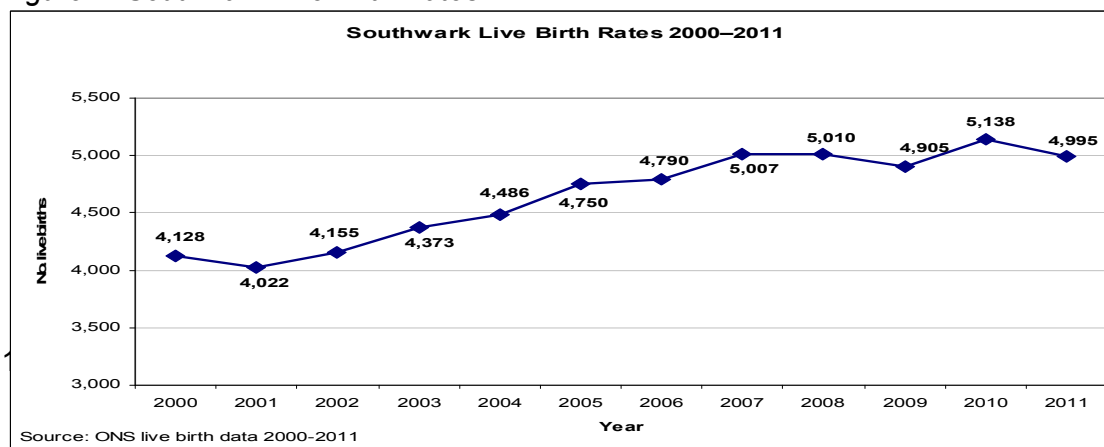
5. The Education Act 1996 places a statutory duty upon the Local Authority to ensure that there are sufficient school places available within their school system.
6. The council's primary places strategy, the Primary Strategy for Change, was adopted by Council Assembly in June 2008. Developed by a steering group of primary headteachers, it set a policy framework for investment decisions through the primary capital programme. This programme has enabled the council to secure sufficient primary places over recent years. The strategy has been recently updated to reflect the growing demand for primary places, the diversification of the schools' community, which now includes academies and free schools, and reduced capital funding levels.
7. In March 2009, in response to growing demand for primary places, the council agreed to use temporary classes to complement permanent expansions, in order to enable the council to respond flexibly to changing demographics. At the time, it was predicted that the increase in demand would be temporary.
8. Over the past two academic years Southwark has been experiencing a significant shortfall in permanently available places to meet demand.
9. This is considered to have been as a result of a combination of factors – increasing birth rates; the recession's impact on the job and housing markets resulting in more families staying within the borough when their children reach school age and fewer applying for a place in the independent sector; improving schools resulting in more parents seeking a place at their local school; increased residential capacity.
10. This demand for reception places has been met through a combination of permanent expansions (for example Michael Faraday and Phoenix primary schools) and other schools temporarily expanding one year group – a 'bulge class'. In September 2012 300 reception places were created across 12 schools through temporary expansion.
11. It is anticipated that this pressure on available places will continue and action is required to ensure that sufficient places are created in local schools to meet demand, in line with the council's place planning strategy.

KEY ISSUES FOR CONSIDERATION

Pupil place planning

12. Southwark's pupil place planning is largely based on Greater London Authority (GLA) population projections which are themselves informed by:
 - Current school rolls
 - Birth rates
 - Underlying population projections
 - Migration
 - New housing
13. Birth rates in Southwark are following an upward trend as shown in Figure 1.

Figure 1: Southwark Live Birth Rates



- Parental recognition of new schools
 - Changing patterns of families remaining in borough
 - A 5% planning margin
15. The 5% planning margin is added to ensure that in a time of rapid growth the forecasts are not underestimating demand and also to ensure that there will be sufficient places to respond to parental choice.
16. The combined data shows an ongoing trend for additional reception children in Southwark requiring a school place. This pressure on places is being experienced and anticipated across London and regular liaison meetings are held between Southwark officers and those in neighbouring boroughs to cross refer data and inform pupil place planning.
17. Figure 2 shows the anticipated demand for pupil places against available places.

Figure 2: Reception capacity and anticipated place demand



18. As Figure 2 shows a significant shortfall in available places is anticipated in 2013/14 and on into future years which is initially consistent with the shortfall experienced in 2012/13.
19. To assist in the planning of a response to pupil place demand the data is prepared for both the borough as a whole and also for individual community

councils. This breakdown into smaller planning areas enables a pattern of need to be determined and the necessary response mapped more effectively onto local schools.

20. Table 1 shows the predicted shortfall in permanent places by planning area over the coming academic years.

Table 1: Shortfall by planning area

	September 2013	September 2014	September 2015	September 2016
North West (Borough, Bankside and Walworth)	0 FE	0 FE	0 FE	0 to 1.5 FE
North East (Bermondsey and Rotherhithe)	2.5 to 4 FE	3 to 4.5 FE	5 to 6.5 FE	6.5 to 8FE
Central West (Camberwell)	1 to 2 FE	1.5 to 2.5 FE	2 to 3 FE	3 to 4 FE
Central East (Peckham and Nunhead)	1.5 to 2.5 FE	1 to 2.5 FE	2 to 3.5 FE	3 to 4.5 FE
South (Dulwich)	2 to 2.5 FE	1.5 to 2.5 FE	2 to 2.5 FE	2.5 to 3 FE
Total	7 to 11 FE	6.5 to 12 FE	11 to 15.5 FE	15 to 21 FE

Notes: FE is an abbreviation of Forms of Entry. One form of entry is equivalent to 30 additional places in a year group or 210 places across a school.

The higher figure in the range incorporates the 5% planning margin.

21. The planning data shows a significant differential between anticipated demand across planning areas and as such any response needs to match this pattern of demand.
22. In consideration of the pupil place planning data it is proposed that a target of 12FE of permanent expansions should be progressed at this time in order to meet demand up to and including September 2015 subject to further review annually.

Primary estate review

23. In April 2012, 4 Futures, Southwark's Local Education Partnership, were commissioned to carry out an inspection of the entire primary estate and linked educational buildings to assess existing capacity and the viability and cost of expansion. Alongside this they also carried out detailed condition and measured surveys.
24. The outputs of this study have been reviewed and have resulted in 22 schools and education sites being longlisted for further consideration for permanent expansion. The longlisted schools are shown in Table 2.

Table 2: Longlist of schools under consideration for permanent expansion

School	Planning Area
Albion Primary School	Bermondsey and Rotherhithe
Galleywall site	Bermondsey and Rotherhithe
Grange Primary School	Bermondsey and Rotherhithe
Phoenix Primary School	Bermondsey and Rotherhithe
Redriff Primary School	Bermondsey and Rotherhithe
Charles Dickens Primary School	Borough, Bankside and Walworth
Cobourg Primary School	Borough, Bankside and Walworth
Keyworth Primary School	Borough, Bankside and Walworth
Robert Browning Primary School	Borough, Bankside and Walworth
Surrey Square Primary School	Borough, Bankside and Walworth
Bessemer Grange Primary School	Camberwell
Comber Grove School	Camberwell
Crawford Primary School	Camberwell
Oliver Goldsmith Primary School	Camberwell
Bellenden Primary School	Peckham, Nunhead, Peckham Rye
Camelot Primary School	Peckham, Nunhead, Peckham Rye
John Donne Primary School	Peckham, Nunhead, Peckham Rye
Old Bellenden site	Peckham, Nunhead, Peckham Rye
Rye Oak School	Peckham, Nunhead, Peckham Rye
St James the Great Roman Catholic Primary School	Peckham, Nunhead, Peckham Rye
Dulwich Hamlet Junior School	Dulwich
Dulwich Village Church of England Infants' School	Dulwich
Langbourne Primary School	Dulwich

25. These longlisted schools/sites were considered, at a high level, to have capacity to expand either within their existing accommodation or following a cost effective investment in their accommodation or in new accommodation. Further, the schools were open to exploring the possibility of expansion.
26. It is considered that in theory the anticipated demand in places could be met through the provision of additional places at those schools listed above. However it is likely that through a more detailed feasibility assessment at each school that some may drop away as a result of functional or financial viability, waning support for the developed proposals or lack of alignment with the council's place planning strategy.
27. In most planning areas the number of potential places that could be delivered at longlisted schools (or other schools not currently longlisted) is greater than those required in the short and medium term. However, in the Dulwich area alternatives are limited should the schools on the longlist not be viable. As such alternative options are being actively explored including consideration of location and provider.

Free schools

28. In September 2012, Southwark Free School opened in temporary accommodation in a tenant's hall on the Ledbury Estate in central Southwark. This opening is in advance of their anticipated permanent establishment as a 2FE primary school in new accommodation to be constructed in Rotherhithe New Road. These proposals are currently the subject of a planning application.
29. Should this application be successful the earliest likely date of opening in permanent accommodation is September 2014. Following the determination of the planning application Southwark Free School will be factored into assumptions in regard to available places.
30. The Education Act 2011 has removed substantial powers from Local Authorities to address place planning through the establishment of new schools; the presumption is that most new schools will be either Academies or Free Schools (or in some limited circumstances voluntary aided). Should a new school be the route determined to deliver additional places close working will be required with Free School proposers, the Department for Education, Academy groups, Diocesan Authorities and local schools to identify the appropriate governance.

Meeting the expansion need

31. Further work is now underway with the longlisted schools to produce a more robust and deliverable costed expansion proposal for each in order that the most cost effective, supported and deliverable projects that best respond to local demand can be progressed. This work is due to complete in January 2013. This should enable a fully costed programme of investment to be developed to start to deliver permanent expansions from September 2014.
32. It is unlikely that at most of the above schools it will be possible to have completed all necessary works to support a permanent expansion by September 2014. As such it will be necessary for schools to expand in temporary arrangements ahead of their permanent expansion to meet the 2013 demand. Further this will need to be supplemented by ongoing temporary expansions (bulge classes) at other schools not identified as permanent expansions to be agreed by the Strategic Director of Children's and Adults Services.
33. In total over 7 FE of additional reception places will be sought to be created in September 2013.
34. The Cabinet Member for Children's Services shall approve those schools to expand following the consideration of further feasibility work and an associated Equality Impact Assessment. An update to Cabinet will subsequently be given.
35. The decision as to which schools to expand will be guided by the council's place planning strategy. Its planning principles include the need to ensure that investment supports fairness, quality, inclusiveness, value for money and flexibility. These decisions will also need to be informed by the schools' capability to expand while continuing to deliver high quality education, more precise consideration of the location of schools and their ability to meet local demand and affordability.

Condition

36. Alongside the expansion outcomes of the study there are ongoing condition liabilities across the estate. Generally the primary estate is in good condition following planned investment and renewal by Southwark, the Diocese and individual schools. However with the nature and age of the stock ongoing investment is required to ensure that buildings continue to be safe, warm and dry.
37. Overall £23m of investment has been identified though the condition surveys as being required in the primary estate over the next 10 years with an average investment of £3.5m shown over the first five years. The condition survey outputs are now to be reviewed and an investment programme developed balancing priority of investment and economic phasing and bundling of works. This programme is due to be developed in early 2013 in line with the expansion investment programme in order that both are funded as part of a co-ordinated investment programme.
38. An assumption at this time of up to £12m of investment in building fabric issues outside of the expansion programme over the next three years is considered to be sufficient for financial planning purposes ahead of the development of a robust programme.

Community impact statement

39. The content of this report relates to primary aged children and their parents and carers only, and is borough wide. It is anticipated that it will have a positive impact on the community as it seeks to ensure that all parents can more fully exercise their choice of primary school. The programme seeks to achieve this by investing in existing schools within Southwark's primary estate, and providing additional capacity where there is greatest demand for reception places.
40. As each investment decision is taken forward a detailed impact assessment will be undertaken to ensure there is no adverse impact on the community and these will be included in future reports for decision as appropriate.

Financial implications of expansion programme

41. Based on the outputs of the review and subject to the further detailed studies on the longlisted schools, and the progression of Southwark Free School's proposals, the delivery of 12FE of permanent places is anticipated to cost between £40-65m over the next three financial years or approximately £3.5-5.5m per additional form of entry provided.
42. In addition up to £12m should be set aside to meet potential condition liabilities and a further £2m for the delivery of the 2013 temporary expansions meaning that total anticipated lower estimate of funding required for the three year programme is £54m with the higher boundary at £79m.
43. Funding for any programme would need to be made up of existing Department for Education grant for new places, future anticipated grant, Southwark's own general funding, S106 payments and Southwark's Community Infrastructure Levy (CIL).
44. Some funding is also anticipated to come from schools and Diocesan Authorities.

45. Delivering an expansion programme is contingent on grant from the Department for Education. It is likely that following the feasibility review a year on year increase in available grant will be required to deliver the necessary investment.

Consultation

46. Consultation with stakeholders is ongoing. A meeting with all primary Headteachers was held in September 2012 to discuss the proposed programme and its development and delivery and a meeting with representatives of the Roman Catholic and Anglican Diocese was held on the 12 November 2012.
47. Discussions are continuing with the Department for Education to confirm reasonable future funding assumptions and confirm their support for the overall investment strategy outlined in this paper – the delivery of the additional required places through the expansion of existing schools supplemented by some new provision.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

48. Cabinet is advised to accept the recommendations outlined in the report.
49. The legal basis for the recommendations is found under the Education Act 1996. Section 14 places a duty on local authorities to ensure that there are sufficient primary and secondary schools in their area. Cabinet is advised that the Local Authority must ensure there are enough school places to meet needs as well as working to secure diversity of provision. The Local Authority is also bound by the duty to take into account parental preference in so far as to do so avoids unreasonable public expenditure.
50. Cabinet is advised that the Education Act 2011 has restricted the legal power for local authorities to establish community schools to address the issue of increased demand for primary places. Therefore Cabinet is advised that the Local Authority may look to existing provision to expand or to free schools and academies to meet demand.
51. Cabinet will note that the Cabinet Member will have regard to the outcomes of an Equality Impact Assessment in considering the decision under Recommendation 3, and to the public sector equality duty under Section 149, Equality Act 2010.

Strategic Director of Finance and Corporate Services (F&CS/CR/07/11/12)

52. This report is recommending Cabinet to note the investment strategy required to create additional capacity within Southwark's primary estate to address the projected growing pressure on school places.
53. The report indicates a total budget requirement between £54m and £79m to fund the lower and higher estimates of the investment proposals respectively.
54. It is noted that funding for any investment proposals would be based on existing Department for Education (DfE) grant for new places, anticipated future grant from DfE and other sources of funding including Southwark's own funding, S106

payments and Southwark's Community Infrastructure Levy (CIL) will also be required, as reflected in paragraph 43.

55. However, it is understood that some of this expected funding has yet to be confirmed and discussions are also continuing with the Department for Education to confirm future funding assumptions.
56. It is expected, that a further report to Cabinet following the detailed feasibility work should provide more details on the fully costed programme of investment required together with details of funding options to meet the capital and revenue implications of the proposed investment.
57. Investment proposals of this magnitude presents significant risks to the council and it is essential to progress on these investment proposals within confirmed and agreed budgets and officers should ensure that a robust monitoring process is in place to ensure projects are completed within available resources.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Primary Strategy for Change	http://moderngov.southwarksites.com/documents/s1106/Primary%20strategy%20for%20change.pdf	Merril Haeusler, 020 7525 3755 160 Tooley Street London SE1 2QH

AUDIT TRAIL

Cabinet Member	Councillor Dora Dixon-Fyle, Children's Services	
Lead Officer	Romi Bowen, Strategic Director of Children's and Adults' Services	
Report Author	Sam Fowler, Project Director, Chief Executive's Department	
Version	Final	
Dated	8 November 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Procurement	No	No
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Home Ownership and Tenant Management Initiatives	No	No
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	8 November 2012	

Item No. 14.	Classification: Open	Date: 20 November 2012	Meeting Name Cabinet
Report title:		Home Care Annual Contract Performance Report	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Catherine McDonald, Cabinet Member for Health and Adult Social Care	

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

This report details the delivery, quality and performance monitoring record of home care services provided by Enara Community Care and London Care. These home care services provide essential support to vulnerable people with social care needs in order to help them live independently and safely in their own homes.

Both contracts have met the quality and performance requirements over the first year of operation. In the first six months both providers needed to grow and employ extra staff to provide the increased amount of care to the extra people who were now receiving care from them. There has been an improvement from the first six months to the second six months. I am pleased with the continuous improvement in both agencies.

RECOMMENDATIONS

Recommendation for Cabinet

1. That Cabinet Members note the delivery of the contracts over the first twelve months has met the council's requirements and that the council and providers remain committed to working together to continually improve the quality and consistency of home care delivery.

Recommendation for the Leader of the Council

2. That the Leader of the Council delegates authority to the Cabinet Member for Health and Adult Social Care to review and approve the annual performance report through the individual cabinet member decision (IDM) process.

BACKGROUND INFORMATION

3. In January 2011 Cabinet approved the award of contracts for two Universal Contracts and one Specialist Contract for Continuing Drinkers and Acquired Brain Injury.
4. This report follows the first 6 month Home Care Contract Monitoring Report considered by Cabinet in May 2012 and summarises performance for the first year of the contract.

KEY ISSUES FOR CONSIDERATION

5. Over 1,000 adults receive some form of home care service in Southwark so ensuring the delivery of good quality and cost effective home care services is an important part of adult social care provision in Southwark.
6. Since June 2011 the new contracting arrangements for Home Care services in Southwark is two borough-wide cost and volume contracts for universal home care and one contract for specialist home care.
7. In line with councils commitment to support greater choice and control users are given the choice of using their personal budget to either have the council arrange their care using these contracts or to manage their budget directly. Out of over 1000 current users, approximately 400 are managing their care through Individual Service Funds, Managed Accounts by Providers (MAPs), or independently managing their budget and care.
8. This report summarises the monitoring of the contracts for the first twelve months of full operation. Appendix 1 details the background data in relation to delivery, performance and quality.
9. The delivery of home care services under the two home care contracts has met the quality and performance standards under the contract over the first twelve months of operation. There was a reduction in service delivery alerts, safeguarding allegations and complaints for both providers from the first six months to the second six months of delivery and these also met the performance indicators for the contracts.
10. The council and providers remain committed to working together to continually improve the quality and consistency of home care delivery. The mechanisms identified in the May report continue to be used to manage and monitor the contracts, which include:
 - Weekly contact between monitoring staff and branch managers.
 - Designated contacts in the operational teams.
 - Monthly senior managers meeting to discuss issues and agree or review improvement plans.
 - Monthly reporting of service alerts and safeguarding data.
 - Director level meetings are held with the providers as required.
11. This report follows the 6 month Home Care Contract Monitoring Report considered by Cabinet in May 2012 and it is proposed that future reporting of contract performance be delegated to the Cabinet Member for Health and Adult Social Care.

Contract activity summary

12. There are a number of key measures the Council considers when assessing the performance and quality of home care services. A summary of performance against all key measures, along with explanatory notes is contained in Appendix 1. The key measures include:

- Service delivery alerts – this is where someone is concerned about the way the service is delivered, for example care worker’s punctuality or poor communication¹.
 - Safeguarding - this is where an allegation is received that someone is subject to abuse. This can be financial abuse, physical abuse, neglect etc. It may be an allegation related to a care worker or an allegation related to a third party.
 - Complaints and compliments
 - Regulatory compliance – all care providers are regulated by the Care Quality Commission who inspects them and publishes their findings on their website.
13. A summary of performance against each item is noted below:
- Service delivery alerts – there were 50 service delivery alerts in the first 6 months compared to 52 in the second six months. Examined against the number of hours this was an average of 35 per 100,000 hours in the first 6 months reducing to 27 per 100,000 hours in the second six months.
 - Safeguarding – both providers are achieving the performance indicator in this area of no more than 1% safeguarding alerts per 100,000 hours delivered.
 - Complaints and compliments – there have been no further formal complaints to the council after the providers received two each in the first 6 months. This is well within the performance indicator for this measure.
 - Regulatory compliance – the Care Quality Commission carry out regular inspections of home care providers and both providers have been inspected twice since the new contracts commenced:
 - Enara were inspected in December 2011 and again in June 2012. The results of the earlier inspections are outlined in the appendix and the 6 month monitoring report presented to Cabinet in May 2012. In the second inspection, Enara met all domains but moderate concerns were noted for Domain 7 Safeguarding. Changes to the way this is managed have been introduced and have resulted in decreased safeguarding alerts.
 - London Care were inspected in September 2011 and again in September 2012. London Care are compliant in all domains.
14. All service delivery alerts and safeguarding allegations are investigated and any action points are monitored by Adults’ Commissioning. In addition, management regularly review activity in both areas and meet with both providers to ensure continuous improvements are underway that address any issues raised.
15. Overall, the council is satisfied with the performance of the contracts for the first year of operation.

Future developments

16. As home care is delivered to individuals in their own home, the council is continuously reviewing monitoring processes to see how we can better capture good information on the impact the service has on their lives and their experience of the service.

¹ High levels of service delivery alerts may indicate performance issues. However, too few alerts may indicate the systems are not being followed.

17. The council is working with the Local Involvement Network (LINK) and Age UK, both of whom would like to participate in gaining more qualitative feedback from service users.
18. The council has started discussions with both organisations and both providers to integrate this into our approach and thereby develop a richer picture of the services from the perspective of those who rely on them.

Community impact statement

19. These services are provided to people affected by all six strands of the Council's equality agenda as the diverse nature of Southwark's population is reflected in those people needing care and receiving home care services.
20. Under CQC registration all Home Care providers are required to proactively demonstrate their commitment to equal opportunities and have been assessed to ensure that they have a satisfactory record in relation to diversity.
21. The universal services and the specialist service are able to meet a wide range of needs sensitivity.

Resource implications

22. The council is committed to introducing London Living Wage for all new contracts and is currently exploring the implications of this for homecare.

Financial implications (F/I:988)

23. This contract award delivered savings of £663k in 2011/12 through reduced hourly rates for care. The transfer of many service users to personal budget also contributed to this saving.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

24. This report provides an explanation and analysis of the way in which the home care services have been delivered during the first twelve months of the contract term, following the management and monitoring of those services by officers in line with the contract conditions.
25. Section 3 of the Local Government Act 1999 places a duty on a Best Value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The report explains the measures which have been put in place to ensure compliance with that statutory duty. Those measures form part of the monitoring and management functions and powers which are conferred upon the Council under the terms of the service contracts.

Strategic Director of Finance and Corporate Services (CR/F&CS/08/11/12)

26. The Strategic Director of Finance and Corporate Services confirms that, as this is a monitoring report, there are no direct financial implications arising from this decision. The contribution to savings, outlined in paragraph 23 is noted.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 1 Procurement Strategy Report	http://modern.gov.southwarksites.com/ceListDocuments.aspx?MeetingId=1015&DF=08%2f04%2f2008	Jonathan Lillistone 020 7525 2940
Gateway 2 Contract Award Report	http://modern.gov.southwarksites.com/ieListDocuments.aspx?CId=302&MID=3337#AI14804	Jonathan Lillistone 020 7525 2940
Care Quality Commission – Compliance standards	http://www.cqc.org.uk/	Jonathan Lillistone 020 7525 2940
Home Care Contract Monitoring Report	http://modern.gov.southwarksites.com/ieListDocuments.aspx?CId=302&MID=3823#AI24249	Jonathan Lillistone 020 7525 2940

APPENDICES

No.	Title
Appendix 1	Contract Data

AUDIT TRAIL

Lead Officers	Romi Bowen – Strategic Director of Children’s and Adults Services	
Report Author	Jonathan Lillistone – Head of Commissioning Health and Community Services	
Version	Final	
Dated	9 November 2012	
Key Decision?	No	
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
Director of Adult Social Care	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		9 November 2012

Appendix 1: Home Care Contracts data.

Contract usage

1. Tables 1 and 2 show the usage of the contracts, based on commissioned care packages from July 2011 to June 2012. The numbers are taken at month end for each month.

Table 1: Number of service users

Month	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
Enara	284	367	395	377	372	339	380	382	378	389	403	412
London Care	246	300	306	300	307	294	345	371	361	375	363	371
Total	530	667	701	677	679	633	725	753	739	764	766	783

Table 2: Number of hours of care commissioned

Month	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Totals
Enara	10,122	10,843	13,627	15,110	14,757	14,350	16,063	16,687	16,635	17,010	18,111	19,036	182,351
London Care	5,583	10,412	12,368	11,903	12,021	11,720	13,053	13,984	14,055	14,424	14,036	15,162	148,721
Total	15,705	21,255	25,995	27,013	26,778	26,070	29,116	30,671	30,690	31,434	32,147	34,198	331,072

Service delivery alerts

2. The Council routinely collects day to day service delivery concerns, referred to as 'Service Delivery Alerts', which are a good way to identify issues at an early stage way that can inform service improvement and ensure that the delivery of care is personalised to individual needs and wishes.
3. These are distinguished from formal Safeguarding alerts and investigations, and can range from minor concerns to more substantial concerns. Minor concerns would include issues such as poor communication. More substantial concerns would include issues such as timeliness of care worker attendance, missed visits, or ensuring dignity and respect at all times.
4. In some instances more substantial concerns raised through the service delivery alerts are also recorded and reported as formal Safeguarding investigations so may be counted in both.
5. Raising Service Delivery Alerts is encouraged by both the council and providers as a mechanism to inform and support continuous improvement. All alerts are logged and followed up by contract monitoring officers in conjunction with social workers and other relevant stakeholders.
6. Table 3 provides a summary of service delivery alerts for the period July 2011 to June 2012.

Table 3: Service alerts

Month	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total
Enara	2	7	4	9	6	2	7	10	7	4	2	3	63
London Care	0	0	7	10	3	0	6	1	1	6	1	4	39
Total	2	7	11	19	9	3	13	11	8	10	3	7	102

7. In total there have been 102 alerts with 39 relating to London Care and 63 relating to Enara. This equates to 31 service alerts per 100,000 care hours. The overall average of 31 alerts per 100,000 care hours when set against a total of 783 users at a June 2012 gives a figure of 0.04 alerts per user. As the last report showed, this is comparable to that received from other providers delivering the same service in Southwark (when calculated as per 100,000 hours delivered). [more information to follow]

Safeguarding

8. Summary data in relation to safeguarding alerts for the main home care contracts is provided in table 4. This is where an allegation is received that someone is subject to abuse. This can be financial abuse, physical abuse, neglect etc. It may be an allegation related to a care worker or an allegation related to a third party.

Table 4: Safeguarding Alerts

Month	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total
Enara	2	1	1	2	2	1	0	0	0	1	1	1	12
London Care	1	0	4	3	2	0	1	0	0	0	2	1	14
Total	3	1	4	5	4	1	1	1	0	1	3	2	26

9. In total there have been 26 safeguarding alerts with 12 relating to London Care and 14 relating to Enara. This equates to 8 safeguarding alerts per 100,000 care hours, which as a percentage of service users equates to 0.01 alerts per service user, and less than 1% per hour for both providers when calculated as a percentage of hours delivered. The performance indicator for this is less than 1% so both providers are meeting this standard. Of the 26 safeguarding allegations received, 4 have been found to be unsubstantiated, 2 were inconclusive, 9 have been substantiated, 2 have been partly substantiated, and the remaining 9 have not yet had an outcome recorded.

10. All safeguarding and service delivery alerts are fully investigated and Adult Commissioning monitor any action points arising from these. Management also have oversight of these and meet regularly with both providers.

Complaints and compliments

11. Formal complaints regarding home care services can be received directly by the Council but are also received by the home care providers themselves. Generally but not exclusively in the first instance complaints would be raised with the provider for them to resolve and respond to and this is reflected in the complaints data reported under the contract.
12. During the period covered by this report there were four formal complaints raised with the council's complaints team; two for Enara and two for London Care.
13. All four of the complaints were upheld and the following is a summary of the issues raised in each individual complaint
 - Missed visit and poor communication from branch office to user to keep them informed
 - General complaint about a care worker's demeanour and record keeping around tasks / hours provided
 - Double handed package delivered single handed
 - Late arrival of care worker
14. Both providers are meeting the key performance indicator for this which is less than 1 per 10,000 hours delivered.

Table 5: Compliments and Complaints – reported to provider

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total
Enara Complaints	0	4	8	3	2	4	5	2	1	0	3	1	33
Enara Compliments	3	4	4	4	6	4	1	1	1	2	7	2	39
London Care Complaints	0	0	0	1	2	2	0	0	0	0	0	0	5
London Care Compliments	0	0	0	0	0	0	2	0	1	1	4	4	12
Total Complaints	0	4	8	4	4	6	5	2	1	0	3	1	38
Total Compliments	3	4	4	4	6	4	3	1	2	3	11	6	51

Regulatory Compliance

15. The Care Quality Commission (CQC) undertakes regulatory inspections of registered services and inspect service delivery against a number of broad headings within which there are 28 outcome measures. Full details of the CQC Essential standards of quality and safety are available as a background document or at [http://www.cqc.org.uk/sites/default/files/media/documents/gac - dec 2011 update.pdf](http://www.cqc.org.uk/sites/default/files/media/documents/gac_-_dec_2011_update.pdf)
16. The following is a summary of the main headings under which the outcomes are grouped
 - Personalised Care, treatment and Support
 - Safeguarding and safety
 - Suitability of staffing
 - Quality and management
 - Suitability of management
17. The CQC makes an assessment against a selection of the outcome domains and report these as Compliant, or having Minor, Moderate, or Major concerns.

18. Both Enara and London Care have been inspected twice since the award of the new contract and the following is a summary of the CQC findings.
19. In December 2011 Enara was compliant with all the outcome domains with the exception of minor concerns noted in relation to outcome domain 7 Safeguarding. In June 2012 Enara was compliant in all domains with the exception of domain 'Standards of caring for people safely and protecting them from harm'. This was judged to have a moderate impact on people using the service. The CQC report noted that Enara had adequate systems and training in place and staff understood these, and following incidents CQC found evidence to show that the agency had taken appropriate action against individual staff and provided clear direction for them about improvements required. Below is an excerpt from the report outlining action taken by Enara for this domain:

'We were told that there was a need for more management support in responding to safeguarding alerts and in carrying out investigations. There was evidence of the need to improve the quality of safeguarding investigation reports written by the provider. We saw evidence that the provider now had recently provided additional senior management support and administrative support to enable the agency to respond effectively to safeguarding alerts, and to proactively ensure that people who used the service were protected and received their service on time.'

'We were told by the agency's management that the affect of the recent improvements made to the systems for identifying the possibility of abuse and preventing it before it occurs will be monitored over the coming months.'

20. The council will continue to monitor progress against this but note that for the three months from July to September Enara have received only one further safeguarding alert indicating their additional measures are having an impact.
21. In September 2011 London Care was compliant in most of the domains inspected however moderate concerns were noted in relation to Care and Welfare of people using the services, Safeguarding and Supporting Staff. The CQC inspection took place at a time when London Care were under greatest pressure resulting from the increased numbers of service users and packages of care. The challenges around scaling up their operation to deliver more care hours to a larger number of users had some impact on the quality of care delivered.

22. In September 2012 London Care were compliant in all domains.
23. Many of the issues that CQC identified in their inspections had already been identified through the service delivery alert process. Drawing on this information and in response to the issues identified by CQC action plans were agreed to address concerns. Through the monthly senior managers contract meetings progress against these action plans has been monitored and service improvements have occurred and are reflected in the lower number of service delivery alerts in the second 6 months of the contracts.
24. Overall the assessment of contract delivery, performance and quality taking account of the key measures summarised in this report is that quality and performance indicators have been met over the period covered.

Item No. 15.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Supported Travel Service for Children's and Adults Services	
Ward(s) or groups affected:		All	
Cabinet Members:		Councillor Dora Dixon-Fyle, Cabinet Member for Children's Services Councillor Catherine McDonald, Cabinet Member for Health and Adult Social Care	

FOREWORD – COUNCILLOR DORA DIXON-FYLE, CABINET MEMBER FOR CHILDREN’S SERVICES AND COUNCILLOR CATHERINE MCDONALD, CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE

Ensuring we meet our statutory duty to provide a safe and reliable transport service for eligible young persons and adults within Southwark is important. We also need to ensure value for money and the strategy contained in this report provides the framework to achieve all of the above.

RECOMMENDATION

1. The Cabinet approve the procurement strategy outlined in this report for Children’s and Adults Services transport namely to:
 - Undertake a competitive tender process to set up a framework arrangement to provide taxi transport services for a period of four (4) years commencing on 1 September 2013, at an estimated value of up to £6.7m.

BACKGROUND INFORMATION

2. The council has a statutory duty to provide transport services to eligible children and adults with physical/learning difficulties or special educational needs (SEN) which are delivered through the Children’s and Adults Services department.
3. For children and young people, this includes travel assistance to and from school for pupils within the borough as set out in the Education and Inspection Act 2006. The criteria against which eligibility to travel support is assessed, and details of the type of provision available, are set out in the Southwark School Travel Assistance Policy.
4. School travel assistance for children is provided through a variety of methods including: provision of pupil support assistant staff to accompany pupils on their journey on foot, access to independent travel training, mileage allowance paid to parents of eligible children, transportation on an accessible minibus or in a taxi. There are also cross borough recoupment arrangements in place to enable efficient transportation of pupils living in one borough and attending school in another. Going forward the transport service will consist of two strands, the taxi

service covering both adults and children and the bus service to take children to schools where we have a large enough number of children to warrant this.

5. For children and young people there is a continued need for taxis to schools where a small number of eligible children are attending. Additionally, some children with high medical needs are transported individually, often with carers and additional equipment and this is usually done via the taxi service. In the academic year 2010-2011 a review of costs was undertaken with contractors, following which savings were made.
6. For adult services, a variety of solutions are required, which in addition to ordinary taxis includes wheelchair accessible vehicles and passenger support assistants. Historically some provision for adult services has not been available in borough and out of borough journeys have resulted in higher costs. With the introduction of personal budgets and support planning aiming to assist service users locally, savings have already been achieved and it is expected that further savings will be possible in the future.
7. The combined framework for both children and adults services would provide a more efficient service, allowing easier monitoring and the potential to achieve 'best value' for the required services.
8. Children's social care also use taxis mainly for transporting looked after children from placements to school and to enable family contact.
9. For Adults, the council has a duty, under the National Assistance Act 1948, the Chronically Sick and Disabled Persons Act 1970 and the National Health Services Act 1977, to provide services to meet the needs of vulnerable adults. This includes a duty to provide appropriate travel assistance to meet the travel needs of adult clients assessed as needing assistance with transport.
10. In May 2012, officers took the opportunity to work jointly across children's and adults teams to procure taxi services for both children's (school travel) and adults services, an interim Physical Disability/Learning Disability (PD/LD) and SEN accessible taxi contract for children's school travel and Adults services was established and will be in place until 31 August 2013. Children's social care are not currently included in this contract. The contract is delivered by two external providers - Ruskin Private Hire and Healthcare and Transport Services (Hats, formerly traded as Olympic South Limited) and currently operates 55 school taxi rounds each week during term time and approximately 60 individual journeys for adults to and from day centres and other provision each week.
11. The PD/LD and SEN accessible taxi contract provides the council with vehicles, drivers and pupil support assistant (PSA) staff to accompany children and adults on their journeys where required and operates alongside the home to school (bus) contract to ensure continuity of accessible transport provision for over 400 children and 60 adults with physical and learning disabilities.
12. In addition to the PD/LD and SEN contract, the council has an interim corporate taxi contract in place for staff/general agreed use, this contract is also due to expire on 31.8.13, and there are no extension options. Use of this service has reduced dramatically following the move to Tooley Street and the implementation of the council's staff transport policy which promotes public transport, and the use of council pool bikes and cars. This contract will also cover the relatively small usage where a taxi is the most cost effective means available.

13. Officers of the Children's social care teams also procure taxi services for use with the families they work with including supporting family contact from a range of local taxi companies.
14. The table below shows predicted 2012/13 spend on taxis for Children's, Adults and Council wide usage alongside the estimated taxi costs on a framework contract for four years 2013 to 2017.

Sections/ departments	Predicted spend 2012/13 £	Estimated contract value 2013 to 2017 (4 years) £
Children's (school travel)	920,000	3,680,000
Children's (social care)	90,000	360,000
Adults	675,000	2,700,000
Total	1,685,000	6,740,000

15. As part of the negotiations for the interim PD/LD SEN taxi contract, officers were able to make operational improvements and achieve efficiency savings. Operational changes made included:
- i) Use of a single taxi service specification and joint monitoring of the contract between Children's and Adults services.
 - ii) Provision of Pupil Support Assistant staff by external providers where required to accompany children/adults on their journeys – which prevents the Council having to recruit these staff.
 - iii) Flexible fleet, journeys are able to be procured on an ad-hoc or more permanent basis as required without penalty.
 - iv) Reduced cost, these contracts are based on a clearer specification that meets need whilst avoiding any unnecessary requirements.

Summary of the business case/justification for the procurement

16. There is an ongoing need for the council to meet its statutory duty to provide travel assistance for children, young people and adults that meet the relevant criteria and also, an opportunity to procure all taxi requirements of children's and adults' services through a single framework arrangement which will enable the department to achieve greater coordination, efficiency and monitoring of its taxi usage.
17. A school travel project board was established in November 2010 to oversee the review of the service. The aims of the board were to shift from provision of a home to school transport service towards a travel assistance service. The remit of the board included the following:
- A comprehensive review of the previous transport policy.
 - A review of the application and assessment process related to the policy.
 - A review of existing vehicles specifications, number of rounds and routes operated and associated costs.
 - The development and roll-out of independent travel training (ITT).
 - The development and implementation of systems, process and procedures to improve service delivery.

18. From September 2011, the project board focussed reviewing the external school transport contract with a view to putting forward its recommendations for provision of new school transport arrangements from September 2013. At this point the board recognised that there could be procurement efficiencies and potential savings if the council's transport need was procured collectively. The school transport review has been completed and a set of service delivery options produced. A summary of these options which have been considered by the project board is attached as Appendix 1 of this report.
19. The good practice that has been achieved throughout the school travel project board's work is now to be rolled out across the department which includes improvements to transport/travel assistance policy and process as well as identification of a new procurement route.
20. Adult social care has already begun to work with clients to reassess their requirements and produce new support plans and introduce personalised support arrangements in accordance with ministerial concordat "Putting people first: a shared vision and commitment to the transformation of adult social care" (2007). Adult Social Care is also undertaking a project to transform learning disabilities day and community services by introducing self directed support. The governance for this work is through the Redesign/Savings Board.
21. Over the next 15 months adults in receipt of social care services will be offered self managed personal budgets and have the opportunity to arrange their own care and transport. Only clients that wish to keep council managed personal budgets will require contracted transport services. Therefore there is expected to be a reduction in the use of council organised taxi services. The process will be managed through the community care review process.
22. Adult social care will make use of the framework arrangement developed to purchase transport services for individuals who wish to have a council managed personal budget and other departments, including corporate services for staff taxis will be able to join this framework during the four year period.
23. A framework arrangement for taxis was agreed by the project board as part of a service delivery option for school travel support. It was further proposed that all taxi needs of the department/council should be met by this framework which will help to achieve more of the financial and operational benefits for the council identified with this service delivery option, see appendix 1 of this report.
24. Work is currently underway to review the taxi requirements of children's social care for inclusion in the children's and adults services taxi framework from September 2013. A coordinated children's and adults' services departmental approach to purchasing/booking/invoicing systems, comprehensive service monitoring and performance management will also be able to be achieved.

Market considerations

25. The market for the provision of SEN taxi services is a mature one with sufficient companies available with capacity to tender for the proposed transport contract outlined in this report.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

26. Initial procurement options for consideration by the project board included:
- Do nothing – This is not an option open to the council. Southwark council has a statutory obligation to provide transport services for children with SEN and vulnerable adults. Taxis provide a necessary form of transport when school/ mini buses are not possible/ practical.
 - Undertake a competitive tender to award a single contract for both taxi and bus services. This was considered but due to the differing requirements, transporting people within and outside the borough and the need to place 70 Pupil Support Assistant (PSA) staff, it is considered unlikely that there would be sufficient competition to deliver this.
 - Join an existing framework for taxi services - this would potentially be a more expensive solution as taxi frameworks tend to include local suppliers.
 - Undertake a joint tender with another borough(s). Benchmarking information gathered during the service review has indicated that this is something that the council could explore in the future. At this stage however the focus has been to rationalise the councils travel needs before embarking on inter borough travel solutions.

Proposed procurement route

27. The project board agreed that no one solution would fully satisfy the councils needs and therefore the recommendation is for a procurement strategy that will follow a competitive process and will secure two separate solutions. One solution for buses used solely to provide school transport for children with SEN in borough which will be covered by a separate Gateway report and one for accessible taxis covered in this report which as well as providing transport for children with SEN mainly out of borough, will provide taxi services for adults with PD/LD, service users across children's specialist service and, general council wide taxi provision including staff on official council business.
28. The proposal for procurement of taxis services is to undertake a competitive tender process to procure a framework arrangement for the provision of accessible taxis, MPVs and minibuses to transport children, young people and adults within and outside of the borough for both planned and ad-hoc journeys – with or without a pupil support assistant subject to the needs of the passenger.
29. The framework will be flexible enough to accommodate any wider current or future taxi transport needs of the council throughout the life of the contract and will enable the council to achieve greater value for money than current taxi arrangements in place due to the increased pricing competition a framework brings and the ability to reduce taxi use without penalty as clients/families take up personalised budgets for their transport needs.

30. The framework will comprise categories of vehicles including regular and wheelchair accessible vehicles. Rates for each category will be based on a price per mile and companies will be required to price journeys with and without a Pupil Support Assistant.
31. A comprehensive set of quality standards in relation to safeguarding, passenger safety and staff employment checks will be included as part of the evaluation process for this procurement. Companies must be able to demonstrate that they will meet these standards to the council's satisfaction in order to be put forward for selection on the framework. Companies accepted on the framework will bid for rounds (i.e. the collection and destination points of each passenger/group of passengers) competitively. The council will award rounds to taxi companies based on best price. These prices will be fixed for the first two years of the contract. Prior to the commencement of year 3, companies on the framework will be asked to bid again for rounds required at that time which will create a fresh injection of price competition.
32. The taxi framework arrangement will enable small local firms to bid competitively for work and achieve a mix of companies able to deliver services as specified whilst allowing the council to terminate business and transfer to another company on the framework where performance standards are not acceptable.
33. This taxi framework procurement approach will provide a service delivery model that will enable:
 - A single taxi transport solution for Children's and Adults services providing a joined up approach across the department.
 - a flexible taxi transportation service for children, young people and adults with special needs as well as passengers eligible to use taxis in other areas of the council.
 - Value for money and competitive pricing elements. All rounds will be awarded based on competitive price and fixed at that rate for two years. Year three will introduce a price review competition across companies included in the framework.
 - Clear performance standards and targets to be built into the tender process.
 - Flexibility to provide comprehensive taxi services in the future to any other area of the council not yet included if required.

Identified risks for the procurement

34. Details of the potential risks associated with the implementation of a framework agreement are briefly summarised in the table below.

No	Risk	Likelihood	Risk Control
1	Lack of Market Interest	Low	A clear communication strategy and bidders briefings will address this
2	Small local companies unable to participate	Low	The framework structure, scoring and evaluation will be designed to encourage bids from small local companies
3	Not enough time to deliver procurement process and ensure continuity of service	Low	Robust governance arrangements in place to track progress of project

Key /Non key decisions

35. This is a key decision.

Policy implications

36. This contract will support delivery of the council's school travel assistance policy by providing good quality transport services to children and young people to enable them to get to school. The service is also designed to be flexible enough to support a variable level of transport each year as pupils are supported to learn to travel independently.
37. Adult's services are developing a transport policy in line with the existing council's school travel assistance policy with the aim to enable people to be as independent as possible in meeting their assessed social care needs. The service is also designed to be flexible enough to support a variable level of transport each year as adults are supported to learn to travel independently.
38. Adults and families of children/young people using the service will also be encouraged to take up personal budgets to purchase their own travel support thus reducing vehicular transport provided by the council over time.

Procurement Project Plan (Key Decision)

39. The procurement project plan timetable is detailed below.

Activity	Complete by:
Forward Plan (if Strategic Procurement)	October 2012
DCRB Review Gateway 1	24/10/12
CCRB Review Gateway 1	25/10/12
Notification of forthcoming decision –despatch of Cabinet agenda papers	29/10/12
Approval of Gateway 1: Procurement strategy report	20/11/12
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	Midnight 28 November 2012
Completion of tender documentation	28/11/12
Advertise the contract	29/11/12
Closing date for expressions of interest	14/01/13
Completion of short-listing of applicants	11/02/13
Invitation to tender	15/02/13
Closing date for return of tenders	28/03/13
Completion of evaluation of tenders	09/05/13
Forward Plan (if Strategic Procurement)	June 2013
DCRB Review Gateway 2:	13/05/13
CCRB Review Gateway 2:	23/05/13
Notification of forthcoming decision – despatch of Cabinet agenda papers	06/06/13
Approval of Gateway 2: Contract Award Report	18/06/13
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	Midnight 26 June 2013
Alcatel Standstill Period (if applicable)	01/07/13
Contract award	01/07/13
TUPE Consultation period	Completion by 31 August 2013
Place award notice in Official Journal of European (OJEU)	01/08/2013
Contract start	01/09/2013
Contract completion date	2017

TUPE/Pensions implications

40. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply on a service provision change where activities cease to be carried out by a contractor on the Council's behalf and are instead carried out by another contractor on its behalf, where there is an organised grouping of employees whose principal purpose is the carrying out of that activity, and where the activity is to be carried out otherwise than connection with a single specific

event or task of short-term duration. Only those employees assigned to the transferring activity will transfer

41. There are no TUPE nor pensions implications for the council as an employer because the council does not deliver these services directly. Whether TUPE will apply in relation to the current contractors is unclear at this stage but it is considered that any likelihood of TUPE applying will be in relation to a transfer of work involving dedicated escorts. However until due diligence is carried out definitive advice on TUPE cannot be provided. This due diligence work needs to be carried out before the tender process commences as its results need to be included in the tender pack. Tenderers should be directed in the tender documentation to seek their own independent advice and no warranties should be given as to the application of TUPE.

Development of the tender documentation

42. The required tender documentation required to set up the framework will be developed by the project team with help from external transport experts and officers from the councils legal and corporate procurement teams.
43. The specification for this taxi framework will address any issues that have been identified through the school travel service review which will be relevant to other areas of children's services as well as Adults services. Examples of this include:
- greater customer focus
 - passenger safety and comfort
 - timely service delivery
 - knowledge of the local area and key destination points
 - flexibility based on changing requirements

Advertising the contract

44. The framework will be advertised in a number of ways:
- Advertisement in Official Journal of the European *Union.
 - Public advertisements in trade journals and national press such as Community Care and the society section of The Guardian.
 - Advertisement published on the council's website

Evaluation

45. The tenders received will be evaluated against a weighted model price/quality ratio of 70/30 in line with council guidelines.
46. With a saturated market, this procurement will follow a two stage tender process with short listing being undertaken before tendering.
47. As per the restricted protocol, the process will consist of two stages.
48. The evaluation methodology will be developed with the project team and issued to the bidders as part of the tender documents.

Community impact statement

49. As SEN accessible transport is used by some of the most vulnerable members of the community, it is essential that service standards are of a high standard and able to meet the needs of all passengers including vulnerable children, young people and adults. A comprehensive assessment process is being introduced for children's services, involving home visits and family meetings with a view to ensuring the most appropriate (based on needs) and economical travel solution is provided to every child/young person.

Economic considerations

50. Local companies will be able to bid for these contracts and if successful, will help to promote local jobs to local people in delivering these transport services.

Social considerations

51. Successful contractor/s is expected to meet the London Living Wage (LLW) requirements. 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

52. Transport providers bidding will be expected to use and source green, environmentally friendly vehicles whenever it is possible to do so.

Plans for the monitoring and management of the contract

53. As this framework arrangement will be in place across the Children's and Adults Services department as well as available for council use in general, appropriate monitoring and management arrangements to facilitate this change will be required. The current school travel service team has significant experience in managing transport contracts, route planning and passenger support which will be used as a basis for developing this in-house resource.
54. Day to day monitoring of the contract will be achieved through monthly review meetings between officers from each department and external providers as well as monitoring and recording performance data into a computerised log which will be referred to when ordering new rounds/journeys. Spot checks on transport rounds will be undertaken by the council, producing highlight reports on performance. Appropriate officer resources from Children's and Adults service teams using the framework will be identified to work in partnership with the lead contract manager in the school travel team in respect of robust monitoring and use of this taxi framework.

Staffing/procurement implications

55. Monitoring arrangements and contract management of this taxi framework arrangement is new to the council though transferable expertise exists within the school travel team this resource will not be sufficient to cover the entire new service. A review of job roles will be carried out to ensure sufficient resources are in place to carry out these functions.

Financial implications

56. The report is seeking cabinet approval for the procurement strategy of the Children and Adults Services supported travel service (taxi) framework arrangement.
57. The total budgeted cost of the school travel service for 2012/13 is £3,605k. This includes £2,442k (buses and taxis) for contracted transport services, £944k for PSA staff and £219k HQ travel service staff/operational costs.
58. The annual cost for the 2011/12 academic year of the taxi contracts was £920k (Hats £463k and Ruskin £456k). Current projections for the 2012/13 financial year are £900k; but rounds for September 2012 onwards are yet to be finalised. This will impact the forecast for 2012/13.
59. Over the four-year term of the contract, the total costs of the new home to school transport taxi contract should be no more than £3,680k (£920k*4years). Officers will amend the specification and secure efficiencies where possible.
60. The Home to School Transport contract costs will be funded from the allocated budgets for the respective years.
61. In addition, Children's Social Care expect to spend £90k in 2012/13 on taxis to transport children across the borough and to out of borough placements.
62. The Adult Social care element of the contract is to be funded from the Adults Social Care LD day services transport budget which in 2012/13 totals £675k.
63. Over the four-year term of the contract, total expenditure by Adults Social Care on taxi services will be no more than 4 x £675k, i.e. £2,700k.
64. At month 7 2012/13, 58 clients are accessing taxi services at an average weekly commitment of £223, giving a total annual commitment of £673k. Three clients have taken a self-managed personal budget to purchase taxi services directly with a reduction of 57% in commitment for their transport services. However, it is not appropriate to assume similar levels of savings for all remaining clients and there is no guarantee that all clients will take up self-managed personal budgets. Potential implications for adult social care taxi services and total transport commitments are illustrated in the table below:

number of clients taking personal budget	direct taxi services commitment £ p/a	total commitment for transport costs £ p/a at different levels of assumed reductions		
		0%	25%	50%
0	673,000	673,000	673,000	673,000
15	499,000	673,000	629,000	586,000
29	336,000	673,000	588,000	505,000
44	162,000	673,000	544,000	419,000
58	0	673,000	504,000	338,000

65. Any use of the contract by other areas of the council, or under the staff transport policy will be met from existing budgets.

66. The cost of the contract will neither be subject to, nor linked to, a price index for the first two years. At year three companies will be given the opportunity to review their prices.

Legal implications

67. Please see supplementary advice from the Director of Legal Services.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

68. This report is seeking approval to set up a framework that will deliver taxi services, primarily for the Children's and Adult services, but will also accommodate any wider need for taxi provision the council may have going forward.
69. Paragraph 2 confirms that the council has a statutory duty to provide transport services for eligible children and adults with physical/ learning difficulties or special educational needs. The report confirms the Council's ongoing need for transport services will be delivered in a variety of ways through a number of contracts. This report covers the provision of taxi services only. The proposed framework will provide a flexible arrangement which will be able to accommodate the council's requirements going forward. The procurement options considered and discounted are outlined in paragraph 26. The benefits of setting up a framework for taxi services are listed in paragraph 27.
70. The procurement project plan appears tight but achievable, provided the appropriate resources are allocated to deliver the project. The report confirms that a project team has been set up which contains officers from the Children's and Adults services department supported by external transport specialists and representatives from the councils contracts and procurement teams. Paragraph 18 confirms that there are appropriate governance arrangements in place to oversee the procurement and monitor the progress of the project. It is envisaged that the project board will sign off key stages of the project and the production of key tender documentation.
71. Paragraph 45 confirms that the evaluation model used will be weighted 70/30 in favour of price, which is in line with the councils current guidelines.
72. Paragraphs 53-54 outline the monitoring and management arrangements for the framework and services delivered through it. The report identifies the need for cross departmental management of the framework once established. It is envisaged that these arrangements will be included as part of the project and will be in place in time for the start of the framework's operation.

Director of Legal Services

73. This report seeks the approval of the Cabinet to the procurement strategy for the provision of a framework agreement to provide taxi transport services to eligible children and adults with physical/learning difficulties or special educational needs (SEN) and others as is outlined in this report.

74. It is considered that these services are a Part A service under the Public Contracts Regulations 2006. As the estimated value of this framework agreement exceeds the relevant EU threshold, this procurement must be tendered in accordance with those Regulations. Paragraph 46 of this report confirms that a restricted two stage tendering procedure is proposed, which will comply with EU regulations and CSO tendering requirements.
75. This procurement is classified as a strategic procurement and therefore CSO 4.4.2(a) requires the Cabinet to authorise the proposed procurement process, after consideration by the Corporate Contracts Review Board.
76. The Transfer of Undertakings (Protection of Employment) Regulations 2006 may apply to this procurement and the implications are covered by the report author at paragraph 40.

Strategic Director of Finance and Corporate Services (CR/F&CS/02/11/12)

77. The Strategic Director of Finance and Corporate Services notes that this report is seeking cabinet approval for the procurement strategy of the Children and Adults Services supported travel service (taxi) framework arrangement with an estimated value of £6.9m over four years.
78. A framework approach offers flexibility in the event that demand or available budget changes in the future.
79. Companies on the framework will be asked to bid again after two years of a contract award, which will ensure price competition.
80. The Strategic Director of Finance and Corporate Services notes that there are no anticipated TUPE liabilities for the Council.
81. The strategy is affordable within current budgets and further financial implications will be examined at the Gateway Two stage of this contract award.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 3 Home to school transport	Southwark Council website: http://moderngov.southwark.gov.uk/mg/IssueHistoryHome.aspx?Id=20661&Opt=0	Glenn Garcia 020 7525 2717

APPENDICES

No	Title
Appendix 1	School Transport procurement options

AUDIT TRAIL

Cabinet Members	Councillor Dora Dixon-Fyle, Cabinet Member for Children's Services Councillor Catherine McDonald, Cabinet Member for Health and Adult Social Care	
Lead Officer	Romi Bowen, Strategic Director Children and Adult Services	
Report Author	Glenn Garcia, Head of Pupil Access	
Version	Final	
Dated	8 November 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 and Corporate Services	Yes	Yes
Head of Home Ownership	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Members	Yes	Yes
Date final report sent to Constitutional Team		8 November 2012

SOUTHWARK COUNCIL CONTRACTED TRANSPORT PROJECT - SUMMARY OF SERVICE DELIVERY OPTIONS

Service delivery options	Description	Advantages	Disadvantages
Single provider contract	<ul style="list-style-type: none"> All passenger transport service requirements contracted with a single provider 	<ul style="list-style-type: none"> Simple to manage and ensure compliance with specification, relative to other options Builds close relationship with contractor to tailor, develop, improve service Volume of business should enable contractor to discount cost to Council 	<ul style="list-style-type: none"> Limited number of full-service providers in market limits competition - contractor must satisfy all requirements Risk if contractor fails/defaults in all or part - 'eggs in one basket' No ongoing competitive pressure to maintain/reduce prices once contract awarded Contractor may become complacent in meeting service standards Contractor can 'inflate' prices for new work arising after the contract is awarded May disadvantage local SMEs that are unable to meet all of the Council's requirements
Multiple provider contracts (As-is)	<ul style="list-style-type: none"> All passenger transport service requirements contracted with 2 or more providers. Contractors to provide full service required or part service only (eg for 1 or more companies to provide buses and 1 or more companies to provide taxis). 	<ul style="list-style-type: none"> Reduces the risk to the provision of the service in the event of failure/default of a single contractor Provides for continuing competition amongst the contractors for new work Small number of providers to manage and ensure compliance with Specification, relative to the single provider option 	<ul style="list-style-type: none"> Limited competitive pressure to maintain/reduce prices once route awarded to contractor Limited competition to provide best price for new work Limited flexibility to switch routes between contractors Difficult to prevent 'price creep'
Framework	<ul style="list-style-type: none"> Qualifying tenderers taken into a Framework only on basis of price/quality with no guarantee of any volume of work being awarded. Tenderers submit prices for a range of vehicle categories, on a 'minimum charge and pence-per-mile' basis across a number of distance bands, and with or without the provision of PSAs. Tenderers not obliged to tender for 	<ul style="list-style-type: none"> Prices are 'fixed' at the outset and transparent to the Council Award of work is easy to administer Provides for continuing competition amongst the Framework providers to optimise their share of the work available Enables tight control of route costs - the distance, vehicle category and 'per mile' price only determines the cost Flexible - easy to reallocate routes to providers on basis of price/quality of service if 	<ul style="list-style-type: none"> Providers can be reluctant to invest in larger vehicles without 'certainty' of work, thereby limiting capacity available Providers can reject work if not seen as 'profitable' or capacity not available Compliance checking of a relatively large number of providers is required

Service delivery options	Description	Advantages	Disadvantages
	<p>all service categories</p> <ul style="list-style-type: none"> • Number of companies taken into Framework determined by need to ensure adequate capacity and coverage of all of Southwark's requirements - likely to be in the range of 6-10. • Companies in Framework awarded work on the basis of offering the lowest price for a given category of vehicle service and distance for a particular route. • Includes option to 'mini-tender' routes for 'best price', amongst framework providers 	<p>required, and easy to amend routes with price variation determine solely by change in distance</p> <ul style="list-style-type: none"> • Provides opportunities for local SMEs that may only wish to seek part of the Council's business or can only offer some of the services required 	
Managed Service	<ul style="list-style-type: none"> • All passenger transport service requirements contracted to an intermediary organisation acting as a co-ordinator/ consolidator/ prime contractor and support by a number of transport providers usually as sub-contractors 	<ul style="list-style-type: none"> • Single point of contact for the Council • Simple to manage relative to multi-provider or framework options - contractor manages sub-contractors • Builds close relationship with contractor to tailor, develop, improve service • Contractor may be able to drive better value from sub-contractors and be incentivised to do so (eg 'gain share') • Transfers some responsibility to 'optimise' service provision to the contractor 	<ul style="list-style-type: none"> • More complex contracting/sub-contracting arrangements than other options • More difficult to ensure compliance with Specification through a 'third party' • Cost of managed service provider 'overhead' may not be covered by reduced price obtained from sub-contractors • Providers may be reluctant to operate through a 'third-party' as there will invariably be a cost-penalty to them • There is not a well-developed market for managed service providers with experience/ knowledge of this sector

Pricing options	Description	Advantages	Disadvantages
Fixed price	<ul style="list-style-type: none"> Tenderers required to provide a fixed price for the transport of given numbers (or bands of numbers) of service users to a list of locations on a daily, weekly, termly basis as appropriate 	<ul style="list-style-type: none"> Certainty of fixed price Contractors cannot introduce unjustifiable increases/charges for variations in requirements 	<ul style="list-style-type: none"> Does not reflect the reality of a highly variable service requirement Difficult to ensure that cost remains a proper reflection of the service being provided Does not reflect the nature of the sector where individual journeys and routes are generally priced according to specific requirements. Tenderers are likely to load the 'risk' of variability into the price tendered.
Route price (As-is)	<ul style="list-style-type: none"> Tenderers required to price a schedule of routes Winning tenderer(s) would be expected to operate the route at the price tendered, with the price for variations and new routes being agreed with the Council as they arise. Can be tendered in traditional ITT or through an e-auction portal 	<ul style="list-style-type: none"> Tenderers can price a specific journey 'accurately' and competitively to benefit of Council Winning tenderers' prices should reflect 'best price' available at time of award 	<ul style="list-style-type: none"> Prices for subsequent new work or variations required by the contractor(s) have no point of reference and simply represent the 'best price' that the contractor is prepared to offer at the time. Tenderers may price low to win work that they cannot sustain and then may seek to make additional money from their pricing of additional work or variations.
Price per Mile	<ul style="list-style-type: none"> Tenderers required to submit prices on a 'per mile' basis for the range of vehicle types required by the Council, over a number of distance bands. Work awarded strictly on basis of the pricing schedule provided by the contractor(s) and mileage required, as calculated by the Council. 	<ul style="list-style-type: none"> Provides, in effect, a 'fixed price' that relates to a measurable quantity, namely the distance, for any journey required by the Council throughout the life of the contract. Removes the opportunity for the contractor(s) to quote prices for work on an arbitrary basis as the contract proceeds. 	<ul style="list-style-type: none"> Price must be set 'blind' to the details of any actual journeys and without any guarantee of work May make it more difficult for contractors to commit to investment in vehicles and staff

Item No. 16.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Council Tax Technical Reforms	
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

Southwark Council has faced unprecedented cuts in its funding from central government: 25% in real terms since May 2010 with a further sizable reduction to come in the year ahead, and further reductions likely in future years. It is therefore important that the council considers how it can raise additional income to partially offset those losses.

In May, the government indicated its intention to allow councils to withdraw some discounts and exemptions within the council tax system. The Local Government Finance Act 2012 was granted royal assent on 31 October 2012 and is now law.

Last month, Cabinet considered the first report on those reforms. It agreed to abolish the discount allowed for council tax on second homes in the borough and asked for further work to be undertaken to consider the revenue that could be raised by revising our policy on council tax exemptions for empty properties.

This report therefore sets out the considerations on the empty homes exemptions and proposes recommendations for Cabinet to put before Council Assembly on their removal.

RECOMMENDATIONS

That Cabinet:

1. Note the detail of the intended technical reform changes to council tax legislation with regard to the new discretion to amend certain council tax discounts and exemptions.
2. Note that Council Tax exemptions, Class A and C are being abolished from 1 April 2013 and replaced with local discounts.

That Cabinet recommend to Council Assembly to agree the following:

3. The introduction of a local discount to replace class A exemptions set at zero percent from 1 April 2013 for properties where there are major repairs or structural alterations.

4. The introduction of a local discount to replace class C exemptions set at 100 percent for up to a maximum of 2 months from 1 April 2013 for empty and unfurnished properties, subject to a review within March 2014.
5. The introduction of a local discount of zero percent from 1 April 2013 for empty (unoccupied) and furnished properties.
6. The introduction of an empty homes premium resulting in council tax of 150 percent for properties that have been empty and unfurnished for more than two years from 1 April 2013.

BACKGROUND INFORMATION

7. On 31 October 2011, the government issued its technical reforms of council tax consultation document with proposals to give greater discretion to allow reliefs from council tax in respect of second homes and empty properties.
8. The report to cabinet on 23 October outlined the government proposals on which it sought a response within the consultation.
9. On 28 May 2012, the government issued its response to the consultation and confirmed its intention to bring in legislation to give effect to the changes from 1 April 2013.

KEY ISSUES FOR CONSIDERATION

10. The main areas where the council will have greater flexibility as part of the changes proposed in the Local Government Finance Act 2012 are:

Empty but furnished homes

11. The government has confirmed its intention that local authorities will have discretion to charge full council tax on empty but furnished homes from 1 April 2013. Currently in Southwark a 10 per cent discount is granted. These properties are typically properties for rent which are vacated and empty (unoccupied) prior to new tenancies commencing.
12. In 2012/13, 1,141 discounts have been awarded to date with a value of £121,690.00. This value also captures current awards and which are calculated to the end of the financial year, therefore this is not representative of the true outturn as these awards end as soon as the property is re-let.

Class A - Property that requires or is undergoing major repair

13. The government has confirmed its intention that the class A exemption shall be abolished from 1 April 2013 and that local authorities can have discretion to grant a discount between zero and 100 percent but that such a discount must be granted for 12 months. Currently up to 12 months full exemption is granted on class A exemptions. Therefore any discount other than 100 percent would result in a council tax charge being payable immediately. This exemption currently covers properties that are empty and require major works to make them habitable and properties that are empty and have undergone major alteration or structural repair and less than 6 months have elapsed since the work was completed.

14. In 2011/12, 1,766 class A exemption awards were granted with a value of £579,876. Analysis of these exemptions for 2011/12 has indicated that 67 percent are in excess of 182 days and over 50 percent relate to council properties.

Class C - Property that is unoccupied and unfurnished up to 6 months

15. The government has confirmed its intention to abolish the class C exemption and allow billing authorities to set a discount between zero and 100 percent. Following responses to the consultation and a Council Tax Information Letter from the DCLG issued on 27 July, it is anticipated that there will be discretion to vary the period of the award from the existing six months and which would allow for a period of 100 percent discount prior to a council tax charge being payable. A decision not to exercise this discretion and not to award anything other than a 100 percent discount would result in a council tax charge being payable immediately.
16. In 2011/12 there were 11,110 exemptions granted with a value equating to £1,941,644.78. Analysis of these exemptions for 2011/12 has indicated that 45 percent of all awards were for less than 28 days and 66 percent less than 60 days. This analysis also indicates that the average value of the awards for 60 days or less is £71.87.

Empty Homes Premium – Property that has been empty for 2 years or more

17. The government has confirmed its intention to allow local authorities to charge an additional 50 percent on properties that have been empty for two years or more thereby creating a 150 percent liability for council tax. The data available for 2011/12 suggests that there were 297 properties empty for more than 2 years within the borough, of which 198 were council owned properties linked to properties situated within estate development areas. A decision therefore to exercise this discretion will not alone generate significant additional income but may encourage properties coming back into use.

Council tax instalments

18. The government has confirmed its intention to enable local authorities to set default council tax instalments over 12 months rather than the current 10 months.

Statutory information being published on line

19. The government has confirmed that from 1 April 2013 councils will be able to publish all the council tax statutory information online unless a hard copy is specifically requested.

Other exemptions

20. Other than exemption classes A and C discussed within this report, the government has confirmed it is abolishing exemption class L, mortgagee in possession, therefore from 1 April 2013 banks and building societies will no longer have exemption in these circumstances. Otherwise the government is not proposing to make any other changes to the existing exemption classes. A table of the existing exemption classes is captured in Appendix A of this report.

New discounts

21. Subject to legislation the council will be able to introduce local discounts for properties undergoing major repair/structural alteration or empty & unfurnished dwellings (formerly exemption Classes A & C) giving effect to them from 1 April 2013. An enabling measure is included in S.10 of the Local Government Finance Act 2012 amending section 11A of the Local Government Finance Act 1992 so that the Secretary of State may define a class of property in respect of which an authority may determine a discount in the range zero percent to 100 percent.
22. With regard to the discount to replace Class C, the options available to the council in relation to properties that are unoccupied and unfurnished are:-
 - (a) To choose not to grant a discount at all (zero percent) and charge full council tax immediately, or
 - (b) To grant a short period of discount up to a 100 percent followed by a discount of zero percent for the remainder of the period.
23. If the exemption is removed entirely, even for short periods there will be administrative costs to the council in raising bills and trying to recover liability raised for short periods of a few days or weeks.
24. Although there will be an overall increase in council tax liability when this change is implemented it is impossible to accurately predict by how much.
25. With regard to the discount to replace class A, the government have stated that although local authorities can have discretion to grant a discount between zero and 100 percent, the discount must be granted for 12 months. Therefore in the absence of discretion of award periods for properties requiring or undergoing major repairs or structural alteration, the consideration for the council is whether to charge the full amount of council tax immediately or vary the discount between 0 -100 percent.
26. If it were decided not to award a discount at all it is difficult to predict how this decision will be accepted by the public, particularly landlords, developers or purchasers wishing to renovate old or dilapidated premises. Alternatively the cost of council tax may just become another factor in the overall list of project costs.
27. With regard to empty (unoccupied) but furnished properties, these are treated similarly to second homes. These are typically properties that are owned by landlords, therefore not the sole or main residence of someone and which are left empty (unoccupied) but furnished between lets. The period of emptiness can of course vary depending on the success of the landlord in re-letting the property. The government have stated that local authorities will have discretion to charge the full council tax on empty but furnished properties from 1 April 2013.
28. Council tax exemption class B is not included in the proposed changes. This class of exemption relates to properties that are empty and owned by a charity. There is recognition amongst practitioners that many Registered Social Landlords may seek formal charitable status to enable them to be entitled to this class of exemption in place of the existing class C (empty & unfurnished)

exemption. This will be a development that will remain under review as it is difficult to predict the impact this may have within Southwark at this time.

29. Southwark as a landlord is currently liable to pay council tax in respect of both Class A (uninhabitable) and C (empty & unfurnished) so there is a potential impact on the Housing Revenue account as a consequence of these changes. Analysis undertaken indicates that in 2011/12 over 50 percent of Class A exemptions were awarded in respect of properties on the Heygate estate with the majority of the remainder being awarded to developers. With regard to class C, most awards for council properties were for less than one month.
30. The council has an existing discretion to introduce a local discount category for a particular class of property under s13A of the Local Government Finance Act 1992, such that could create a category for empty Council Properties only. However this would mean treating empty council property more favourably than other tenure groups at a time when financial pressures are felt equally across all business and commercial areas and is therefore inappropriate at this time.

Properties in receipt of exemptions

31. In relation to class C, empty and unfurnished exemptions, there were 11,110 awards granted in 2011/12. In 2012/13 year to date 5,642 awards have been granted.
32. Empty but furnished properties which attract a 10 percent discount, 6,555 discounts were awarded in 2011/12. In 2012/13 year to date 1,141 discounts have been awarded.
33. In relation to class A exemptions, there were 1,766 awards granted in 2011/12. In 2012/13 year to date 203 awards have been granted. This apparent reduction in awards is representative of previous year awards linked to the Heygate estate ending and the correction to new build properties being classified in class C rather than class A in 2012/13.

Potential additional council tax Income

34. The potential additional amount to be billed is illustrated in the tables at appendix B which identifies the level of exemptions and discounts awarded between 2009/10 and 2011/12.
35. In 2011/12 a total of £1.850m (excluding Southwark properties) was awarded across Class C and A exemptions. In addition £52k was awarded in relation to empty but furnished property discounts, accordingly this suggests that £1.9m may be raised in additional council tax liability. Of this £1.9m the GLA precept would represent £475,000.00 therefore the total potential income to Southwark would be £1.425m.
36. Experience of the last three years however, suggests that the level of potential income for 2013/14 cannot be accurately predicted. In this period the total of annual awards for Class A and C has varied: £2.3m in 2009/10, £3.2m in 2010/11 and £2.5m in 2011/12. Within this same period the level of Southwark liability has also fluctuated as a consequence of estate development; £390k in 2009/10, £1.2m in 2010/11 and £658k in 2011/12. Whilst we can look at values over the last 3 years and an estimated total for 2013/14 it is worth recognising that awards are subject to variances.

37. The value of the exemption/discounts outlined above identifies the level of potential additional income that may be generated in the event that discounts were awarded at zero percent. The prospect of additional revenue at a time when the council is under extreme financial pressure is particularly attractive. However, the introduction of a zero percent discount across all categories will result in council tax being charged immediately, therefore the potential losses in collection and increased administration costs in trying to collect this debt must be fully considered. As new arrangements are introduced, not least in the context of the difficulty in quantifying the administrative burden, it is recommended by the director of finance and corporate services and assistant director of revenues & benefits that the two month exemption should be introduced initially and reviewed within a year of implementation.
38. The table in Appendix C identifies that 66 percent of class C awards granted in 2011/12 were for 60 days or less, with an average charge of £71.87. Given that summons costs in Southwark total £95.00 there is a question of reasonableness and whether it would be economic for the council to pursue recovery of such debts. Much may also depend on how these bills are perceived by council tax payers in the sense of whether they will be “economic to pursue”. If there is a general perception that among payers that they will not be pursued then clearly collection and recovery becomes more difficult.
39. If a discount of 100 percent was introduced with a maximum of 2 months (the Council tax operating system calculates in calendar months) it is evident from the information within Appendix C that resource could then be targeted to the collection of higher value debts and the increased administration costs associated with collecting lower value debts avoided. Whilst it could be considered to restrict the discount to one month, it is likely that there would be a disproportionate impact upon the administration and collection activity associated with this decision. Particularly it is expected that this would lead to an increase in valuation tribunal appeals, a need to increase inspection routines together with their frequency, an increase in correspondence and complaints together with potential reputational impact associated with the council being considered to be acting unreasonably.
40. If it were considered to grant a 100 percent discount for up to a maximum of 2 months the cost to the council based upon the 2011/12 estimates in Appendix C would be approximately £533,000.00 which would be reduced by the GLA element to £399,750.00. Of course this would in turn reduce the total potential income to Southwark from £1.425m to £1,025m
41. The potential additional revenue associated with the empty homes premium is estimated at £60,291.00 based on 99 non-Southwark properties at Band D at an additional 50 percent. Of this £60,291.00 the GLA element would represent £15,072 therefore the potential income to Southwark would be £45,219.00.

Consultation

42. Unlike the council tax support scheme there is no legal requirement for public consultation on the introduction of a new discount scheme, however the government has consulted on giving local authorities greater discretion in this area and has decided to proceed. However, if changes to the reductions are made then this would be incorporated in the normal budget consultation exercise.

Community impact statement

43. An Equalities Assessment (EA) for the proposed changes to the council tax exemptions is being developed. This will review those likely to be affected by any change within the borough and determine any mitigating action that may be recommended as part of any change.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

44. Cabinet requested officers to prepare an update on the technical reforms to council tax in the officer report to Cabinet dated 23 October 2012. Cabinet is advised that recommendations 1 and 2 may be agreed at this stage.
45. Cabinet is advised that it may agree recommendations 3 to 6, to Council Assembly, under Part 3A of the council's constitution.
46. The legal basis for recommendations 3 to 6, is found under ss.10-12 of the Local Government Finance Act 2012 which inserts provision into the Local Government Finance Act 1992 giving Local Authorities the statutory power to apply amended discounts. The Local Government Finance Act 2012 received Royal Assent on 31 October 2012 and is now law.
47. Cabinet will note the requirement for Council Assembly to pay due regard to the outcomes of the Equality Impact Assessment on the proposals, before a decision is reached.

Strategic Director of Finance and Corporate Services (CR/F&CS/08/11/12)

48. This reports requests that the cabinet agree to recommend to council assembly the introduction of a local discount of zero percent from 1 April 2013 for properties where there are major repairs or structural alterations, (previously Class A exemptions); the introduction of a local discount of 100 per cent for up to a maximum of 2 months from 1 April 2013 for empty and unfurnished properties, (previously Class C exemptions), the introduction of an empty homes premium resulting in council tax of 150 per cent for properties that have been empty and unfurnished for more than two years from 1 April 2013; and the introduction of a local discount of zero per cent for empty but furnished properties from 1 April 2013.
49. The strategic director notes that it is estimated at current volumes, that the proposal to introduce the local discounts may generate approximately £1.025m per annum at current council tax levels. It is also noted that the proposal to introduce an empty home premium may generate approximately £45k per annum at current council tax levels. If agreed this will be factored into the 2013/14 council tax base and would then be factored into the collection rate to be agreed by council assembly in January 2013.
50. The strategic director notes the potential difficulties associated with collection and recovery of this additional council tax liability, particularly in relation to the discount replacing class C exemptions. These issues will be considered and factored into the collection rate to be agreed by council assembly in January 2013.

51. The strategic director notes that the new arrangements will impact on the HRA largely as a consequence of major regeneration and housing development projects. Whilst this impact will differ from year to year (e.g. council tax liabilities will diminish as the Heygate estate is demolished and properties fall out of tax), it is noted that the impact for 2013/14 could be as high as £1m. The strategic director will take steps to ensure that any HRA liability will be mitigated through the use of earmarked reserves for regeneration and development. This will be reflected through the budget and resources strategy for 2013/14 and beyond.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Tax technical Reforms - Report to Cabinet 23 October 2012 http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&MId=4247&Ver=4 (see item 11)	Available on council's website	Everton Roberts 020 7525 7221
Equality Analysis Available on the council's website (see item 16): http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&MId=4248&Ver=4	Finance and Corporate Services – Revenues and Benefits, 160 Tooley Street, London SE1 2QH	Norman Lockie 020 7525 0928

APPENDICES

No.	Title
Appendix A	Existing Classes of Empty and Occupied Property Exemptions
Appendix B	Level of Exemptions and Discounts Awarded
Appendix C	Average debt awards for Class A and Class C in 2011/12

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Duncan Whitfield, Strategic Director of Finance & Corporate Services	
Report Author	Mike Lynch	
Version	Final	
Dated	8 November 2012	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance & Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		8 November 2012

APPENDIX A**EXISTING CLASSES OF EMPTY AND OCCUPIED PROPERTY EXEMPTIONS****Existing Classes of Empty Property Exemption**

Class	Description	Exemption period	
A	Major repairs/structural alterations	Up to 12 months	
B	Unoccupied, owned by charity	No time limit	
C	Empty and unfurnished	Up to 6 months	
D	Due to person being in prison	No time limit	
E	Person gone to live in care home	No time limit	
F	Council Tax payer deceased	No time limit	
G	Occupation prohibited by law	No time limit	
H	Dwelling held for minister of religion	No time limit	
I	Person living elsewhere to receive personal care	No time limit	
J	Person living elsewhere to provide personal care	No time limit	
K	Dwelling left empty by a student	No time limit	
L	Mortgagee in possession (Repossessed property)	No time limit	
Q	Left empty by bankrupt person Where liability rests with trustee	No time limit	
R	Caravan pitches or boat moorings not in use	No time limit	
T	Unoccupied annex to an occupied dwelling that cannot be let separately	No time limit	

Occupied property exemptions

Class	Description	Exemption period	
M	Student halls of residence	No time limit	
N	All occupiers are students school or college leavers or non British dependants or partners of students	No time limit	
O	UK armed forces accommodation	No time limit	
P	Visiting forces accommodation	No time limit	
S	All occupiers are under 18	No time limit	
U	All occupiers are severely mentally impaired	No time limit	
V	Main residence of a person with diplomatic immunity or privilege	No time limit	
W	The annex to a property occupied by a dependant relative	No time limit	

APPENDIX B

LEVEL OF EXEMPTIONS AND DISCOUNTS AWARDED

Class C Exemptions awarded in 2011/12

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	2903	26.13%	£519,807.06	26.94%	£179.06
Non-Southwark Properties	8207	73.87%	£1,409,796.44	73.06%	£171.78
All	11110	100.00%	£1,929,603.50	100.00%	£173.68

Class C exemptions awarded in 2010/11

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	2439	28.92%	£309,560.59	21.40%	£126.92
Non-Southwark Properties	5996	71.08%	£1,136,775.73	78.60%	£189.59
All	8435	100.00%	£1,446,336.32	100.00%	£171.47

Class C exemptions awarded in 2009/10

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	2407	28.03%	£387,847.76	19.91%	£161.13
Non-Southwark Properties	6181	71.97%	£1,559,884.72	80.09%	£252.37
All	8588	100.00%	£1,947,732.48	100.00%	£226.80

**Class A Exemptions
awarded in 2011/12**

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	956	54.13%	£138,505.69	23.89%	£144.88
Non-Southwark Properties	810	45.87%	£441,371.02	76.11%	£544.90
All	1766	100.00%	£579,876.71	100.00%	£328.36

**Class A Exemptions
awarded in 2010/11**

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	1504	51.42%	£908,035.15	50.96%	£603.75
Non-Southwark Properties	1421	48.58%	£873,922.97	49.04%	£615.01
All	2925	100.00%	£1,781,958.12	100.00%	£609.22

**Class A Exemptions
awarded in 2009/10**

Type	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
Southwark properties	5	0.69%	£2,198.04	0.58%	£439.61
Non-Southwark Properties	718	99.31%	£376,205.96	99.42%	£523.96
All	723	100.00%	£378,404.00	100.00%	£523.38

Empty but furnished property discounts

Period	Number of awards	Value
2011/12	6555	£52,936.57

AVERAGE DEBT AWARDS FOR CLASS A AND CLASS C IN 2011/12

Average debt awards for Class A in 2011/12

Exemption Duration	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
1-7 days	37	2.10%	£570.57	0.10%	£15.42
1-14 days	55	3.11%	£1,700.14	0.29%	£30.91
1-28 days	75	4.25%	£3,081.49	0.53%	£41.09
1-42 days	137	7.76%	£15,008.50	2.59%	£109.55
1-56 days	225	12.74%	£34,171.69	5.89%	£151.87
1-91 days	344	19.48%	£66,838.02	11.53%	£194.30
1-182 days	580	32.84%	£177,835.61	30.67%	£306.61
All	1766	100.00%	£579,876.71	100.00%	£328.36

Average debt awards for Class C in 2011/12

Exemption Duration	Number of awards	% of total awards	Value of awards	% of total value	Average amount awarded
1-7 days	1671	15%	£24,783.47	1.28%	£14.83
1-14 days	2862	26%	£69,945.83	3.60%	£24.44
1-28 days	4987	45%	£209,784.05	10.80%	£42.07
1-42 days	6507	58%	£391,230.41	20.15%	£60.12
1-56 days	7292	65%	£510,275.34	26.28%	£69.98
1-60 days	7415	66%	£532,949.97	27.45%	£71.87
1-91 days	8291	74%	£731,043.78	37.65%	£88.17
All	11158	100%	£1,941,644.78	100%	£174.01

Item No. 17.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Policy and Resources Strategy 2013/14-2015/16: Scene Setting Report	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Richard Livingstone, Finance Resources and Community Safety	

FOREWORD - COUNCILLOR RICHARD LIVINGSTONE, FINANCE, RESOURCES AND COMMUNITY SAFETY

This report sets the scene for the council's deliberations in preparing the 2013/14 general fund revenue budget and asks Cabinet to agree the next steps in the budgeting process.

There is currently a significant level of uncertainty for the council in preparing that budget. Despite the unprecedented cuts we have faced from central government in the last two years, a majority of Southwark's budget still comes from the government's annual settlement with the authority. In the past, we would normally expect this in early November but this year it appears likely that this will not be communicated to us until late December. Furthermore, the changes in local government financing being introduced for 2013/14 add a further layer of unpredictability to the level of the settlement we are to receive. The only matter that does appear clear is that Southwark's budget from government will be cut still further and difficult decisions will need to be taken in the budgeting process as a consequence.

Against this picture, we are also anticipating further budgetary pressures on the council:

- Despite a cut of 32% in the government grants for children's services that the council experienced two years ago with their amalgamation into the Early Intervention Grant, we potentially face a further 27% cut in this grant this year: £5.5 million. The council will need to consider how to address this shortfall as part of the 2013/14 budget process.
- The impact of government's welfare reform agenda and the continuation of the poor state of the economy are likely to create new funding pressures on the council. In particular, our resources for addressing homelessness and the support we need to give vulnerable families could see increased levels of demand.
- Whilst our workforce have foregone wage increases (with the exception of those earning less than £21,000 a year) for the last two years, it is unlikely that this salary freeze can be sustained for a further year.

But it is not all doom and gloom. In 2011, the council set a notional three-year budget, ending in 2013/14. Good progress has been made in the first two years and sound stewardship of the council's finances has put us in a strong position to face the pressures outlined above. The budget process for 2013/14 will therefore be building on that platform and use the draft budget set in February 2011 as a starting point in its development.

RECOMMENDATIONS

That cabinet:

1. Note the changes to local government funding arrangements outlined in this report.
2. Note the continuing uncertainty over the financial position for 2013/14 and future years, and uncertainty over the date of the provisional finance settlement which will not be announced until after the Chancellor of the Exchequer delivers his autumn statement on 5 December.
3. Note the provisional 2013/14 budget from February 2011, updated for known changes.
4. Reaffirm their commitment to the ten fairer future promises as set out in the Council Plan and Medium Term Resources Strategy (MTRS) and the seven budget principles to guide and underpin the work of officers in arriving at a balanced budget proposal for February 2013.
5. Instruct officers to continue to work on budget options for a balanced budget in 2013/14 for presentation to the cabinet in January 2013, for onward recommendation to council assembly.

EXECUTIVE SUMMARY

6. This report is a scene setting report for the 2013/14 budget process. The budget will be prepared in the context of a number of fundamental changes and issues which affect the resources available to and demands upon the council. These matters are listed here and explored further in the report:
 - Changes to the local government financing system, including localisation of business rates
 - Changes to formula funding that affects the calculation of the council's baseline spending
 - Changes to the treatment of specific grants, such as the Early Intervention Grant (EIG)
 - Welfare reform including localisation of Council Tax benefit and the introduction of Universal Credit
 - Council Tax reform including changes to exemptions and discounts such as that for second homes
 - Council Tax freeze grant for 2013/14
 - The impact of the census and mid year population estimates.
7. Due to the change and uncertainties outlined above, the council does not have any certainty over the funding available for 2013/14 or for any year beyond.
8. The budget for 2013/14 will therefore be prepared in the context of the three year budget framework, agreed by council assembly in February 2011, which was based on a two year settlement with substantial uncertainty in year 3 (being 2013/14), due to the funding review.

9. As part of the scene setting for 2013/14 there are known pressures or matters to be taken into consideration. These matters are listed here and explored further in the report:
- Social Fund and Welfare Hardship Fund
 - Public Health Transfer
 - Pay Award
 - Inflation
 - Use of Balances
 - New Homes Bonus
10. The process for agreeing the budget moving forward includes presentation of best available information to cabinet in December 2012, then draft budget proposals at meetings in January and February 2013, before consideration by council assembly on 27 February 2013.

BACKGROUND INFORMATION

11. The period from February 2011 which established the three year framework has seen considerable changes to the council, with the savings amounting to £62.1m and investment in council priorities, and investments in commitment and growth of £24.4m
12. Latest monitoring including the Q2 revenue monitoring report elsewhere on the November cabinet agenda indicates the council is continuing on track to deliver the savings and investments planned for 2012/13.
13. In the absence of any more certain information the proposals for 2013/14, as set out in February 2011, and updated for known changes, gives a high level budget position.

KEY ISSUES FOR CONSIDERATION

Changes to the local government financing system, including localisation of business rates

14. Local authorities are currently funded through a combination of redistributed business rates from the pool and revenue support grant, the total being known as formula grant.
15. For 2012/13 Southwark have estimated that £189.8m (NNDR1) will be collected and paid into the pool. Southwark's formula grant for 2012/13 is £217.1m
- £213.0m from redistributed business rates
 - £4.1m from revenue support grant
16. Business rates are currently collected by local authorities, and paid to the government, and then reallocated through the grant formula. Under the current system, up to the year 2012/13, each year each authority calculates the amount that will be paid into the national pool, and based on this figure the government send each local authority a payment schedule. All NNDR collected is paid back to the government.

17. The government is changing the way in which local government is funded through a retained business rates system. Under the proposals included in the consultation, authorities would keep the business rates that they collect, subject to a threshold/baseline set by the government. From 2013/14, each year the government will calculate for each local authority a baseline funding level and an individual authority business rate baseline.
18. Under the new arrangements the government will assess the baseline funding level for each local authority. The difference between this baseline and the government's estimated business rate yield for the council will be made up by grant. Clearly the baseline funding level is fundamental to any estimate of the resources that will be available to the council in future years. This baseline will not be known until sometime after the autumn statements.
19. Authorities below the threshold will be described as "top up" authorities, and will receive additional funding up to the threshold. These top ups will be funded from tariffs taken from authorities generating business rates above the threshold. Southwark is likely to be a top up authority.
20. While the government has indicated the way in which it will estimate any council's business rate yield (based on an average over 5 years) this figure is still to be confirmed to the council.
21. The risk inherent in the new system is that any uncollected business rates, or unfavourable variation from government estimates of rateable values, will impact directly on council resource available and therefore on service provision.
22. Under current arrangements the council is protected by 'floor arrangements' and there is no clarity as to whether or at what level this may be retained under the new arrangements, although the business rates retention scheme will include a safety net to protect local authorities from significant reductions in business rates, likely to be set at 10%.
23. This means that shortfalls from 0-10% will not be protected and will have to be borne by the local authority. It would be possible for a local authority to lose just below 10% for a number of years and never receive any safety net payment.
24. The safety net will be funded by a levy on those councils that experience a disproportionate benefit from business rates baseline growth. However as there is a risk that there will be insufficient levy to fund the safety net in the early years, the government have decided that it is important to be prudent and will hold back some resources to enable the safety net to be fully funded.
25. The government proposed to refund any unused resources to local authorities in the same proportion as it was clawed back.

Changes to formula funding that affect the calculation of the council's baseline spending

26. Overall, since the 2010 Spending Review the government have reduced the overall "formula grant" control total by £2.5bn (10.8%). The impact is even greater at a national level for local government, ('Other Services'), which includes Southwark, which has reduced by £2.4bn (12.3%).

Changes to the treatment of specific grants

27. The baseline funding level is based on the previous formula which is being amended and adapted to include a number of grants which were previously specifically provided.
28. The original 2010 Spending Review control totals assumed that fire revenue grants would be rolled into formula grant, it has been decided that these should remain as specific grants.
29. The original 2010 Spending Review control totals assumed that neighbourhood planning grant would be rolled into formula grant, it has been decided that these should remain as specific grants.
30. Capitalisation is the means by which central government permits local authorities to treat revenue expenditure as capital. The total amount of capitalisation available for 2013/14 and 2014/15 will have to be funded directly from the local government settlement.

Early Intervention Grant

31. Early Intervention Grant (EIG) was paid to councils in 2011/12 and 2012/13 as a separate un-ringfenced grant. The EIG was paid at 32% less than the combination of previous grants it replaced (Area Based Grants and Surestart Grants).
32. In 2012/13 Southwark's EIG is £20.5m and funds core, high priority Children's Services including Children's Centres, provision of support to get young people in education, employment and training, early intervention services, statutory specialist services and voluntary sector commissioning. The EIG also includes funding for the Two Year Old pilot offer which facilitates vulnerable families accessing free part-time early education places. This grant is un-ringfenced and the DfE guidance states that this grant can be used flexibly to meet local priorities.
33. From 2013/14 settlement the EIG has merged into the council's formula grant. The provisional merged EIG allocation reduces the EIG by £5.5m or 27%. This is for two reasons:
 - the government has proposed a top slice of £150m for unspecified early intervention initiatives (estimated at around £1.2m reduction for Southwark);
 - the transfer of funding for two year olds into the ring-fenced Dedicated Schools Grant (estimated at around £4.5m for Southwark). This reduction exceeds the current spend on two year placements and is £2.0m more than the current two year old component of the EIG.
34. In 2013/14, this EIG reduction will increase by an estimated further £2m to fund the Two Year Old offer. From September 2013, the provision of places for two year olds is increasing to 20% of vulnerable families, and to 40% in September 2014. Effectively, the EIG is being reduced to pay for the Two Year Old offer; there is no "new" money to fund this.
35. DSG is a ring-fenced grant and therefore, although the council will seek to maximise the Two Year Old offer the flexibility to use this funding for wider

Children's Services such as early intervention, has been significantly restricted. This means that "other services" currently funded from EIG will need to be reviewed to make savings.

The local authority central spend equivalent grant (LACSEG) transfer

36. The LACSEG transfer (£1.2bn) is intended to ensure that there is sufficient funding available to enable academies to be full funded. The transferred amount will then be redistributed as a separate un-ringfenced grant to local authorities and academies proportionate to the pupil numbers for which they are responsible.

Rolled in specific grants

37. Additionally, the government are rolling in most of the remaining specific grants, adding a net £5.112bn to the overall control total. This includes the total removal of police grants, as the police will not be funded through redistributed business rates, a total of £8.2bn will be added to the other services control total.
38. The table below shows the proposed national transfer value, Southwark's indicative transfer and equivalent value of 2012/13 specific grants. The grants being rolled into the overall control total are shown in the table below:

Name of grant	Southwark 2012/13 Allocation £m	Southwark Proposed transfer £m	Change in Southwark allocation £m
Council Tax Freeze Grant	2.3	2.3	0
Early Intervention Grant	20.5	14.9	(5.6)
GLA General Grant	0	0	0
GLA Transport Grant	0	0	0
Homelessness Prevention	1.7	1.5	(0.2)
Lead Local Flood Authorities (Part)	0.2	0.2	0
Learning Disability & Public Health	10.6	10.8	0.2
Total excl Council Tax Support	35.3	29.7	(5.6)
Council Tax Support (new in 2013/14)	0	18.1	18.1
Total grants "rolled in"	35.3	47.8	12.5

39. Broadly the grants rolled in match current allocations, with the exception of the Early Intervention Grant. The Council tax Support Grant is new and is excluded from the direct comparison with 2012/13.

Welfare reform including localisation of council tax benefit and the introduction of universal credits

40. On 2 August 2011 the government commenced a further consultation on the localising of support for council tax from 2013/14. The government's proposals transfer the responsibility for developing local schemes for council tax benefit to local authorities, whilst at the same time reducing the amount paid to local authorities by 10%. Local councils are required to develop schemes which protect pensioners and the vulnerable, and thus increasing the impact on working people.

41. Instead of receiving council tax benefit subsidy (CTB) to match payments, local authorities will receive a fixed amount. It is the government's current intention to roll this into the overall control total, and indicative figures suggest that this will be some £18.1m. However this is based on 2010/11 data and is likely to change to reflect more current CTB data.
42. The transition from subsidy to a discount will have a significant effect on the council tax base. Current estimates suggest that the current cost income to the collection fund is the equivalent to 20,600 band D equivalent properties.
43. This will reduce the current taxbase by around 20,500 properties and will reduce the amount collected through council tax (Southwark element) by some £18m. In theory the shortfall will be met through the sum rolled into the overall control total.
44. However, the reduction in tax base does mean that the council's budget planning options have been limited. Under current practices the increased yield from a 1% increase in council tax is some £912k, the reduced tax base means that this will be reduced to around £732k, a reduction of some £180k.
45. On Saturday 13 October the government announced that 'emergency funding' of £100m would be made available to local authorities to mitigate the impact of the changes, subject to a number of conditions being met. A report containing Southwark's proposals for the Local Council Tax Reduction Scheme was considered by on 23 October 2012, but the late information on the 'emergency funding' means that as written the council's scheme would not be eligible to receive any transitional funding. The cabinet instructed officers to engage with government to clarify the qualifying conditions for securing the funding within the framework of Southwark's preferred council tax reduction scheme (CTRS). The recommended scheme is subject to the agreement of the council assembly and is due to be presented on 28 November 2012.

Housing benefit under occupancy

46. The Welfare Reform Act 2012 introduces a raft of changes to welfare support and benefits entitlement commencing in 2013. The government's stated intentions are to reduce the nation's benefit bill, simplify the benefit system and 'make work pay'. The government has yet to provide the detail behind some of the proposals which makes assessment and planning for their impact more problematic, but initial indications suggest that preventing homelessness will become more difficult as the private rented sector in Southwark and across London will no longer be a feasible option for many households. Temporary accommodation schemes such as Private Sector Leasing (PSL) which are currently self-financing will now become a net cost to the council's general fund, albeit still cheaper than Bed and Breakfast provision, which will itself become increasingly more difficult to procure at reasonable cost.
47. Southwark has a good record of preventing homelessness, but has seen an increase of around 100 cases in each of the last two years. There is the potential for this to rise considerably and it is affected by a number of external factors that are hard to predict and over which the authority has little or no control, such as private sector landlords' reaction to the changes, resident mobility and employment opportunities. The introduction of housing benefit caps and social size criteria affecting those tenants currently under occupying by virtue of the Department of Works and Pension's (DWP) new 'bedroom

standard', means they will lose a proportion of their existing benefit entitlement. Initial estimates indicate around 14% of Southwark tenants are likely to be affected.

Universal Credit

48. Universal Credit is a new welfare benefit that will replace six of the main means-tested benefits and tax credits. The Government plans to introduce the Universal Credit over the period 2013 to 2017, and will be paid as a single benefit for people aged 18 to 64 years old.
49. The benefits that will be replaced are:
- the means tested part of Jobseeker's Allowance
 - the means tested part of Employment and Support Allowance
 - Income Support
 - Child Tax Credits
 - Working Tax Credits
 - Housing Benefit (Rent element only)
50. There is a possibility that benefit claimants could find themselves "trapped in poverty" when universal credit is implemented, many households could be worse off, or only marginally better off, when the system changes. The new system incentivises more people to take part time jobs, but it does not encourage the move up into full-time work and help people move out of poverty.
51. The shift from fortnightly to monthly payment in arrears has raised concerns that families on low-incomes will run out of money before the end of each month, resulting in them taking out loans to bridge the gap, and putting them into debt.
52. A further risks from universal credit is that many families could lose track of what the benefit is intended to pay for and spend it inappropriately, leading to arrears and further debt.

Council tax reform including changes to exemptions and discounts such as that for second homes

53. On 31 October 2011, the government began a consultation on technical reforms of council tax. The reforms being proposed are largely around discounts and exemptions on second homes and empty dwellings, giving authorities full control on the level of discount they grant with a minimum of 0%.
54. A report containing Southwark's proposals for the technical reforms of council tax Reduction Scheme was agreed by Cabinet on 23 October 2012 for recommendation to Council Assembly in November 2012. This includes removing the current 10% discount on council tax for second homes, which is estimated to yield around £95k additional income per year.
55. A report containing further council tax technical reforms is presented to this Cabinet meeting showing the introduction of an empty homes premium resulting in council tax of 150 per cent for properties that have been empty and unfurnished for more than two years from 1 April 2013. The introduction of the local discounts may generate approximately £1m per annum at current council tax levels. These potential increases are not currently reflected the indicative 2013/14

budget figures presented in this report, due to uncertainty over owner behaviour in response to these changes.

56. The effect of these decisions will be reflected in the Council Tax setting report to Council Assembly in January 2013.

Council tax freeze grant for 2013/14

57. As part of the 2011/12 local government grant settlement the government announced the council tax freeze grant, which was given to all authorities which set a zero percent increase in council tax, for the equivalent of a 2.5% increase in council tax. Southwark received £2.2m. This grant will be paid throughout the four years of the spending review, and has now been subsumed into formula grant. This grant will cease in 2015/16.
58. On 22 February 2011, council assembly agreed an indicative budget for 2012/13 and 2013/14 with provisional council tax increases of 2.5% in each year.
59. In October 2011 the government announced a new council tax freeze grant for 2012/13 only, for those authorities who agree to set a zero percent council tax increase. The grant is equivalent to a 2.5% increase in council tax (some £2.3m). This grant is for one year only, and will cease in 2013/14.
60. For 2013/14 the council had indicative budgets requiring an increase in council tax of 2.5%. On 8 October 2012 the government announced that it would be making £228m available to English councils to fund a council tax freeze in 2013/14, equivalent to a 1% increase in council tax. Southwark would receive around £750k. The amount of council tax freeze grant takes account of the reduced yield caused by the introduction of a discount to administer council tax support. Local authorities taking this grant will also receive the same amount in 2014/15 to avoid a cliff edge. The government also announced that authorities increasing council tax by more than 2% will have to hold a referendum.
61. If Southwark freeze council tax for 2013/14, band D will have remained at £912.14 since 2008/09. While this is positive for council tax payers, it limits flexibility for the council and will lead to a budget gap when the grant finishes.

The impact of the census and mid year population estimates

62. On 16 July 2012 the Office for National Statistics (ONS) released the first data from the 2011 census. The data shows that on 27 March 2011, the population in England was 53.0 million, an increase of 3.6 million (7.3%) in the 10 years since the last census, rising from 49.4 million in 2001.
63. The census data shows an estimated population for Southwark on 27 March 2011 of 288,300, an increase of 31,600 (12.3%) since the 2001 adjusted census estimate of 256,700. Since the 2001 census, Southwark's population as a percentage of the England total has risen from 0.52% to 0.54%
64. In September 2012 ONS published the 2011 mid year estimates, based on adjusted 2011 census figures, Southwark's population is reported as 288,700, a slight increase on the census, again representing some 0.54% of the national (53.0m) total.

65. This data was followed by the 2011 based population projections, for 2013 the ONS estimated that Southwark's population will be 303,900 representing some 0.56% of the national (54.1m) total. This data is likely to be used in the 2013/14 grant formula.
66. This increase however is unlikely to improve Southwark's share of the formula used to determine the 2013/14 baselines. Although Southwark's percentage of the national total has increased over the census and the 2011 mid year estimates, it is still below the 0.57% from the 2008 based 2012 projection used in the 2012/13 formula grant calculation.
67. The table below shows Southwark's share of the national population from recent ONS data.

	England '000	Southwark '000	Southwark as % of England
2008 Mid year estimates	51,446.2	278.0	0.54%
2008 based 2012 projection (used in 2012/13 formula grant calculation)	52,954.0	301.2	0.57%
2008 based 2013 projection	53,332.0	305.3	0.57%
2010 Mid year estimates	52,234.0	287.0	0.55%
2010 Based 2013 projection	53,563.0	310.5	0.58%
2011 Census	53,012.5	288.3	0.54%
2011 Mid year estimates	53,107.2	288.7	0.54%
2011 Based 2013 Projection (likely to be used in 2013/14 formula grant calculation)	54,068.4	303.9	0.56%

68. The table illustrates the turbulence in ONS estimated and forecast data. The 2010 mid year estimates show Southwark's population as 287,000, lower than the census figures, but the 2013 forecast based on these estimates shows Southwark at 310,500 (58% of the national total), some 6,600 higher than the 2011 based 2013 projection, the 2008 based 2013 projection is also 1,400 higher than the 2011 based forecasts

Social Fund and Welfare Hardship Fund

69. As part of its welfare reforms the government are transferring some of the elements included in the social fund, currently administered by the Department of Work and Pensions (DWP) to local government.
70. The current scheme contains Crisis Loans (for items, living expenses and alignments), Budgeting Loans and Community Care Grants.
71. The new scheme has Crisis Loans (for items and alignments only) and Community Care Grants.

72. Indicative figures announced by the government show that Southwark will receive £1.651m (£1.363m programme funding and £288k for administration) in 2013/14.
73. Although the government do not want or expect local authorities to replicate the current scheme, it is their intention that funding should be concentrated on those facing greatest difficulty in managing their income.
74. The council is undertaking an options appraisal around the social fund, to be considered by cabinet.
75. The council is considering various measures to help mitigate the impact of various welfare changes on the people of Southwark. At the meeting on 23 October the cabinet agreed that an economic wellbeing strategy should be implemented to mitigate the impact on claimants facing a reduction in benefit, to include a programme of benefit maximisation undertaken via the council's Rightfully Yours service.
76. The cabinet further asked that financial inclusion and responsibility are promoted through the provision of budgeting, employment and arrears advice in partnership with relevant external organisations and support networks including London Mutual credit union, Jobcentre Plus and local advisory services.
77. Officers were instructed to consider how to establish a welfare hardship fund to mitigate some of the impact of the benefits changes to protect the most vulnerable, as part of the 2013/14 budget proposals.

Public Health Transfer

78. The Health and Social Care Bill proposed that responsibility for public health will transfer from the NHS to local government on 1 April 2013. This obtained royal assent on 27 March 2012.
79. Local authorities will receive a ring fenced grant for public health to meet the cost of these new responsibilities; however it is unclear whether the resources allocated to fund these new responsibilities will be sufficient to meet the costs. London Councils have been lobbying on this issue, and a report was presented to London Councils Leaders Committee on 16 October 2012.
80. Latest figures sent by Southwark PCT to the Department of Health show that public health expenditure in Southwark is estimated at £30m per annum. It is expected that the grant funding announced in December 2012 will be equivalent to current spend levels and will therefore not impact on budget proposals. However, this funding is not yet confirmed. Public health targets have also yet to be announced in full and any unfunded pressures arising from this will become apparent during 2013/14 revenue monitoring.

Pay award

81. Public sector pay has been frozen since 2011/12, with 2012/13 being the second year of the two year public sector pay freeze announced by the government in the emergency budget on 22 June 2010. The indicative 2013/14 budget agreed in February 2011 as part of the 2011/12 budget setting process included pay award inflation at 2% (£3.6m). The November 2011 Autumn Statement set public

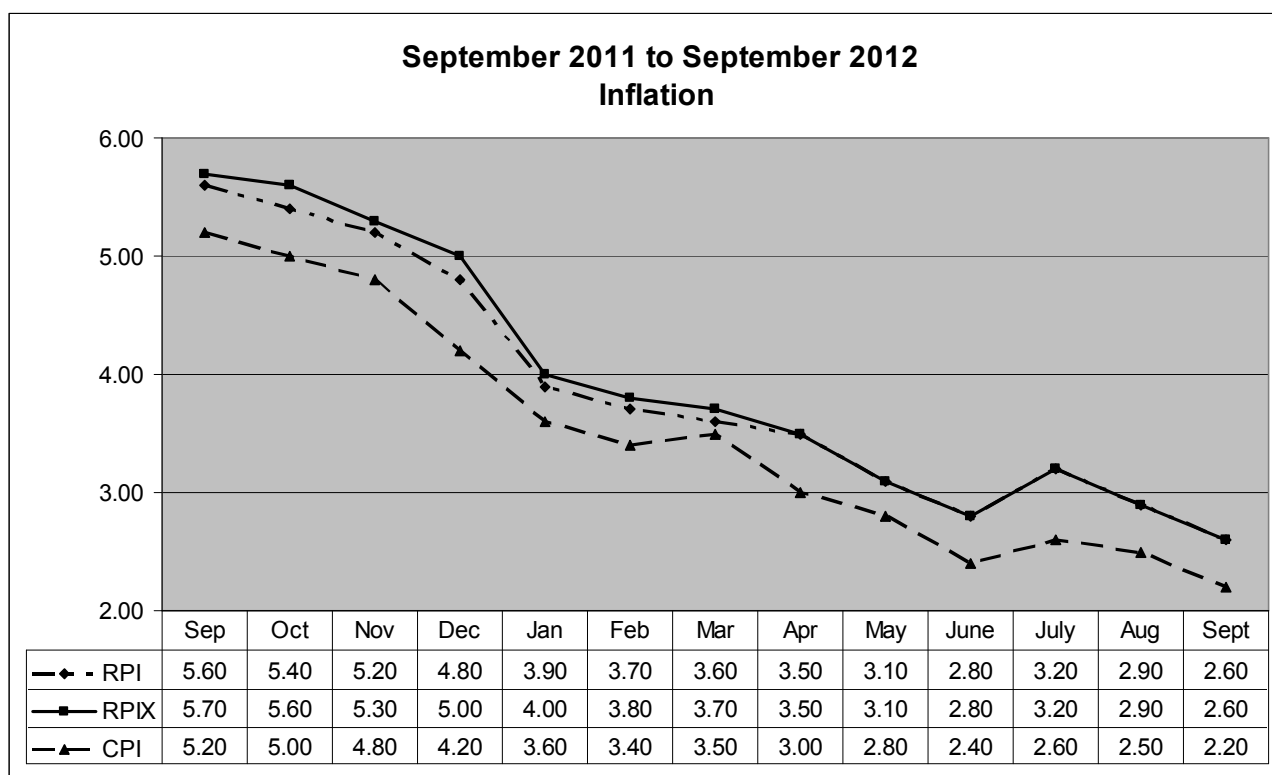
sector pay increases at an average of one per cent for the two years after the current pay freeze comes to an end (i.e. for 2013/14 and 2014/15).

82. Current estimates therefore include 1% for the 2013/14 pay award at £1.8m

General inflation

83. Due to pressure on budgets, no allowance for general inflation effects has been provided for in the budget since 2010/11. On 16 October 2012, ONS announced the inflation statistics for September. The reported indicators show CPI at 2.2% (down by 0.3% from 2.5% in August), RPI 2.6% (down by 0.3% from 2.9% in August), and RPIX 2.6% (down by 0.3% from 2.9% in August).

84. The chart below shows the movement in inflation from September 2011 to September 2012.



85. Over the course of the year all inflation rates have reduced by over 50%.

86. Running costs budgets amount to some £165m for 2012/13, with CPI currently at 2.5% and RPI at 2.9% after taking account of alternative inflation of £2.4m, explained in paragraph 87 below, Southwark are absorbing inflationary pressures of £1.2m and £1.9m respectively.

Alternative inflation

87. The council also calculates “alternative inflation” which covers things like long term contracts tied to industry specific rates of inflation (e.g. contracts, utilities, etc). Alternative inflation does not have a single rate and current provisional estimates show alternative inflation at £2.4m for 2013/14.

Use of balances during the 2011/12 – 2013/14 budget framework

88. Following the unprecedented reductions in government grant for 2011/12, and the short notice given by the government to identify savings, £3.4m was taken from reserves to support the 2011/12 budget setting process.
89. For 2012/13 an additional £1.0m was taken from reserves.
90. The indicative budget from February 2011 indicated that £0.7m would be contributed to reserves. However current estimates indicate that it is likely that the 2013/14 budget will require a further contribution from reserves, of up to £6.9m. However this is subject to the considerable uncertainty over funding streams for 2013/14, and final savings and growth proposals.

New Homes Bonus

91. The government intends to maintain the government's commitment to continue the incentive for local authorities to deliver housing growth, and to do this future funding will be taken from the overall revenue spending review control total at a level to meet the full commitment of the scheme. For each of the seven years of the reset period, the government will be removing £2bn, £345m of which will be held back to fund capitalisation and safety net support, leaving £1.7bn available to fund New Homes Bonus. In the early years New Homes Bonus will be significantly less than the adjustment, and surplus funding will be returned to local authorities in proportion to their baseline funding levels.
92. Essentially, from 2013/14 New Homes Bonus is a revenue resource. To deliver the council's planned contribution of NHB to fund the capital programme would require a further £6.3m savings to be identified.

Latest 2013/14 provisional indicative budget

93. In February 2011 Council Assembly was presented with a three year notional balanced budget that reflected the best understanding at that time of funding available to the council. The table below shows the 2013/14 budget set at that time, and also presents known changes that have taken place. It also reflects the level of funding that will be required from government under the new financial arrangements that will be required for this level of spending to be achievable, including retained business rates.

Provisional indicative budget for 2013/14

2013/14 indicative budget	as at February 2011 ¹ £m	As at November 2012 £m
Revised previous year budget (2012/13)	312.6	310.4
<u>Inflation</u>		
Pay award: 2% assumed for 2013/14 in 2011/12, now 1% assumed in line with 2011 Autumn statement,	3.6	1.8
General inflation (running costs) - now assumed as 0%	3.4	0.0
Inflation based on contractual commitments (linked to industry specific rates)	2.6	2.4
<u>Commitments, Savings & Growth</u> ²		
Commitments	5.4	5.4
Growth	3.4	3.4
Efficiencies and improved use of resources	(12.7)	(12.7)
Income generation	(0.1)	(0.1)
Savings impacting on service delivery	(11.3)	(11.3)
<u>Other adjustments</u>		
Rolled in specific grants	33.0	33.0
Reversal of one-off items from 2012/13	(1.5)	(1.5)
Fall out of 2012/13 Council Tax freeze grant (one year only)	2.3	2.3
Council Tax freeze grant 2013/14 (two year funding)	0.0	(0.7)
Fall out of contribution (from) / to balances	2.1	4.4
Total Budget	342.8	336.8
Funded by		
<u>Government Grants</u> ³		
Formula grant	(217.1)	(211.1)
Specific Grants	(33.0)	(27.4)
<u>Council Tax</u>		
Council tax ⁴	(93.4)	(73.3)
Council tax support grant	0.0	(18.1)
Total Funding	(343.5)	(329.9)
Budget shortfall	(0.7)	6.9
Contribution (from) / to balances	0.7	(6.9)

Note 1-Updated to include changes arising from 2012/13 budget

Note 2 - As detailed in the Budget Setting report appendices (Council Assembly 22 February 2011)

Note 3 - Revised 2013/14 assumes £6m reduction in overall government funding. Specific grants are reduced by £5.4m to reflect the loss of Early Intervention Grant

Note 4 - Revised 2013/14 takes account of reduced tax base for discounts for council tax support, funded through council tax relief grant. This does not include the any potential increase in collection from changes to local discounts.

94. Overall, the proposed changes set out above will pass significant risk to local authorities.

Business rates localisation	Non collection previously borne by the government Uncertainty around backdated appeals.
Localisation of support for council tax	Continued economic downturn could increase number of households receiving CTS with no corresponding increase in funding.
Technical reforms of council tax	Non collection may result in a worse position than if not changes
New Homes Bonus (NHB)	The amount clawed back from Southwark may be higher than actually received in NHB and repayment of surplus clawback. Whatever actually transpires, there will be a real loss of funding to either general fund or capital programme, or both.
Rolled in grants – EIG	Loss of £5.6m grant funding, this will be paid through DSG for two year old education, but as this is a new duty there is not a transfer of function to DSG funded services, as such this a real overall reduction in resources of £5.6m
LACSEG	Impact yet to be assessed, but again will be a real cut to funding.
Social Fund	Grant funding may be insufficient to cover costs of fulfilling government guidelines
Public health transfer	Transferred funding may be insufficient to cover cost of service.

Housing revenue account (HRA)

95. The HRA self-financing regime commenced in April 2012 and provides more certainty around the level of funding available and freedom to plan and manage investment of the housing stock over a much longer-term horizon.
96. The benefits of self-financing for residents are the opportunity for business planning to be guided by local priorities, rather than central government rules. In Southwark, although the level of rent that tenants pay will continue to be set in accordance with the national formula, the anticipated surpluses generated within the HRA are the opportunity for greater investment in the stock for the benefit of existing tenants; opportunities for meeting growing demand locally for housing accommodation by building new council homes; and opportunities for creating new services and improving existing ones.
97. The council has committed £0.5 billion to the housing investment strategy to deliver warm, dry and safe homes over a five-year period. This programme is fully funded and will enable the council to meet its obligations towards the Government's decent homes standard. Significant investment has also been allocated to four high investment needs estates, along with its other landlord obligations.
98. There are also a number of risks inherent in self-financing as the council takes on the responsibility of financing the future management, maintenance and capital investment of its stock without recourse to government support. The

national welfare reforms present a number of specific challenges across the piece but specifically in relation to housing provision. The full impact of these reforms cannot be accurately quantified at this stage, but will impact on homelessness/ temporary accommodation resulting in additional costs/ loss of income for both the HRA and the general fund from April 2013.

Capital programme

99. In July 2011, Council Assembly agreed the recommendations of the cabinet for a refreshed 10-year general fund capital programme 2011-21 of £351m. This was refreshed and agreed by cabinet on 25 September 2012 to give a programme for 2012-22.
100. The general fund capital programme 2012-22 reflected new and emerging priorities, latest information on existing projects and a refreshed estimate of resources. The total programme included expenditure of £387m with projected funding of £389m. Within this there has been some £60m of new additions to the programme including;
- transformation of Adult and Learning Disabilities accommodation
 - additional funding for the primary school estate strategy
 - works to non principal roads network
 - compliance and planned preventative maintenance works
 - upgrade IT infrastructure and core enablement projects
101. In October 2011 cabinet agreed a five year Housing Investment Programme to the value of £326m, and the 25 September 2012 report to cabinet reported forecast expenditure of £403m. This programme will be key in delivering the council's priority of ensuring all council homes are warm, dry and safe.

Community impact statement

102. Transparency and fairness form part of the seven budget principles and are an underlying principle in the Council Plan. As with last year's budget, each department will undertake equality analysis on its budget proposals.
103. Undertaking equality analysis will help the council to understand the potential effects that the budget proposals may have on different groups. The analysis will also consider if there may be any unintended consequences and about how these issues can be mitigated. Analysis will also be undertaken to consider any cross-cutting and organisation-wide impacts.
104. The equality analysis undertaken will build on previous analysis including the equality impact assessments carried out as part of 2012/13 budget setting and the equality analysis undertaken on decisions to implement the budget this year. The development of equality analysis will commence now to ensure that it informs decision making at each stage of the budget process.

Consultation

105. This report is an introduction to the planning for the third year of a three year budget framework, agreed in February 2011. The budget agreed in February 2011 was supported by an exhaustive consultation undertaken in the autumn of 2010.

Next steps

106. Taking account of all the information contained in this report a further report will be presented to Cabinet on 11 December 2012. This is unlikely to include details of the provisional 2013/14 finance settlement, but will include budget options following the second phase of the council's budget challenge process. This will be in advance of the Overview and Scrutiny Committee meeting to discuss the budget proposals on 7 January 2013. A full report will be presented to cabinet on 29 January 2013, and if required on 12 February 2013. The budget will be proposed to council assembly on 27 February 2013.
107. A timetable of scheduled meetings leading up to council tax setting on 27 February is shown below.

11 December 2012	Cabinet	Policy and Resources Strategy 2013/14 - 2015/16 – Provisional Local Government Settlement (Title needs to be changed)
7 January 2013	Overview and Scrutiny Committee	As above
23 January 2013	Council Assembly	2013/14 Tax Base
29 January 2013	Cabinet	Policy and Resources Strategy 2013/14 - 2015/16 - revenue budget
12 February 2013	Cabinet	Policy and Resources Strategy 2013/14 - 2015/16 - revenue budget
27 February 2013	Council Assembly	Policy and Resources Strategy 2013/14 - 2015/16 - revenue budget
27 February 2013	Council Assembly	Setting the Council Tax 2013/14

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

108. The constitution determines that cabinet consider decisions regarding the strategic aspects of the regulation and control of the council's finances. The council has an obligation under Section 32 of the Local Government and Finance Act 1992 to calculate and agree an annual budget. The issues contained in this report will assist in the future discharge of that obligation.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Budget setting reports for 2011/12 Council Assembly 22 February 2011 http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=132&MId=3454&Ver=4	Report on the council's website	Everton Roberts 020 7525 7221
Budget setting reports for 2012/13 Council Assembly 29 February 2012 http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=132&MId=4038&Ver=4	Report on the council's website	Lesley John 020 7525 7228
Local Council Tax Reduction Scheme Cabinet 23 October 2012 http://moderngov.southwark.gov.uk/documents/s32581/Report%20Local%20Council%20Tax%20Reduction%20Scheme.pdf	Report on the council's website	Everton Roberts 020 7525 7221
Local Taxation reform – second Home Discount Cabinet 23 October 2012 http://moderngov.southwark.gov.uk/documents/s32545/Report%20Local%20Taxation%20reform%20Second%20Home%20Discount.pdf	Report on the council's website	Everton Roberts 020 7525 7221

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Duncan Whitfield, Strategic Director of Finance & Corporate Services	
Report Author	Jennifer Seeley, Deputy Finance Director	
Version	Final	
Dated	9 November 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
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		9 November 2012

Item No. 18.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Revenue Monitoring Report for Quarter 2, 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 financial position against its budgets for 2012/13 as at the end of September 2012, and asks Cabinet to agree the budget movements set out in Appendix A.

On the general fund, departments are making good progress against the budgets set them this year. However, the planned savings from the Customer Services Centre have yet to be realised and appear unlikely to be until the service moves in-house next year. The council's contingency budget gives us the scope to deal with this issue.

For the Housing Revenue Account, there is currently a favourable variance, mainly as a result of a low forecast outturn for community housing services. However, the report also sets out future pressures on this budget that are likely to arise through government's welfare reform and the council's decant programme.

The Collection Fund is projected to break-even this year.

On the Council's Treasury Management activity, no new loans have been taken out over the last quarter.

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 two (September 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 29 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 2011 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 47 to 50 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 formula used in previous years. 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 6 monitor

10. Table 1 below shows the current forecast outturn position for quarter two (as at 30 September 2012) by department. These estimates are therefore based on six months' experience and do not at this stage fully reflect the impact of stringent management action being implemented by all strategic directors to ensure that they deliver their services within budget as agreed through the policy and resources strategy in February 2012 by council assembly. Progress for each department is shown in paragraphs 14 to 38 below.

Table 1: General fund forecast outturn position for 2012/13 as at Q2

General fund	2012/13 Original budget £'000	Budget movements £'000	2012/13 revised budget £'000	2012/13 forecast outturn £'000	Variance - over / (under) £'000	Variance at Q1 2012/13 - over / (under) £'000
Children's services	85,766	(820)	84,946	84,946	0	0
Adult social care	107,718	337	108,055	107,280	(775)	(451)
Environment and leisure	70,412	1,674	72,086	72,012	(74)	0
Housing services	44,065	405	44,470	45,174	704	634
Chief executive's department	19,007	1,905	20,912	20,844	(68)	132
Finance and corporate resources	41,483	(3,666)	37,817	37,821	4	4
Customer services centre	(3,000)	0	(3,000)	0	3,000	3,000
Support cost recharges	(59,308)	469	(58,839)	(58,839)	0	0
Total general fund services	306,143	304	306,447	309,238	2,791	3,319
Contingency	5,500	0	5,500	0	(5,500)	(5,500)
Appropriations to/(from) reserves related to services	1,000	(26)	974	974	0	0
Appropriations to/(from) reserves related to dedicated schools grant	0	500	500	500	0	0
Appropriations to/(from) reserves for technical accounting purposes	0	(778)	(778)	(778)	0	0
Appropriations from reserves – planned use of reserves to underwrite base budget	(4,446)	0	(4,446)	(4,446)	0	0
General fund total	308,197	0	308,197	305,488	(2,709)	(2,181)

Note: Explanations of budget movements for quarter 2 which exceed £250k are provided in Appendix A.

11. As reported at quarter one (Q1), 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. At the close of 2011/12 the council was able to

contribute £5.4m from 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 £2.8m based on the information available by the end of September. However with the planned contribution from reserves and availability of the contingency budget of £5.5m, there is an overall favourable variance of £2.7m projected for the general fund by the end of 2012/13.
13. Table 1 includes net budget movements by department, both for Q1 which were notified in the July monitoring report to cabinet, and for quarter two which are detailed in Appendix A.

Children's services

14. Children's services are continuing to forecast 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
 - £500k cost pressures as a result of supporting families that have "no recourse to public funds".
15. There are also additional cost pressures due to delays in implementing savings within early years' services. All other savings are expected to be achieved.
16. The 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 £500k compared to £1m forecast at Q1. The change is mainly due to an increase in the expected claims for pupils accessing free entitlement to education for three year olds.

Adult social care

18. Adult social care is forecasting a favourable variance of £775k at the end of quarter two, compared to a favourable variance of £451k at Q1. The movement is due a number of factors including better residential care demand management and supported living initiatives as well as revision of spend profile of revenue contribution to Carefirst capital upgrade.

19. This is based on current estimates and demand can fluctuate. Work is underway to identify 'Invest to Save' projects to utilise any one-off under spends to benefit future years.
20. The division is in the second year of a three year savings plan of £27m with the 2011/12 target of £7.7m having been largely delivered. The 2012/13 target is £10.2m with the latest projections indicating pressures of £500k in Mental Health detailed later in this report. To mitigate against these pressures, management are reviewing compensating savings in a number of areas including continuing the momentum of reablement benefits.
21. As well as managing savings pressures, demand in high cost and high needs care arrangements within the physical disability services is evident, for example in spot placements, and also difficult to budget for costs in "no recourse to public funds" which are all being addressed by management.

Environment and leisure

22. The department is forecasting a favourable variance of £74k for the year.
23. The service was allocated £500k to fund pressures in the parking income, identified in 2012/13, subject to six months review. At the review it was clear that changes to legal regime and the contractor's performance, combined with a mild winter, has led to a recovery in parking income. It has therefore, been possible to return the £500k to reserves.
24. 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.
25. The department has already implemented most of the savings proposed for 2012/13. The department 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.
26. The variance reported is after funding redundancy and reorganisation costs (current best estimates stand at £400k) incurred this year, as a result of restructuring to achieve savings.

Housing and community services

27. Following corporate restructuring and the breakup of the communities, law & governance department, community engagement transferred to housing in July and has been merged with resident involvement to form a separate division within the newly named housing & community services department. The application of savings targets following the reconfiguration of community councils has created some residual budget pressure which will be met from corporate reserves specifically earmarked for this purpose. In addition, registrars and coroners have also transferred to the department under the customer experience division, but are forecast to be budget neutral.

28. Agreement to mutually terminate the contract with Vangent and bring the service 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. 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. Transition costs relating to the development and implementation of the new CRM 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. Community Housing Services delivers critical front-line services to homeless and vulnerable residents through the Housing Options and Assessment centre. By far the greatest financial risk for the council is the cost of temporary accommodation provision, particularly bed & breakfast. Whilst Southwark ranks highly in terms of homeless prevention, the demand-led nature places a disproportionate financial burden on the budget, requiring stringent monitoring and control and diversion into more financially neutral forms of accommodation, e.g. estate voids and hostels in the HRA. The forecast shows some budget pressure across the activity as a whole at quarter two, including around £60k of redundancies, which is likely to be a call on corporate reserves. Looking forward, the impending welfare reforms and housing benefit changes will have a detrimental impact on the council's ability to prevent homelessness as use of the private rented sector becomes unaffordable and the cost of PSL provision will no longer be cost neutral. The extent of this is difficult to predict at this stage, but will be considered as part of budget planning for next year.

Chief executive's department

30. As previously reported, the appointment of the chief executive this year and overall re-organisation of the council's management structure has resulted in the services undertaken by the former deputy chief executive's department and regeneration, property and planning being merged to form one department. The department is forecasting a favourable variance against budget of £68k which takes into account an agreed departmental savings target of £1.3m, that is expected to be fully achieved.
31. The chief executive's department now encompasses 4 divisions:
- Human Resources
 - Corporate Strategy
 - Regeneration & Property
 - Planning
32. The regeneration & property division has oversight for some of the major projects in the council, such as Camberwell Library, Aylesbury, Elephant and Castle and Southwark Schools for Future. These projects are funded through a combination of core revenue budgets and specific reserves.

33. The revenue budgets continue to be closely monitored during the year to identify areas of potential savings and also address any emerging additional budget pressures. The revenue monitor also takes into account the 2012/13 base budget divisional savings of £1.3m which are being projected as fully achievable.

Finance and corporate resources

34. Finance and corporate services is currently forecasting a small adverse variance of £4k, compared to the on target forecast at Q1. There is still an adverse variance forecast 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.
35. 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.
36. 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

37. As stated in paragraph 28 and previously reported, 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 and previously reported, this year's savings target will be managed corporately.

Contingency

38. 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. As at Q1, 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)

39. There are a number of potential and known base budget variances and planned reserve movements occurring during 2012/13. The need to spend on landlord responsibilities for the maintenance and improvement of the housing stock is unrelenting and there is constant spending pressure in the system, but robust contract management and control 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 quarter two, which is similar to that reported at Q1.

Table 2: HRA forecast outturn position for 2012/13 as at Q2

	Net Expenditure		
	Full Year Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
Area Management	(168,752)	(168,924)	(172)
Maintenance & Compliance	43,807	44,371	564
Major Works	849	841	(8)
Home Ownership	(30,866)	(30,605)	261
Strategic Services (SDF&CS)	121,852	121,590	(262)
Community Housing Services	1,295	361	(934)
Community Engagement	2,123	1,984	(139)
Regeneration Initiatives (CE)	1,292	1,112	(180)
Heating Account	12,198	12,198	0
Revenue Funding of Capital	12,727	12,727	0
Sub total	(3,475)	(4,345)	(870)
Appropriations to /(from) Reserves	3,475	4,345	870
Total HRA	0	0	0

40. Compensation and legal costs in relation to disrepair remains a persistent problem and is extremely resource intensive. Management action is being taken to address this in the short-term, with the aim of eliminating claims arising in the first instance through improvements in the repairs service. To this end, a key priority for the council during the second half of 2012/13 will be managing the risks and opportunities arising from the transition from Morrison's to the interim provider Mears in October 2012 and beyond with the procurement of a long-term repairs contractor.
41. Rent collection performance continues to show gradual improvement month on month, despite the generally weak economic conditions, but remains below the management target 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 this can be contained within budget in 2012/13. Looking forward, there is likely to be a detrimental impact on the rental stream arising from impending welfare reforms as benefit caps and universal credit come into play. The extent of this is difficult to predict at this stage, but will be considered as part of budget planning for next year.
42. Capital service charge billing to leaseholders is inextricably linked to the Housing Investment Programme and delivery of the works programme each year. Any departure from the anticipated spend profile impacts on the revenue income assumptions built into the base budget and potentially the revenue contribution into the HIP, but expectations at this point are that this will meet or exceed this year's budgeted target of £6.5m.

43. Estimated billing for revenue service charges is £15.5m to date against the £15.8m budget, excluding freeholders and 2011/12 account actualisations scheduled for October 2012. Key work streams of the Leasehold Action Plan are being finalised which will provide greater transparency and contribute to full cost recovery over time. Combined collection performance for capital and revenue service charges at quarter two is above target at £12.2m (including Major Works loans), against the full-year cash target of £24m.
44. Responsibility for the garage portfolio transferred to home ownership unit last year. Investment in the garage stock has already brought 188 units back into use, with a minimum of another 100 planned by end of March 2013. This is an 'invest to save' opportunity as there remains significant scope to maximise the income potential even further through greater investment.
45. The strategic services 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. There are a number of known and expected variances across major budget heads netting to £300k at quarter two, comprising debt refinancing/ major project costs and general non-earmarked provisions, reserves and carry forward resources. Spend on the latter is estimated at £3.7m comprising specific projects and revenue cost pressures of a one-off or time limited nature during 2012/13, of which £2.3m is for a programme of electrical safety works, emergency lighting and ventilation & ductwork.
46. Community housing services comprises a number of services/ activities such as temporary accommodation, housing options, tenancy sustainment and housing adaptations. The primary area of risk for the council is around temporary accommodation; whilst the statutory requirement falls to the general fund, HRA provision through the use of estate voids and hostels is designed to be cost neutral and is used to mitigate 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 decant programme.

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

47. The council identified £35m of budget reductions, including savings and efficiencies for the general fund and housing revenue accounts as part of the 2012/13 budgets. At quarter two, there is a projected savings shortfall of £1.5m, as shown in Table 3.

Table 3: Forecast projection of savings agreed for 2012/13 as at Quarter 2

	Budgeted 2012/13 savings	Forecast full year 2012/13 savings at Q2	Compensating savings forecast full year 2012/13 at Q2	Variance
	£'000	£'000	£'000	£'000
Children's Services	(6,174)	(6,174)	0	0
Adult Social Care	(10,295)	(9,746)	(549)	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)	(26,358)	(549)	1,500
HRA	(6,397)	(6,397)	0	0
Total Savings	(34,804)	(32,755)	(549)	1,500

Note: details of the Council's savings plans can be found in the budget papers agreed by Council on 29th February 2012.

48. 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.
49. There is a £549k variance in adult social care, 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.
50. The £1.5m corporate savings relates 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.

General fund reserves

51. 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.
52. 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.
53. 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.

54. 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 two 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.
55. The 2012/13 budget also includes a planned contribution to reserves of £1m to support the ongoing regeneration and development agenda within the borough.
56. The tables in Appendix B summarise the projected movements in reserves. This shows that at quarter two, the forecast is for a net call on general fund reserves of £4.2m, the detail of which is contained in Table 4 below.

Table 4: Detail of reserve movements

Detail of reserves movements	£'000
Appropriations (to)/from reserves related to services	3,788
Appropriations (to)/from revenue reserves related to dedicated schools grant	(500)
Appropriations (to)/from reserves for technical accounting purposes	778
Appropriations from reserves – planned use of reserves to underwrite base budget	4,446
Expected appropriation to reserves of contingency budget	(5,500)
Expected appropriation from reserves of general fund services variance (see Table 1)	2,791
Expected appropriation (to) from reserves for capital purposes	(1,568)
Total	4,235

57. 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.
58. 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) reserves

59. 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

60. 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. The council must take into account the estimated surplus or deficit on the collection fund balance when setting the council tax for the following year.
61. At quarter two, the collection fund is on target to break-even at year-end. Unusually, in September there was a reduction the value of both exemptions and discounts awarded. It is not known at this stage whether this is a one-off event, or part of an ongoing trend, and because of this, it has not been reflected in the forecast. If the reductions continue through the year, with other factors being equal, this will likely result in a surplus on the collection fund at year-end. The impact will be assessed more fully at quarter three.

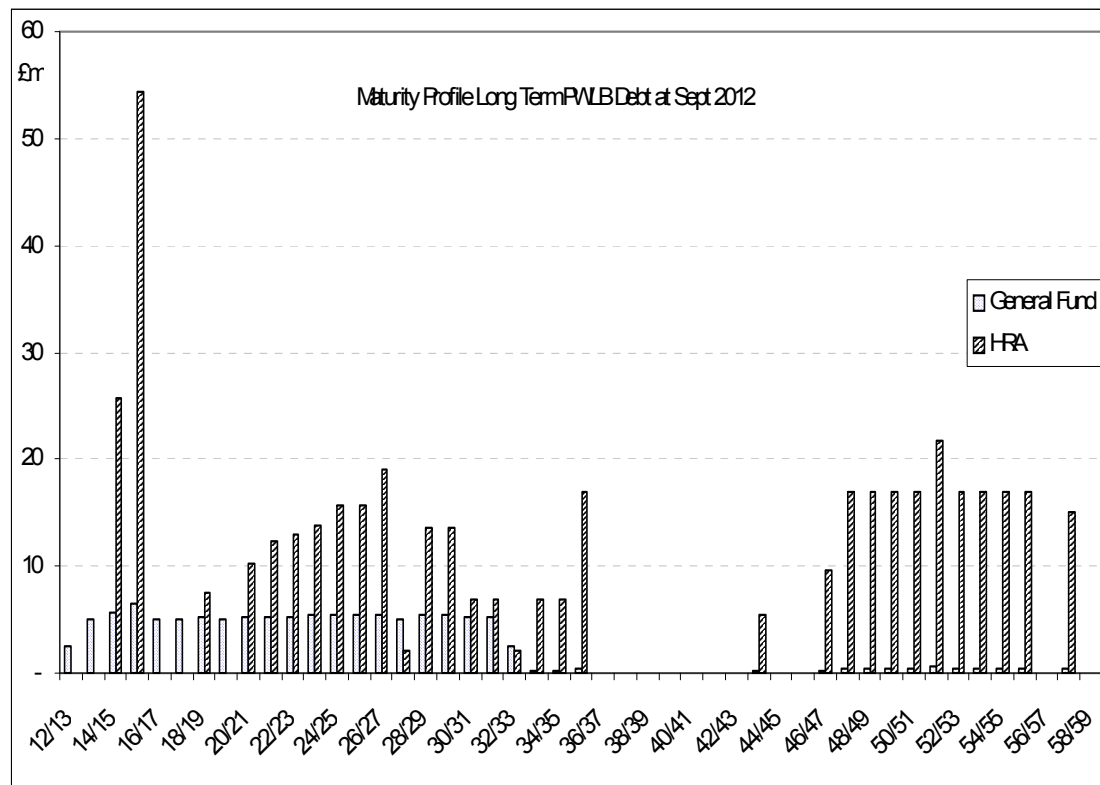
Treasury management

62. 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 and liquidity further.
63. In June there was a national problem with RBS/NatWest systems, which impacted on their customer accounts, including those of the council. Although the impact on the council was relatively minimal, it did cause some inconvenience, and presented substantial difficulty for those members of the public affected. The council claimed redress for the losses experienced, and have received some £1,300.
64. The balance on deposit with major banks and building societies and in bonds is set out in table 5 below.

Table 5: Counterparty exposure and ratings list

EXPOSURE - Sep 2012 COUNTERPARTY AND RATINGS									
Exposure £m	FUND				Fitch Ratings				
	Aberdeen	Alliance Bernstein	In-House	£m	Long	Short	Support	Sovereign	Sovereign Rating
COMMONW BK AUSTRALIA	-	-	5.0	5.0	AA-	F1+	1	AUSTRALIA	AAA
ANZ BK CORP	-	-	10.0	10.0	AA-	F1+	1	AUSTRALIA	AAA
FORTIS BK	7.7	-	-	7.7	A	F1	1	BELGIUM	AA
BK OF NOVA SCOTIA	5.0	-	-	5.0	AA-	F1+	1	CANADA	AAA
NORDEA BK FINLAND	9.5	1.0	15.0	25.5	AA-	F1+	1	FINLAND	AAA
SOCGEN	-	1.0	10.0	11.0	A+	F1+	1	FRANCE	AAA
BANQUE NATIONAL DE PARIS	-	1.0	15.0	16.0	A+	F1+	1	FRANCE	AAA
DEUTSCHE BK	5.0	1.0	15.0	21.0	A+	F1+	1	GERMANY	AAA
LANDESBK BADEN WERTMBG	-	1.0	-	1.0	A+	F1+	1	GERMANY	AAA
DZ BANK	8.0	-	-	8.0	A+	F1+	1	GERMANY	AAA
GLOBAL TREAS FUNDS-MMF	-	-	20.9	20.9		AAA		GLOBAL	
ABN AMRO BK	5.0	1.0	-	6.0	A+	F1+	1	NETHERLANDS	AAA
ING BK	5.2	1.0	15.0	21.2	A+	F1+	1	NETHERLANDS	AAA
RABOBANK	-	0.5	-	0.5	AA	F1+	1	NETHERLANDS	AAA
EUROPEAN INV BK	13.6	6.0	-	19.6	AAA	F1+		SUPRANATIONAL	AAA
INT BK RECONST DEVT	3.5	5.8	-	9.3	AAA	F1+		SUPRANATIONAL	AAA
SVENSKA	-	-	15.0	15.0	AA-	F1+	1	SWEDEN	AAA
UBS	3.3	-	15.0	18.3	A	F1	1	SWITZERLAND	AAA
BARCLAYS BK	-	1.0	15.0	16.0	A	F1	1	UK	AAA
LLOYDS TSB/BK SCOTLAND	5.0	0.3	15.0	20.3	A	F1	1	UK	AAA
NATIONWIDE BSOC	4.0	1.0	15.0	20.0	A+	F1	1	UK	AAA
RBS/NATWEST	-	-	35.3	35.3	A	F1	1	UK	AAA
UK TREASURY	0	53.3	0	53.3	AAA	F1+		UK	AAA
BNYM CASH	0.2	0.1	0	0.3	AA-	F1+	1	US	AAA
Total £m	75.0	75.0	216.2	366.2					

65. The sum managed by the investment firms (Aberdeen Asset Managers and AllianceBernstein) was raised back up to £150m in July 2012 after the appointment of the Bank of New York Mellon, London Branch, (BNYM) as independent custodian for the cash, certificate of deposits and bonds held by the managers. BNYM replaced HSBC who provided the service previously. BNYM is a major US incorporated global financial institution and one of largest custodians in the world.
66. Following the government's HRA self-financing reforms in March the HRA will have to meet all the cost of running council houses, including interest on its debts, from its own resources. From 1 April 2012, debt has been disaggregated between the HRA and the General Fund and as detailed in the council assembly report of 4 July 2012 each fund will be responsible paying interest on its own pool.
67. The total debt outstanding with the Public Works Loans Board (PWLb) at the end of September 2012 was £562.5m and no new loans were taken over the quarter. The bulk of the debt, £451m, is attributable to the HRA reflecting past investment in housing, the remainder falls on the General Fund. The maturity profile of the debt is set out below. The average rate on the two funds is currently running at 6.56% HRA and 3.57% General Fund. The difference reflects the debt financing carried out between March 2012 and April 2012 using £100m in General Fund cash, which replaced high coupon loans (9.0% and above) maturing between 2014 and 2015 with low interest loans at 3.20% repayable over 20 years. The average rate of interest on HRA will also fall in the future as maturing debt is replaced or refinanced with new low coupon loans.



68. In 2010 the government increased the PWLB rates from about 0.15% to 1% over gilts (the cost of the government's own borrowing). However following an announcement of a 'certainty rate' arrangement, from November 2012 councils can access borrowing at 0.20% below standard PWLB rates, subject to advance information about borrowing plans. Southwark has submitted information about a potential refinance of up to £105m debt. The submission is subject to acceptance and enables access to lower cost funding, should it be prudent and affordable in view of market volatility. There is no commitment or requirement on the council to drawdown these funds, but access to lower cost borrowing protects the council interest in any future financing, options on which are constantly reviewed.

Community impact statement

69. 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
Revenue Monitoring Report for Quarter 2, 2012/13, including Treasury Management http://moderngov.southwark.gov.uk/documents/s30289/Report%20Revenue%20Outturn%20Report%20201112%20including%20Treasury%20Management.pdf	Council Offices 160 Tooley Street London SE1 2QH	John Braggins 020 7525 7489

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	8 November 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	9 November 2012	

APPENDIX A**BUDGET MOVEMENTS TO BE APPROVED, £250K AND ABOVE AND
MOVEMENTS TO BE NOTED****Budget movements to be approved**

Department from	Amount £000	Department to	Amount £000	Reason
Finance and corporate services	(3,262)	Appropriations	3,262	New homes bonus contribution to future capital projects
Appropriations	(848)	Chief Executives	848	Release of revenue grants taken to reserves
Appropriations	(680)	Finance and corporate services	680	Release of reserves to meet re-organisation costs
Environment and leisure	(500)	Finance and corporate services	500	Commitment in respect of the expected shortfall in parking income is not required as changes to legal regime and the contractors performance, combined with a mild winter has led to a rebound in parking income.
Environment and leisure	(500)	Appropriations	500	Contribution to reserves to fund future capital projects
Finance and corporate services	(497)	Children's	497	Allocation of community restoration fund budget
Children's	(481)	Finance and corporate services	481	Children's specialist services – transfer of budget to fund new accommodation at 47b East Dulwich Road, 7 Talfourd Place and Curlew House
Appropriations	(404)	Finance and corporate services	404	Decommissioning costs associated with the ongoing accommodation strategy
Chief Executives	(287)	Finance and corporate services	287	Deletion of the former deputy chief executive post

Budget movements to be noted

Department from	Amount £000	Department to	Amount £000	Reason
Environment and leisure	(215)	Appropriations	215	To reverse previous request for reserves to be released to meet reorganisation costs.
Finance and corporate services	(192)	Housing	192	Implementation of February 2012 IDM, to move cleaner, greener, safer revenue to community councils.
Appropriations	(149)	Housing	149	Community engagement
Finance and corporate services	(97)	Chief Executives	97	Allocation of efficiency savings budget in the former DCE to budget in CDC.
Appropriations	(87)	Health & community services	87	Release of revenue grants taken to reserves.
Appropriations	(79)	Finance and corporate services	79	Residual costs associated with restructuring and the loss of the assistant director of finance (special projects) post.
Children's	(66)	Finance and corporate services	66	FTSS transfer in relation to invoice processing
Appropriations	(62)	Finance and corporate services	62	SERCO engineers at Queens Road
Appropriations	(60)	Housing	60	Reorganisation costs within housing services
Environment and leisure	(39)	Finance and corporate services	39	Castlemead wardens moving to Queens Road. This to centralise part of the accommodation budget for Castlemead.
Children's	(21)	Housing	21	Contribution to Community Action Southwark
Housing	(17)	Chief Executives	17	Correction of scrutiny savings budget .
Appropriations	(17)	Chief Executives	17	Release of revenue grants taken to reserves
Chief Executives	(15)	Environment and leisure	15	Allocation of community councils budget

APPENDIX B

SUMMARY OF PROJECTED MOVEMENTS IN RESERVES IN 2012/13

Reserve	2012/13 opening balance £'000	Change in reserves £'000	Release of reserve for capital £'000	2012/13 closing balance £'000
General fund earmarked - revenue	(50,922)	6,303		(44,619)
General fund earmarked - capital	(26,167)	(4,762)	1,898	(29,031)
Total	(77,089)	1,541	1,898	(73,650)

Reserve	2012/13 opening balance £'000	Change in reserves £'000	Release of reserve for capital £'000	2012/13 closing balance £'000
DSG reserve	(7,363)	(500)	1,296	(6,567)
Schools balances	(13,734)			(13,734)
Total	(21,097)	(500)	1,296	(20,301)

Total general fund excluding schools balances	(84,452)	1,041	3,194	(80,217)
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Reserve	2012/13 opening balance £'000	Projected change in reserves £'000	Release of reserve for capital £'000	2012/13 closing balance £'000
HRA earmarked	(27,487)	(870)	0	(28,357)
Total housing revenue account	(27,487)	(870)	0	(28,357)

Item No. 19.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Disposal of 155-161 Gordon Road, Nunhead SE15	
Ward(s) or groups affected:		The Lane	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report proposes the sale of the council's freehold interest in land at 155-161 Gordon Road, SE15 to Wandle Housing Association Limited. This sale will provide Wandle with land to build family housing for social rent, as well as shared ownership housing, to help address this borough's housing needs.

The sale will also generate a capital receipt for the council's housing revenue account that will contribute towards making every council home Warm, Dry and Safe.

RECOMMENDATIONS

That the cabinet agrees:

1. The disposal of the council's freehold interest in 155-161 Gordon Road, Nunhead, SE15 ("the Property"), as shown edged black on the attached plan, to Wandle Housing Association Ltd, or a related company, on the terms set out in the accompanying closed agenda report, subject to any further negotiations considered necessary by the head of property.
2. That should the sale not proceed to completion within a reasonable time as determined by the head of property, the Property be offered for sale on the open market and then sold on terms to be approved by the head of property for the best consideration that can reasonably be obtained.

BACKGROUND INFORMATION

3. The property comprises a small brownfield L shaped plot of land on the east side of Gordon Road edged thick black on the plan at Appendix 1. The site was previously occupied by three post war prefabricated dwellings (prefabs). The site is vacant and has now been cleared. The property is held in the council's Housing Revenue Account.
4. Wandle Housing Association own both the adjacent 149 & 149A houses which they have built and also the land at the front previously 151 Gordon Road (hatched on the plan at appendix 1). The combined sites will therefore make a regular shaped development site.
5. A disposal to Wandle was approved at the then executive meeting on 08

November 2005. The council had previously agreed terms with Wandle subject to the grant of planning consent which was sought and refused. The council then also pursued an unconditional sale of their site in isolation, via public auction which was unsuccessful on two attempts. The affordable housing delivery and funding regime has significantly changed since the last offer.

6. In order to bring the site forward for development, it is considered that the two sites must be combined. Therefore officers have sought to negotiate with Wandle Housing Association to reach a mutually acceptable solution.
7. In line with council policy when disposing of land that has not been marketed a third party independent valuation was commissioned from BNP Paribas Real Estate. The results of which are outlined in the closed report.
8. The transaction being recommended will result in the redevelopment of the Property for residential use. The tenure of the housing will be restricted to social rent and & shared ownership.
9. The proposed development will provide four x five bedroom family homes for social rent plus three x four bedroom houses for shared ownership.
10. There is no compulsion to build affordable housing under current council planning policy below the threshold of 10 units.
11. The consideration offered by Wandle, is assessed to be less than the market value due to the council, if the sites were combined and sold for a private development. The head of property is however satisfied that the consideration represents the best that could be achieved, taking into account the terms of the offer made by Wandle.
12. The land transaction will include a provision to enable the council to “claw back” the uplift in value of the land should the tenure of the social rented units be changed in the next 40 years.
13. It is intended to enter into a contract for the sale of the Property, subject to planning permission as soon as possible. If the sale does not proceed for whatever reason, this report also seeks authority for the Property offered to the market, and then sold for the best consideration that can reasonably be obtained.
14. The property was declared surplus to operational requirements by the then strategic director of housing on 11 July 2006.

KEY ISSUES FOR CONSIDERATION

Policy implications

15. The disposal of the property will generate a substantial capital receipt, which will be used to provide capital funding in support of the council’s key priorities. This includes the provision, refurbishment and redevelopment of affordable housing. This assists the council in meeting its commitment to regeneration and sustainability in housing as demonstrated through the 2009-2016 Southwark Housing Strategy.
16. The new dwellings arising from the redevelopment site will assist the council in meeting its cleaner, greener and safer agenda by bringing a derelict site back

into use. The new dwellings arising from the redevelopment will have to meet a minimum of code level 4 of the code for sustainable homes. This will contribute towards meeting various policies with regard to the environment / sustainability.

17. The Property has been considered as a possible site on which to build new council owned and managed homes but it is felt that other sites are preferable. Particularly as the council does not own part of the site.

Community impact statement

18. The redevelopment of this currently vacant land will likely have a positive benefit on the wider community both aesthetically and benefits from more housing brought to the area.
19. Increased investment into Southwark's stock to provide warm, dry and safe homes will have a positive impact on disadvantaged and minority communities, who are statistically more likely to be council tenants than the general population as a whole.

Resource implications

20. This proposal will generate a capital receipt which is expected in the financial year 2013/14.
21. The buyers will also contribute towards the council's administrative costs.
22. The sale will be handled by Southwark's internal property and legal teams.

Consultation

23. The planning application will have to conform to the requirements of the local development framework and will be subject to the statutory consultation process

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

24. As the Property falls within the council's housing portfolio, the disposal can only proceed in accordance with Section 32 of the Housing Act 1985 for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required.

A number of general consents have been issued in the General Housing Consents 2012. Consent A3.2 of the general consent for the disposal of Land held for the purposes of Part II of the Housing Act 1985 – 2012 states that a local authority may dispose of vacant land.

25. The report indicates in paragraph 3 that the property is vacant.
26. The report also indicates in paragraph 15 that the property was declared surplus to operational requirements on 11 July 2006.
27. Cabinet may proceed with the approval of the recommendation.

Strategic Director of Finance and Corporate Services (CR/F&CS/02/11/12)

28. This report recommends the terms for the disposal the council's freehold interest in 155-161 Gordon Road, Nunhead, SE15. The receipt is conditional on the developer receiving planning permission for their proposals.
29. The strategic director of finance and corporate services notes that the offer is not market value compared to the valuation but endorses the head of property's approach to the site. In the event that the level of units on the site is less than that anticipated in the planning application then the site will be sold for a fully private scheme.
30. The strategic director of finance and corporate services notes that the net receipts from the disposal are to be reinvested in the Housing Investment capital programme. The receipt is likely to be received in the financial year 2013/14.
31. The strategic director of finance and corporate services understands that the council's administrative costs will be recovered from the purchaser, subject to a maximum amount.
32. The strategic director of finance and corporate services notes that the head of property considers that this arrangement represents best consideration under section 123 of the Local Government Act 1972.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Minutes of the Executive Decision - 08 November 2005 See link to document on council's website: http://moderngov.southwark.gov.uk/Data/Executive/20051108/Agenda/Minutes.pdf	Southwark Property, Regeneration and Neighbourhoods, 160 Tooley Street London SE1 2QH	Tim Surry Surveyor 020 7525 5378

APPENDICES

No.	Title
Appendix 1	Site Plan

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Tim Surry, Surveyor	
Version	Final	
Dated	8 November 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
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	8 November 2012	

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TITLE. Disposal of 155-161 Gordon Road, Nunhead, SE15.

DRAWING No. LBS_2854

DRAWN BY. MMANKTELOW
Property Division

DATE. 1/10/2012

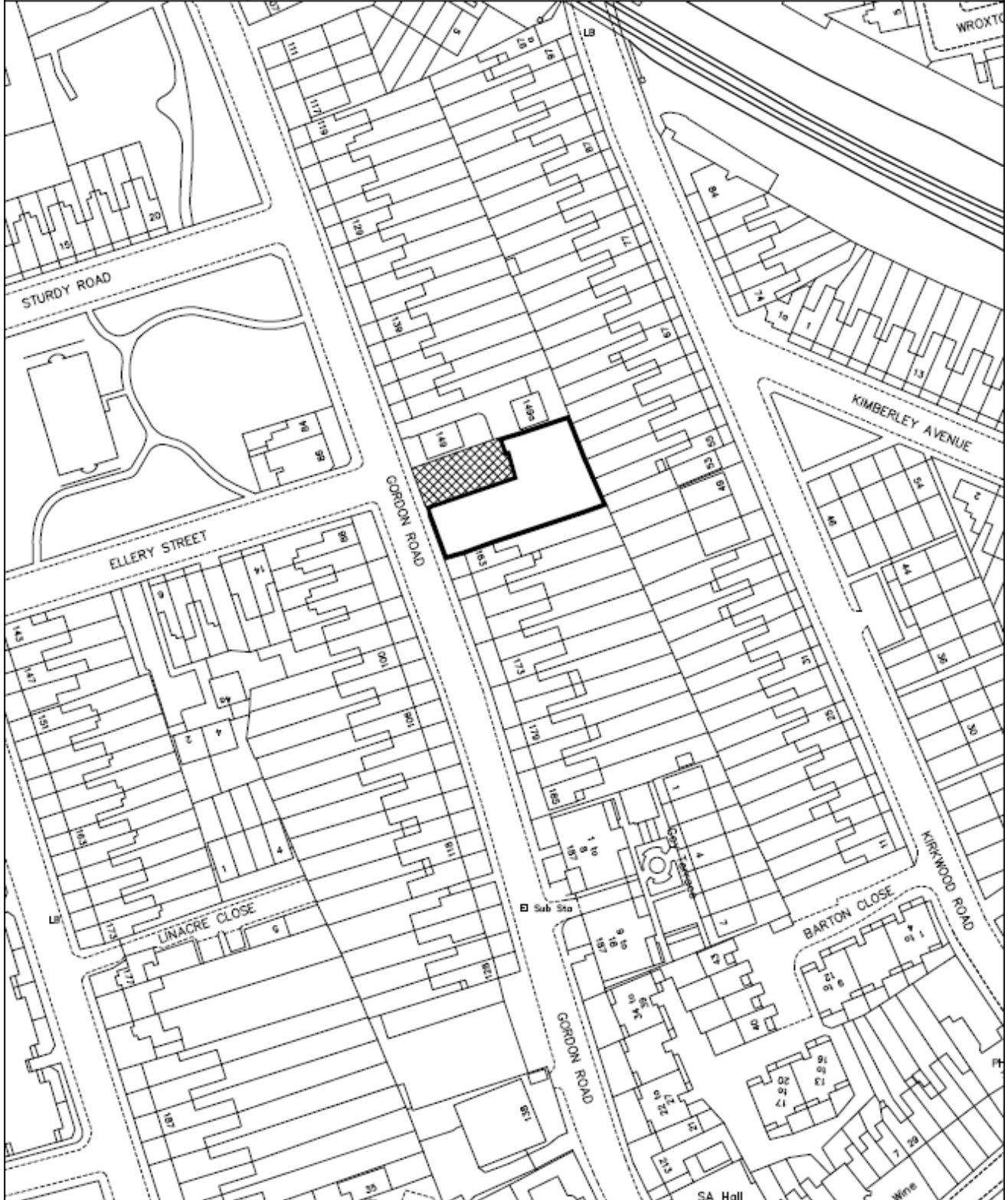
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Item No. 20.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Motion Referred from Council Assembly	
Ward(s) or groups affected:		All	
From:		Council Assembly	

RECOMMENDATION

1. That the cabinet considers the motion set out in the Appendix 1 attached to the report.

BACKGROUND INFORMATION

2. Council assembly at its meeting on Wednesday 17 October 2012 agreed a motion and this stand referred to the cabinet for consideration.
3. The cabinet is requested to consider the motion 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 motion was 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
Late Motion: St George's Road report - (item 5.2) Council assembly agenda - 17 October 2012	Report on the council's website	Lesley John Constitutional Team 020 7525 7228

APPENDICES

No.	Title
Appendix 1	Late Motion: Urgent help on St. George's Road

AUDIT TRAIL

Lead Officer	Ian Millichap, Constitutional Manager	
Report Author	Lesley John, Constitutional Officer	
Version	Final	
Dated	8 November 2012	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Environment and Leisure	Yes	Yes
Strategic Director of Finance and Corporate Services	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team	8 November 2012	

APPENDIX 1**Late Motion – Urgent help on St George’s Road**

At council assembly on Wednesday 17 October 2012 a late motion entitled ‘urgent help on St. George’s Road’ was moved by Councillor Adele Morris and seconded by Councillor Barrie Hargrove. The motion was agreed and stands referred to the cabinet as a recommendation.

Recommendation

- (1) That council assembly deeply regrets the tragic and devastating death of 5 year old Hichame Bouadimi on St George’s Road and sends deepest condolences to his family, friends and school.
- (2) That council assembly recognises that there is much work to be done to make St George’s Road safer including looking at the railings, speed limits and other traffic calming measures, and councillors from all parties call on cabinet and Transport for London to help with these issues.
- (3) That council assembly appreciates that, in the meantime, parents and teachers from the three schools and residents of the many homes on St George’s Road are very distressed about the dangers on this road and calls on cabinet for a lollipop person to be funded from the council’s contingency funds and placed on this road immediately and until the longer term safety measures are implemented.

Comments of the Strategic Director of Environment and Leisure

On Monday 22 October a school crossing patrol officer (Lollipop person) was placed at the crossing on St George’s Road. This service will be in place until the local community council makes a decision on whether to allocate further funding.

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Laura Kavanagh, Opposition Group Office	1	Dated: 3 October 2012 (er)	
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South London Press	1		
Members of Parliament			
Harriet Harman, MP	1		
Tessa Jowell, MP	1		
Simon Hughes, MP	1		